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EXPORT-IMPORT BANK REAUTHORIZATION ACT OF 1997

SEPTEMBER 10, 1997.—Ordered to be printed

Mr. D'AMATO, from the Committee on Banking, Housing, and Urban Affairs, submitted the following

REPORT

[To accompany S. 1026]

The Committee on Banking Housing and Urban Affairs, to which was referred the bill (S. 1026) to reauthorize the Export-Import Bank of the United States, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill as amended do pass.

INTRODUCTION

On July 31, 1997, the Committee on Banking, Housing, and Urban Affairs marked up and ordered to be reported S. 1026, the Export-Import Bank Reauthorization Act of 1997. S. 1026 reauthorizes, for a period of four years through September 30, 2001, (1) the charter of the Export-Import Bank of the United States (Ex-Im Bank), (2) the Ex-Im Bank's Tied Aid Credit Fund and (3) the Ex-Im Bank's authority to provide financing for the export of "dual-use" items, which are nonlethal defense articles or services that will be used primarily for civilian purposes. S. 1026 also instructs the Chairman of the Ex-Im Bank to undertake efforts to enhance the Ex-Im Bank's capacity to provide information about its programs to small and rural companies which have not previously participated in Bank programs, and to report to Congress on such efforts within one year.

HISTORY OF THE LEGISLATION

The Ex-Im Bank is an independent U.S. government agency established in 1945. The Ex-Im Bank provides loan guarantees, export credit insurance and direct loans to finance U.S. exports whenever (1) U.S. exporters are faced with government sponsored com-

39–010

petition or (2) commercial banks are unable to provide financing. The Ex-Im Bank also supports U.S. government efforts in multilateral negotiations to restrict foreign-government use of trade-distorting export financing, and plays an important role as a member of the interagency Trade Promotion Coordinating Committee in formulating the President's National Export Strategy.

S. 1026, the Export-Import Bank Reauthorization Act of 1997, represents a continuation of this Committee's longstanding support for the Ex-Im Bank. The Committee last approved the reauthorization of the charter of the Ex-Im Bank pursuant to the Export Enhancement Act of 1992 (P.L. 102–429). That Act provided a five-year reauthorization for the Ex-Im Bank through September 30, 1997, as well as a three-year reauthorization for the Bank's Tied Aid Credit Fund. Since that time, the Committee approved the reauthorization of the Tied Aid Credit Fund for an additional two years through September 30, 1997. Also, the Committee in 1994 approved legislation authorizing the Ex-Im Bank, for a period of three years through September 30, 1997, to finance exports of "dual-use" items, which are nonlethal defense articles or services that will primarily be used for civilian purposes.

On July 17, 1997, Senator Grams, Chairman of the Subcommittee on International Finance of the Committee, introduced S. 1026 with Senators D'Amato, Sarbanes, Moseley-Braun, McConnell and Leahy. S. 1026 reauthorizes, for a period of four years through September 30, 2001, (1) the charter of the Export-Import Bank of the United States (Ex-Im Bank), (2) the Ex-Im Bank's Tied Aid Credit Fund and (3) the Ex-Im Bank's authority to provide financing for "dual-use" items.

Also on July 17, 1997, the Subcommittee on International Finance held a hearing on S. 1026. Testifying before the Subcommittee were: James Harmon, President and Chairman, the Export-Import Bank of the United States; Stuart Eizenstat, Under Secretary for Economic and Business Affairs, Department of State (representing the Trade Promotion Coordinating Committee); M. Noor Doja, Executive Director, Minnesota Export Finance Authority (representing the National Association of State Development Agencies); JayEtta Hecker, Associate Director, International Relations and Trade Issues, General Accounting Office (GAO); Gary Groom, Vice President, Raytheon Engineers & Constructors (representing the Coalition for Employment Through Exports and the National Association of Manufacturers); William M. Murray, Treasurer, Fuller Company (representing the National Foreign Trade Council); Ian Vasquez, Director, Project on Global Economic Liberty, the Cato Institute; Richard P. Ferris, Executive Vice President, World Banking Group, Norwest Bank Minnesota, N.A.; and Edward Carter, Director, Harza Engineering Company.

On July 31, 1997, the Committee conducted a mark-up of the original text of S. 1026. During the mark-up, the Committee approved one amendment by a unanimous roll call vote. The amendment, offered by Senator Enzi, instructs the Chairman of the Ex-Im Bank to undertake efforts to enhance the Bank's capacity to provide information about its programs to small and rural companies which have not previously participated in Bank programs, and to report to Congress on these activities within one year. The Committee, by a unanimous roll call vote, ordered S. 1026, as amended, to be reported.

NEED FOR LEGISLATION

The Ex-Im Bank plays a crucial role in assisting U.S. companies that are exporting to emerging markets and, thereby, maintaining and creating high-quality export-related jobs for U.S. workers. The Ex-Im Bank levels the playing field for U.S. exporters, which must compete with foreign companies that receive government export assistance from their own export credit agencies (ECAs). Furthermore, through its loan guarantee and credit insurance programs, the Ex-Im Bank provides U.S. exporters with the opportunity to obtain export finance from commercial banks that might otherwise be reluctant to provide financing for exports to emerging markets.

Ideally, U.S. firms seeking to export to emerging markets should face competition that is based solely on price, quality and service. Unfortunately, subsidized export financing provided by the ECAs of foreign governments can greatly influence purchasing decisions, causing U.S. firms to lose export contracts they otherwise might have won. Firms facing subsidized foreign competition often lose not only the initial sale but also follow-on sales and replacement part sales. Replacement part sales are not insignificant, as they can equal as much as 10 to 15 percent of the original sale price each year over the life span of the product.

Seventy-three countries have ECAs. However, about half of all export credit support worldwide is extended by the seven largest industrial nations. In addition to the United States, these include Canada, France, Germany, Italy, Japan and the United Kingdom. Each of the governments of these six countries finance a larger portion of their exports than does the U.S. government. While the U.S. government supports approximately 3 percent of its exports, the Japanese government supports about 32 percent of that country's exports. Similarly, the French government supports 18 percent of its exports and the Canadian government about 7 percent of its exports. Many countries also seek to enhance the impact of their official financing by strategically concentrating on particular geographic regions. For example: Japan concentrates its efforts on Southeast Asia, France concentrates on Northern Africa, and Germany focuses on the Middle East.

Another difficulty that U.S. companies have in exporting to emerging markets is that U.S. commercial banks often are reluctant to finance such exports. This is because the markets of developing countries sometimes lack adequate infrastructure, generally have not yet developed the necessary legal structure to enforce contractual obligations and protect private property, and are sometimes beset with political instability. The Ex-Im Bank responds to this reluctance by providing loan guarantees and credit insurance for commercial bank loans. Pursuant to the Credit Reform Act of 1991, funds from the Ex-Im Bank's program budget are set aside as a loan loss reserve for each loan guarantee or credit insurance policy that the Bank issues. Over the past 17 years, the Ex-Im Bank has maintained a loan loss ratio of about 1.9 percent, which compares favorably with U.S. commercial banks' 3.3 percent loan loss ratio for foreign government debt.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

S. 1026 is titled the “Export-Import Bank Reauthorization Act of 1997.”

Section 2. Extension of authority

Section 1 of the legislation extends the expiration date of the Ex-Im Bank’s charter from September 30, 1997 to September 30, 2001. The Ex-Im Bank provides loan guarantees, export credit insurance and direct loans to finance U.S. exports whenever (1) U.S. exporters are faced with government sponsored competition or (2) commercial banks are unable to provide financing. The Ex-Im Bank also supports U.S. government efforts in multilateral negotiations within the Organization for Economic Cooperation and Development (OECD) to restrict foreign-government use of trade-distorting export financing, and plays an important role as a member of the interagency Trade Promotion Coordinating Committee in formulating the President’s National Export Strategy.

The Ex-Im Bank is the sole federal agency providing a full range of export assistance programs for non-agricultural U.S. exports, which include (1) guarantees of commercial bank loans to foreign buyers of U.S. goods, (2) direct loans to foreign buyers of U.S. goods, (3) credit insurance policies to cover the credit and political risks of loans made to finance U.S. exports and (4) guarantees of working capital loans provided by commercial banks to U.S. firms for the manufacture of goods destined for export. The Ex-Im Bank also has recently expanded its services to include project finance, which involves creating export finance packages to support the development of large projects in foreign countries, using project cash flows for repayment.

When deciding whether to support a transaction, the Ex-Im Bank requires “additionality” (which is evidence that the deal would not go forward without the Bank’s involvement) and a reasonable expectation of repayment. The Ex-Im Bank reviews applications for credit support on a first-come, first-served basis, and it does not choose exports by sector or target countries for exports.

The Ex-Im Bank’s programs are having a significant impact on assisting U.S. firms gain entry to emerging markets. Since the Ex-Im Bank was last rechartered in 1992, it has spent about $3.7 billion to support about $75 billion in exports. For every taxpayer dollar invested in Ex-Im Bank, the Bank has provided credit assistance to $20 in exports. According to the Ex-Im Bank, the exports it financed in fiscal year 1996 alone supported or maintained nearly 300,000 jobs. The Ex-Im Bank expects to provide about $16.5 billion of export finance support in fiscal year 1997, which is an all time high.

U.S. firms very often seek the agency’s assistance for exports to countries designated as “Big Emerging Markets” by the interagency Trade Promotion Coordinating Committee. According to Ex-Im Bank Chairman James Harmon, these countries, located mostly in Asia and Latin America, have over the past decade averaged approximately 10 percent growth in their Gross Domestic Product and over 15 percent in import growth. The World Bank reports that these countries will require $200 billion in infrastructural improvements alone by the end of the decade. According to State Department Under Secretary Stuart Eizenstat, these countries are importing almost as much as Japan and the European Union combined, accounting for 44 percent of the dollar growth in world exports between 1990 and 1995. U.S. exports to these markets are expected to surpass those to Japan and the European Union by the year 2000.

The Ex-Im Bank is having an impact on opening these emerging markets to U.S. export competition. For example, the Ex-Im Bank supported about 11 percent of U.S. exports to China and 22 percent of U.S. exports to Indonesia. The Ex-Im Bank is also having significant impact on certain sectors that rely heavily on exporting to these markets. In high-growth developing markets, the Bank is responsible for providing long-term financing for 10 to 40 percent of all U.S. capital goods in crucial sectors like telecommunications, major construction projects, and power. Also, in countries on the threshold of significant growth, such as India and Poland, the Ex-Im Bank has provided export assistance for approximately 48 percent of U.S. exports of capital goods.

The Ex-Im Bank participates in U.S.-led negotiations in the OECD to minimize the export subsidies from foreign ECAs. These negotiations, led by the Treasury Department, aim to ensure that purchasing decisions are made on the basis of market forces, such as price, quality, and service, rather than government-provided financial inducements. Without Ex-Im Bank, U.S. negotiators would have substantially less leverage in these discussions and, inevitably, less success. The United States has already succeeded in reaching agreements that dictate the basic structure of official export credits, establish minimum interest rates, and restrict the use of tied aid.

Most recently, 23 nations of the OECD who offer long-term official export credit have agreed to new rules for exposure fees (or "premia"), which ECAs charge to compensate for the risk associated with export transactions. These new rules, which take effect on April 1, 1999, will create a transparent and uniform system which establishes a minimum fee for all variations of assistance for all export credit agencies. This agreement also obviates the possibility of a "fare war" of competitive price cuts among ECAs and is predicted to yield annual budget savings of between $50 million and $75 million once the phase-in period is over.

Section 3. Tied aid credit fund authority

Section 3 of the legislation extends the expiration date of the Tied Aid Credit Fund from September 30, 1997 to September 30, 2001 and authorizes the appropriation of such funds as may be necessary to carry out the purposes of the Fund. Tied aid is highly concessional financing provided by one country to another that is linked to the purchase of goods or services from the donor country. The U.S. government has targeted foreign-government use of such financing as particularly harmful to U.S. interests. Foreign governments use tied aid as an inducement to persuade purchasers to buy home-country goods and services. The U.S. government has sought to limit the use of tied aid through negotiations in the OECD, in which U.S. officials have sought to persuade other governments to restrict their use of tied aid. To show other countries that we would match their efforts to gain sales through the use of tied aid, Congress created the Ex-Im Bank Tied Aid Credit Fund which, as of June 30, 1997, contained $343 million in funds.

In 1992, OECD negotiations resulted in the signing of the Helsinki agreement, which establishes two broad principles: (1) that tied aid credits should not be used for commercially viable projects and (2) that a number of key markets are no longer targets for tied aid financing. These markets included "high income" or "upper middle income" countries such as Argentina, Brazil, Mexico, Thailand and the Czech Republic. The Helsinki agreement does not contain an enforcement mechanism but contains transparency procedures which the U.S. government uses to monitor compliance.

When the United States has credible information that a foreign government is using (or plans to use) tied aid in a manner detrimental to U.S. interests, the Ex-Im Bank may use the Tied Aid Credit Fund as a second line of defense to support U.S. exporters interested in the contract. The Ex-Im Bank's strategy is to use the Fund to level the playing field. The Ex-Im Bank will match a tied aid package offered by a foreign government, which will permit the purchaser to make a decision based on market factors rather than a foreign government's financial inducements. From 1994 through 1996, the Ex-Im Bank has used the Tied Aid Credit Fund as a deterrent to counter $2.7 billion of actual and potential foreign tied aid credits and, on 10 occasions, actually authorized the use of its funds to finance U.S. exports. The Ex-Im Bank made its greatest use of the fund in 1995, when it approved 9 tied aid transactions, consuming $29 million in program budget. Annual use of trade-distorting tied aid is estimated to have decreased from approximately $10 billion prior to the adoption of the Helsinki agreement in 1992 to approximately $4.3 billion in 1995. According to Treasury Department estimates, U.S. exports will increase by about $1 billion annually due to the Helsinki agreement.

Section 4. Extension of authority to provide financing for the export of nonlethal defense articles or services the primary end use of which will be for civilian purposes

Section 4 of the legislation extends the expiration date from September 30, 1997 to September 30, 2001 of the Ex-Im Bank's authority to finance "dual-use" exports, which are exports of nonlethal defense articles or services that are destined to be used primarily for civilian purposes. Under existing law, the Ex-Im Bank can support exports of defense articles and services only in three narrow circumstances: (1) dual-use articles or services as described above, (2) humanitarian items that will be used for civilian services, or (3) small marine vessels and aircraft that will be used for coast guard, border patrol or drug interdiction purposes.

In a July 1997 report, entitled "U.S. Export-Import Bank: Process in Place to Assure Compliance With Dual-Use Exports Requirements" (GAO/NSIAD–97–211), the GAO concluded that the process used by the Ex-Im Bank to assess, approve, and monitor dual-use exports, if effectively implemented, should provide reasonable assurance that these exports are indeed nonlethal and primarily used for civilian purposes. The report found that the Ex-Im Bank, although authorized to use up to 10 percent of its total annual export financing commitments to support dual-use exports, has actually used less than one percent of the agency's total commitments for this purpose. As of June 1997, the Ex-Im Bank had made commitments totaling about $226.1 million to support 10 dual-use exports to 4 countries. Only one of these dual-use exports—involving aircraft parts and services to Indonesia—has actually taken place to date.

Despite the Ex-Im Bank's limited use of its authority to support dual-use exports, the Committee believes that this is an important authority for the Bank to have, and thus has reported legislation to renew it for four years.

Section 5. Outreach to companies

Section 5 of the legislation instructs the Ex-Im Bank to enhance its capacity to provide information about Bank programs to small and rural companies that have not previously participated in these programs and to report on this effort within one year. The Ex-Im Bank is required to set aside at least 10 percent of its financing authority to directly assist small business. In 1996, about 21 percent of Ex-Im Bank financing and 81 percent of its transactions were used to directly assist small firms. The number of small firms participating in its programs doubled between 1992 and 1996. In fiscal year 1996, the Ex-Im Bank provided first-time assistance to 411 small businesses, and directly supported a total of 1,934 small business transactions valued at $2.4 billion.

The Ex-Im Bank has increased its assistance to small business by improving the quality of its export services and, in 1994, expanding its export insurance products to meet the unique needs of small business. Small business has responded favorably to these changes by increasing its use of Ex-Im Bank's medium-term policies from 107 policies in 1994 to 396 policies in 1996, and increasing purchases of short-term policies from 1,333 in 1994 to 1,647 in 1996. The Ex-Im Bank also overhauled its pre-export Working Capital Guarantee Program. Small business has responded by more than doubling its use of this program from $180 million in fiscal year 1994 to $380 million in fiscal year 1996.

The Ex-Im Bank reaches out to small business at both its agency headquarters and field offices. At its headquarters in Washington, D.C., the Ex-Im Bank sponsors 1 and 2 day seminars for business officials to provide detailed information about the Bank's export finance programs. In the field, four of the Ex-Im Bank's five offices are co-located with the Commerce Department, the Small Business Administration, and several non-federal partners at U.S. Export Assistance Centers (USEAC).

While Ex-Im Bank's field staff reach out to small business through a variety of mechanisms, such outreach is accomplished primarily through banks and state and local government export assistance agencies which share information regarding the Bank's programs with their clients. The Ex-Im Bank has sought to expand and formalize these relationships through its City/State and Delegated Authority programs. Through the City/State program, 33 state and local organizations have entered into partnerships with the Ex-Im Bank that permit them to package requests for certain types of the Bank's export assistance. Through the Delegated Authority program, 80 lenders in more than 20 states have entered into partnerships with Ex-Im Bank that permits them to unilaterally commit certain types of Ex-Im Bank financing.

The Ex-Im Bank also indirectly assists small businesses which serve as suppliers to larger corporations that receive Ex-Im Bank financing. At the July 17 hearing, one witness, Mr. Groom of Raytheon, indicated that an export contract his company was able to win because of the Ex-Im Bank's assistance not only benefitted Raytheon but also 47 suppliers in 21 states nationwide who participated in the export. Similarly, Mr. Carter of Harza Engineering referred in his testimony to a "ripple effect," through which transactions supported by the Ex-Im Bank benefit not only Harza Engineering but also its subcontractors and their suppliers.

Despite its progress, the Committee believes that Ex-Im Bank can do more to ensure a broad distribution of its services to U.S. small firms. Each year, many of the same firms take advantage of the Ex-Im Bank's services. According to the GAO, during fiscal years 1994 to 1996, the 15 most frequent users of the Ex-Im Bank's financing still accounted for about $14.4 billion (about 38 percent) of its total financing commitments. During that same period, export finance transactions involving these companies absorbed $682 million (about 27 percent) of the Ex-Im Bank's total program budget. It is the Committee's belief that the Ex-Im Bank needs to address this situation by further strengthening its efforts to reach out to new businesses, particularly small business in rural areas of the United States that have yet to benefit from the Bank's outreach activities.

BACKGROUND

The Committee is aware of certain ongoing issues affecting the Ex-Im Bank's operation. While the Committee does not believe that these issues need to be addressed through legislative action, these issues have been, and will continue to be, the subject of Committee oversight. Foremost among these issues are the Ex-Im Bank's efforts to responsibly manage its resources in light of the recent increase in demand for its export finance services.

The Ex-Im Bank's budget

In fiscal year 1997, the Ex-Im Bank has faced a difficult situation with regard to its program budget which threatens to worsen in fiscal year 1998. The Ex-Im Bank is currently budgeted at $772.6 million, which includes $726 million for its program budget (including tied aid) and $46.6 million for administrative purposes. For fiscal year 1998, the President has proposed a budget reduction to $680.6 million, including $632 million for the program budget and $48.6 for administrative purposes. The House Appropriations Committee has recommended a level of funding equal to the President's proposal. The Senate Appropriations Committee has recommended an increase from the President's proposal to $746.6 million, including $700 million for the program budget and $46.6 million for administrative purposes.

When developing budget estimates for fiscal years 1997 and 1998, the Ex-Im Bank did not anticipate the increased demand for the Bank's services that has materialized. As a result, the Ex-Im Bank does not have the funding that it needs to support the demand for its export financing activities during fiscal year 1997, and will need to defer to fiscal year 1998 transactions requiring approximately $300 million in program budget funding. Assuming a program budget for fiscal year 1998 of between $632 million and $700 million, the Ex-Im Bank would, in effect, begin next fiscal year with as little as 50 percent of its program resources to meet exporter demand that is likely to continue at fiscal year 1997 levels or higher. The Ex-Im Bank is currently considering various options to stretch its current funding.

Use of the Ex-Im Bank to attain foreign policy objectives

The Ex-Im Bank has come under increasing pressure to use its facilities to support what are ostensibly foreign policy goals. The most notable example of this trend involves U.S. relations with Russia. After the President's most recent summit with Russian President Boris Yeltsin, the White House issued a "Joint Statement on U.S.-Russia Economic Initiative" which, among other things, committed the Ex-Im Bank to increasing support for exports to Russia. While the Ex-Im Bank has already taken steps to make possible increased support for exports to Russia and other NIS countries, the agency has stated that it has maintained its independence from the foreign policy establishment and has not compromised its underwriting standards. The Ex-Im Bank opened in Russia first on a sovereign risk basis, where the Russian government guarantees the financing extended to its importers. The Ex-Im Bank soon discovered, however, that even sovereign guarantees would be insufficient in reaching the full potential of these countries to purchase U.S. exports. Consequently, the Ex-Im Bank entered into an Oil and Gas Framework Agreement with the Russian government through which the Bank provides financing for the modernization of the Russian oil sector without requiring a government credit guarantee from the Russian Federation.

The Ex-Im Bank's environmental guidelines

When reauthorizing the Ex-Im Bank in 1992, Congress instructed the Bank to establish "environmental procedures" to take into account the beneficial and potentially adverse environmental effects of projects that it supports. The Ex-Im Bank responded in two ways. First, the Bank developed an Environmental Exports Program to support projects that are environmentally beneficial, such as waste water treatment plants and renewable energy plants. Through this program, the Ex-Im Bank provides exporters with certain financing enhancements to its loan guarantee, direct loan and insurance programs that are designed to make the Bank's financial support more attractive. Since 1995, the Ex-Im Bank has supported over $1.5 billion in environmental exports or exports for projects that are specifically beneficial to the environment.

Second, the Ex-Im Bank established Environmental Procedures and Guidelines designed to ensure that foreign projects that receive Ex-Im Bank support are built in an environmentally responsible manner. The guidelines, which were designed with input from U.S. exporters and environmental groups, focus on maintenance of air quality, adequate solid and toxic waste management, design of projects to mitigate risk from natural hazards, avoidance of socio-economic and sociocultural adverse impacts, protection of ecological resources and protection from unhealthy levels of noise. Since 1995, when these guidelines were approved, the Ex-Im Bank has reviewed the potential environmental effects of about 120 applications involving foreign projects and has approved all but one of them. The Ex-Im Bank decided not to assist firms seeking to participate in China's Three Gorges project because the Chinese government has yet to make needed environmental information available.

China's Three Gorges Project

Many U.S. businesses are very interested in participating in China's Yangtze Three Gorges project, which is arguably one of the largest public works projects in history. Several U.S. exporters sought to obtain "letters of interest" from the Ex-Im Bank. Concerned that the project did not meet its environmental standards for projects it could support, the Ex-Im Bank conducted a review of the environmental implications of the Three Gorges project. Using a national interest provision in the Ex-Im Bank's authorizing legislation, the National Security Council informed the Bank on September 22, 1995 that the U.S. government should refrain from offering commercial assistance in connection with the Three Gorges project due to, among other things, the environmental damage that the project may cause. In May 1996, the Ex-Im Bank reached the same conclusion on the basis that the Chinese government had not provided information needed for the Bank to approve financing for exports from U.S. companies participating in the project. Several Members of Congress and business leaders have been critical of this decision, arguing that the National Security Council may have construed the national interest provision too broadly in advising the Ex-Im Bank.

CHANGES IN EXISTING LAW (CORDON RULE)

In the opinion of the Committee, it is necessary to dispense with the requirements of paragraph 12 of the rule XXVI of the Standing Rules of the Senate in order to expedite the business of the Senate.

REGULATORY IMPACT STATEMENT

Pursuant to rule XXVI, paragraph 11(b), of the Standing Rules of the Senate, the Committee has evaluated the regulatory impact of the bill and concludes that it will not increase the net regulatory burden imposed by the Government.

COST OF THE LEGISLATION (CBO REPORT)

S. 1026—A bill to reauthorize the Export-Import Bank of the United States

Summary: S. 1026 would authorize the Export-Import Bank (Eximbank) to finance exports through 2001. CBO estimates that enacting the bill would result in additional discretionary spending of about $80 million in 1998 and $1.2 billion to $1.3 billion over the 1998–2002 period. S. 1026 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA), and would have no impact on the budgets of state, local, or tribal governments.

Estimated cost to the Federal Government: S. 1026 would extend through 2001 the Eximbank's authority to finance exports of goods and services through loans, guarantees, and highly subsidized tied-aid credits. The bank has a permanent, indefinite authorization for appropriations to cover the cost of its loans and guarantees, as defined by the Federal Credit Reform Act of 1990. Because the bill does not authorize specific amounts, funding will depend on subsequent appropriations actions. The following table shows estimated spending assuming funding at the 1997 level adjusted for inflation and assuming that funding is held at the 1997 level through 2001. The estimate assumes that outlays would follow historical spending patterns.

	By fiscal years, in millions of dollars—					
	1997	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for the Eximbank:						
Estimated Authorization Level[1 2]	715	−1	6	12	17	21
Estimated Outlays	463	437	361	296	234	151
ASSUMING FUNDING AT THE 1997 LEVEL ADJUSTED FOR INFLATION						
Proposed Changes:						
Estimated Authorization Level	....	743	757	774	792	−15
Estimated Outlays	....	82	195	291	383	378
Spending Under the Bill for the Eximbank:						
Estimated Authorization Level[1]	715	742	763	786	809	6
Estimated Outlays	463	519	556	587	617	529
ASSUMING FUNDING AT THE 1997 LEVEL						
Proposed Changes:						
Estimated Authorization Level	....	723	716	710	705	−22
Estimated Outlays	....	78	185	271	351	344
Spending Under the Bill for the Eximbank:						
Estimated Authorization Level[1]	715	722	722	722	722	−1
Estimated Outlays	463	516	547	568	586	496

[1] The 1997 level is the amount appropriated for that year.
[2] The estimated authorization for 1998 through 2002 under current law represents the net impact of the permanent, indefinite authorization for administrative expenses and estimated negative subsidy receipts from credit extended prior to 1998

The costs of this legislation would fall within budget function 150 (international affairs).

Pay-as-you-go considerations: None.

Intergovernmental and private-sector impact: S. 1026 contains no intergovernmental or private-sector mandates as defined in UMRA, and would have no impact on the budgets on state, local, or tribal governments.

Previous CBO estimate: On July 11, 1997, CBO prepared an estimate for H.R. 1370, a bill to reauthorize the Export-Import Bank of the United States, as ordered reported by the House Committee on Banking and Financial Services. The CBO estimates of the budgetary impacts of the two bills are the same.

Estimate prepared by: Federal Cost: Joseph C. Whitehill. Impact on State, Local, and Tribal Governments: Pepper Santalucia. Impact on the Private Sector: Lesley Frymier.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

S. 1026

A BILL To reauthorize the Export-Import Bank Act of 1945

Be it enacted by the Senate and the House of Representatives of the United States of America assembled.

Section 1. Short title

This Act may be cited as the "Export-Import Bank Reauthorization Act of 1997."

Section 2. Extension of authority

Section 7 of the Export-Import Bank Act of 1945 (12 U.S.C. 635f) is amended by striking "1997" and inserting "2001".

Section 3. Tied aid credit fund authority

(a) Section 10(c)(2) of the Export-Import Bank Act of 1945 (12 U.S.C. 635i–3(c)(2)) is amended by striking "through" and all that follows through "1997".

(b) Section 10(e) of such Act (12 U.S.C. 635i–3(3)) is amended by striking the first sentence and inserting the following: "There are authorized to be appropriated to the Fund such sums as may be necessary to carry out the purposes of this section.".

Section 4. Extension of authority to provide financing for the export of nonlethal defense articles or services the primary end use of which will be for civilian purposes

Section 1(c) of Public Law 103–428 (12 U.S.C. 635 note; 108 Stat. 4376) is amended by striking "1997" and inserting "2001".

Section 5. Outreach to companies

Section 2(b)(1) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)) is amended by adding at the end the following:

"(I) The Chairman of the Bank shall undertake efforts to enhance the Bank's capacity to provide information about the Bank's programs to small and rural companies which have not previously participated in the Bank's programs. Not later than 1 year after the date of the enactment of this subparagraph, the Chairman of the Bank shall submit to Congress a report on the activities undertaken pursuant to this subparagraph.".

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