

Exporter and Lender Survey Methodology

INTRODUCTION

For each Competitiveness Report, the Export-Import Bank of the United States conducts a Congressionally-mandated survey of exporters, lenders, and project sponsors who used EXIM's support in order to assess the Bank's competitiveness relative to other export credit agencies (ECAs). This survey provides a valuable opportunity for users of EXIM programs to identify which policies and programs are the most effective, and flag those that are insufficient or impede the Bank's ability to support U.S. exports. These survey results, among other sources, help to inform the conclusions of the Competitiveness Report.

For the entirety of calendar year 2016, EXIM lacked a board quorum. Since most transactions with a value over \$10 million require board approval, the ability of the Bank to support large exporters and their lenders was severely inhibited. As such, for the 2016 Competitiveness Report, EXIM expanded the scope of the survey to include not only exporters who benefited from support in 2016, but also those who benefited from EXIM support in 2014 and 2015.

SURVEY METHODOLOGY

The survey assesses EXIM's competitiveness relative to other official providers of export credit support, including OECD and non-OECD ECAs. This survey is broken into sections by program areas and policies. Survey participants are only asked to complete sections with which they have experience. Because the lack of a Board quorum prevented EXIM from being able to utilize its full range of financial products, and because different lenders and exporters use EXIM's various products for very different reasons (i.e. small exporters struggle to find banks willing to take cross border risk while large exporters face competitive foreign financing), an assessment of exporters' limited experience in 2016 alone would only yield an incomplete picture of EXIM's competitive standing. Therefore, the survey was sent to exporters, lenders, and project sponsors across the full range of EXIM's financial products from 2014 to 2016. For the 2016 report, EXIM sent the Exporter and Lender Survey to 96 recipients of which 50 responded.

Figure A: Annual Response Rate

	2016
Invited	96
Completed Survey	50
Response Rate	52%

Respondents were asked to indicate their role as an exporter, a lender, or a project sponsor, with some selecting more than one role.¹ The survey’s 50 respondents selected 55 total roles (28 Exporters, 23 Lenders, and 4 Project Sponsors). Respondents were asked to indicate which EXIM programs or financial products they utilized (see Figure B). Since the various products are used for different reasons by different types of institutions, it is important to understand an exporter, lender, or sponsor’s responses and experience from the perspective of the specific product(s) that they are utilizing. This data gives insight into EXIM’s competitiveness at not only an institutional, but also a programmatic and product level.

Figure B: EXIM Programs Utilized

Program
Long-Term Guarantee
Long Term Loan
Medium-Term Guarantee
Medium-Term Insurance
Medium-Term Loan
Short-Term Insurance
Working Capital

Figures C and D present possible survey response choices from the two most recent Competitiveness Reports in specific areas that experience ECA competition. This change in rating methodology was done in response to an EXIM Advisory Committee recommendation that EXIM not use the grading scale, but instead a comparative scale in its analysis. As such, the current scale is intended to 1) shift to a more comparative system as opposed to an absolute ranking system, and 2) reduce possible skewing of the results by allowing for equal comparative upside and downside.

Figure C: Current Survey Choices (CY2016)

Survey Choices
“EXIM is much more competitive”
“EXIM is slightly more competitive ”
“EXIM is equally competitive”
“EXIM is slightly less competitive”
“EXIM is far less competitive”

¹ Project Sponsors have been added due to their control over sourcing and procurement decisions—potentially influenced by financing terms or availability.

Figure D: Past Survey Choices (Prior to CY2016)

How does U.S. Ex-Im Bank Competitiveness Compare to Competitor ECAs?

Survey Choices
“Equal to most competitive”
“Equal to the average”
“A notch below”
“Far below”
“Don’t know”

Respondents were asked if they had worked on a transaction with another ECA besides EXIM (i.e. another ECA financed the export of the company's product or guaranteed a loan from their bank). Those that indicated that they had worked on a transaction with another ECA were then asked to indicate how competitive EXIM was compared to the other ECA(s) on a scale ranging from “Far less competitive” to “Much more competitive”.

Apart from general competitiveness across all programs, the survey asked respondents to compare EXIM’s competitiveness relative to other ECAs within specialized areas including Aircraft and Structured and Project Finance. However, Aircraft or Structured and Project Finance transactions were deeply impacted by the lack of board quorum – zero transactions were approved in 2016. For this reason, little or no assessment can be made of EXIM’s *current* competitiveness within these types of transactions – conclusions can only be drawn on a historical basis.

COMPETITIVE ISSUES AND DECISION FACTORS

The Exporter and Lender Survey asked respondents if they had encountered head-to-head competition between EXIM and a foreign ECA (i.e. a prospective buyer chose between a supplier supported by EXIM and a supplier supported by a foreign ECA). If the respondent indicated that they had encountered such competition, they were then asked if the buyer ultimately chose to procure from the supplier supported by the foreign ECA rather than the U.S. exporter backed by EXIM.

The survey then asked respondents to indicate the main factors that affected buyers’ procurement decisions. Apart from the standard list of responses (see Figure F), it should be noted that a substantial number of respondents wrote-in (within the “Other Responses” category) that the lack of an EXIM Board quorum was a factor in 2016.

Figure E: Primary Factor Affecting Buyers' Decisions

FACTOR
Non-ECA Related Factors
Interest Rate
Exposure Fee
Tenor
Speed of Doing Business
Shipping Policy
Environmental Policy
Foreign Content Policy
Economic Impact Policy
Other Responses

The survey also asked respondents about their experience with EXIM compared to other ECAs with regards to other issues affecting EXIM's ability to support exports.

Figure F: Issues Affecting EXIM's Ability to Support Exports vs. Other ECAs

Issue Area
Response Time
Ease of Doing Business
Country Cover Policy
Appetite for Risk
Interest Rate Schemes
Interest Rate Timing
Exposure Fee Timing
Environmental Review
Environmentally Beneficial Exports Programs
Financing of Services
Co-Financing
Local Cost Financing
Foreign Content Policy
Economic Impact Policy
Shipping Requirements/Policy
Tied Aid Financing
Foreign Currency Guarantee Programs

EXPORT SUPPLY CHAINS

Like previous years, the 2016 survey asked exporter survey participants to indicate the number of suppliers they used to fill their export contracts. As indicated in Figure H, the survey attempts to use 25 unit increments as possible responses to assess the relative size of an exporter's supply chain.

Figure G: Number of Suppliers Used by Exporters to Execute Export Contracts in CY 2016

Number of Suppliers
None
1 - 25
26 - 50
51 - 75
76 - 100
100+

Respondent exporters with suppliers were also asked to estimate the number of employees their suppliers employed. This data is collected in an attempt to gain insight into indirect employment effects of a respondent exporter when they fill an export contract.

Figure H: Number of Supplier employees

Number of Suppliers
None
Less than 500
500 to 999
1000 to 9999
10,000 or More
Don't Know
Not Applicable

NON-STANDARD FINANCING SECTION RESULTS

The 2016 Exporter and Lender Survey inquired about respondents' experiences with financing outside of the OECD rules, such as market windows programs and untied financing. Respondents were asked to indicate if they had encountered foreign competition benefiting from such financing schemes.

DENIED AND DETERRED TRANSACTIONS

EXIM uses this section of the survey to better understand if policy or program considerations could prevent transactions from reaching approval for EXIM financing. Deterred transactions are cases that are not submitted to EXIM because of a perceived or real policy constraint. Deterred transactions can also include applications submitted but later withdrawn. Denied transactions are cases that were formally denied by EXIM. The survey also asked those who were deterred or withdrew applications what were the factors influencing their decisions.

U.S. AND FOREIGN GOVERNMENT FACTORS

The Exporter and Lender survey asks respondents to indicate if U.S. Government actions or foreign government actions had an effect on their business involving EXIM. Those exporters and lenders who responded that actions of either the U.S. or foreign governments had an impact on their business with EXIM were then asked to evaluate the effect of these actions either positively or negatively.