

# **Export Import Bank of the United States**

## **Annual Performance Report**

**Fiscal Year 2000**

### **Mission Statement**

**Ex-Im Bank's mission is to match officially supported foreign competition to maximize support for US exports and contribute to the promotion and maintenance of US jobs.**

# **Export Import Bank of the United States**

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## **ANNUAL PERFORMANCE REPORT**

### **Introduction**

The 2000 Annual Performance Plan (APP) outlined Ex-Im Bank's goals, objectives and performance measures. This Annual Performance Report (APR) assesses how effectively Ex-Im Bank met its goals as laid out in its 2000 APP, illustrates how successful Ex-Im Bank was in meeting its objectives and explains the results achieved for the United States through the actions of Ex-Im Bank.

### **Summary**

2000 saw Ex-Im Bank work to define itself in the context of the new global economy, with Ex-Im Bank's senior management asking the academic, financial, and business communities for their perspectives on how Ex-Im Bank can best evolve to meet its stakeholders needs in the new millennium. Pursuit of this theme was considered to be an extremely timely and appropriate exercise, as the ever-widening trade deficit has raised many questions about the role of exports in the US economy and globalization is now at a stage where it has major implications for Ex-Im Bank. When this situation was considered along with the change in administration coming in early FY01, Ex-Im Bank determined that FY00 was an excellent point in time to analyze the role of Ex-Im Bank in the US economy and the field of export finance.

This review was performed in a variety of fora, such as the 2000 Ex-Im Bank Advisory Committee. The 2000 Advisory Committee included a group of professionals and academics that were charged with helping Ex-Im Bank to reassess its competitive position and determine how it can successfully evolve to meet the needs of its customers. In addition to the 2000 Advisory Committee, the Ex-Im Bank Annual Conference and the Institute for International Economics (IIE) Conference celebrating Ex-Im Bank's 65<sup>th</sup> Anniversary further developed this topic. Discussions focused on the following four areas:

- Strategic issues, e.g., market windows and tied/untied aid,
- Domestic policy decisions, e.g., sanctions, the environment, and shipping/content,
- International mechanisms, e.g., role of the OECD, role of the WTO, and
- Organizational/Governance issues, e.g., staffing, leadership, and interagency coordination.

Input Ex-Im Bank received from Advisory Committee members and stakeholders during this review process has provided valuable guidance as to how Ex-Im Bank can best meet the needs of its constituents. Ex-Im Bank will be further reflecting on many of the suggestions made well into 2001.

In 2000, 420 employees worked together to support \$15.5 billion in U.S. export sales to 72 countries. This figure represents one of the largest levels of support in Ex-Im Bank's

history. These activities helped support and sustain roughly **200,000** U.S. jobs. All this activity was at a cost to US taxpayers of \$938 million in “reserves” for potential losses and \$55.1 million in administrative expenses. But these are just the numerical gains; with every export sale and job supported, there is a person, a company, and/or a community that benefits.

In FY00, Ex-Im Bank enjoyed several strategic “accomplishments”. One such accomplishment involved Ex-Im Bank’s effort to revise its foreign content and local cost policies. While this undertaking was several years in the making, it was in FY00 that negotiations between Ex-Im Bank and a broad cross section of its constituent base were afforded priority status. Ex-Im Bank staff devoted great amounts of time and energy in FY00 to developing and strengthening the private-public relationships that underpinned the negotiations and these efforts bore fruit with the approval of changes to Ex-Im Bank’s long standing and outdated local cost and foreign content policies in early 2001.

In addition, FY00 saw record growth in Ex-Im Bank’s support of small businesses. Ex-Im Bank’s financing in support of small businesses increased by nearly 10% in FY00 to \$2.3 billion; this figure represents more than 18% of total authorizations. Ex-Im Bank approved 2,176 small business transactions, representing 86% of the total number of transactions in FY00. This is an increase of 13% over FY99. In FY00, 377 small businesses used Ex-Im Bank’s programs for the first time. Ex-Im Bank’s working capital guarantees for pre-export financing increased by 41% in FY00 to \$588 million, \$517 million of which benefited small businesses. Small business insurance authorizations totaled \$1.5 billion, which represents an increase of 27% over FY99 levels.

Ex-Im Bank also worked hard in FY00 to expand its business into new overseas markets. Some highlights of FY00 activity in Ex-Im Bank’s major markets are as follows. In FY00, Ex-Im Bank entered into two new strategic partnerships in the Asian market: in December 1999, Vice Chair Jackie M. Clegg traveled to Vietnam, where she and Vietnamese Officials signed two agreements designed to facilitate the use of Ex-Im Bank’s programs, and in September 2000, the Vice Chair signed a trade agreement with the Industrial Development Bank of India. Also in FY00, Ex-Im Bank expressed a willingness to include the Indian Rupee as one of the many different currencies available for cover under its Foreign Currency Guarantee Program.

Ex-Im Bank’s commitment to Africa was demonstrated through tactics designed to strengthen Ex-Im Bank’s presence in African markets. In FY00, Ex-Im Bank expanded the availability of its financing for public sector transactions in Algeria. In addition, Chairman Harmon accompanied President Clinton in August on a historic visit to Nigeria, where he met with Nigerian President Obasanjo and other government and business leaders to discuss use of Ex-Im Bank’s programs. Finally, in July 2000, Ex-Im Bank announced a pilot program offering financing of up to \$1 billion a year on five-year repayment terms to help sub-Saharan Africa to purchase US HIV/AIDS related medical equipment, services, and medications.

Ex-Im Bank achieved these accomplishments and many more while working on its core activities – to create opportunities for the private sector to take risk, neutralize foreign Export Credit Agency (ECA) competition, and ensure that Ex-Im Bank only takes on risks where there is a reasonable assurance of repayment.

### **The Five Goals for 2000**

In 2000, Ex-Im Bank pursued five strategic goals:

- For qualified transactions, aggressively match financing offers from foreign, officially supported competitors;
- With assistance from other US government agencies, negotiate international agreements designed to “level the playing field” for US exporters;
- Provide financing support for qualified exports for which private market financing is not available;
- Develop techniques and/or programs that will maximize Ex-Im Bank’s support for US exports by leveraging Ex-Im Bank’s resources; and
- By FY06, increase the percentage of US exporters aware of Ex-Im Bank by 20% (off of the FY01 base).

This report will chronicle Ex-Im Bank’s progress towards these five goals. Each section of the report will discuss both Ex-Im Bank’s ability to meet targets established in its Annual Performance Plan and the unanticipated benefits that were achieved in response to the environment in which Ex-Im Bank operated in 2000.

Ex-Im Bank exists to help US exporters. Every year Ex-Im Bank devises a strategy on how it can best balance the opposing objectives of taking risk while not losing taxpayer dollars and aggressively supporting US exports to markets where the private sector fears to tread. Early versions of this planning exercise become the Annual Performance Plan, but constant refinement and reaction to day-to-day events in the world of export finance create opportunities for new initiatives to be pursued throughout the year. Thus, this report is the story of what Ex-Im Bank planned and what it achieved.