



Testimony

Before the Subcommittee on International Economic
Policy and Trade, Committee on International Relations,
House of Representatives

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U.S. EXPORT-IMPORT BANK

Issues Raised by Recent Market Developments and Foreign Competition

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Madam Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss issues related to the U.S. Export-Import Bank (Eximbank), particularly in light of the recent downturn in the global economy. Despite this downturn, the United States remains the world's largest exporter of goods and services and is the leader in key sectors ranging from aerospace to telecommunications. However, questions continue to be raised about the cost and role of U.S. export promotion programs, such as those of the Eximbank, and how they help exporters meet the foreign competition in emerging market economies.

As you requested, our statement today will

- review recent trends in the cost and composition of the Eximbank's financing and
- highlight key similarities and differences in international export finance programs.

Our comments are based on past GAO reports and testimonies, including a recent review of how the Eximbank was responding to increasing risks associated with the economic conditions in Asia. A list of our recent reports is attached.

Summary

The deterioration of international market conditions has already had an impact on the Eximbank's operations, although the full effect has yet to be felt. The Eximbank's preliminary estimates indicate that as of the end of September 1998, it may have to increase its loan loss reserves by about \$2 billion to cover increased risks involving Asia, Latin America, and Russia. Any additional costs will be covered through permanent and indefinite budget authority, that is, they are not subject to the annual appropriations process. A total of \$6.6 billion, or just under 13 percent of the Eximbank's \$52 billion portfolio, is being tracked on its internal "watch" list of deals that are judged to be most at risk.

Some shifts in the composition of the Eximbank's financing began to appear in fiscal year 1998. One noticeable change was the absence of any project finance transactions, which support large capital projects in developing market economies. These had been a rapidly growing line of Eximbank financing. Another change has been the increase in short-term financing brought on by private banks' reluctance to extend credit for

exports to Asian buyers. Finally, while there was some stability in the top 10 country markets and corporate recipients of Eximbank financing, shifts did occur. For example, Indonesia dropped off the top 10 list in fiscal year 1998, while Russia and Uzbekistan rose on the list.

The Eximbank is one of over 70 export credit agencies (ECA) operating throughout the world to provide export financing. Because of differences in how these agencies interact with the private sector and their budgetary and reporting standards, it is difficult to make meaningful comparisons among them. However, they all help exporters compete for market share in developing countries. Despite increased pressure on many economies to use exports as a tool to facilitate economic growth, progress continues to be made in the Organization for Economic Cooperation and Development (OECD)¹ to reduce government subsidies for these export finance programs. The U.S. government's ultimate objective is to reduce and eliminate such export financing subsidies, thus assuring that exporters will compete on the basis of price, quality, and service rather than subsidized financing.

The significant changes in the environment in which the Eximbank is operating raise the following issues:

1. Whether the Eximbank will be able to continue to operate in higher risk markets while respecting its statutory mandate to support exports only where there is a reasonable assurance of repayment.
2. Whether there are opportunities to expand the available information on the operating results of foreign competitors within the context of ongoing multilateral negotiations to assure that U.S. exporters are not being disadvantaged by their foreign counterparts.

Background

Eximbank financing programs include (1) loans to foreign buyers of U.S. exports, (2) loan guarantees to commercial lenders, (3) export credit insurance to U.S. exporters and lenders, and (4) working capital guarantees for pre-export production. The Eximbank is required to

¹The OECD, created in 1960, is a forum for monitoring economic trends and coordinating economic policy among 29 countries, including the United States, and serves as the arena for negotiating limitations on government export credit subsidies and developing guidelines for export-financing assistance programs. The OECD's "Arrangement on Guidelines for Officially Supported Export Credits," which was established in 1978, sets forth the terms and conditions for providing official export credits. Although the OECD lacks authority to enforce compliance with its agreements, member states generally take upon themselves responsibility for monitoring compliance.

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- supplement and encourage, but not compete with, private sources of capital;
 - provide loans only in circumstances in which there is a reasonable assurance of repayment;
 - provide financing at rates and on terms that are “fully competitive” with those of other foreign government-supported export credit agencies; and
 - seek to reach international agreements to reduce government-subsidized export financing.²

The Eximbank is subject to the Federal Credit Reform Act of 1990 (P.L. 101-508, Nov. 5, 1990), which requires government agencies to estimate and budget for the total long-term costs of their credit programs on a net present value basis.³ Congress funds the Eximbank’s estimated credit subsidy costs (hereafter referred to as “subsidy costs”) through the annual appropriations process. Subsidy costs arise when the estimated program disbursements by the government exceed the estimated payments to the government, on a net present value basis. Administrative expenses receive separate appropriations and are reported separately in the budget. Any costs associated with re-estimates of existing exposure are funded by permanent and indefinite budget authority and are not subject to the annual appropriations process.

The market environment in which the Eximbank and other ECAs operate has changed. The downturn in the global economy, which began in major Asian markets in mid-1997, has tempered the demand for some types of Eximbank financing (such as project finance). The international consequences of the global economic downturn, which have included large drops in developing country exchange rates and commodity and equity prices, were recently characterized by the International Monetary Fund (IMF) as “probably the most far-reaching of the postwar period.” The IMF estimates that world economic growth is likely to be about one-third less than projected earlier this year (2 percent rather than 3.1 percent). For Russia, the IMF projects that the output of goods and services could shrink by about 6 percent this year and in 1999.

Although trade accounted for over 30 percent of the growth of the U.S. economy during 1996 and 1997, trade has acted to slow the economy in 1998. The “National Export Strategy,” released by the interagency Trade Promotion Coordinating Committee last week, reported that during the first half of 1998, U.S. exports to Asia fell at an annual rate of 30 percent.

²12 U.S.C. sec. 635 (b)(1)(A),(B).

³Present value analysis calculates the value today of a future stream of income or expenses.

Moreover, exports to some historically high growth markets fell even more precipitously—down 46 percent to Korea and 53 percent to Indonesia.

Recent Trends in the Cost and Composition of Eximbank Financing

In fiscal year 1998, the program costs of the Eximbank's portfolio increased as a result of a downgrade in the quality of the portfolio. At the same time, the composition of the portfolio changed due to a significant decline in the Eximbank's project financing, an increase in short-term financing, and several changes in top country markets and company users.

Overall, Eximbank programs cost on average about \$859 million annually between fiscal year 1994 and 1998 (see app. I). The Eximbank provided an annual average of about \$12.2 billion in export financing commitments (loans, loan guarantees, and insurance) during this period. In fiscal year 1998, the Eximbank provided about \$10.5 billion of export finance support, down from \$12.2 billion in the prior fiscal year, and the lowest level in the last 5 fiscal years.

Changes in the Eximbank's Existing Financial Exposure

The financial instability in Asia, Latin America, and Russia already has had an impact on the Eximbank. Portions of the Eximbank's existing portfolio have been downgraded, and specific deals are being tracked for possible changes in repayment status. The downgrading is done through the Interagency Country Risk Assessment System (ICRAS). The ICRAS process was established in 1991 for the executive branch to uniformly evaluate for the U.S. government the country risk contained in foreign loans and guarantees. The Office of Management and Budget chairs the ICRAS process, and the Eximbank serves as the Secretariat. ICRAS ratings have been adjusted to reflect the financial turmoil being experienced by some of the Eximbank's sovereign (government) clients and the assessment that they are seen as more likely to experience difficulties in meeting the terms and conditions of their original financing agreements. In addition to increasing the subsidy cost of the Eximbank's existing portfolio, the recent downgrading of ICRAS ratings project greater subsidy costs of new Eximbank business.

The Eximbank's total portfolio exposure to sovereign and private borrowers was \$52 billion as of August 31, 1998. In August 1998, the sovereign risk rating of six nations was placed in a higher risk category. The Eximbank's total sovereign debt exposure with these six nations was \$3.8 billion, which the Eximbank estimates will require an addition to its loan loss reserve of \$410 million. The Eximbank also downgraded the

credit risk of 82 private obligors (borrowers) in Asia, Latin America, and the newly independent states (NIS) of the former Soviet Union with total exposure of about \$11.4 billion (about 22 percent of its total portfolio). According to preliminary Eximbank estimates, the increased risk of these private obligors may require an addition to its loan loss reserve of about \$1.6 billion to cover potential losses associated with these transactions. In sum, the Eximbank estimates that it will have to increase its loan loss reserves by about \$2 billion to cover potential sovereign and private losses in Asia, Latin America, and Russia. These additional costs will be covered through permanent and indefinite budget authority, that is, they are not subject to the annual appropriations process.

We would now like to provide some information on the status of certain nonsovereign transactions being tracked in specific nations. As previously noted, the Eximbank's global financial exposure totaled just over \$52 billion at the end of August 1998. A total of \$6.6 billion, or just under 13 percent of this exposure, is being tracked in the Eximbank's most recent internal portfolio report's "watch" list under the categories of "workout," "heavy concern," and "moderate concern." According to the same report, just under \$2 billion (22 percent) of the Eximbank's total exposure of \$9.1 billion in Korea, the Philippines, Thailand, and Indonesia is in what is described as "workout," that is, Eximbank staff has been actively working to restructure agreements with borrowers currently experiencing financial difficulties. An additional \$982 million of the Eximbank's exposure is classified as of "heavy concern," nearly all of which are project finance deals. The Eximbank's third watch category, "moderate concern," covers an additional \$3.6 billion and includes about \$1.4 billion of the Eximbank's \$2.4 billion in Russian financial exposure.

Project Finance Declines

A significant shift in the Eximbank's operations occurred in fiscal year 1998 when no project finance transactions were approved—a sharp contrast to the large program growth that occurred between fiscal year 1993 and 1997. Project finance transactions, which depend on the cash flows of a project to service debt, generally require a relatively stable legal and commercial environment in the host country in order for risk mitigation of the project to be possible.⁴ While project finance transactions accounted for only about 3 percent of Eximbank's medium- and long-term transactions in fiscal year 1993, by 1997 that figure had risen to 22 percent. Over the 1993 to 1997 period, the Eximbank provided close to \$7 billion in

⁴Because these project finance transactions tend to be large, the Eximbank often shares project risk with other ECAs, the Overseas Private Investment Corporation (OPIC), or with multilateral institutions such as the International Finance Corporation.

project finance support, including \$2.6 billion in fiscal year 1997. Many of these transactions were in Asia, and these typically used a small amount of the Eximbank's subsidy budget (table II.1 shows the nations where ECAS were supporting project finance activity in 1997). Eximbank officials attribute the lack of new project finance transactions to market concerns about the stability of some emerging market economies.

Short-term Financing Changes

Another shift in the Eximbank's operations occurred with the increase of short-term insurance from \$2.3 billion in fiscal year 1997 to about \$3.2 billion in fiscal year 1998. An early manifestation of the economic crisis was a credit crunch in several Asian markets that led to a surge in demand for short-term financing to cover exporters' growing concerns about receiving payments for their shipments. Previously, there had been little demand for Eximbank short-term financing for exports to Asia, but the crisis has made private banks reluctant to extend credit in the region, thereby increasing the demand.

The Eximbank has been involved in several initiatives in Asia designed to respond to the economic crisis facing those nations. These initiatives include a \$3 billion short- and medium-term export credit insurance and loan program for Korea, \$750 million of which has been used this fiscal year. Similar programs for Thailand (\$1 billion) and Indonesia (\$1 billion) have been approved but are not yet operative, according to Eximbank officials. The Eximbank has worked with its foreign counterparts in the G-7 and OECD nations to encourage these agencies to keep programs operational in the Asian region.

Changes in Country and Company Users

Over the past 3 fiscal years, there have been some changes in the markets receiving Eximbank financing authorizations. As seen in table 1, China and Mexico have been the top two country recipients of Eximbank financing for those fiscal years. Indonesia, the third leading recipient of Eximbank financing authorizations in fiscal year 1996 and the fourth in fiscal year 1997, had support of only \$7.25 million in fiscal year 1998 and dropped off the top 10 list of country markets. At the same time, authorizations for two NIS nations—Russia and Uzbekistan—grew to a combined total of over \$1 billion in fiscal year 1998.

Table 1: Top 10 Country Recipients of Eximbank Financing Authorizations, Fiscal Years 1996-98

Dollars in millions

Rank	Fiscal year 1996		Fiscal year 1997		Fiscal year 1998	
	Country	Financing authorized	Country	Financing authorized	Country	Financing authorized
1	China	\$1,297	China	\$1,330	Mexico	\$1,671
2	Mexico	\$1,226	Mexico	\$1,192	China	\$1,354
3	Indonesia	\$873	Korea	\$755	Russia	\$637
4	Trinidad and Tobago	\$632	Indonesia	\$626	United States	\$382
5	Brazil	\$502	Brazil	\$564	Uzbekistan	\$379
6	Argentina	\$494	Philippines	\$564	Turkey	\$376
7	Pakistan	\$484	Qatar	\$525	Brazil	\$353
8	Ghana	\$411	Russia	\$474	Chile	\$198
9	United States	\$366	United States	\$443	India	\$188
10	Russia	\$351	Venezuela	\$349	Venezuela	\$133

Note: These figures do not include short-term insurance authorizations because of limitations in the way the data are collected. Figures for the United States include working capital guarantees for pre-export production.

Source: Eximbank.

Despite the many changes occurring in the composition of the Eximbank's programs, Boeing Co., remains its largest customer. Table 2 presents data on the companies that used the Eximbank's financing over the same 1996-98 fiscal year period. These data do not capture the full range of U.S. companies associated with Eximbank-financed deals such as subcontractors and other suppliers. As seen in the table, Boeing was the top user each year, with total authorizations rising from just over \$1.2 billion in fiscal year 1996 to about \$2.6 billion in fiscal year 1998. Other users that appeared in the top 10 in 2 of the last 3 fiscal years are ABB Asea Brown Boveri Ltd., Bechtel Group Inc., Caterpillar Inc., General Electric, and Halliburton. Companies' use of the Eximbank's financing varies by fiscal year, depending on the number and size of transactions. It should also be pointed out that the largest users in terms of authorizations are not necessarily the largest consumers of the Eximbank's program subsidy.⁵

⁵For example, the subsidy rate (projected subsidy usage as a percentage of financing) for the Eximbank's transactions with Boeing Co., were 0.3, 3.1, and 2 percent, respectively, from fiscal year 1996 to 1998. Over the same period, the average subsidy rate for all Eximbank transactions was 7.8, 6.9, and 6.9 percent, respectively.

Table 2: Top 10 Corporate Recipients of Eximbank Financing Authorizations, Fiscal Years 1996-98

Dollars in millions

Rank	Company	Financing authorized	Company	Financing authorized	Company	Financing authorized
1	Boeing Co.	\$1,155	Boeing Co.	\$1,779	Boeing Co.	\$2,553
2	General Electric	\$571	Bechtel	\$782	Stewart and Stevenson	\$395
3	Bechtel	\$439	Foster Wheeler Corp	\$621	Caterpillar	\$390
4	ABB Asea Brown Boveri	\$398	Mobil	\$525	Cooper Cameron Corp.	\$381
5	Continental Eng. and Construction	\$357	Caterpillar	\$448	ABB Asea Brown Boveri	\$215
6	Deere and Co.	\$270	McDonnell Douglas	\$341	Westing-house Electric	\$197
7	Dresser Industries	\$240	AT&T	\$307	Marubeni Corp.	\$186
8	Fluor Corp.	\$234	BCE, Inc.	\$292	Case Corp.	\$180
9	Lockheed Martin Corp.	\$214	General Electric	\$257	Halliburton	\$150
10	Motorola, Inc.	\$194	Halliburton	\$239	General Motors	\$138

Source: Eximbank.

New Eximbank Responses to the Global Crisis

In addition to closely monitoring its current portfolio and developing initiatives to support short- and medium-term export transactions in several Asian markets, the Eximbank is considering other responses to the global economic downturn, including seeking out new deals and assisting what the President termed “specific economic development projects.”⁶ Depending on how such initiatives might develop, they may indicate a shift from the Eximbank’s current policy in two ways. First, the Eximbank has generally been demand driven rather than taking a proactive role in seeking out new business. Second, while the Eximbank has sought to encourage U.S. exports in transactions with a reasonable risk of repayment, this initiative may suggest the Eximbank is taking on more of an economic development role. Eximbank officials emphasized that they can accommodate the President’s initiative in a manner consistent with their current mandates.

⁶September 14, 1998, speech of President Clinton before the Council on Foreign Relations.

Similarities and Differences in Foreign Competitors' Export Finance Programs

Our past work⁷ assessed the export finance programs of six G-7 countries—Canada, France, Germany, Italy, Japan, and the United Kingdom. All of these countries have ECAs, each with different roles and structures (see table III.1). It has recently been reported that a total of 73 ECAs now exist worldwide.⁸ The proliferation of ECAs raises two related issues:

- (1) Whether the subsidization of export finance potentially distorts trade flows.
- (2) Whether subsidization can create an unlevel playing field for individual exporters who may be disadvantaged by more generous financing provided to competitors.

Because of the potential significance of such effects on trade flows and individual exporters, the Eximbank has specific mandates to both stay apprised of and be “fully competitive” with other major exporting nations to reduce and eventually eliminate the subsidization of exports through preferential financial terms. In light of these issues, I now turn to what we know about foreign competitors' export finance programs, highlighting some similarities and differences.

In 1996, the Eximbank supported 2 percent of total U.S. exports (the latest year for which comparative data are available). In contrast, Japan's ECAs supported 37 percent of its country's exports in that year. France was second, with 16 percent. The support provided by Canada, Germany, the United Kingdom, and Italy ranged from 8 to 1 percent. Another comparison sometimes focuses on the share of financing commitments extended by ECAs (in 1995, the Eximbank ranked fourth with 5 percent, compared to Japan with 56 percent, France with 20 percent, and Germany with 9 percent).

Although these broad comparisons show that the Eximbank falls near the bottom of export finance support provided by other G-7 nations, it is difficult to make direct comparisons of these programs and determine which of the ECAs provide the most assistance, for a number of reasons:

- Unlike the Eximbank, other ECAs appear to compete to varying degrees with private sources of export financing. They do not aim to function

⁷See *Export-Import Bank: Key Factors in Considering Eximbank Reauthorization* (GAO/T-NSIAD-97-215, July 17, 1997).

⁸*Euromoney* publishes an annual survey of world export credit agencies.

exclusively as “lenders of last resort,” as does the Eximbank. For example, the Japanese government’s export insurance provider is Japan’s only export insurer. Similarly, Canada’s Export Development Corporation (EDC) does not function as a lender of last resort.

- ECAs use different budgetary and reporting standards, thus making it difficult to directly compare the Eximbank’s program costs. As previously explained, the 1990 Federal Credit Reform Act requires the Eximbank to estimate and budget annually for the total long-term costs of its credit programs on a net present value basis, which makes it easier to identify the subsidy cost of the Eximbank’s operations. Other nations operate on a cash basis⁹ and are not subject to similar budget constraints; thus, there is no comparable transparency of their subsidy costs.
- ECA costs reported may not always represent total expenses to the government. For example, Canada’s EDC uses a separate national interest account (“Canada Account”) to support some export finance activity. The costs of this support are accounted for separately in its year-end reports.
- Finally, each nation has structured its export financing differently—there is no single export finance model. ECAs in the six nations we studied function as independent government agencies, sections of ministries, or private institutions operating under an agreement with the government.

Tables in appendix III provide a summary of the principal differences and costs between the Eximbank and the six ECAs we studied.

Although direct cost comparisons between Eximbank and other national programs are difficult to make, a 1998 Eximbank study reported data from the Berne Union, which indicate that ECAs had recently returned to “profitability” after being in deficit since the Latin debt crisis.¹⁰ According to the Berne Union, its members’ combined results showed a surplus of \$2 billion in 1996 and \$5 billion in 1997. Although 1998 data will not be available for some time, in light of deteriorating global economic conditions this profitability may be short lived.

The Eximbank’s July 1998 report¹¹ to Congress discussed how the Eximbank’s programs compare with competitor nations and noted that its programs were generally competitive with major foreign export credit

⁹Under cash-based budgeting, receipts are recorded when received and expenditures are recorded when paid regardless of the accounting period in which the receipts are earned or the costs incurred.

¹⁰The Berne Union is an association of 43 export credit insurance agencies that includes the G-7 nations’ ECAs.

¹¹Report to the U.S. Congress on Export Credit Competition and the Export-Import Bank of the United States (Washington, D.C.: Eximbank, July 1998).

agencies. For example, the report noted that the Eximbank provides what it terms a better “cover” policy in three out of four major ECA markets, that is, it does not impose restrictions on the type and nature of its financing in these markets. Other nations’ ECAs generally provide unrestricted cover for only select markets in which they do business, according to the report. However, the report described the Eximbank’s foreign content policy¹² as “more complex and administratively burdensome than that of the Europeans and it is much less liberal than the Canadian and Japanese content policies.” The report also stated that the export community regards the Eximbank’s project finance policy as less competitive because the administrative requirements for complying with foreign content requirements are burdensome. The export community also expressed concerns about the time and costs associated with working with financial advisors to complete project finance transactions.¹³

As noted, the Eximbank is statutorily required to seek international agreements to reduce government-subsidized export financing. The Eximbank, under the leadership of the U.S. Department of the Treasury, does so through its participation in ongoing OECD negotiations to minimize export financing competition and reduce government export credit subsidies. The OECD nations have made gradual progress since the late 1970s in negotiating reductions in officially supported export subsidies, including a June 1997 agreement that requires ECAs to establish minimum fees based on country risk ratings. However, the available data will still not show whether competitor ECAs are covering long-term operating costs—a key negotiating objective—through these fee increases. The Eximbank and several other nations agreed to begin implementing these new fee schedules as of October 1, 1998 (other OECD nations that signed this agreement have agreed to begin implementing it on April 1, 1999). These new rules should help eliminate some of the trade distorting effects of subsidized export financing and may allow the Eximbank to reduce the taxpayer costs of its programs.

Conclusion

The global financial turmoil that has occurred since mid-1997 has already had a significant impact on the Eximbank’s operations. Some of the

¹²The Eximbank’s foreign content policy allows for it to support U.S. exports containing the lesser of 85 percent of the total contract price or 100 percent of the U.S. content of each item-of-supply provided that the foreign content of the item (the cost of foreign components incorporated into the item in the United States) constitutes no more than 50 percent of the total cost of producing the item and the foreign content of an item-of-supply is incorporated in and shipped from the United States.

¹³Under the project finance program, many of the administrative costs that the Eximbank traditionally incurs in evaluating a project’s financial, legal, and technical risks are to be borne by the private sector rather than the Eximbank.

Eximbank's existing financial exposure has been downgraded because sovereign and private risk has risen, which has significant cost implications. The Eximbank must simultaneously minimize the potential loss of taxpayer funds while serving risky foreign markets. The Eximbank and other OECD nations continue to work toward the long-run objective of eliminating subsidized export financing. However, in the short term, the Eximbank and other ECAs have worked to maintain export financing support to several Asian nations.

In light of the significant changes in the international environment, two issues are emerging regarding the Eximbank's operations:

1. Will the Eximbank be able to continue to operate in higher risk markets while respecting its statutory mandate to support exports only where there is a reasonable assurance of repayment?
2. Whether there are opportunities to expand the available information on the operating results of foreign competitors within the context of ongoing multilateral negotiations to assure that U.S. exporters are not being disadvantaged by their foreign counterparts.

Madam Chairman and Members of the Subcommittee, that concludes our prepared statement. We will be happy to answer any questions you or other Members of the Subcommittee may have.

The U.S. Export-Import Bank's (Eximbank) Financing Commitments and Program Costs, 1994-98

Dollars in millions					
	Fiscal year				
	1994	1995	1996	1997	1998 ^a
Value of export financing commitments	\$14,886.4	\$11,864.9	\$11,517.7	\$12,158.8	\$10,526.0
Administrative costs	42.6	41.4	40.8	46.6	48.6
Subsidy costs	936.7	674.8	894.1	840.8	728.3
Total costs^b	\$979.3	\$716.2	\$934.9	\$887.4	\$776.9

Note: Under the Federal Credit Reform Act of 1990 (P.L. 101-508, Nov. 5, 1990), the Eximbank is required to estimate and budget for the total long-term costs of its credit programs on a net present value basis. Present value analysis calculates the value today of a future stream of income or expenses. Congress funds the Eximbank's estimated credit subsidy costs through the annual appropriations process. Subsidy costs arise when the estimated program disbursements or payments by the government exceed the estimated payments to the government on a net present value basis over the entire term of the credit. Administrative expenses receive a separate appropriation and are reported separately in the budget on a cash basis.

^aPreliminary figures.

^b"Total costs" are defined as the Eximbank's subsidy costs and administrative costs.

Source: Eximbank.

Infrastructure Projects in Emerging Markets Utilizing Export Credit Agency Financing, 1997

Countries with ECAs	Emerging market							
	Turkey	Thailand	China	Indonesia	India	Argentina	Brazil	Mexico
Japan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A
United States	<input type="checkbox"/>	N/A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Germany	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A
United Kingdom	<input type="checkbox"/>	N/A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	N/A
France	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	N/A	N/A	N/A
Austria	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A	N/A	N/A	N/A
Italy	<input type="checkbox"/>	<input type="checkbox"/>	N/A	<input type="checkbox"/>	N/A	<input type="checkbox"/>	N/A	N/A
Belgium	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A	N/A	N/A	N/A
Spain	N/A	<input type="checkbox"/>	<input type="checkbox"/>	N/A	N/A	N/A	N/A	N/A
Netherlands	<input type="checkbox"/>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Switzerland	N/A	N/A	N/A	<input type="checkbox"/>	N/A	N/A	N/A	N/A
Sweden	N/A	<input type="checkbox"/>	N/A	N/A	N/A	N/A	N/A	N/A
Norway	N/A	<input type="checkbox"/>	N/A	N/A	N/A	N/A	N/A	N/A
Canada	<input type="checkbox"/>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Brazil	N/A	N/A	N/A	N/A	N/A	<input type="checkbox"/>		N/A
Korea	N/A	N/A	<input type="checkbox"/>	N/A	N/A	N/A	N/A	N/A

Legend

N/A = Not applicable because no projects reported.

- ☐ At least one completed project with the export credit agency (ECA) financing.
- ☐ Proposed project(s) with ECA financing.

Source: Compiled from U.S. government information and foreign data.

Comparison of G-7 Nations' Export Credit Agency Structures and Roles

Table III.1: G-7 Nations' Export Credit Agency Organization and Roles

Country	Export credit agency	Public or private	Role
United States	Eximbank	Public, independent government agency.	—Statutory mandate to supplement and encourage, but not compete with, private sources of capital. —Receives a credit subsidy appropriation each year from the U.S. Congress.
Canada	Export Development Corporation (EDC)	Public, independent government agency.	-Some competition with private sector. -Aims to be financially self-sustaining.
France	COFACE provides export finance insurance and guarantees. BFCE provides interest-rate support on commercial bank loans	Private. Both COFACE and BFCE have recently been privatized. Government covers deficits incurred on state account activities.	— COFACE exercises a dual role by administering export-financing support on behalf of the French government and offering export finance assistance through its own programs.
Germany	Hermes, C&L Deutsche Revision, and KfW	Private consortium. Hermes and C&L Deutsche Revision jointly administer German export finance program on behalf of the state. KfW offers export loans to German exporters. Government covers deficits on state account activities.	—Hermes and C&L exercise a dual role by operating the government's export finance programs and offering export finance assistance privately.
Italy	Special Section for Export Credit Insurance (SACE) and Central Institute for Medium Term Credits (Mediocredito Centrale)	Public agencies.	—Some competition with private sector as Mediocredito Centrale also functions as commercial bank.
Japan	Export-Import Bank of Japan (JEXIM) provides financing. Export Insurance Division-Ministry of International Trade and Industry (EID-MITI) provides insurance	Public. JEXIM is an independent government agency. EID-MITI is housed in Japan's Ministry of International Trade and Industry.	— JEXIM aims to supplement and encourage commercial bank financing but not compete with it. —EID-MITI competes with private sector providers.
United Kingdom	Export Credits Guarantee Department (ECGD)	Public, independent government department.	—Short-term business was privatized. —Has a specific mandate to break even financially.

Legend

COFACE=Compagnie Francaise d'Assurance Pour Le Commerce Extérieur

BFCE=Banque Francaise du Commerce Extérieur

KfW= Kreditanstalt für Wiederaufbau

Source: GAO analysis of ECA data.

Appendix III
Comparison of G-7 Nations' Export Credit
Agency Structures and Roles

Table III.2: Reported Financial Results of Government-Supported Export-Financing Programs in the United States and Six Competitor Countries, 1994-96

U.S. dollars in millions

Country	ECA	1994	1995	1996
United States ^a	Eximbank	(\$979)	(\$716)	(\$934)
Canada ^b	EDC	N/A	N/A	N/A
France	COFACE and BFCE	(\$503)	\$7	\$1,151
Germany ^c	Hermes/C&L and Deutsche Revision	(\$1,985)	\$38	\$605
Italy	SACE and Mediocredito Centrale	(\$1,501)	(\$1,821)	(\$822)
Japan ^d	JEXIM and EID-MITI	(\$80)	(\$113)	N/A
United Kingdom ^e	ECGD	\$29	\$362	N/A

N/A= Not available.

Note 1: There are several caveats with regard to how the numbers in this table should be interpreted. The type and nature of each nation's ECA business varies in ways that ultimately influence its costs. In the case of Japan's Export-Import Bank, 44 percent of its fiscal year 1995 commitments were for loans not "tied" to Japanese exports, 37 percent were for overseas investment loans, and 8 percent for import loans. Only 11 percent of JEXIM's total financing in that year was reported to have been used for export loans. Where there are two ECAs, we have combined financial results.

Note 2: Negative amounts indicate a cost.ate amounts indicate a surplus.

^aThe figures for the Eximbank represent obligations for the fiscal year.

^bCanada's EDC reported net income of \$171 million, \$44 million, and \$112 million in 1994, 1995, and 1996, respectively. However, these amounts do not include the support separately provided through the Canadian national interest account (\$200 million in 1996 but not available for 1994 and 1995). EDC conducts a significant (42 percent) level of business with Organization for Economic Cooperation and Development (OECD) nations, which influences its profitability.

^cThe totals for Germany include interest revenues from debt reschedulings.

^dThe Japanese fiscal year ends March 31. The figures for Japan's EID-MITI include direct transfers from the Ministry of Finance for Paris Club debt writeoff of \$272 million in fiscal year 1994 and \$233 million in 1995.

^eThe U.K. fiscal year ends March 31. ECGD figures include amounts spent on foreign exchange insurance and interest rate subsidies.

Source: GAO analysis of ECA data.

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