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Boeing pushes Congress for long-haul reauthorization of Ex-Im Bank

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Boeing Co., which sells many planes to foreign buyers, is the largest beneficiary of the Ex-Im Bank.

File/Grace Beahm/File

U.S. lawmakers extended the lifeline of the Export-Import Bank recently, but only for a limited time.

Boeing Co., the largest beneficiary of bank assistance and a major employer in the Charleston region, said the nine-month extension doesn't go far enough.

"Congress has left thousands of small, medium and large U.S. exporters and their workers in limbo until the middle of next year, and this will likely negatively impact U.S. sales to foreign customers," Boeing said in a statement.

J. Michael Luttig, Boeing's top in-house lawyer, re-emphasized the point during his keynote address at Charleston County's "Industry Appreciation" event last week at Trident Technical College to rousing applause.

The bank offers loans to foreign buyers of U.S. products, and insurance and other assistance to domestic exporters. Taxpayers provide no funds because the bank pays for its operations through interest and fees on its assistance. The Ex-Im actually turns a profit.

The Barack Obama administration and congressional backers of the 80-year-old bank want a five-year reauthorization of its charter to provide certainty to foreign buyers of U.S. goods.

Some conservative lawmakers call the bank's aid corporate welfare for mostly large firms that don't need the government's assistance

Last year, Ex-Im provided \$27.7 billion in export assistance and sent a record \$1.1 billion in profit to the Treasury.

Ex-Im Bank's June D-Day spurs lobbying campaign to save lender

By Cheyenne Hopkins, Bloomberg News, Bloomberg

WASHINGTON — The Export-Import Bank won a reprieve from Congress because its renewal was tucked into a must-pass bill funding the federal government. Next time, the bank will have to fight for survival on its own.

When the lender's charter comes up for reauthorization in June, it will be in a separate bill, and supporters say that's likely to imperil the 80-year-old institution. The bank has a varied history, helping fund the Pan-American Highway, European reconstruction under the Marshall Plan and billions of dollars in Boeing Co. exports.

Setting the vote for June "allows the Ex-Im Bank to have its own stand-alone moment, and that's never a good thing," said Henrietta Treyz, an analyst with Height Analytics.

Tea party Republicans, led by House Financial Services Committee Chairman Jeb Hensarling, have made abolishing the agency a litmus test for small-government conservatives, and the fight over the bank's reauthorization will offer a platform for that message next year. Should Republicans win control of the Senate in the Nov. 4 election, the bank could be in even greater jeopardy.

Democrats worry that even if the lender is kept alive beyond June, it could come at a cost to the agency with another short-term reauthorization and more demands for changes, such as lowering its lending limit and agreeing to an audit committee.

The short-term extension gives Hensarling "time to dig up dirt so that he can convince others that we should not be supporting it," Rep. Maxine Waters, D-Calif., said in an interview.

The House and Senate voted last week to reauthorize the bank through June as part of a continuing resolution to fund the federal government. That followed months of efforts by some Republicans to eliminate the institution. The bank provides loan guarantees, loans and insurance to help foreign companies buy U.S. goods. It isn't an obvious target for elimination: Rather than costing taxpayers money, it regularly returns a profit to the Treasury — more than \$3.4 billion since 2005. The bank says its programs supported \$37.4 billion in U.S. exports last year.

Its periodic reauthorization had been a matter of routine until 2012, when tea party Republicans — many elected in 2010 — argued that its role could be filled by private lenders.

The U.S. Chamber of Commerce and other supporters were caught off guard by a campaign against the agency by small-government groups such as Heritage Action, the Club for Growth and the libertarian Cato Institute. The banks' opponents gained more momentum when Hensarling became chairman of the Financial Services Committee, which has jurisdiction over the lender. He made ending the agency one of his priorities, a decision that divided the Republican Party.

In an appeal to party conservatives, Majority Leader Kevin McCarthy said in June — soon after being selected for the post after Eric Cantor's defeat in a Virginia primary — he no longer supported the bank. That surprised business groups, which had spent years and millions of dollars lobbying to preserve it.

"Picking this bank makes no sense to me other than just an ideological fixation on the way the world should be versus the way it is," said Sen. Lindsey Graham, R-S.C., where Boeing has a major manufacturing plant.

Boeing is the largest beneficiary of Ex-Im's activities, getting 65 percent of its long-term loan guarantees last year, according to a Congressional Research Service report.

The bank's latest renewal was inserted in the government funding measure that also ended up authorizing U.S. troops to train and equip Syrian rebels to fight Islamic State.

The Club for Growth, which advocates for limited government, decided it wouldn't oppose the continuing resolution even with the Ex-Im extension, saying the addition of the military-training language made the vote more about foreign policy than economic policy.

Hensarling said the nine-month extension would give lawmakers a chance to debate the bank's future. He said decoupling its expiration date from that of the budget resolution, which expires on Dec. 11, was "progress."

In a letter to fellow Democrats before the House vote, Reps. Steny Hoyer of Maryland and Waters wrote that an extension to June "could be a death sentence for the bank."

Hoyer, the second-ranking House Democrat, said the measure was a Republican step to "eventually kill" the bank. He predicted businesses will rally to save it.

"The business community assumed it would be extended" for a longer term, he said. Now "there is some realization that this fight is a real fight."

Sen. Pat Toomey, a Pennsylvania Republican who voted against reauthorization in 2012, said the chances are "better than they've been that we will be able to phase out or not reauthorize Ex-Im" next year.

Treyz of Height Analytics said reauthorization would most likely be combined with changes in the bank's business practices.

"It will be re-upped and that re-up will probably be for one or two years, and it will be coupled with some pretty onerous caveats like a study, like oversight, like restrictions on who they could potentially lend to," she said.

In the Senate, Democrat Joe Manchin of West Virginia and Republican Mark Kirk of Illinois have offered a five-year reauthorization. That's in line with what President Barack Obama said he wants: a five-year renewal, with a gradual increase of its lending limit to \$160 billion from \$140 billion.

Rep. Stephen Fincher of Tennessee, a Republican who opposed reauthorization in 2012, is drafting a bill that would renew the bank for five years — with significant strings attached. He proposes lowering its financing limit, requiring an ethics office, and creating an audit panel.

"If the Ex-Im Bank can be improved and meet Congress's intention better by reforming, then I think that's something we ought to do," said John Cornyn, the Senate's second-ranking Republican.

Waters said the business community should work harder and make the bank's long-term reauthorization a "No. 1 priority, and I think a lot more could have been done."

Chris Wenk, senior director of international policy for the Chamber of Commerce, said the business lobbyists would "double down their efforts on why a long-term reauthorization is better for job creators."

Just three companies were paying attention to the bank's status during the 2003-2004 congressional session, according to lobbying records compiled by the Center for Responsive Politics. This time, it's more than 50.

The week before House and Senate votes to reauthorize the bank, Ex-Im supporters started a political action committee, Americans for the ExIm Bank.

"Reauthorization is now going to become a political football headed into the 2016 election cycle, so this is not a story that's going away," said the group's treasurer, Gregory Sandler, president of ThinkGlobal Inc., which specializes in business-to-business export deals.

Ex-Im supporters said the short-term extensions have already begun hurting U.S. companies.

"If you're trying to put together a \$3 billion power plant, which is the kind of thing the bank does, not knowing whether you are going to be able to do that when the time comes is fatal for exporters," said Bill Reinsch, president of the National Foreign Trade Council, a Washington-based group that advocates for companies operating globally including Coca-Cola and Ford.

Following the Senate's vote on Sept. 18, Ex-Im President Fred Hochberg sent out a statement saying he's confident the bank will be extended for the long term. "Businesses don't pursue overseas sales, invest in their operations, or hire new employees on a month-to-month basis," he said.

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