

LEVELING THE PLAYING FIELD:

The Export-Import Bank
and U.S. Manufacturing





American Legends From
Both Parties Agree...

EX-IM MAKES AMERICA STRONGER

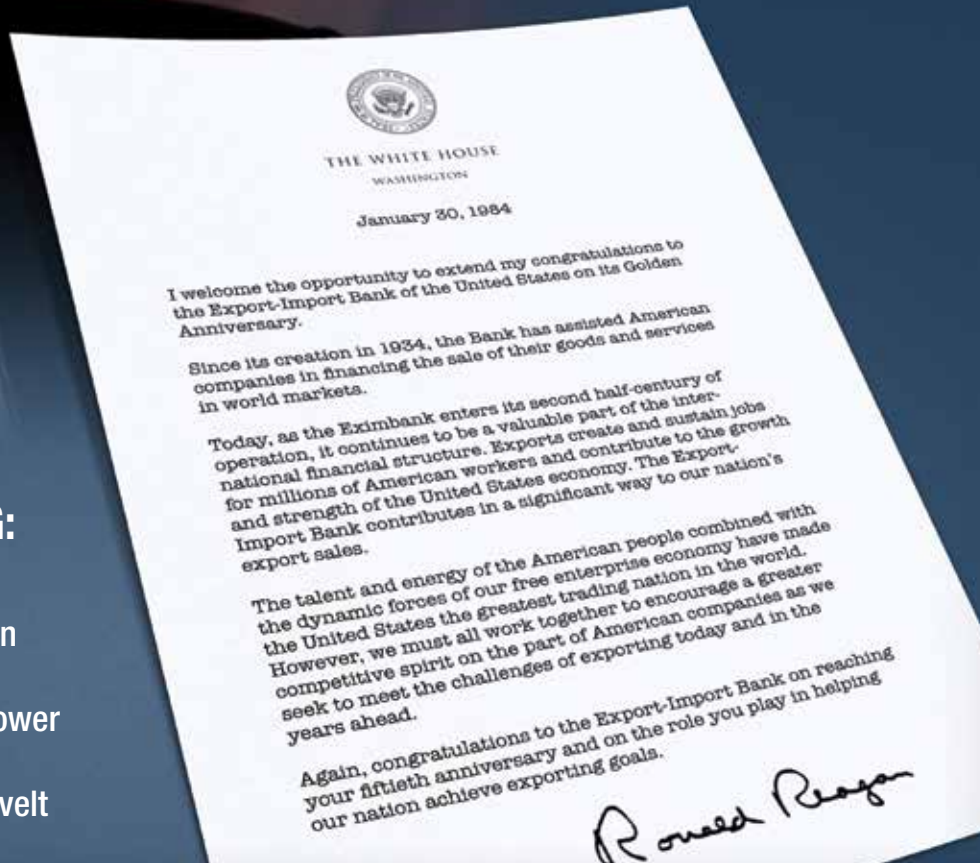
"Exports create and sustain jobs for millions of American workers and contribute to the growth and strength of the United States economy. The Export-Import Bank contributes in a significant way to our nation's export sales."²

— President Ronald Reagan

80 YEARS OF BI-PARTISAN SUPPORT FROM PRESIDENTS INCLUDING:

Barack Obama
George W. Bush
Bill Clinton
George H.W. Bush
Ronald Reagan
Jimmy Carter

Gerald R. Ford
Lyndon B. Johnson
John F. Kennedy
Dwight D. Eisenhower
Harry S. Truman
Franklin D. Roosevelt



**"So many of our competitors aggressively use subsidized capital to promote their exports...
As a practical matter, you either meet the competition or you get beat."**

"Support for the Ex-Im Bank used to be a bipartisan deal and I hope it will be again."

—President Bill Clinton, April 12, 2012³



Introduction

In the wake of an uneven global economic recovery, countries are competing in an unprecedented race to create jobs and stimulate economic growth through increased exports. In this competition, not all countries abide by the same set of rules that the United States follows in supporting their companies' exports. Indeed, American companies often come up against government-owned, government-protected or government-subsidized competitors from countries such as China, Brazil, India and various European nations, making for a brutally competitive and uneven playing field.

In this race, the U.S. Export-Import Bank (Ex-Im Bank) serves as a critical engine for U.S. jobs by leveling the playing field and helping American companies to compete toe-to-toe against their competitors in the global marketplace. Ex-Im Bank is acting as a vital catalyst of U.S. economic growth, enabling billions of dollars of exports and supporting hundreds of thousands of export-related U.S. jobs. In 2013 alone, Ex-Im Bank transactions* promoted \$34.7 billion of exports in fields such as power turbines, locomotives, agricultural equipment and satellites, and sustained or created more than 205,000 American jobs.¹

AIA believes that American companies can continue to compete and win in the global marketplace against their overseas counterparts, but they cannot do it with one hand tied behind their backs. Foreign competitors continue to enjoy significant financial assistance from their governments. To protect the competitiveness of our industry and American manufacturing, we need to ensure the Ex-Im Bank has the long-term support from Congress it needs to support and grow the American manufacturing workforce.

*An Ex-Im Bank transaction can consist of one of the following: loan guarantee, export-credit insurance, direct loan, or a working capital guarantee.

Ex-Im Bank Supports Jobs and Economic Growth

Ex-Im Bank is a vital catalyst of job support and economic growth in the United States. By providing credit assistance to buyers of American goods, Ex-Im Bank enables U.S. companies to compete and win contracts to export products to foreign markets that would otherwise go to foreign companies. This means that U.S. companies can invest and grow by maintaining existing workers on the line, hiring new workers, and making capital improvements. Ex-Im Bank assistance also benefits a broad and often invisible ecosystem of small to medium-sized firms that play a key role in larger manufacturing companies' supply chains. These small companies, which number in the tens of thousands, are a critical component of the U.S. manufacturing base and are often the most vulnerable to uncertain economic times or disruptions in customer acquisition schedules. By facilitating the competitiveness of U.S. products abroad, Ex-Im Bank advances the stability of these small companies and contributes to the continued growth of the U.S. manufacturing base.



Enabled \$37.4 Billion of U.S. Exports⁵

In 2013 Ex-Im Bank supported \$37.4 billion of U.S. exports through 3,842 transactions across the United States.



90 percent of Transactions Directly Benefit Small Business⁶

3,413 of the 3,842 Ex-Im Bank transactions in 2013 directly benefited small businesses, who indirectly support larger businesses making up the remaining transactions.



\$1.1 Billion Contributed to U.S. Deficit Reduction⁴

In fiscal year 2013, Ex-Im Bank contributed \$1.1 billion in profit to the U.S. Treasury for deficit reduction.

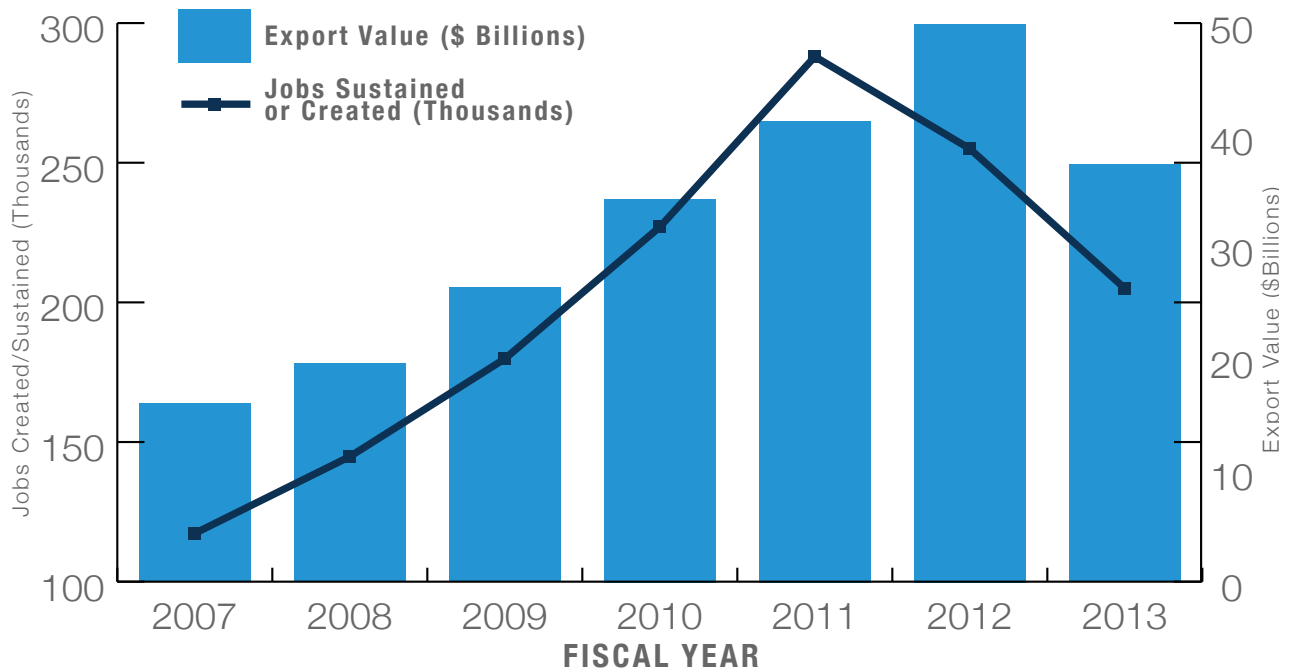


1.2 Million Jobs Created or Sustained⁷

Between fiscal years 2009 – 2013, Ex-Im Bank helped companies sustain or create 1.2 million export related jobs in the United States. In fiscal year 2013 alone, Ex-Im Bank's transactions supported approximately 205,000 American jobs.

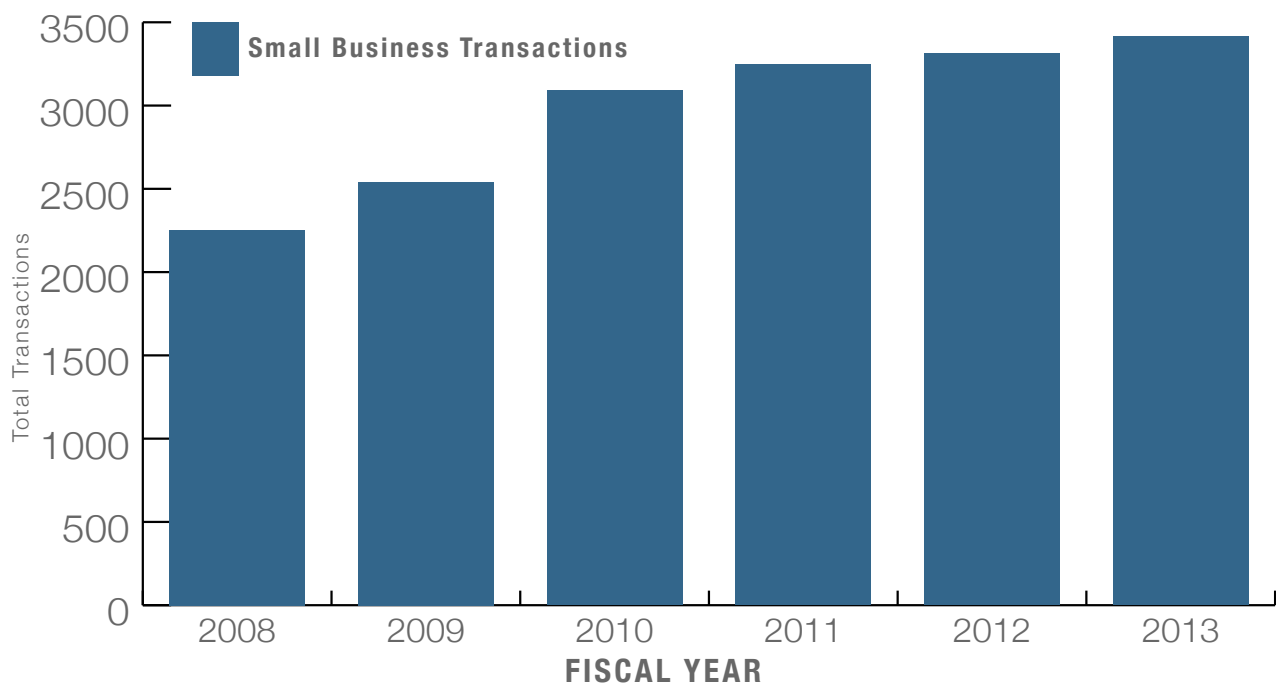
Supporting Economic Growth and Jobs:

Source: Ex-Im Bank Annual Report 2013



Supporting American Small Business:

Source: Ex-Im Bank Annual Report 2013



Ex-Im Bank Levels the International Playing Field

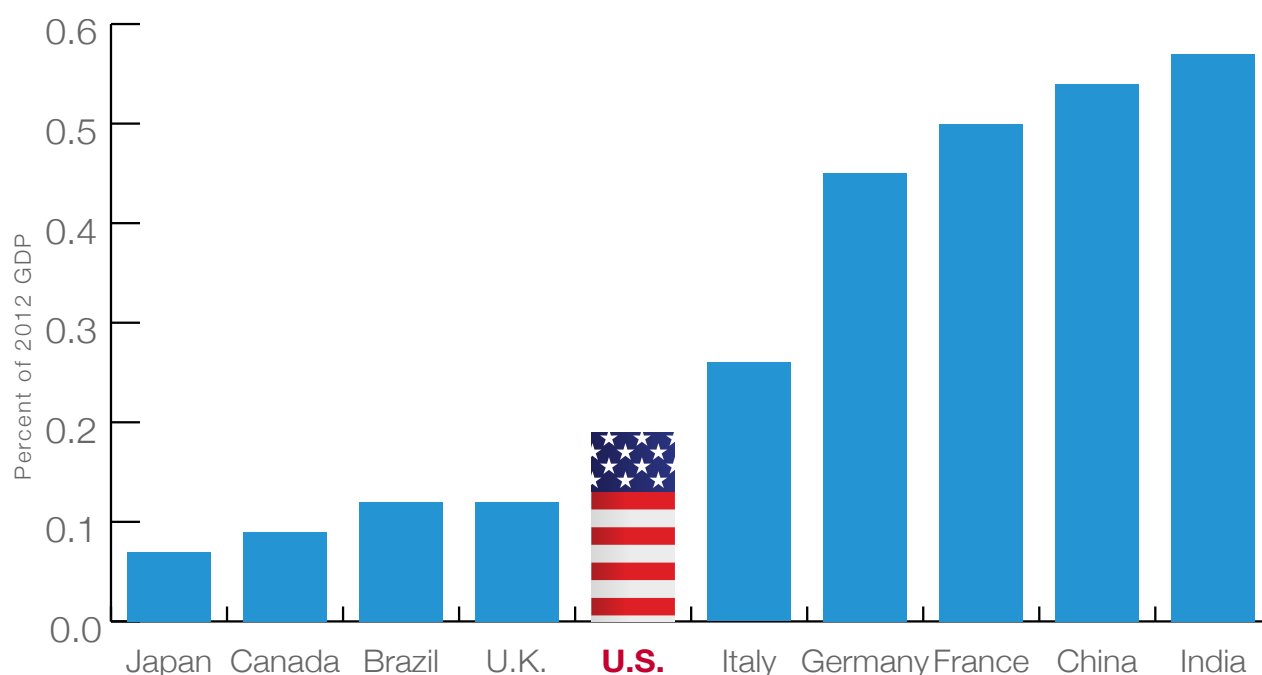
With the majority of the world's consumers living outside of the United States, American manufacturers have a keen interest in exporting products into the global marketplace. However, in many cases, U.S. companies are unable to contend alone against foreign companies whose governments and export agencies grant an array of supportive financing resources. In these instances, Ex-Im Bank acts to level the playing field by matching the levels of credit support that other nations provide, ensuring U.S. exporters can compete based upon the price and performance of their products.

Presently, there are more than 60 foreign export credit agencies operating around the world, and each is working to increase activity to meet its country's economic goals. Measured as a percent of gross domestic product (GDP), export financing provided by the United States trails many developing nations in official credit volumes. In fact, in 2012 China and India provided three times more financing to their exporters as a share of GDP than the United States provided through Ex-Im Bank, while France and Germany provided at least two times more export assistance than the U.S. Globally, China, India, Brazil and other emerging economies provided nearly half of all official export financing.

In many cases, without Ex-Im Bank assistance, the cost of alternative sources of export financing in today's tight credit markets would be so expensive, relative to foreign government financing, that U.S. products would be priced out of the buyer's reach.

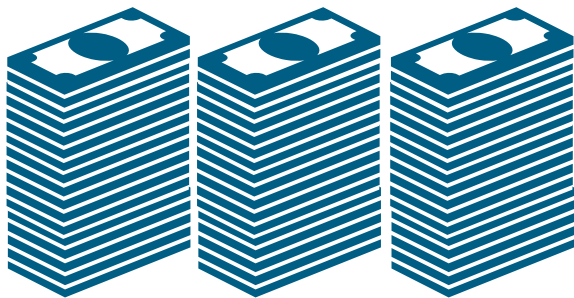
U.S. Export Credit Assistance vs. Foreign Assistance as Percent of GDP, 2012

Source: Ex-Im Bank; World Bank



Ex-Im Bank Earns Money for the American Taxpayer

Ex-Im Bank operates at no cost to the U.S. taxpayer and is entirely self-sustaining. Through finance and service fees, Ex-Im Bank is able to pay for its operational and administrative costs, and even contributes a regular profit to the U.S. Treasury for purposes of deficit reduction – \$1.1 billion in fiscal year 2013. Furthermore, Ex-Im Bank continues to advance low-risk financing practices and robust portfolio management, while setting aside adequate reserves of loan-loss funds. As evidence of the bank's success, the active default rate in the last quarter of fiscal year 2013 was 0.237 percent- a better record than most private sector financial institutions.



\$1.1 Billion
Ex-Im Bank Revenue (2013)



U.S. Deficit Reduction

| | | |
|--------|--------|---|
| 1.00 | 1.00 | ▲ |
| 25.00 | 25.00 | ▲ |
| 100.00 | 100.00 | ▲ |
| 50.00 | 50.00 | ▲ |
| 0.28 | 0.28 | ▲ |
| 1.03 | 1.03 | ▲ |
| 0.98 | 0.98 | ▲ |
| 105.53 | 105.53 | ▲ |
| 20.32 | 20.32 | ▲ |
| 403.15 | 403.15 | ▲ |
| 10.10 | 10.10 | ▲ |
| 0.12 | 0.12 | ▲ |
| 1.53 | 1.53 | ▲ |
| 2.88 | 2.88 | ▲ |
| 6.03 | 6.03 | ▲ |
| 202.14 | 202.14 | ▲ |
| 600.10 | 600.10 | ▲ |
| 114.13 | 114.13 | ▲ |
| 0.10 | 0.10 | ▲ |

Ex-Im Bank Supports a Vibrant U.S. Aerospace Sector

Ex-Im Bank plays a critical role facilitating the growth and stability of U.S. aerospace manufacturers and their competitiveness in the global marketplace. The U.S. aerospace sector is one of the few remaining domestic industrial sectors with a positive trade balance – \$72.1 billion in 2013⁸ – and directly supports more than one million high-skilled, high-wage jobs in the U.S. economy.⁹ Presently, U.S. aerospace products in space systems, general aviation and commercial aviation are in high demand around the globe in some of the fastest growing markets. However these products also face significant competition from government-subsidized or government-owned foreign competitors.

By utilizing Ex-Im Bank assistance, U.S. aerospace companies are able to stand toe-to-toe with foreign competitors when exporting goods and services into global markets. Ex-Im Bank assistance also plays a key role in bolstering the aerospace manufacturing base by directly or indirectly supporting tens of thousands of small and medium-sized suppliers that provide parts and services for larger companies both before and after exports occur. By facilitating the competitiveness of aerospace products abroad, Ex-Im Bank advances the stability of these companies who are dealing with significant reductions in the U.S. government budget for aerospace and defense products.

Space Systems:

In 2012, U.S. commercial satellite manufacturing and space launch service sectors employed nearly 75,000 American workers. The U.S. satellite manufacturing market generated 61 percent of its 2012 revenue through U.S. Government orders, and space launch revenue was almost entirely driven by U.S. Government launch orders. To sustain a healthy industry in the face of U.S. government cutbacks, American space manufacturers and service providers are increasingly looking to the international market to help close the gap and maintain our domestic space industrial base.

The projected international market (outside the United States) for satellite manufacturing and launch services through 2021 is \$132 billion, with developing markets in South America and the Middle East experiencing a steady increase in growth. Ex-Im Bank support provides U.S. space manufacturers the means to compete on a level playing field for foreign customers.

“We appreciate Ex-Im Bank’s support of both SpaceX and the U.S. space industry. With export financing for contracts like the AMOS-6 mission, Ex-Im Bank helps SpaceX compete successfully with international launch service providers, bringing overseas satellite launch business and high-tech jobs back to American soil.”


-Gwynne Shotwell
President and Chief Operating Officer, SpaceX

“Gulfstream’s presence around the world has dramatically increased over the past 10 years. In 2008, we had 10 Gulfstream aircraft based in China. Today, this number has grown to more than 80 aircraft. The support Gulfstream receives from Ex-Im Bank allows us to be more competitive around the world and has enabled us to grow the number of employees in the U.S.”

-Larry Flynn
President, Gulfstream Aerospace

A photograph of a SpaceX Falcon 9 rocket launching at night. The rocket is ascending vertically, with a large plume of fire and smoke at its base. The launch is taking place on a launch pad with support structures visible.

SpaceX Falcon 9 Launch

A wide-angle photograph of the interior of a large aircraft assembly plant. Several green and white Gulfstream aircraft are in various stages of assembly on the floor. The plant is filled with equipment, tools, and structural elements of the hangar.

Gulfstream assembly plant, Savannah, Georgia

General Aviation:

General aviation manufacturing in the United States – including production of business jets and helicopters – contributes \$150 billion to the U.S. economy annually and supports 1.2 million U.S. jobs in 40 states.¹⁰ Over the past decade, the demand for general aviation systems has shifted significantly towards emerging markets, with U.S. exports of general aviation goods and services reaching \$5.6 billion in 2013. To meet the growing global demand and recognizing the increased competition that U.S. manufacturers face from foreign competitions, Ex-Im Bank has significantly increased its support for U.S. general aviation manufacturers by providing competitive financing options for customers in the rapidly growing markets of the Asia-Pacific, South America and the Middle East.

In 2004, U.S. general aviation manufacturers collected 20.8 percent of their revenue through exports. That number increased to more than 50 percent by 2013.¹¹ During the same ten-year period the North American and European market share for business jets steadily declined, from a peak of more than 75 percent combined in the early 2000s. In 2013, the Asia Pacific, South American, Middle Eastern and African regions accounted for 40 percent of this market.

Commercial Aviation:

Ex-Im Bank sustained more than 50,000 U.S. jobs in 2013 through export financing of U.S. commercial aircraft, engines, parts and components. Since 2010, Ex-Im Bank has supported more than 200,000 U.S. jobs in the commercial aerospace sector and its supply chain. At the same time, foreign manufacturers of large commercial aircraft continue to receive strong backing from their own export credit agencies, with commercial aircraft manufacturers in France receiving approximately 40 percent of total loan guarantees annually through the Compagnie Française d'Assurance pour le Commerce Extérieur (COFACE).

Civil aircraft, engines, parts, and components – a sector that employs 420,000 workers across the United States – accounted for 88 percent of total U.S. aerospace exports. Additionally, of the more than 5,000 U.S. civil transport aircraft currently on order, 67.8 percent will be delivered to foreign customers.¹² Estimates project that over the next 20 years, more than 34,000 large commercial aircraft will be manufactured, nearly 80 percent of which will be delivered to non-U.S. carriers.¹³ By leveling the playing field for U.S. manufacturers to effectively compete for global orders, Ex-Im Bank supports thousands of U.S. jobs, helps maintain the health of the aerospace industrial base and ensures that the United States remains the global leader in aerospace manufacturing.

“Ex-Im’s capital-markets financing facilitates this large capital investment and makes the Sikorsky S-92 an even better fit for our customers.”

-Bob Kokorda
Vice President, Worldwide Sales, Sikorsky Aircraft Group

“We indirectly rely on, and benefit greatly from, Ex-Im financing. While the initial sale of these aircraft is important to our bottom line, the subsequent maintenance, repair and overhaul sales provide continued business and financial security throughout the life of the aircraft (which is measured in decades).”

-LORD Corporation



Sikorsky S-92 in flight



Lord Corporation component facility.

Conclusion

As we have seen, export credit financing provided by the U.S. Ex-Im Bank continues to be a critical tool for boosting job growth, reducing the trade deficit and reinvigorating the U.S. economy. Former President Ronald Reagan once avowed, “The Export Bank contributes in a significant way to our nation’s export sales,” exports that “create and sustain jobs for millions of American workers and contribute to the growth and strength of the United States economy.”

The timely reauthorization and long-term support of Ex-Im Bank will be vital to the ability of many U.S. exporters to compete on a level playing field in a global marketplace where their foreign counterparts continue to enjoy aggressive support from their countries’ export credit agencies. Failure to secure the future of Ex-Im Bank will have only one result – fewer American exports and fewer American jobs. Congress should ensure that American manufacturers remain second to none as they compete in the global marketplace.





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