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The U.S. is Sleeping on the EXIM Bank

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Stop Leaving Money on the Table by finance specialist Jason M. Fields, is an apt title for explaining the U.S. export performance—or more accurately, *under-performance.*

While a slew of U.S. government organizations work diligently to boost U.S. exports, America comes up short. The U.S. export-to-GDP ratio is a paltry 11% in contrast with the UK at 31%, Mexico at 37%, and Germany at 41%. It should be no surprise then when the IMD Global Competitiveness report ranks U.S. #13 an embarrassing showing for the world's largest economy.

Boosting U.S. exports is a public policy imperative. Occupying a central role achieving this goal is the Export-Import Bank of the United States (EXIM). Chartered in 1934, EXIM helps U.S. companies sell their goods abroad, particularly when private lenders decline to assume risk or when foreign competitors are backed by their own governments. EXIM supports over 38,000 jobs and generates over $8.4 billion in total authorized financing In the most recent full fiscal year, the bank posted a total portfolio exposure of nearly $34.8 billion and is projected to remit millions in excess collections to the U.S. Treasury.

EXIM's importance has increased over the past few decades as China's three export credit agencies have deployed hundreds of billions of dollars in support—14 times more than the U.S. has supported in recent times. But China alone is not the only culprit in U.S. exporting hurdles. Besides China, Germany's KfW IPEX-Bank, Italy's SACE, and nearly two dozen other export credit agencies contribute to an uneven playing field for the U.S. in competing in infrastructure and energy projects, especially in Asia and Africa.

The U.S. is not content to fold its cards and walk away from the table, so to speak. In 2019, Congress established the China and Transformational Exports Program (CTEP) requiring at least 20 percent of EXIM's portfolio focus on ten strategic sectors, including artificial intelligence, semiconductors, and renewable energy. EXIM's board also launched initiatives to support domestic manufacturing and to secure supply chains. EXIM's Make More in America provides financing for domestic manufacturing projects that have an export component, aimed at strengthening U.S. supply chains.

Admittedly, EXIM is not without its detractors. There is perennial criticism of EXIM from liberals who hurl charges that EXIM is a blatant example of crony capitalism, benefitting big firms like Boeing, GE, and Caterpillar. (Never mind that Boeing, for example, has a network of 11,000 suppliers, mostly composed of small and medium-size firms.)

The truth is that over 10 million jobs depend on exports, and more than 85% of all Exim transactions directly benefit small business exporters. Illustrative of EXIM's support of small and medium size enterprises are Flow Sciences, a manufacturer of containment equipment for labs; Acrow Corporation, a producer of modular steel bridge kits; and Competitive Engineering a maker of precision-machined parts.

Looking at the big picture, from a competitive strategy posture, it is encouraging that under the current EXIM Chairman John Jovanovic, the agency has shifted from a narrowly focused export-support entity into a frontline geopolitical tool aimed at ensuring technology leadership, securing supply chains, and driving economic security. Going forward, EXIM will focus on 10 statutorily specified transformational areas—all technology-based.

Be that as it may, significant bureaucratic challenges remain. To begin with, EXIM's requirements for U.S. domestic content are stricter than those of foreign export credit agencies. EXIM needs to accept higher risk to match massive, lower standards financing offered by Chinese export credit agencies; accelerate approval cycles; streamline dual use restrictions and provide equity and mezzanine financing.

Legislatively, EXIM's current charter is set to expire this year; however, reauthorization legislation introduced by Senators Cramer (R-ND) and Warner (D-VA) seeks to extend the Bank's charter by 10 years as well as CTEP. Congress reached an agreement to fund for Fiscal Year 2026 $154 million and $11 billion in overall credit activity Reauthorization proponents seek to extend the lending cap from $135 million to $11 billion.

Relatively recently Senators Ruben Gallego (D-AZ) and Pete Ricketts (R-NE) will introduce the China Subsidy Response and Export Competitiveness Act, bipartisan legislation to strengthen the CTEP.

For EXIM, and U.S. competitiveness in general, the upside is huge as 95% of the world's consumers live outside the United States. Moreover, demand is greatest in sectors where American firms are especially strong: aerospace, energy, pharmaceuticals, advanced machinery, and vehicles.

Therefore, entrepreneurs would be wise to tap the resources of EXIM and other export assistance entities. By doing so, the U.S. will leave less money on the table and more in the pockets of American producers. And that is a winning hand!

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