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## **Small Businesses Bear Burden of Ex-Im Bank Shutdown; As trade bank's fate remains up in the air, supporters see outsize impact on the littlest players**

**Author:** Timiraos, Nick; Peterson, Kristina

[ProQuest document link](#)

### **Abstract:**

While a majority of lawmakers in Congress support reauthorizing the 81-year-old agency in some form, conservative Republicans who control key leadership positions have so far prevented a vote in the House of Representatives.

**Links:** [Linking Service](#)

### **Full text:**

WASHINGTON--Political opponents have managed to shut the U.S. Export-Import Bank for the most of the summer by arguing it rewards politically connected corporate giants.

But the bank and its supporters say the burden of the agency's shutdown for now will hit small businesses that lack the resources of industrial titans such as Boeing Co. and General Electric Co.

"Small businesses are the ones that are going to be hurt first and the most," said Rep. Denny Heck (D., Wash.), a proponent of reauthorizing the bank's charter.

The Ex-Im Bank, a federal agency that finances exports, stopped accepting new loans at the beginning of July after Congress allowed its charter to expire. While a majority of lawmakers in Congress support reauthorizing the 81-year-old agency in some form, conservative Republicans who control key leadership positions have so far prevented a vote in the House of Representatives.

Supporters had pinned their hopes on reopening the bank as part of a bill extending highway funding that expires Friday. But House and Senate leaders have had trouble agreeing on that transportation measure before their annual August recess that begins this week, which means they are likely to leave Washington without addressing the Ex-Im Bank.

The bank's backers have sought to rally support in recent weeks by highlighting the potential for lost sales at small businesses, a group that is both politically sympathetic and close to lawmakers in almost every congressional district.

President Barack Obama has called on Congress to reauthorize the agency, and most of the bank's supporters expect lawmakers to follow suit later this year. On Monday, 64 senators voted for an amendment to reopen the bank, and some Republicans estimated that at least 300 of the 434 current House lawmakers would vote similarly, given the chance.

"At some point we'll miss out on a business opportunity that will be of such magnitude that it will catch the attention of the public, and we'll respond," said Rep. Frank Lucas (R., Okla.), who supports the bank's reauthorization.

Additional opportunities to resuscitate the agency will arrive when Congress passes a spending measure needed to avoid a partial government shutdown by Oct. 1 or if the House and Senate negotiate a long-term highway bill in the fall.

Still, some lawmakers said the way in which the bank has missed multiple opportunities to stay open exposes the political challenges ahead. "I wouldn't hold my breath that it's going to get funded in September," said Rep. Matt Salmon, an Arizona Republican who supports the bank.

Big businesses say closing the bank for good will leave them at enough of a disadvantage against European and Asian competitors, which benefit from export-credit agencies at home, that they will move production

abroad. For now, they say they are getting along fine.

"This is not something that creates near-term financial risk for Boeing," said Dennis Muilenburg, the company's chief executive, on a conference call with reporters last week.

Indeed, one risk for the bank is that its absence hasn't had any immediate shock. "The Export-Import Bank expired," said Sen. Ted Cruz (R., Texas), one of the bank's loudest critics, at a recent rally on Capitol Hill. "You notice the sky hasn't fallen?"

Critics of the bank say Washington shouldn't be picking winners and losers, and that any hardship for businesses is part of a necessary recalibration.

The bank says that view is short-sighted. "When our charter lapses, you won't read about massive layoffs in the paper. Small businesses don't put out press releases when they lose out on a sale," Fred Hochberg, chairman of the Ex-Im Bank who in the 1990s worked closely with entrepreneurs as an official at the Small Business Administration, said before the bank closed last month.

Around 90% of loans backed by Ex-Im Bank last year went to small businesses, the highest level in more than a decade. Small businesses represent a much smaller share of loans by dollar volume, around 25%, because Ex-Im backs expensive loans for aircraft and other industrial equipment makers.

Some businesses and their workers say that count overlooks firms that don't export directly but feed into supply chains. Yanke Machine Shop Inc. in Boise, Idaho, was one of 22 different U.S. companies that fulfilled an order for 150 pieces of construction equipment worth \$37 million for a 2013 engineering project in Cameroon.

"What a lapse does is it kills opportunity. You've got to have opportunity before you have work on the floor," said Dirk Christison, who works in customer support for the heavy-steel fabrication company.

At risk could be deals like one that Ray Garcia Jr., the principal of an energy consulting firm that arranges investment for infrastructure projects in Latin America, has put together to export American equipment for a \$300 million gas-to-liquid plant in Paraguay.

He said the project is one of three in South and Central America that is now in limbo. "We have spent two years developing these projects just to have the rug pulled out from under us for political reasons," said Mr. Garcia, a self-described conservative Republican from Houston.

Mr. Garcia said that without Ex-Im, the deal would go to a foreign company or large multinational, leaving his U.S. manufacturers without contracts. "Small businesses that do not have \$1 billion in capital to facilitate projects like these do benefit and can compete on a global platform armed with Ex-Im Bank," he said.

Ex-Im's Bank limbo state stands in contrast to those of a similar agency. When the Small Business Administration last week stopped accepting new loans under its flagship program, which reached its borrowing limit on Thursday, the House and Senate quickly passed an extension.

Because existing loans aren't imperiled by the Ex-Im Bank's shutdown, the lapse created a "soft landing" for most customers, said Gary Mendell, president of Meridian Finance Group in Santa Monica, Calif., which arranges financing for exporters. "We've been telling customers to see if you can stand tough until the end of July," he said.

As the prospect of Ex-Im Bank's reauthorization grows more distant, Mr. Mendell said more firms will run into difficulty as their working-capital loans or credit insurance expires. An overlooked casualty, he added, is that small businesses that have never exported have virtually no financing options right now.

"If the private sector were interested in doing this, they would be doing it by now," said Mr. Mendell.

Even the bank's critics have taken note of the potential plight of small firms. On the eve of the agency's shutdown last month, Sen. David Vitter (R., La.), expressed alarm that financing for thousands of small businesses might be at stake and said the agency should come up with a way for those companies to secure financing from the SBA.

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Credit: By Nick Timiraos and Kristina Peterson

**Subject:** Export import banks; Trade finance; Industrial equipment; Charters; Small business; Legislators;

**People:** Obama, Barack Lucas, Frank

**Company / organization:** Name: Congress; NAICS: 921120; Name: General Electric Co; NAICS: 334512, 334519, 332510, 334290; Name: Export-Import Bank of the United States; NAICS: 522298; Name: Boeing Co ; NAICS: 336411, 336413, 336414; Name: House of Representatives; NAICS: 921120;

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Document 2 of 7

## **Boeing Loses Contract Over Ex-Im Bank Freeze; Asia Broadcast Satellite cancels deal over uncertain status of U.S.-backed lender**

**Author:** Cameron, Doug

[ProQuest document link](#)

**Abstract:**

Boeing Co. is trying to renegotiate a roughly \$85 million satellite contract that became the first big casualty of the U.S. Export-Import Bank's loss of its operating charter because of congressional opposition.

**Links:** [Linking Service](#)

**Full text:**

Boeing Co. is trying to renegotiate a roughly \$85 million satellite contract that became the first big casualty of the U.S. Export-Import Bank's loss of its operating charter because of congressional opposition.

Asia Broadcast Satellite last month terminated its order for a Boeing 702SP satellite, although the two say they are continuing to discuss the deal. The Bermuda-based telecommunications company said the federally backed bank's inability to finance new loans led it to begin evaluating options outside the U.S. that could attract support from other export credit agencies.

The Ex-Im Bank and similar state-backed banks overseas provide loans and guarantees to back sales, and have been one of the space industry's most reliable funding sources. Ex-Im has provided almost \$1 billion a year in loans to finance satellites and space launches since prioritizing the space sector in 2010.

It has backed satellites made by Boeing, Lockheed Martin Corp., Orbital ATK Inc. and the Space Systems Loral unit of Canada's MacDonald Dettwiler & Associates Ltd. It also has financed launches by entrepreneur Elon Musk's Space Exploration Technologies Corp., or SpaceX.

The satellite industry is far more reliant on export credit support than sectors such as commercial jets, as most banks are reluctant to finance assets that are difficult to repossess or place with other customers.

Ex-Im said that it has backed about 60% of sales by U.S. manufacturers in recent years, compared with about 15% of commercial-jet deals.

"Ideally on ABS and for our other campaigns, Ex-Im will be reauthorized by the end of the year or we will continue to see terminations and losses," said a spokesman for Boeing, the largest beneficiary of the agency's support and the most vocal proponent of reopening the bank.

Other satellite makers have expressed concern that sales campaigns are being affected by the uncertainty over Ex-Im's future as Congress wrangles over reauthorizing the mandate that expired on June 30.

"American exporters are being put in the uncomfortable position of having to scramble to find private financing to replace Ex-Im programs," said Dan Stohr, a spokesman for the Aerospace Industries Association, a trade group. He said some of its members' satellite sales were being threatened or even lost because of the lapse in Ex-Im's mandate.

Industry executives and bankers said that the bank's removal from the market, however temporary, had made it tougher to close deals.

"Ex-Im financing is a critical component of a number of satellites. That has been an issue with orders," said MDA Chief Executive Daniel Friedmann on an investor call last month. The company has used Ex-Im and Canada's Export Development Corp. to support sales. "Without Ex-Im, there won't be enough money in the market to finance all the satellites," he said.

Mr. Friedman expressed particular concern about backing for space launches, with capacity squeezed after a series of high-profile failures including rockets made by SpaceX and Orbital ATK.

SpaceX played down the threat, and said only two of the 50 launches in the company's current manifest were due to be backed by the bank. Orbital ATK has recently relied on the bank for about one satellite deal a year, though it doesn't currently have any Ex-Im backed space business.

Global commercial-satellite sales reached \$15.9 billion last year and launch services added a further \$5.9 billion, according to the Satellite Industry Association, a trade group. It has become increasingly competitive as more countries pursue their own space-industry aspirations.

Ex-Im backed satellites and space launches valued at \$941 million in fiscal 2014, most of it via direct loans rather than the guarantees used to support commercial-jet sales. This compares with about \$50 million a year before 2010 as the agency responded to criticism that U.S. companies were being outgunned by overseas rivals that secured backing from export agencies such as Coface in France.

Mr. Stohr said overseas agencies have started to market their backing of space deals more aggressively in Ex-

Im's absence, and bankers said France, the U.K., Canada, Japan and even Russia have intensified their efforts to support satellite sales and space launches with export credit support.

"Without [Ex-Im], opportunities could go to Coface," said Dara Panahy, a partner at Milbank, Tweed, Hadley & McCloy who has worked for space clients, including ABS.

Ex-Im's opponents said its clients have become too accustomed to relying on the bank's support to remain competitive, and have overplayed the impact of its expired mandate. "The sky hasn't fallen in," said Dan Holler, communications director at Heritage Action for America, which promotes conservative policies in Congress.

Write to Doug Cameron at [doug.cameron@wsj.com](mailto:doug.cameron@wsj.com)

Credit: By Doug Cameron

**Subject:** Satellites; Export import banks; Trade finance; Banking;

**Location:** Canada United States--US

**People:** Musk, Elon

**Company / organization:** Name: Congress; NAICS: 921120; Name: Export Development Corp; NAICS: 926110, 524126; Name: Space Exploration Technologies Corp; NAICS: 336414; Name: Orbital ATK Inc; NAICS: 336415, 334220; Name: Export-Import Bank of the United States; NAICS: 522298; Name: Lockheed Martin Corp; NAICS: 336411, 336413, 336414, 212319, 334290;

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## **GE Move Rekindles Partisan Fight Over Ex-Im Bank Closure; General Electric to move around 500 U.S. jobs overseas to avoid losing business to foreign rivals**

**Author:** Timiraos, Nick

[ProQuest document link](#)

### **Abstract:**

Other large industrials that include Caterpillar Inc., Dow Chemical Co. and Westinghouse Electric Co. have warned that foreign competitors are exploiting the Ex-Im Bank shutdown to strengthen their position at the bargaining table.

**Links:** [Linking Service](#)

### **Full text:**

General Electric Co. made good on months of threats by announcing Tuesday plans to begin moving U.S. jobs abroad, marking an escalation in the battle between U.S. corporations and congressional Republicans over the now-dormant U.S. Export-Import Bank.

The company's announcement that it would transfer 500 jobs, while a tiny fraction of GE's 136,000 U.S. workers, advances a long-running drama over the bank that has divided Republicans and sent tremors of unease through the corporate sector.

For months, companies have warned they faced the loss of overseas contracts after congressional Republicans, who have singled the agency out as an example of corporate welfare, allowed the bank's charter to lapse in July.

The Ex-Im Bank helps overseas customers of U.S. companies finance purchases with loans and credit guarantees. Supporters have said political gridlock would be broken only after companies start cutting American jobs.

GE said Tuesday it would transfer the 500 jobs mainly to Europe over the next year to field competitive bids for turbines and other industrial equipment with financing from foreign export credit agencies. The job losses will come from facilities in Texas, South Carolina, New York and Maine, GE said.

The U.S. Chamber of Commerce and other business groups have fought to keep the bank afloat. Most of the Republican Party's presidential candidates oppose the bank, but lawmakers are split.

House Speaker John Boehner (R., Ohio) voiced concern earlier this year about job losses from letting the 81-year-old agency close suddenly, but so far he has yielded to GOP lawmakers who oppose allowing a vote on the measure.

GE said Tuesday it had signed agreements with France's export credit agency for a line of credit on sales of power generation equipment. The company also said it would move final assembly of jet turbines from Houston to facilities in Hungary and China, making it eligible for similar agreements there.

Other companies warned of more repercussions if the Ex-Im Bank doesn't reopen for business.

Boeing Co. said Tuesday it had been notified by Kacific, a broadband satellite operator based in Singapore, that it wouldn't consider bidding on a contract from Boeing without Ex-Im Bank assistance.

Last month, Boeing said a roughly \$85 million satellite contract order was in jeopardy after Asia Broadcast Satellite, a Bermuda-based telecommunications company, said it would look outside the U.S. for better financing terms.

Other large industrials that include Caterpillar Inc., Dow Chemical Co. and Westinghouse Electric Co. have warned that foreign competitors are exploiting the Ex-Im Bank shutdown to strengthen their position at the



bargaining table.

Most export credit agencies—including the Export-Import Bank—require that most production and jobs for deals they finance be located in their respective countries.

GE executives say they are bidding on \$11 billion in industrial projects, mostly in developing nations, that require export-credit agency sponsorship for customers. Countries requiring such sponsorship have accounted for 80% of total sales of gas turbines used in aviation over the past three years, GE said.

"This is not a choice that we made," John Rice, vice chairman at GE, said in an interview. "This is a choice that was forced on us."

GE's announcement Tuesday stoked debate over the fate of the agency, which retains significant support in Washington. President Barack Obama and most Democrats support renewing the bank's charter, and 64 senators voted in July to reopen the bank.

Rep. Jeb Hensarling, (R., Texas), who as chairman of the House Financial Services Committee has led the effort to close the bank, said in a statement Tuesday he was troubled that GE was announcing that it "is leaving Connecticut because the state's taxes are too high and is choosing to send jobs overseas because U.S. taxpayer-provided subsidies are too low."

Bank critics called GE's announcement a ploy to rally support for an agency that overwhelmingly supports a few multinational companies and say Washington should stop picking winners and losers by subsidizing sales. Smaller manufacturers, which don't have the option of moving production abroad, say contracts for exports, already under pressure from a rise in the dollar, could be lost if they can't find credit insurance or other financing to replace Ex-Im Bank.

Cardinal Resources, a maker of solar-powered systems to clean drinking water, had an application pending for a \$29 million deal with the government of Cameroon that has been in limbo since the bank shutdown. "We had hiring scheduled that we weren't able to do," said Kevin Jones, chief executive of the Pittsburgh-based manufacturer.

Mr. Jones said he hasn't been able to find private financing yet for the project. Instead, he said, he was approached by a major Chinese bank last month, a deal that would require purchasing raw materials in China. He declined the offer and said he hoped the Ex-Im Bank was reauthorized before his customer was lured away. While Ex-Im makes some loans, much of its business focuses on loan guarantees and insurance programs. Sullivan-Palatek Inc., a maker of industrial portable air compressors in Michigan City, Ind., has boosted export sales over the past four years by using Ex-Im for receivables insurance, a policy that ensures the company is paid for goods sold to foreign customers.

The policy expires on Oct. 1, chief executive Bruce McFee said, putting in jeopardy about half of the company's export sales, which represent about one fifth of total sales.

"It's going to substantially put us back in our ability to hire," he said.

Ted Mann contributed to this article.

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Credit: By Nick Timiraos

**Subject:** Export import banks; Trade finance; Project finance; Industrial equipment;

**Location:** United States--US Texas

**People:** Boehner, John

**Company / organization:** Name: Boeing Co; NAICS: 336411, 336413, 336414; Name: Export-Import Bank of the United States; NAICS: 522298; Name: Dow Chemical Co; NAICS: 325199, 325211, 325180; Name: Caterpillar Inc; NAICS: 333120, 333618, 333924; Name: US Chamber of Commerce; NAICS: 813910; Name: Republican Party; NAICS: 813940;

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Document 4 of 7

## **Shutdown of U.S. Ex-Im Bank Puts Companies in a Financing Bind**

**Author:** Johnson, Kimberly S

[ProQuest document link](#)

### **Abstract:**

Ethiopian Airlines's Mr. Gebremariam said he hopes to buy more than two dozen planes from Boeing in coming years, but will consider going to European rival Airbus Group SE if the U.S. Ex-Im Bank stays out of business. In Hungary, where GE has manufacturing facilities, the export-import bank is providing a loan to Bresson AS Nigeria Ltd., a power-generation company, to buy GE turbines for new plants in Nigeria, said Barakat Balmelli, a financial adviser to Bresson on the deal.

**Links:** [Linking Service](#)

### **Full text:**

Ethiopian Airlines had to scramble at the last minute this summer when it needed to pay for a plane it ordered from Boeing Co. years ago.

The East African carrier got the aircraft last month but, instead of owning it, the airline is leasing the plane from

a bank, said Chief Executive Tewolde Gebremariam. It couldn't secure a loan for the purchase because it lacked a financing guarantee from the U.S. Export-Import Bank.

Amid a clash over spending priorities, congressional Republicans effectively shut down the U.S. Ex-Im Bank by failing to reauthorize the agency at the end of June. That means the bank can't make new loans or provide loan guarantees to foreign companies so they can buy American products and services. And American companies can't renew their export-credit insurance policies.

The shutdown was a blow to many companies in the U.S. and abroad that are fighting for revenue in a sluggish global economy. Many foreign companies like Ethiopian Airlines are looking to do business with trusted American suppliers, while U.S. companies are searching abroad for new customers.

A strong dollar and weaker growth hamper those efforts. U.S. exports of goods and services were down 3.5% from a year earlier in the first seven months of 2015. Exports fell 3.2% in August, according to the Commerce Department.

Declining exports, combined with a lack of U.S. Ex-Im Bank funding, is "a double-whammy," said David Ickert, finance chief of Air Tractor Inc., which makes small aircraft for the agriculture industry. Softer prices for crops such as soybeans have growers in places like Brazil and Argentina ordering less equipment, he said.

Air Tractor, based in Olney, Texas, typically uses export-credit insurance from the U.S. Ex-Im Bank. Foreign customers typically account for over half of the company's sales, but Mr. Ickert expects that figure to drop to 30% this year. "There are definitely some multiple headwinds we're facing right now," he said.

Many foreign companies say they can't secure financing from commercial banks without some kind of government-backed financing or guarantee, which most developed countries offer through their own Ex-Im banks.

Ethiopian Airlines's Mr. Gebremariam said he hopes to buy more than two dozen planes from Boeing in coming years, but will consider going to European rival Airbus Group SE if the U.S. Ex-Im Bank stays out of business. "There's definitely an impact on our expansion and growth," he said. "Some economies in Africa are considered high risk, so banks wouldn't be able to finance us directly without Ex-Im backing."

In a letter sent to Boeing officials last week, Comair Ltd., an aviation company based in South Africa, said a continued lack of U.S. Ex-Im Bank support would force the airline to borrow in foreign currency. But doing so, given the volatility of its local currency, the rand, would "expose Comair to too great an exchange-rate risk on its balance sheet," said CEO Erik Venter.

Boeing said such sentiments reflect private conversations it has been having with customers for months. "They want to keep buying American, but the uncertainty over the future of the Export-Import Bank is forcing them to consider other options," said a company spokesman. Boeing, a strong proponent and major beneficiary of the bank, expects it to reopen. But an extended shutdown would prompt Boeing to consider moving work offshore to compete for contracts that require Ex-Im backing, Chairman Jim McNerney said last month.

General Electric Co. is already doing so, to make it easier for its customers to use Ex-Im funding from other countries, such as Canada, France and Hungary. In Hungary, where GE has manufacturing facilities, the export-import bank is providing a loan to Bresson AS Nigeria Ltd., a power-generation company, to buy GE turbines for new plants in Nigeria, said Barakat Balmelli, a financial adviser to Bresson on the deal.

Hungarian officials are looking to increase their level of new export-import-related lending to [euro]1 billion, or about \$1.1 billion, by the end of the year. Last month the government expanded agreements between its Ex-Im Bank and local Hungarian commercial banks.

Ms. Balmelli said Bresson chose to work with Hungary's Ex-Im Bank partly because of the U.S. shutdown. "You have other countries changing their policies to accommodate these new business opportunities while the U.S. is just fiddling about," she said.

Last week, the U.S. Ex-Im Bank's Republican supporters moved to bring the bill reauthorizing the bank to a vote. The procedure would force a vote on the bill, which is backed by nearly all Democrats and many

Republicans, later this month.

Meanwhile, small U.S. companies, which can't relocate or move jobs overseas, are feeling the brunt of the bank's closure. W.S. Darley & Co., a maker of firetrucks and related gear, said the shutdown already has cost it a contract worth about \$7 million.

The customer's loan didn't get final Ex-Im Bank approval, and since W.S. Darley's contract was contingent on that financing, "that sale could just be gone," said Chief Operating Officer Peter Darley.

With projects falling out of the pipeline, employees at the Itasca, Ill., company are worried about their jobs, he said. "It hurts us. We had a lot of good momentum," he said, referring to building firetrucks for foreign cities and towns.

"We might be losing projects we're not aware of," he said. "If a buyer knows that Americans don't have an open Ex-Im, they might not even knock on the door, or invite us to the bid table."

Write to Kimberly S. Johnson at [Kimberly.Johnson@wsj.com](mailto:Kimberly.Johnson@wsj.com)

Credit: By Kimberly S. Johnson

**Subject:** Trade finance; Export import banks; Aircraft industry; Airlines;

**Location:** United States--US

**People:** Gebremariam, Tewelde

**Company / organization:** Name: Air Tractor Inc; NAICS: 336411; Name: Boeing Co; NAICS: 336411, 336413, 336414; Name: Export-Import Bank of the United States; NAICS: 522298; Name: Ethiopian Airlines; NAICS: 481111;

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Document 5 of 7

## Export-Import Bank Is Revived; Legislation signed by Obama resurrects bank after five-month lapse

Author: Timiraos, Nick

[ProQuest document link](#)

### Abstract:

Phil Argyris, chief executive of GatesAir, a maker of radio and television transmission equipment in Mason, Ohio, feared this summer that a hard-won contract in east Africa might be lost to the Chinese state-backed firms because he could no longer access Ex-Im Bank guarantees. Bill Hutton, chief executive of Baltimore-based Titan Steel Corp., found export-credit insurance through a private-sector carrier after his policy backed by the Ex-Im Bank expired at the end of October.

Links: [Linking Service](#)

### Full text:

Legislation signed by President Barack Obama on Friday resurrected the U.S. Export-Import Bank and ended a five-month lapse that revealed far stronger bipartisan backing for the agency than the pitched battle to shut it down suggested.

The outcome now gives the bank a firm footing until September 2019, but the brawl over its existence this year left both economic and political scars.

The Ex-Im Bank charter ran out in July, preventing the agency from writing new business, after key lawmakers bottled up legislation that would overhaul and renew it. The unprecedented pause in activity for the 81-year-old agency that finances American exports prompted companies to move business abroad or risk lost sales.

Critics say the agency puts taxpayers at risk of losing money to finance sales of planes, satellites and industrial equipment that should be left to the private sector.

A muscular lobbying effort by business groups successfully persuaded lawmakers that U.S. manufacturers, already squeezed by a stronger dollar, risked being left at a permanent disadvantage to foreign rivals. General Electric Co., Boeing Co. and trade groups publicized examples of business that was being outsourced or lost outright to foreign competitors.

At the same time, officials from foreign export-credit agencies were eager to exploit the shutdown, said Fred Hochberg, the bank's chairman. Officials in China and India, he said, had made public comments noting that it would help their domestic manufacturers' competitiveness.

"There is still bewilderment over why the second largest exporter in the world--with global growth rates dropping and emerging economies laboring--would unilaterally disarm at a time like this," he said.

Significant majorities in the House and Senate--including a majority of House Republicans--ultimately voted to restore the bank, "even in this toxic environment of gridlock and dysfunction," said House Minority Whip Steny Hoyer, (D., Md.).

The outcome "ought to give confidence to the international community" and the Ex-Im Bank "that they enjoy majority support in both parties," he said.

Conservative critics successfully lined up GOP presidential candidates against the agency and now promise further action if a Republican wins the White House next year. Only two presidential candidates, Sen. Lindsey Graham of South Carolina and former Sen. Rick Santorum of Pennsylvania, have publicly supported the bank.

"The Republican nominee will be opposed to the bank," said Dan Holler of Heritage Action for America, a conservative political organization. If Republicans win next fall, "the bank will not be reauthorized come 2019," he said.

Mr. Hochberg said the bank will begin processing suspended and new applications early next week. It still will lack authority to approve transactions of more than \$10 million until at least one of three vacant board seats is filled by Congress.

Companies that rely on Ex-Im assistance have had to scramble to keep deals intact.

Phil Argyris, chief executive of GatesAir, a maker of radio and television transmission equipment in Mason, Ohio, feared this summer that a hard-won contract in east Africa might be lost to the Chinese state-backed firms because he could no longer access Ex-Im Bank guarantees.

He rescued the deal by securing export-credit backing from another country, which he declined to name. The change requires him to use equipment manufacturers from that country instead of American suppliers. "It forced me to go find sources outside of the U.S., and quite frankly, I will now," he said in September. "My competitors are global. They all have export-credit agencies, and they use them."

Bill Hutton, chief executive of Baltimore-based Titan Steel Corp., found export-credit insurance through a private-sector carrier after his policy backed by the Ex-Im Bank expired at the end of October. The new policy is more expensive and can be rolled back with little warning. "I wish we could've stayed with Ex-Im," he said.

In one sense, he said, the critics of the bank were right. "Did we have to close the doors here? No," he said.

But he also said the steelmaker was less competitive now in an environment that already faces stiff challenges from abroad, including oversupply in China and a strong dollar. "To have your own political system fighting against you, for a medium-sized company like ours right now, that's just one more burden," said Mr. Hutton.

In July, the Senate voted 64-29 to attach a reauthorization of the bank's charter to a long-term highway bill. The bank's prospects remained clouded at the other end of the Capitol into late September, when one of the Ex-Im Bank's longtime allies, then-House Speaker John Boehner of Ohio, surprised Washington with his resignation. The leadership vacuum that followed set in motion a rarely effective procedural maneuver called a discharge petition. In October, dozens of Republicans who support the bank joined with Democrats to dislodge the overhaul legislation, the first time Congress had successfully employed the tool in 13 years. The underlying measure passed 313-118.

Lawmakers eventually attached it to the highway bill that both chambers overwhelming approved on Thursday and that Mr. Obama signed on Friday.

Credit: By Nick Timiraos

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**People:** Obama, Barack Santorum, Rick Graham, Lindsey

**Company / organization:** Name: Congress; NAICS: 921120; Name: Republican Party; NAICS: 813940; Name: Heritage Action for America; NAICS: 813940; Name: General Electric Co; NAICS: 334512, 334519, 332510, 334290; Name: Export-Import Bank of the United States; NAICS: 522298; Name: Boeing Co; NAICS: 336411, 336413, 336414;

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## **Ex-Im Bank Faces New Hurdle as Senator Blocks Board Nominees; Standoff prevents U.S. trade bank from arranging financing for deals of more than \$10 million**

**Author:** Timiraos, Nick

[ProQuest document link](#)

**Links:** [Linking Service](#)

### **Full text:**

A single U.S. senator is blocking the U.S. Export-Import Bank from operating at full strength despite strong bipartisan backing from lawmakers last year to end a monthslong shutdown of the federal agency.

Now the bank is unable to approve financing deals of more than \$10 million because of the opposition of Sen. Richard Shelby (R., Ala.), the chairman of the Senate Banking Committee, creating new headaches for customers of large industrial manufacturers such as Boeing Co.

The spat illustrates the backlash big businesses are facing in Washington with a Republican Party that has grown more populist. It is also the latest in a series of moves by Senate Republicans to shape policy using the nominations process.

Congress ended a five-month impasse last December when large majorities in both chambers voted to renew the lapsed charter of Ex-Im Bank, which finances U.S. exports. House Republicans had prevented Congress from voting on a reauthorization measure before the charter expired last July.

The latest challenge has cropped up in the Senate, which must submit and approve nominees for the bank's board. With three of its five board seats unfilled, Ex-Im Bank lacks the quorum required to approve deals of more than \$10 million.

Mr. Shelby has said he won't advance any Ex-Im Bank board nominations because he is ideologically opposed to the bank, which he says is "corporate welfare." Senate Majority Leader Mitch McConnell (R., Ky.) has said over the past year that despite his own opposition to the bank, he wouldn't use the board nomination process to strangle the agency.

Critics say the 82-year-old agency puts taxpayers at risk of losing money to finance sales of planes, satellites and industrial equipment that should be left to the private sector. Supporters of the agency say it keeps U.S. firms on a level playing field against foreign competitions that enjoy similar support from their governments. Some business groups had hoped Mr. Shelby would move nominations after fending off a primary challenge in his Senate re-election bid last month. Mr. Shelby's term as committee chairman ends next January regardless of which party has control of the Senate.

Fred Hochberg, the bank's chairman, said he is puzzled by the delay because two thirds of the Senate voted to reauthorize the bank. "It's not like we won by one vote," he said.

The standoff is causing heartburn for exporters of heavy machinery and other industrial equipment. In the fiscal year ended last September, the bank authorized 140 deals of more than \$10 million. While that represents just 5% of all transactions approved, it is 80% of all transactions by dollar volume.

Almost half of those transactions were with firms buying products from Boeing. Other companies that exported goods to Ex-Im Bank customers on deals that needed board approval last year included General Electric Co., Lockheed Martin Corp.'s Sikorsky unit, and Acrow Corp. of America, a bridge manufacturer.

"The long-term absence of Ex-Im financing poses a real threat to America's competitiveness and ability to grow manufacturing jobs," said Kate Bernard, a Boeing spokeswoman.

Despite winning strong backing in Congress last year, the bank "remains closed for major export deals because of obstructionist tactics by a handful of bank opponents," she said.

The board vacancies have left the bank with a backlog of loan applications totaling \$10 billion, said Mr. Hochberg, and the delays are certain to ripple through the supply chains of large exporters that include thousands of smaller firms.

He compared the bank's current state of limbo to driving on a flat tire. "We can drive, but I wouldn't want to go very far or fast because we have a flat, and we don't have a spare in the trunk," he said.

As last year's Ex-Im Bank temporary closure dragged on, GE said it would add around 500 jobs overseas rather than in the U.S. so it could secure export-credit agency backing in other countries to field competitive bids for industrial projects.

Ex-Im Bank data showed the agency approved a big spate of deals in the days before its charter lapsed on July 1. While loan approvals are disclosed in a public database, applications aren't. Mr. Hochberg said the surge in authorizations reflected a big jump in applications as businesses braced for the bank's closure.

The bank approved more than \$2 billion in loan approvals during the week before its authorization lapsed, the most for a single week all year and around one-sixth of all financing approved last year. The deals included a \$1.5 billion financing package for Mexico's state-oil firm Petróleos Mexicanos, or Pemex, and another \$600 million in financing for four different airlines buying products from Boeing.

Financing for Pemex, a longtime client of the bank, supports jobs across the oil and gas sector in Texas and Louisiana, which is reeling from a drop in energy prices, said Mr. Hochberg. "If you ask the small businesses in those states, I bet they're pretty glad we have that customer," he said.

Altogether, the bank approved 74 applications on the day before its financing lapse last June, matching the highest single-day approvals total in records dating to October 2006. Most of those deals weren't large enough to require board approval and instead were authorized by private lenders that are approved to accept loans on behalf of Ex-Im Bank.

The bank's critics say those approvals warrant further scrutiny. "Lawmakers need to take a close look at how Ex-Im was operating just days before it expired and determine whether tax dollars were unnecessarily put at



risk," said Andy Koenig, a policy advisor at Freedom Partners, a conservative political nonprofit that opposes the bank.

It isn't unusual to see a spate of approvals ahead of key funding deadlines for the bank. The bank approved \$6.4 billion in transactions on the last two days of May 2012, when it faced another funding battle in Congress. President Barack Obama signed a two-year extension of the agency's charter on May 30, 2012.

The Ex-Im Bank saw its business decline nearly 40% last year due to the temporary shutdown, to around \$12.4 billion in financing agreements during the year ended September. The bank said it sent nearly \$432 million to the U.S. Treasury earned in interest and fees, down from \$675 million in the prior year.

Mr. Shelby's position on moving nominees appears to put him at odds with Senate Majority Leader Mr. McConnell, who, though he voted against reauthorizing the bank, has said he wouldn't use the nomination process to cripple it.

"I'm not a supporter of Ex-Im Bank, but 65 senators were, and I would hope the committee would report out a nominee," Mr. McConnell said earlier this month. "And if the committee reports out a nominee I'll be happy to take it up."

Mr. Shelby has withheld votes on other nominations. He has said he won't advance two nominees to become governors of the Federal Reserve, for example, until the White House names a vice chairman for supervision at the central bank. Senate Republicans have also promised to not hold hearings or a vote on the nomination of Judge Merrick Garland to fill a Supreme Court vacancy.

On the recommendation of Senate Republican leaders, the White House earlier this year nominated Mark McWatters, a former staffer for House Financial Services Committee Chairman Jeb Hensarling (R., Texas), to fill one open board seat, which would give the bank the quorum it needs to approve larger deals.

Siobhan Hughes contributed to this article.

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## **Trump Supports Ex-Im Bank, Democrats Say After White House Visit; President had not taken clear stand on export agency during campaign**

**Author:** Timiraos, Nick; Hughes, Siobhan

[ProQuest document link](#)

**Links:** [Linking Service](#)

**Full text:** WASHINGTON--President Donald Trump pledged his support Thursday for restoring the U.S. Export-Import Bank, according to Democratic senators who attended a White House meeting.

Conservative Republicans have waged a battle over the past two years to close the agency, which finances exports by companies based in the U.S., because they say it is an example of the government picking winners and losers. The bank's backers say the agency allows U.S. firms to compete on equal footing against foreign rivals that receive similar support from their governments.

The Ex-Im Bank's charter expired in July 2015 and was reauthorized the following December over the objections of GOP leaders, ending a five-month shutdown. But the bank, which had the backing of former President Barack Obama, hasn't been able to approve financing for deals of more than \$10 million because GOP Sen. Richard Shelby of Alabama, who until this year was chairman of the Senate Banking Committee, refused to allow confirmation votes for vacant board seats.

Mr. Trump "wants to get that taken care of," said Sen. Joe Manchin (D., W.Va.), who attended Thursday's meeting with Sen. Heidi Heitkamp (D., N.D.), a top supporter of the bank. "He is committed to Ex-Im Bank." The White House didn't immediately respond to a request for comment.

Mr. Trump never took a clear stand on the bank during his campaign for the presidency. He said in 2015 he didn't believe the bank was necessary but told a radio station last May that he was reconsidering that position. "Everybody wants me to reject it," he said, adding he would "take a position in the very near future."

Mr. Manchin said Mr. Trump told the lawmakers that he had "changed my mind completely on that" after seeing how the bank helps boost exports. Mr. Manchin added: "Before he thought it was different, so he's changed...and he said, 'You can tell everybody I said that.' "

Ms. Heitkamp brought up the bank's vacant seats at Thursday's meeting, said Mr. Manchin. In response, Mr. Trump said he had thought the bank was a bad idea during the campaign because many Republicans had criticized it, but then said Dennis Muilenburg, the chief executive of Boeing Co., had explained the mission of the bank more recently, changing Mr. Trump's mind, according to a person familiar with Thursday's discussion. The same person said Mr. Trump then asked Ms. Heitkamp whom she wanted to see on the bank's board and told Reince Priebus, his chief of staff, to work with her on the selection. "This sounds like a good thing," he said, according to this person.

Ms. Heitkamp said in a statement that "enabling the Ex-Im Bank to work is a critical step," in boosting the economy and manufacturing employment. "It's great news he agreed," she said, referring to Mr. Trump's comments.

For the two years ended last September, lending backed by the bank fell 76% amid the congressional standoffs.

The bank said the \$5 billion in financing extended last year supported 52,000 jobs, the lowest since 1971. It sent \$284 million to the U.S. Treasury earned in interest and fees.

The bank's largest clients, General Electric Co. and Boeing, have said they would be at a disadvantage to foreign multinational companies who receive export-credit agency sponsorship from their governments to finance sales of heavy equipment and airplanes.

Kristina Peterson contributed to this article.

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\* Ex-Im Bank Critics, Supporters Look to Donald Trump for Help (Dec. 8)

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