

A Reauthorized U.S. Export-Import Bank is Central to U.S. Commercial Success in Africa

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If the U.S. **Export-Import Bank (Ex-Im)** is not reauthorized, U.S. efforts to deepen commercial ties to Africa will be significantly impeded. Not only would this put U.S. companies at a commercial disadvantage to companies from the European Union, China, Russia, India and elsewhere, it would impact negatively on the contribution that many American companies make to economic development on the continent through job creation, technology transfers and skills development.

Last month's extension of the **African Growth and Opportunity Act (AGOA)** for ten years ushers in a new era of stability and predictability in U.S.-African commercial relations. Without Ex-Im's renewal, however, AGOA's impact will not be fully realized.

According to the Commerce Department, the U.S. exports about \$22.5 billion worth of manufactured goods to Sub-Saharan Africa. This translates into support for about 120,000 jobs in the U.S. According to Ex-Im's annual report, the agency approved more than \$6.3 billion in financing for U.S. exports to Africa over the last five years, including a record of \$2.1 billion of authorizations in FY 2014.

The loan guarantees financed the sale of nearly 300 GE electric-diesel locomotives from its plant in Erie and Grove City, PA., to South Africa, supporting nearly 2,500 jobs in Pennsylvania and other states. The guarantees also supported the sale of Boeing aircraft to Ethiopian Airlines, Kenya Airways and the Angolan national airlines, making Boeing the market leader on the continent and supporting more than 5,400 jobs in the U.S. In fact, in 2013, Ex-Im financed 188 transactions in Africa from small, medium and large U.S. companies to 35 of the 49 countries in Sub-Saharan Africa.

Critics charge that Exim is a "corporate welfare slush fund," or a "bridge to nowhere," in the words of Representative Jim Jordan (R-OH). Such criticisms are hard to sustain, however, given that Ex-Im generated a surplus of \$674.7 million for U.S. taxpayers in 2014 and, since 1992, a surplus of \$7 billion for the U.S. Treasury. In short, for every dollar that Ex-Im invests in a transaction, taxpayers receive \$1.71 in return.

The reality is that Ex-Im supports U.S. exports to markets that few other U.S. financial institutions will finance. The agency is extremely important to U.S. competitiveness globally, and, especially, in the emerging markets.

Hopefully, there is a light at the end of the tunnel. Press reports indicate that there are now enough votes in the Senate to reauthorize Ex-Im. Majority Leader, Senator Mitch McConnell, said that he will permit the vote to take place. The expectation is that supporters in the Senate will try to attach Ex-Im reauthorization to the “must-pass” bill replenishing the Highway Trust fund.

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National Law Review, Volume V, Number 191

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