

THE PRESIDENT'S EXPORT COUNCIL  
WASHINGTON, D.C. 20230

March 11, 2011

President of the United States of America  
The White House  
Washington, DC 20500

Dear Mr. President,

As members of the President's Export Council, we fully share your goal to double U.S. exports by the end of 2014. As you and your Administration are fully aware, financing plays a vital role in furthering U.S. exports. U.S. exporters – especially small- to medium-size companies – still have difficulty obtaining working capital and retail financing at a time when overseas customers remain financially constrained. The Export-Import Bank of the United States (Ex-Im) – the principal U.S. export credit agency – is positioned to provide this needed service and is a vital tool in the nation's current export strategy.

Due to limitations placed upon Ex-Im, however, it operates far below levels of other countries' official export credit agencies. Although Ex-Im provided a record \$24.5 billion export financing in FY'10 (an increase of 70% over FY'08), supporting a record \$34.3 billion in export sales, official export credit agencies around the world are typically much more supportive of their own domestic exporters.

As the Chairman of Ex-Im regularly points out, Ex-Im is "self-sustaining" and, therefore, no longer requires annual funding from the Congress. Moreover, Ex-Im has generated billions in revenues to the U.S. Treasury through its transaction fees to customers. Over the past five years, in fact, Ex-Im has generated \$3.4 billion in revenues in excess of administrative costs and loan loss reserves which it has remitted to the U.S. Treasury. In addition, since 1934, Ex-Im's net losses on its entire portfolio have been less than 1.5%; and since the start of Credit Reform in 1992, Ex-Im has set aside prudent reserves to cover such losses.

As a result, it can—and should—provide even more financing assistance to U.S. businesses. According to the National Association of Manufacturers, an additional \$40 billion in guarantees annually would generate an additional \$50 billion in U.S. exports each year. And, even at this increased level, it would still be less than the amount the export credit agencies of Japan and Canada provide to their exporters. In addition, a modest increase in Ex-Im's administrative budget would generate capacity to undertake more business. This can be accomplished by simply allowing Ex-Im to keep more of the revenue it generates.

Therefore, the PEC makes the following specific recommendations regarding Ex-Im:

1. The Administration and Congress reauthorize Ex-Im by September, 2011.
2. The Administration provide nominees and push to fill vacancies within Ex-Im's Board as expediently as possible. The minimum requirement for a quorum to conduct business at Ex-Im is three. If nominees are not confirmed and in place by July, only the Chairman will be in office and Ex-Im will not be able to process transactions;
3. With the level of financing currently at approximately \$78 billion, the allowable financing cap of Ex-Im be raised from \$100 billion to, at a minimum, \$200 billion that would allow Ex-Im to increase significantly its loans and guarantees annually;
4. Ex-Im's content regulations be modified to better reflect the way goods and services are transformed and transacted in today's marketplace;
5. Ex-Im take steps to make it easier for small and medium-sized enterprises (SMEs) to access Ex-Im's resources, with the goal of doubling Ex-Im's financing for SMEs over the next four years; and
6. Ex-Im develop an action plan to address increased financing for the services sector, consistent with Ex-Im's stated desire to increase financing for critical sectors of the U.S. economy.

Mr. President, members of the Council look forward to working closely with you and your Administration over the coming months to support the timely reauthorization of Ex-Im and to move forward on these recommendations.<sup>1</sup>

Sincerely,

A handwritten signature in black ink, appearing to read "John McFweeney". The signature is written in a cursive style with a large initial "J" and "M".

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<sup>1</sup> Please note that this letter has been prepared by the private-sector appointed members of the PEC.