

Does the US EXIM Bank really promote US exports?

Natasha Agarwal, Zheng Wang

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Abstract

This paper investigates the impact of US Export-Import Bank (EXIM) on US exports particularly in the wake of international competition from foreign national export credit agencies (ECAs). We employ a gravity framework on a country-industry-year-level panel data set that matches EXIM authorisations with US bilateral exports. Our results depict the general ineffectiveness of the Bank in promoting exports within and across industries. Some heterogeneities behind the general finding are also uncovered: industries other than aerospace parts and products are more likely to benefit from EXIM authorisations, and EXIM authorisations to larger businesses seem to be more effective in encouraging exports. Furthermore, we find no evidence that EXIM encourages US exports by offsetting foreign ECA competition. These results are neither affected by competing countries' membership to the OECD Arrangement nor by the size of American firms that received EXIM support. Our results cast doubt on the ubiquitously positive claims made by the Bank and its supporters, yet also provide policy lessons for countries that are either in the inception stages of establishing their own ECAs or are now placing greater importance on ECA financing in encouraging exports.

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