

EXIM 2019 COMPETITIVENESS REPORT HIGHLIGHTS

The Export-Import Bank of the United States (EXIM) released its [June 2020 Report to the U.S. Congress on Global Export Credit Competition](#) (Competitiveness Report), which provides the results of the agency's data gathering of medium- and long-term (MLT) export credit provided by governments around the globe during calendar year 2019. EXIM produces its Competitiveness Report annually by June 30, as mandated by Congress. The following are key findings of the 2019 Competitiveness Report.

Increased Competition Among Providers of Official Export Credit

- Worldwide, there are presently 115 known official export credit providers, including export credit agencies (ECAs) such as EXIM—up from 85 only four years earlier—a 35 percent increase from 2015 to 2019.
- In addition to its official ECAs, China also uses several other government entities to finance its exports and trade practices through a variety of means that include export credits.
- There is a broad consensus among foreign governments around the globe that supporting exports and providing official export financing benefits a country's overall economy, as evidenced by the now 115 known official export credit providers around the world.
- Foreign ECAs have become increasingly proactive, innovative, and flexible to best support their exporters, including small businesses facing foreign competition globally.

Top Providers/OECD Arrangement Activity/Return of EXIM

- In 2019, China provided more than three times the official MLT export credits than the next closest provider. The top 10 providers, in order were: China (\$33.5 billion), Italy (\$11.1 billion), Germany (\$10.5 billion), India (\$7.0 billion), the United Kingdom (\$6.6 billion), France (\$ 6.2 billion), Korea (\$5.8 billion), the United States (\$5.3 billion), Finland (\$4.1 billion), and Sweden (\$4.0 billion).
- In 2019, for the first time since 2015, the United States rejoined the top 10 providers of official MLT export credits globally. This change was the direct result of the restoration of EXIM's Board of Directors by the U.S. Senate in May 2019, which enabled the agency to resume authorizations of long-term financing in support of U.S. exports.
- EXIM's \$5.3 billion in MLT export credit financing included support for a liquefied natural gas (LNG) transaction in Mozambique. EXIM's financing enabled U.S. exporters to compete and displaced Chinese and Russian financing for foreign exports that had been under consideration for the project.
- In 2019, the aggregate amount of official MLT export credit provided under the rules of the Organisation for Economic Cooperation and Development's (OECD) Arrangement on Officially Supported Export Credits, to which EXIM adheres, was approximately \$76 billion—only 34 percent of the total official MLT export and trade-related finance provided by governments worldwide, **down from 36 percent in 2018**.

China

- By a conservative estimate, China's official MLT export and trade-related financing totaled at least \$76 billion in 2019. An exact figure is impossible to come by given the opacity of Chinese official financing.
- From 2015 to 2019, China's official MLT export credit activity alone was at least equal to 90 percent of that provided by all G7 countries combined.
- Some countries employ their ECAs to further their geopolitical aspirations. Unquestionably, China is the most aggressive in this regard and is a catalyst for the increasing assertiveness of other countries' official export finance activities.
- In particular, China is using its two official ECAs, along with a number of other state entities such as state-owned banks and state-owned enterprises, to expand influence and gain competitive advantages. This strategy necessitates a robust and integrated U.S. government response, and EXIM is a crucial element of statecraft in this regard.
- In 2019, the aggregate amount of official MLT export credit provided under the rules of the Organisation for Economic Cooperation and Development's (OECD) Arrangement on Officially Supported Export Credits, to which EXIM adheres, was approximately \$76 billion—only 34 percent of the total official MLT export and trade-related finance provided by governments worldwide.

EXIM Advisory Committee Findings

- EXIM's Advisory Committee, which is required under EXIM's charter to comment on the findings of the Competitiveness Report, found that the report "tells an engrossing story of how successful ECAs operate in the often cut-throat global marketplace."
- The Advisory Committee noted that it is "the very accuracy of the picture this report presents that is so alarming in terms of what American exporters face."

Summary of Market Trends/New Challenges

- EXIM's Competitiveness Report describes market trends indicating major changes to the export finance market. EXIM's report puts these changes into context by illuminating the volumes of official export and trade-related financing in 2019, Chinese official activity, ECA support for small businesses, and new types of innovative export finance. It also includes U.S. exporters' and lenders' views on all of these developments and on EXIM's role within this larger framework.
- EXIM now faces these factors head-on as it engages in MLT export finance in 2020 while implementing the agency's reauthorization requirements and confronting the market challenges resulting from the worldwide COVID-19 pandemic of 2020.

