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## **Report: Export-Import Bank Imposed Costs of \$40 Billion on Manufacturing Industries**

By Ali Meyer

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(CNSNews.com) – Between 2007 and 2013 the Export-Import Bank of the United States imposed costs of \$40,420,380,762 on manufacturing industries, according to a report from the libertarian Cato Institute.

“The victims of Ex-Im are scattered across industries and across U.S. states. But every broadly defined industry and every state can count victims among its manufacturing firms,” explains the report entitled, *The Export-Import Bank and Its Victims*.

“It is evident from this analysis that although Ex-Im’s subsidies may benefit certain industries and states in the short-run, they adversely affect other industries and states.”

The Export-Import Bank, a federal government agency which critics view as a provider of corporate welfare that interferes with the free market, requires congressional reauthorization if it is to continue operation beyond September 30. President Obama supports renewal of its charter for another three years.

The Cato report analyzed 21 manufacturing industries, including those producing electrical equipment, machinery, computers and electronics, transportation equipment and chemicals. It says the Export-Import Bank provided such industries with \$50,470,218,209 in subsidies between 2007 and 2013, with some receiving larger amounts than others.

Over the same period, the bank imposed \$40,420,380,762 in costs on these industries, leaving 16 of the 21 with a net negative cost.

“Sixteen of the 21 broad manufacturing industries experienced costs in excess of benefits over the seven-year period with ‘Electrical equipment, appliance and components’ manufacturers incurring the biggest loss at \$1.5 billion,” the report said.

“Of the five broad industries that experienced positive net benefits, machinery producers fared best. However, within the machinery industry – as well as within the other ‘winning’ industries – most of the sub-industries experienced losses.”

“These figures would all seem to confirm that Ex-Im helps some companies in some industries, but at great cost to industries across the manufacturing spectrum, which is to say Ex-Im amounts to an exercise in ‘picking winners and losers,’” it stated.

The report said the bank’s operations “essentially rob Peter to pay Paul.”

For every dollar in subsidies given to the “winners,” 80 cents was imposed as a downstream cost on the “victims.” – \$50 billion in benefits versus \$40 billion in adjusted costs – “which renders Ex-Im a very inefficient form of industrial policy.”

“If the arguments against reauthorization were not already persuasive enough, the costs imposed on unwitting downstream U.S. industries by Export-Import Bank subsidies is perhaps the most compelling reason to shut down the Bank,” it said.