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THE OUTLOOK

Bank Fight Points to Bigger Battle Over Trade

As Republicans and Democrats Spar Over Agency's Fate, Businesses Cite Key Role of Ex-Im Funding

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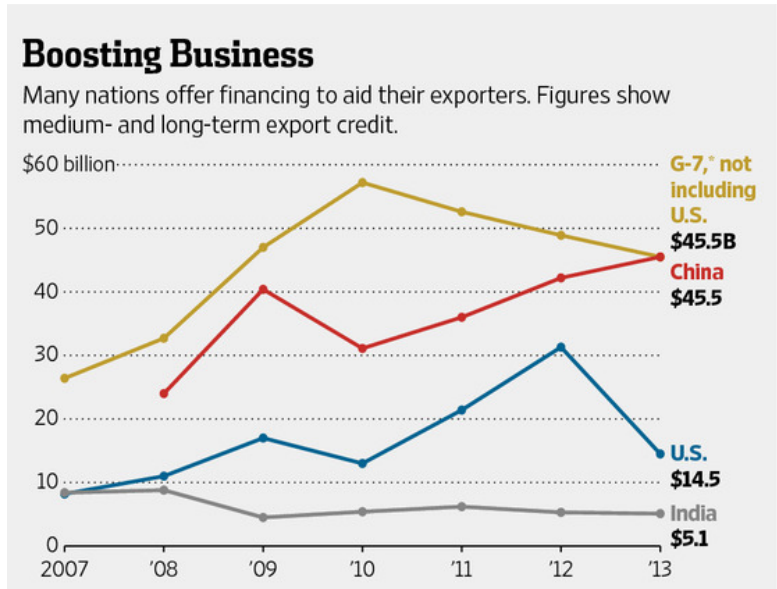
The political brawl over the future of the Export-Import Bank, set to come to a head next month, represents two battles over economic policy—one global and the other domestic.

The Obama administration says the 80-year-old agency helps U.S. companies compete in a cutthroat trade race against other major economies as they step up export financing.

Republican opponents of the bank see it as a prime example of federal government overreach and are pushing to let its charter expire in a bid to draw private-sector capital to the arena.

The battle is clouded by uncertainty over what the business world would look like without some form of government-backed trade finance. "Logically, with more-open trade, and with more reliance on private finance, there should be a diminishing role for export-credit agencies," said Eswar Prasad, a trade-policy professor at Cornell. But with some countries' reliance on exports to drive growth, "the importance of such agencies has if anything increased," he added.

Veronique de Rugy, a senior research fellow and Ex-Im critic at the Mercatus Center at George Mason University, said getting rid of the bank might affect the price of credit in some deals, but that would be a small price for a fairer marketplace. The fact that companies "enjoy being able to borrow money at a much cheaper prices doesn't mean that they cannot do it otherwise," she said.



*Group of 7 nations are Canada, France, Germany, Italy, Japan, U.K. and U.S.
Note: Noninflation-adjusted U.S. dollars Source: U.S. Export-Import Bank The Wall Street Journal

The agency's mission is simple—to support U.S. exports—but how it advances that is increasingly complicated and combative. The agency helps large and small businesses sell products overseas through a combination of guarantees, credit insurance and loans, occasionally with direct White House involvement. But it also wades into thorny domestic issues, such as controversial new limits on greenhouse-gas emissions for fossil-fuel projects it helps finance overseas.

One result: The agency is positioned squarely in the middle of some of the world's largest trade fights between nations eager to gain an advantage for their exporters. This includes battles with Europe over aircraft sales and fights over who wins huge Asian infrastructure jobs.

Ex-Im's trade support is packaged in numerous ways, in part to compete with export subsidies offered in 60 other countries. In the past two years, Ex-Im's biggest beneficiary, [Boeing Co.](#) ([BA -0.46%](#))