

Appendix C: Exporter and Lender Survey Results

Introduction

Ex-Im Bank annually surveys exporters and lenders that use the Bank's medium- and long-term programs. This Congressionally mandated survey provides critical information for the Report, as it encourages respondents to compare Ex-Im Bank's policies and practices with those of its G-7 ECA counterparts. This year the Bank took a new approach by administering the survey on-line, which allowed the survey to reach a larger number of participants. In addition to the formal on-line survey, Ex-Im Bank conducted four separate focus group meetings with experienced users of Ex-Im Bank programs to get more detailed comments about the global market in which they operated in 2003 and the competitive implications for Ex-Im Bank.

Survey

Ex-Im Bank's survey consisted of five parts that focused on the following areas:

- Part 1: General information on the profile of the respondent.
- Part 2: Respondent's experience in both receiving support from and facing competition from other ECAs, in addition to reasons for using Ex-Im Bank.
- Part 3: Respondent ratings of and comments on Ex-Im Bank's competitiveness with foreign ECAs in the policies and programs in the Competitiveness Report.
- Part 4: Additional comments.
- Part 5: Outcome of specific cases of competition faced as a result of the above policies.

Participant Selection

The survey was sent to companies that used Ex-Im Bank's medium- and long-term programs during 2003. In total, 94 lenders and exporters were asked to participate in the survey.

Survey Results

Figure C1 highlights the response rate for the survey participants. For both lenders and exporters, more responses were received this year than in the previous year, which is likely attributable to the fact that more lenders and exporters were surveyed. Also, this year's survey was administered on-line, which may have reduced the burden in completing the survey, thereby possibly resulting in more survey responses. Thirteen responses were received from lenders; however, one survey was deleted because the respondent indicated that they did not have experience with Ex-Im Bank's medium- and long-term programs during 2003. The overall

response rate for lenders on the survey was 29%, which was a decrease from the 2002 response rate. Seventeen responses were received from exporters, and the response rate was 32% which was lower than 2002, although more responses were received this year. However, two of the exporter surveys were deleted because the respondents indicated that they had no experience with Ex-Im Bank during 2003, thereby reducing the response rate to 28%. The lower response rate may be due to the fact that the survey was sent to more companies, many of which had less experience with Ex-Im Bank than the pool of recipients in previous surveys.

Figure C1: Survey Response Rate

	Lenders		Exporters	
	2002	2003	2002	2003
Number surveyed	32	41	19	53
Number responded	12	12	11	15
Response rate	38%	29%	58%	28%

Lenders

Figure C2 shows the lender experience levels for both length of time in business and experience in export finance. The vast majority of survey respondents had more than ten years experience in export finance. **Figure C3** shows the volume of export credits extended during 2003. The majority of lenders that responded to the survey were smaller regional banks, and only one of the lenders had over \$1 billion in export credit extended for the year. [Note: only 7 of the 12 lenders reported volume of export credits.]

Figure C2: Lender Experience Levels

	1-3 years	4-10 years	11-20 years	20+ years
Time in business	1	1	1	9
Time in export finance	1	1	1	9

Figure C3: Volume of Lenders' Annual Export Credits

	Under \$10 million	\$10 - \$50 million	\$51 - \$100 million	\$101 - \$500 million	\$501 million - \$1 billion	Over \$1 billion
Total export credit volume	0	6	0	0	0	1

Figure C4 shows the percentage of lenders' export credits extended during 2003 that were supported by Ex-Im Bank during the year. The majority of reporting lenders noted that Ex-Im Bank support constituted less than 25% of their export credits extended during the year. Of those lenders reporting the volume and percentage of export credits, only one lender reported having over 75% of their export credit being supported by Ex-Im Bank.

Figure C4: Percentage of Lender Export Credits That Were Ex-Im Bank Supported

	Less than 10%	10%-25%	26%-50%	51%-75%	Over 75%
Percentage of export credits supported by Ex-Im Bank	2	2	1	0	1

Nearly all of the lenders surveyed noted that the lack of useful private sector financing was the reason for pursuing Ex-Im Bank financing, particularly for financing transactions in Latin America and Eastern Europe. A majority of lenders stated that Ex-Im Bank support was needed to meet competition from foreign companies that receive ECA financing, particularly in Latin America, Russia and China. The ECAs identified by the lenders as most “frequent” or “regular” partners were Hermes, and to a lesser extent SACE and EDC; as was expected, the banks that were most likely to cooperate with other ECAs were foreign owned. Hermes was cited as the ECA that lenders most often faced in competition.

Exporters

Figure C5 shows the distribution of exporters by time in business, and **Figure C6** shows the size of exporters based on sales and export sales volume. The majority of exporter respondents were more experienced and larger corporations, as nine of the seventeen exporters had over \$1 billion in annual sales. Three exporters had annual sales of less than \$10 million.

Figure C5: Exporter Experience Levels

	1-3 years	4-10 years	11-20 years	20+ years
Time in business	1	2	-	12
Time in export finance	1	3	2	9

Figure C6: Volume of Exporter Annual Sales and Exports

	Under \$10 million	\$10 - \$50 million	\$51 - \$100 million	\$101 - \$500 million	\$501 million - \$1 billion	Over \$1 billion
Total sales volume	3	2	0	1	1	7
Total export sales volume	4	2	0	2	1	5

Figure C7 shows the distribution of exporters by the percentage of export sales that were supported by Ex-Im Bank. Two of the three smaller corporations stated that they relied on Ex-Im Bank financing for more than 75% of their export sales. However, the majority of exporters responding to the survey noted that they rely on Ex-Im Bank financing for less than 10% of their export finance sales.

Figure C7: Percentage of Exporters Sales That Were Ex-Im Bank Supported

	Less than 10%	10%-25%	26%-50%	51%-75%	Over 75%
Percentage of export sales supported by Ex- Im Bank	7	3	2	0	2

Not surprisingly, very few of the exporters indicated experience working with other ECAs; however of those with experience, most used EDC of Canada and, to a lesser extent, ECGD and Hermes. However, most of the exporters did report facing competition from foreign companies that were supported by their national ECAs. The most common ECAs identified were SACE, Hermes and JBIC.