

Introduction

The U.S. Export Import Bank (EXIM) conducts extensive research and analysis of the activity of other Export Credit Agencies to produce the annual Competitiveness Report. By way of background to this particular China Export Credit Activity Data Project:

EXIM Charter, states in Section 8A(a)(1) (12 USC 635g-1(a)(1) entitled “Minimize Competition in Government-Supported Export Financing” that EXIM needs to produce “A description of the actions of the Bank ...[that] include[s] a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with United States exporters ... and, to the extent such information is available to the Bank, indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly. With respect to the preceding sentence, **the Bank shall use all available information to estimate the annual amount of export financing available from each such government and government-related agency.** In this part of the report, the Bank shall include a survey of a representative number of United States exporters and United States commercial lending institutions which provide export credit on the experience of the exporters and institutions in meeting financial competition from other countries whose exporters compete with United States exporters.”

As such, EXIM developed bilateral and multilateral data capture efforts and referred to official sources to be able to analyze the trends in export credit activity presented in this report. However, official source data is not available from every ECA a timely manner (i.e., prior to the mandated June 30 deadline for completion of the Competitiveness Report).. Given the vast influence of Chinese exports, we cannot overlook the activity of such a large player In an effort to incorporate a comprehensive overview of the realm of export credit that includes China activity in the Competitiveness Report, we have attempted to capture China’s Export Import Bank (China ExIm) activity through publicly available sources. Last year we referenced the China Data Project in the report and the data drew the attention of the 2015 EXIM Advisory Committee. The Advisory Committee produced a statement that included recommendations to EXIM on ways to improve the report, including:

“We recommend that the newly gathered raw data be made publically available, so that outside researchers can explore the important questions raised by the report, such as the extent to which growing ECA financing is influencing global trade patterns and how ECA credit can help reduce trade and income volatility. We urge EXIM to develop a plan to maintain, update and share the raw data it uses to generate its quantitative findings in the interest of transparency and historical comparison.” For more details on the Advisory Committee recommendations and EXIM’s 2014 Annual Competitiveness Report to Congress please see www.exim.gov.

Data Gathering Process:

As in previous years, ExIm utilized official figures published by China ExIm and Sinosure to report Chinese export credit volumes from 2011 to 2014. As part of that process, EXIM updated previous estimates reported in last year’s Competitiveness Report to reflect the official figures reported by the Chinese agencies. China ExIm does not publish their annual report in time for EXIM to use their official data in the most recent report. As such, EXIM had to develop an estimate for 2015 activity to use in its analysis in this report, whose deadline for submission is June 30. EXIM used a series of searches through Lexis-Nexis and supplemented and cross referenced that information with data collected through the Bloomberg to create an information sheet, of press-reported articles describing Chinese financing abroad. This database swept through every country and captured articles on China ExIm, Sinosure, the China Development Bank, as well as other unspecified official financing from the Chinese government. Media sources included newspapers and magazines, as well as radio, television transcripts, social media, and press releases. These searches resulted in a holistic – albeit gross – representation of Chinese official export activity. In that regard, EXIM understands the limitation caused by inaccuracies of media “open source” information. As such, EXIM visited China EXIM Bank in the first quarter of 2016 to present its China data project, data captured and methodology and solicit feedback from China EXIM. Although the timing of the EXIM report did not align with the timing of China EXIM data disclosure, US EXIM will continue to reach out bilaterally to better clarify the data as it becomes available. The visit from US EXIM to China EXIM was part of EXIM’s expanding efforts to verify the validity of the project specific information captured from the press articles in three ways:

1) First, EXIM is devoting more internal resources to the China Data project that have conducted additional cross-checking of the data to ensure its accuracy;

2) Second, EXIM is partnering with academia and think-tanks that have specific expertise in collecting and verifying Chinese data. Specifically, EXIM is, working together with institutions such as SAIS-China Africa Research Initiative, Boston University and the, Intern-American Dialogue.

3) Third, EXIM is working with the State Department US missions as well as US Embassies abroad to confirm the accuracy of its data with official USG sources. To date, those exchanges have produced messages from 65 US missions helping verify projects reported here.

It is EXIM's intention to continually improve the methodology with critique and input from interested parties and correct any errors brought to their attention. The efforts described above, taken together have allowed EXIM thus far to be able to confirm approx.30 % of the projects identified in the searches. Going forward, EXIM will continue to update the China Database as new information becomes available from these or other sources.

Filtering and Reporting Results:

As a result of this substantial effort to collect information comes an information sheet that consists of hundreds of related articles which contain a degree of relevant information that could shed some light on China's export credit activity. This extensive database is then further refined to eliminate possible duplicate or irrelevant articles, and subsequently undergoes a process of classification. The projects that are used in EXIM's estimates are as follows:

- a) Projects referenced in articles that specifically reference China Exim financing;
- b) Projects that appear commercially oriented and are believed to be non-concessional loans, and
- c) Projects that are named specifically (as opposed to lines of credit or government to government loans).
- d) Projects that are thought to be standard buyer-credits.

As a result of this exercise EXIM presents in its Competitiveness Report a very conservative estimate of Chinese activity that excluded projects for which articles claim have been funded by China Exim Bank and other Chinese agencies that were captured through the press searches.

Overall, US ExIm Bank focuses solely on China's official export credit agencies—Sinosure and China ExIm Bank—excluding several reported projects linked to Chinese suppliers funded by other Chinese institutions such as the China Development Bank because CDB offers a range of programs that include (but are not limited to) export credit support . With respect to China EXIM,US EXIM reported only two of its programs as official export credit support—the buyer and seller credit program as they seemed to best align with other support covered by ECAs covered in this report, and further excluding other programs such as tied-aid concessional loan programs from the MLT activity.

2015 Findings:

For 2015, US ExIm Bank has estimated that the total support of China ExIm Bank amounted to \$36 billion dollars. This amount is comprised of \$20 billion in seller's credits (that was estimated assuming a constant growth rate from 2014). In addition, the figure includes \$15 billion in buyer credits (estimated from 21 projects for which the articles specifically reference a Chinese supplier and funding from China EXIM).

Per the request of the EXIM 2015 Advisory Committee and to encourage others experts in the field, researchers and business people to further, expand or clarify any relevant research, the 2014 and 2015 China data bases containing all the related articles will be made publicly available with an open invitation for any interested party to provide feedback and recommendations on the process and findings. Inquiries regarding the information sheet can be sent to: chinaresearch@exim.gov.