

Export-Import Bank: New Domestic Financing Initiative

May 31, 2022

The [Export-Import Bank of the United States \(Ex-Im Bank or the Bank\)](#) has launched a [Make More in America Initiative](#) to support “export-oriented domestic manufacturing projects.” The initiative extends some of the Bank’s existing demand-driven, export-contingent financing programs to a more domestic focus (see [Table 1](#)). The [Biden Administration](#) states that the initiative will help in “revitalizing American manufacturing, improving the resiliency of our supply chains, and leveling the playing field for American companies competing in overseas markets.” The initiative raises issues for Congress regarding the Bank’s authorities, operations, and effectiveness.

Background

The *Make More in America Initiative* is part of the Administration’s efforts to strengthen U.S. supply chains. In a [June 2021 report](#) per [Executive Order 14017](#), the White House recommended that Ex-Im Bank develop a proposal to use existing authorities to further support domestic manufacturing.

In December 2021, the Bank issued a [Federal Register notice](#) soliciting comments on the recommendation (with hypothetical parameters). In comments received, supporters included companies both large (e.g., [renewable energy](#) and [engineering](#)) and [small](#); industry associations representing [manufacturers generally](#) and specific industries (e.g., [aerospace](#), [nuclear energy](#), and [ports](#)); and [financial institutions](#). They welcomed the move to bolster U.S. supply chains and exports. In contrast, a [think tank](#) and [civil society group](#) raised concerns that Bank financing under the initiative would displace private-sector financing and increase fossil fuels support, respectively.

On April 14, 2022, Ex-Im Bank’s [Board of Directors](#) approved the initiative in a [unanimous vote](#). To date, the Bank has not approved transactions under it.

Table 1. Export-Import Bank’s *Make More in America Initiative*: Select Features

Product	Makes available the Bank’s existing medium- and long-term loans and loan guarantees for export-oriented domestic manufacturing projects.
Statutory Authority	May fall under the Bank’s existing authority to “aid in financing and to facilitate exports of goods and services... to contribute to” U.S. jobs.

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International Rules	May fall outside of the scope of the Organization for Economic Cooperation and Development (OECD) Arrangement on Officially Supported Exported Credits (by which the Bank generally abides).
Priority Sectors	Transactions that are environmentally beneficial, by small businesses, and/or “ transformational ” (e.g., semiconductors, biotech and biomedical products, renewable energy, and energy storage)—these are ongoing statutory export focuses.
Core Project Criteria	<ul style="list-style-type: none"> • “<i>Export nexus</i>” (percentage of production or shipment tied to exports) of 15% for transactions by small businesses, in transformational sectors, or climate-related; and 25% for transactions in other sectors. Firms that supply domestic exporters also may be eligible if they meet the nexus. • Financing scaled based on the number of <i>U.S. jobs supported</i> during construction and the financing’ lifetime. (The Bank historically has considered “U.S. content” a proxy for U.S. jobs supported.) • “Contractual recourse measures should projects fail to meet” these criteria.
Other Key Requirements	Ex-Im Bank’s due diligence and “ additionality ” policies, and U.S. flag shipping requirement for related Bank-supported imports.
Pricing	According to Ex-Im Bank’s Federal Register notice on potential parameters when the initiative was under consideration, pricing could be through a “ <i>direct market proxy</i> ” or an “ <i>implicit market benchmark</i> ” using commercial pricing (based on Ex-Im Bank’s “self-sustaining” budgetary requirement and “market” pricing requirement under international trade rules on subsidies).
Support Limitation	Limited to 80% of a project’s financing (lower than 85% under OECD rules).
Approval	Projects subject to Board approval.
Congressional Notification	Required for transactions above \$50 million (lower than the Bank’s statutory requirement to notify “traditional” transactions above \$100 million).
Reporting	Planned annual reporting on aggregate export and jobs performance.

Source: CRS, based on [Ex-Im Bank website](#), including its [Make More in America Initiative webpage](#), and [Federal Register](#) notice (December 23, 2021).

Questions Facing Congress

Members may continue to oversee the initiative and pursue potential legislation, e.g., regarding codification, modifications to parameters, reporting, resources for it, or prohibitions against it. Questions include:

Is the initiative within Ex-Im Bank’s authority?

[The Bank](#) contends that its charter allows it to go beyond financing U.S. exports directly, by also empowering it “to facilitate” them (see [text box](#)). The Senate Banking Committee [Chair](#) welcomed the initiative, asserting that it is consistent with the agency’s 2019 reauthorization (P.L. 116-94, Div. I, Title IV) to help U.S. exporters compete with China and other countries. Meanwhile, the [Ranking Member](#) argued that the initiative “subverts Congressional intent and strains [Ex-Im Bank’s] statutory mandate to such an extent to make it meaningless.” He also argued that the Bank should have published “a comprehensive framework” for the proposal and subjected it “to a robust public notice-and-comment rulemaking process” before the Board vote.

Relatedly, policymakers may examine whether the Bank can adequately adapt its existing policies to the initiative or requires new parameters, and whether the initiative may affect Ex-Im Bank’s portfolio risk and [default rate](#).

Ongoing “Indirect” Support

The Bank holds that U.S. small businesses “benefit indirectly from sales made in the supply chains of larger companies that directly used financing products to support their exports.” The Bank’s existing [working capital loan guarantee](#) and [supply chain finance guarantee](#) programs provide support for supplier companies that do not directly export.

Is the initiative effective? As the initiative ramps up, Members may examine whether it is structured to help expand private capital support for U.S. manufacturing and infrastructure in critical sectors, and whether it supports or competes with the Bank's historical export focus. They may consider metrics to gauge its effectiveness. It can be difficult, however, to assess the impact of government intervention on overall U.S. exports and jobs, as other economic factors can hold more influence.

Members also may examine how the initiative relates to existing federally supported [economic development programs](#), and whether enhanced coordination is needed.

What are international considerations? One issue may be how the initiative factors into Ex-Im Bank's [international competitiveness](#) relative to foreign export credit agencies (ECAs). Another issue may be how the initiative affects the United States' position or influence in efforts to strengthen the OECD Arrangement or any efforts to develop [potential new ECA disciplines](#) to cover major ECA providers, such as China, which are not OECD members.

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