



The Daily Dish

The Export-Import-Whatever Bank

DOUGLAS HOLTZ-EAKIN | APRIL 12, 2022

Eakinomics has a [history](#) with the Export-Import Bank of the United States (EXIM) that dates back a decade. Its position has been pretty simple: There is no place for EXIM in a competitive, undistorted international trading system, and Eakinomics would love to live in such a world. But the reality is that export credit agencies across the globe are actively distorting trade patterns; accordingly, EXIM is a potentially useful tool for leveling the international export-import playing field.

Notice that it says “international export-import,” because that’s what EXIM is supposed to address. So imagine Eakinomics’ surprise when EXIM published a [notice](#) seeking public comment on a proposal to extend its buyer financing programs to include ***DOMESTIC*** transactions. (Did you notice the emphasis on ***DOMESTIC***? Eakinomics is hoping you caught that.) Specifically, the proposal examines “how to implement a new Domestic Financing Program to support the establishment and/or expansion of U.S. manufacturing facilities and infrastructure projects in the United States that would support U.S. exports. The proposal would support and facilitate U.S. exports while rebuilding U.S. manufacturing capacity.”

Just say no.

There is not one good reason for EXIM to get involved in any domestic transaction of any sort. That’s not what it is there for. Granted, they were driven to consider it by the president’s overreaching, ill-thought-out [executive order on supply chains](#). And it is dressed up with fancy verbiage, such as “support and facilitate U.S. exports,” and [numerical formulae](#) designed to enforce a minimum fraction of the financing that ultimately flows to exports. These are just smoke and mirrors. In the end, the taxpayers would be backing loans made to domestic manufacturing. Senator Pat Toomey hit the nail on the head, [arguing](#):

I was troubled to learn that the new Domestic Financing Program would provide taxpayer support to domestic manufacturing facilities and infrastructure projects so long as there is an expectation that some arbitrary portion of goods produced will be exported. This requirement can even be satisfied by indirect exports. That is, an EXIM-financed manufacturer does not actually have to export anything, so long as its customers do. This is worse than mission creep. It subverts Congressional intent and strains EXIM’s statutory mandate to such an extent to make it meaningless.

There is no reason for domestic lending. U.S. manufacturers have access to ample capital from the world’s finest private sector financial markets. The only way EXIM could attract business would be to underprice its lending. And then who would get the sweetheart loans? It is a recipe for cronyism and corruption – the last thing EXIM needs.