

MEMORANDUM

To: Members of the Committee on Financial Services

From: FSC Majority Staff

Date: May 29, 2015

Subject: June 3, 2015, Full Committee Hearing Entitled “Examining the Export-Import Bank’s Request for Reauthorization and the Government’s Role in Export Financing”

The Financial Services Committee will hold a hearing entitled “Examining the Export-Import Bank’s Request for Reauthorization and the Government’s Role in Export Financing” at 10:00 a.m. on Wednesday, June 3, 2015, in room 2128 of the Rayburn House Office Building. This will be a two-panel hearing with the following invited witnesses:

Panel One:

- Fred Hochberg, Chairman and President, Export-Import Bank of the United States (“Ex-Im Bank”)
- Michael McCarthy, Deputy Inspector General, Export-Import Bank

Panel Two:

- John Murphy, Senior Vice President for International Policy, U.S. Chamber of Commerce
- Daniel Ikenson, Director, Herbert A. Stiefel Center for Trade Policy Studies, Cato Institute
- Clifford Smith, Executive Vice President for Business Development, Cliffs Natural Resources
- Rachael Cox, Vice President for Business Development, Conway Machine
- Michael P. Boyle, CEO, Boyle Energy Services & Technology, Inc.

Overview of the Ex-Im Bank

The Ex-Im Bank was established by executive order in 1934 and became an independent agency in 1945. The Ex-Im Bank groups its financial products into four categories: (1) direct loans; (2) loan guarantees; (3) working capital guarantees; and (4) export credit insurance. It also has a number of special financing programs. Under the Ex-

Im Bank's direct loan program, the Ex-Im Bank offers loans directly to foreign buyers of U.S. goods and services. Under a loan guarantee, the Ex-Im Bank covers the repayment risk on the foreign buyer's debt obligations incurred in the purchase of U.S. exports. The Ex-Im Bank's Working Capital Guarantee Program provides repayment guarantees to lenders (primarily commercial banks) on secured, short-term working capital loans made to qualified exporters. Under the export credit insurance program, the Ex-Im Bank issues an insurance policy to a U.S. exporter, which provides credit to the foreign buyer of the exporter's products.

Recent Reauthorizations

Congress reauthorized the Ex-Im Bank in 2012. This reauthorization increased the Ex-Im Bank's exposure limit from \$100 billion to \$140 billion. It also required the Ex-Im Bank to submit a business plan to Congress as well as to respond to a Government Accountability Office review of the Ex-Im Bank's risk management practices. Additionally, the reauthorization directed the Treasury Secretary to initiate and pursue multilateral negotiations to reduce, with the ultimate goal of eliminating, all trade-distorting export subsidies, including those for aircraft. The reauthorization further required that the Ex-Im Bank categorize each loan and long-term guarantee, classifying them as necessary either (1) to assume risk the private sector would not undertake, (2) overcome limits in private finance, or (3) meet competition from foreign export credit agencies. President Obama signed this authorization into law on May 30, 2012. Authorization for the Ex-Im Bank is set to expire on June 30, 2015.