

EXIM 2020 Competitiveness Report Exporter and Lender Survey Methodology

INTRODUCTION

For each Competitiveness Report, the Export-Import Bank of the United States (EXIM or the Bank) conducts a Congressionally-mandated survey of exporters and lenders that have experience working with EXIM 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 to 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.

SURVEY METHODOLOGY

The survey assesses EXIM's competitiveness relative to other official providers of MLT 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.

Changes to the survey

In order to provide respondents with a better user-friendly and timely experience, EXIM streamlined the survey for the CY 2020 report. EXIM decreased the number of questions from 124 to 100 and designated about 30 required questions. EXIM also utilized Microsoft Forms to provide a better accessibility since some of EXIM's past customers are no longer allowed to use Survey Monkey on workplace computers. Furthermore, EXIM changed wording and shortened questions where possible to improve the clarity of the survey. All in all, these adjustments aimed to make the survey more manageable and convenient for exporters and lenders, in hopes of increasing the response rate of the survey.

After a nearly 4-year hiatus, EXIM's Board quorum was restored in May 2019, which allowed EXIM to resume support for medium- and long- term (MLT) transactions. With operations fully restored, the survey reverts to the traditional focus on the medium- and long- term business and eliminated interim questions that focused



on short-term programs and the lack of a Board quorum.

Survey Distribution and Response Rate

EXIM sent the CY 2020 exporter and lender survey to 112 stakeholders of which 26 responded, a 23 percent response rate. While this response rate is lower than that of 2019, it is in line with the response rate of previous years when EXIM lacked a board quorum. Since the years of EXIM inactivity in MLT business, response rates have eroded, reflecting a shrinking number of respondents knowledgeable about EXIM competitiveness relative to its peers. For example, the response rate for the 2018 survey was 25 percent. Despite the low response rate, exporter respondents represented approximately 60 percent of EXIM's 2020 MLT volume, and lender respondents represented 60 percent of 2020's top 10 international lenders.

Survey Responses

Respondents were asked to indicate their role as an exporter, lender, project sponsor, and sub-supplier. Six respondents selected more than one role and indicated that they were also either a project sponsor or both a lender and an exporter.¹ The survey's 26 respondents were comprised of 12 exporters and 14 lenders. Respondents were asked to indicate which EXIM programs or financial products they utilized (see Figure A). 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 A: EXIM Programs Utilized

Program
Long-Term Guarantee
Long Term Loan
Medium-Term Guarantee

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

Medium-Term Insurance
Medium-Term Loan
Short-Term Insurance
Working Capital
Supply Chain Finance Guarantee

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). About 73 percent responded affirmatively. 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". Figures B and C 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 B: Current Survey Choices (CY 2020)

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"
"Don't Know"

Figure C: 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"

Apart from general competitiveness across all programs, the survey asked respondents to compare EXIM’s competitiveness relative to other ECAs within specialized areas including Project and Structured Finance. Respondents were asked to assess EXIM policies, including its cover policy, economic impact, and content policy.

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). Approximately 65 percent responded affirmatively. If the respondent indicated that they had encountered such competition, the survey then asked respondents to indicate the main factors that affected buyers’ procurement decisions, as seen in Figure D. Terms of export credit financing, the ability to finance 100% of the contract, and the product quality were the top three factors most respondents chose.

Figure D: Primary Factor Affecting Buyers’ Decisions

FACTORS
Terms of export credit financing (interest rate, tenor, pricing, etc.)
Ability to finance 100% of the contract (no 15% cash payment)
Availability of tied aid financing
Availability of non-Arrangement financing
Product quality
Product Cost
Other

The survey also asked respondents about the most important aspects of export credit financing competitiveness to their organization. Respondents were asked to rank factors in Figure E. Content requirement and interest rate or other pricing were often ranked the highest by most respondents.

Figure E: Most Important Aspects of Export Credit Financing Competitiveness

FACTORS
Interest rate or other pricing (e.g., exposure fees)
Tenor of support
Content requirements
Other

SUPPLY CHAINS

Like previous years, the 2020 survey asked exporter survey participants to indicate the number of suppliers they used to fill their export contracts. As indicated in Figure F, the survey attempts to use broad unit increments as possible responses to assess the relative size of an exporter’s supply chain.

Figure F: Number of Suppliers Used by Exporters to Execute Export Contracts

Number of Suppliers
1-10
10-100
100+
Don't Know

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 exporter respondent when they fill an export contract.

Figure G: Number of Supplier Employees

Number of Suppliers
Under 100
100-500
500 to 1000
1000 to 10000
10,000+



Don't Know

Not Applicable

NON-STANDARD FINANCING SECTION RESULTS

The 2020 Exporter and Lender Survey inquired about respondents' experiences with financing outside of the terms outlined in the OECD Arrangement, such as market window programs and untied financing. Respondents were asked to indicate if they had encountered foreign competition benefiting from such financing schemes. About 62 percent responded affirmatively, with some respondents noting they encountered investment support, untied support, and market window support.

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, or are withdrawn from EXIM consideration, because of a perceived or real policy constraint. Denied transactions are cases that were formally denied by EXIM. About 54 percent of respondents indicated that EXIM's policies deterred their company from seeking EXIM support for any transactions. The survey also asked those who were deterred or withdrew applications about the factors that influenced their decisions. The survey asked respondents to opine on the EXIM's policies and factors that influenced their decision to not seek support from EXIM. Respondents mentioned the content policy, the MARAD policy, local cost financing, length of time and complexity of applications, and pricing as factors that caused deterrence.