

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: January 22, 2015

TO: Honorable Members of the Rules, Elections, and
Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 14-0002-S102
Assignment No: 15-01-0049

SUBJECT: Export-Import Bank Reauthorization

CLA RECOMMENDATION: Approve Resolution (Buscaino-Blumenfield) to include in the City of Los Angeles 2015-2016 Federal Legislative Program support for any proposal to reauthorize the Export-Import Bank of the United States for five years, which would give certainty to U.S. exporters, large and small, while sending a message to the world that the U.S. is open for business.

SUMMARY

Resolution (Buscaino-Blumenfield) reports that the Export-Import Bank of the United States is an independent, self-sustaining agency that supports U.S. jobs and is a lifeline for small business expansion. Resolution indicates that reauthorization of the Export-Import Bank plays an important part in keeping America competitive and in helping to preserve and create more than a quarter million U.S. jobs. Therefore, Resolution recommends that the City include in its 2015-2016 Federal Legislative Program support for reauthorization of the Export-Import Bank of the United States.

BACKGROUND

The Export-Import Bank of the United States (Ex-Im Bank) is the official export credit agency of the United States. Ex-Im Bank's mission is to assist in financing the export of U.S. goods and services to international markets. Ex-Im Bank does not compete with private sector lenders but provides export financing products that fill gaps in trade financing. Ex-Im Bank provides working capital guarantees (pre-export financing); export credit insurance; and loan guarantees and direct loans (buyer financing).

In FY 2014, Ex-Im Bank provided \$20.5 billion in export finance authorizations. Ex-Im Bank uses no taxpayer funds, but does generate revenues that support the U.S. Treasury.

Ex-Im Bank operates under authority provided by Congress, which was scheduled to expire in September 2014. At that time, Congress authorized a nine-month extension of the Ex-Im Bank charter due to a variety of concerns, including charges of corporate welfare and concerns with liability and risk. Some Congressional representatives are currently arguing for elimination of the Ex-Im Bank.

Supporters argue that the Ex-Im Bank supports the creation of jobs, allows small businesses to grow, and generates significant support for the production of goods and services in the United States. Many other nations benefit from the services of export-import banks and it is suggested that elimination of the Ex-Im Bank would place the United States at a significant economic disadvantage.

Small businesses are an essential and significant component of the City's economy. Further, the Port of Los Angeles and Los Angeles International Airport are critical to the Los Angeles and California economy. The Ex-Im Bank provides resources that assist the development of economic activity through the City's economy. Reauthorization of the Ex-Im Bank would extend the availability of those resources to the local and State economy for another five years.



John Wickham
Analyst

Attachment: Resolution (Buscaino-Blumenfield)

14-0002-5102

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the Export-Import Bank of the United States (Ex-Im Bank) is an independent, self-sustaining agency with an 80-year record of supporting U.S. jobs by financing the export of American goods and services; Ex-Im Bank's mission is American jobs; by financing the export of American goods and services, Ex-Im Bank has supported 1.2 million private-sector, American jobs since 2009, supporting 205,000 jobs in 2013 alone; and

WHEREAS, the Ex-Im Bank is a lifeline for small businesses looking to expand; last year nearly 90 percent of total transactions went to a record number of small businesses; and

WHEREAS, the Bank accomplishes this assistance by financing and insuring the sale of U.S. exports when private sector financing is prohibitively expensive or simply not available, thereby opening up international markets to U.S. exporters; and

WHEREAS, the Ex-Im Bank plays an important role in keeping America competitive and in helping to preserve and create more than a quarter million U.S. jobs; and this role has been recognized by a diverse array of interests, including the U.S. Chamber of Commerce, the National Small Business Association, the National Association of Manufacturers, and labor unions such as the AFL-CIO and the Machinist and Aerospace Union; and

WHEREAS, by reauthorizing the Export-Import Bank, Congress can pass a jobs bill that generates a profit for taxpayers and reduces the deficit; and there is pending a proposal to reauthorize the Ex-Im Bank for five years, which would give certainty to U.S. exporters, large and small, while sending a message to the world that the U.S. is open for business; and

WHEREAS, during its 80-year history, Ex-Im Bank has been reauthorized 16 times, all with broad bipartisan majorities;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2015-2016 Federal Legislative Program support for any proposal to reauthorize the Export-Import Bank of the United States for five years, which would give certainty to U.S. exporters, large and small, while sending a message to the world that the U.S. is open for business.


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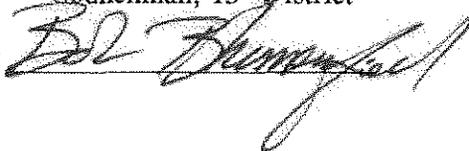
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PRESENTED BY:


JOE BUSCAINO

Councilman, 15th District

SECONDED BY:



ORIGINAL

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