

Republicans' Ex-Im Shutdown: Stories from Business Owners in the Midwest

By shutting down the Export-Import Bank and unilaterally disarming businesses here at home, House Republicans are putting American business at a disadvantage to global competitors and threatening U.S. job growth. Take a look at what Republicans' shutdown of the Bank means for U.S. companies in the Midwest and their ability to create jobs here at home and compete in the global marketplace:

Illinois

“Digital Check is a family-owned Illinois company that employs 140 people... They have grown their export business to the UK, Guatemala, Canada, Hungary, India and other countries that allow for the use of check imaging, and as the use of the technology grows, every bank in the world is a potential customer. **Exports are a growing part of the business, reaching 25% recently, but when EXIM Bank's authority lapsed, the company lost the ability to add new buyers under their existing insurance policy. Without insurance, Digital Check can't do new deals, the company can't grow in new markets like India and Brazil where they have been cultivating business for years, and American jobs are at risk. CEO Tom Anderson recently told the Chicago Tribune that he ‘anticipates losing \$300,000 in revenue in the Indian market and \$250,000 in the British market, because it cannot access new lines of credit from Ex-Im.’** He continued: ‘Our concern is our ability to stay competitive in the global markets and avoid any impact on our exports and even our workforce and employees,’ Anderson said.”

“McDonnell and Company International manufactures risers, portable stages and event seating that you can find in concert halls, arenas, and houses of worship around the world. **The company has utilized EXIM Bank for 30 years, but their policy expire[d] on September 1, 2015.** The expiration—due to EXIM Bank's lapse— [came] just as business [was] growing in China and Southeast Asia. In fact, exports accounted for 30% of the company's sales last year and the company planned to use their EXIM policy more aggressively in the coming year. **Without an EXIM policy, McDonnell and Company may have to walk away from or lose deals because buyers want credit terms, and McDonnell simply can't take the risk without insurance.** Meanwhile, his European competitors have access to their own countries' export credit agencies, putting McDonnell at a competitive disadvantage.”

“In the heart of Chicago, Mary Howe runs the ice machine company her great-grandfather started in 1912, working with a team of about 32 employees. More than a century after its founding, the Howe Corporation's state-of-the-art refrigeration equipment can be found keeping food fresh, making snow for ski resorts, and serving countless other functions in markets around the globe. A few years ago, Mary's international customers began asking if they could have more time to pay—but as a small manufacturer, Howe didn't have the cash on-hand to be able to afford a long wait. An insurance policy from EXIM proved to be the most cost-efficient way to solve the problem. **With Howe's export sales protected by EXIM against payment delays, her bank then also became comfortable increasing Howe's working capital cash flow. This enabled the company to fulfill sales orders and keep the factory running during tough times—and it helped Mary support the 40% of her employees whose jobs depend on export sales. Mary's annual policy has been renewed six times, and the company has recently added two additional employees due to EXIM's support. This growth could be stopped in its tracks if EXIM's lapse continues.**”

Indiana

“Bond Technologies is a new and growing manufacturer of machinery for friction stir welding, a unique and new technology for manufacturers and R&D facilities. The company recently purchased an EXIM Bank Express Insurance policy in June 2015 in order to insure its made-in-Indiana exports. Those policies require EXIM Bank staff to approve each new overseas customer, which they can no longer do because of the Bank's lapse. **Bond Technologies was about to close a sale of its machinery to a customer in Brazil, but is now without its EXIM insurance. The company is now scrambling to save that deal—and the jobs it would have supported—but it could be lost to the company's European competitors.**”

Iowa

“As a U.S. small business that provides educational and career guidance internationally, Kuder stands at a unique juncture that allows them to empower talented people around the world to succeed. In fact, 91 percent of Kuder system users – including those in Abu Dhabi, Dubai, East Africa, Morocco, Rwanda and Qatar – say that Kuder ‘gives them hope for the future.’ **Kuder’s global achievements have earned the company a spot in the limelight and a number of notable awards and honors, including the President’s ‘E’ Award for Excellence in Exporting from the U.S. Department of Commerce and the title Iowa Small Business Exporter of the Year from the U.S. Small Business Administration.** Yet, with the lapse in the Export-Import Bank’s (EXIM) authorization, Kuder’s success – and the success of the students and adults who use its systems – is now in jeopardy. Kuder’s President and CEO Phillip R. Harrington said, **‘I believe Kuder’s international expansion and operation would not be possible without EXIM Bank ... Kuder needs the support of EXIM Bank.’ With EXIM’s charter expiration, CEO Harrington feels that small businesses like Kuder ‘are now at risk of losing out to overseas competitors.’”**

“Freund-Vector is a small/medium-size enterprise exporter located in Marion, Iowa. Founded in 1972, the company has grown to be a leading manufacturer of custom powder, tablet, pellet and bead processing equipment for the pharmaceutical, food, confectionery, pyrotechnics industries and more. Over the years, Freund-Vector customers have utilized EXIM Bank financing to buy American, instead of buying from elsewhere. And like many advanced manufacturers, Freund-Vector competes head-to-head for many of its overseas sales with a competitor in Western Europe. **At the time of EXIM’s lapse, Freund Vector was moving toward another major sale to a Middle Eastern customer with EXIM financing. Without financing, Freund-Vector will have to either aggressively discount the sale or could even lose it altogether. At the very least, the customer relationship will be disrupted and the company will be at a competitive disadvantage as its European competitor still has access to the German export credit agency. A lost sale not only risks jobs at Freund-Vector, but also at the dozens of vendors in the company’s supply chain, most of which are located in Cedar Rapids or other parts of eastern Iowa.”**

Ohio

“Grand Rock is a manufacturer and distributor of exhaust systems for heavy duty diesel trucks and buses with its plant located in Painesville, Ohio... Last year, the company had grown its export sales to nearly \$2 million working closely with the Commerce Department to identify overseas opportunities and with EXIM to compete in tough overseas markets. EXIM Bank primarily insures orders to Central and South America and has allowed the company to grow sales to those customers. Since 2008, Grand Rock has added 12 new full-time employees and 10 new part-time positions in Ohio, and even more jobs in Grand Rock’s supply chain. **At the time of EXIM’s lapse, Grand Rock had successfully lined up \$2 million in additional sales to customers in Nigeria and Uganda that are now frozen—and they’re at risk of being lost to competitors in China, Korea, India and elsewhere, all of which come to the table with export credit insurance from their own countries’ version of the EXIM Bank. These deals will double Grand Rock’s export sales, boost the number of American jobs those sales support and expand Grand Rock’s market share in the growing markets of sub-Saharan Africa.** Grand Rock’s Chairman and Owner Jerry Arth says this: ‘There is still a demand and respect for American-made products in emerging economies. Most small companies do not have the internal resources to search for potential customers around the world, nor do they have the expertise with which to work within those countries. They need effective agencies like the U.S. Commercial Service and the EXIM Bank.’”

Wisconsin

“In addition to recent contracts already signed and approved by the Export Import Bank of the United States in China, Oshkosh now has new opportunities in China which could result in additional sales to Oshkosh of several million dollars, which if not supported by an ExIm Bank Guarantee, will not become contracts. We are currently unable to discuss any of the tender requirements on these opportunities with EXIM Bank and, therefore, run the risk of not meeting all the bid requirements, as well. The company also has opportunities in Indonesia and Vietnam, which we have been working on for the past few years, and these opportunities have been quoted using EXIM Bank-supported financing. **Oshkosh’s competitors have already offered, and will continue to counter our offers, with European ECA-supported financing, which will ultimately prevail if EXIM Bank is not reauthorized.”**

[All information comes from the Export-Import Bank]