EXIM's Exit:
The Real Effects of Trade Financing by Export Credit Agencies

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ABFER

ECAs (Export Credit Agencies) aim to increase **exports** by supplying trade financing

The <u>most common tool</u> of **industrial policy** (Juhasz, Lane, Oehlsen and Perez 2022)

- Ubiquitous in both emerging and advanced economies

ECAs (Export Credit Agencies) aim to increase **exports** by supplying trade financing
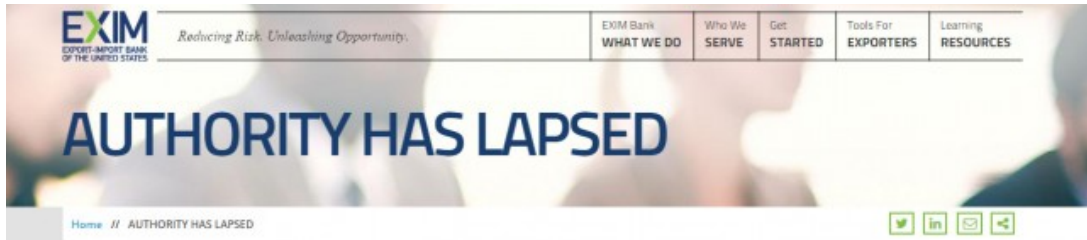
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- Ubiquitous in both emerging and advanced economies

Question: What is their impact?

2015–2019 Shutdown of the Export-Import Bank of the United States (EXIM)

EXIM bank's website, July 2, 2015

This Paper

1. **Does EXIM matter on the margin?**

This Paper

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   - **Firm level**: No, firms are unconstrained → EXIM is a windfall

   - **Industry level**: No, EXIM reallocates export across US firms → does not create trade

This Paper

1. **Does EXIM matter on the margin? Yes**

   - **Firm level**: $\Downarrow$ exports, sales, K, L

   - **Industry level**: $1 financing $\Rightarrow$ $4 exports

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3. **What framework rationalizes these results?**

   - Distortionary wedges in market for trade financing $\rightarrow$ intervention will $\Uparrow$ output and $\Downarrow$ misallocation

Contribution to the Literature

1. **Export Credit Agencies**

   Germany (Felbermayr Yalcin, 2013; Heiland Yalcin, 2021); Austria (Badinger Url, 2013); Pakistan (Zia, 2008; Defever Riano Varela, 2020); Korea (Hur Yoon, 2022); US (Desai Hines, 2008; Benmelech Monteiro, 2023)

   Causal estimates of the impact of ECAs on firms and exports, and impact on misallocation

2. **Finance and Trade**

   Bank credit and export volumes: Amiti Weinstein, 2011; Chor Manova, 2012; Manova, 2013; Paravisini Rappoport Schnabl Wolfenzon, 2014; Demir Michalski Ors, 2017; Hombert Matray, 2018; Xu, 2022; Beaumont Lenoir, 2023; Bruno Shin, 2023; Monteiro Moreira, 2023

   Bank networks and export patterns: Michalski Ors, 2012; Niepmann Schmidt-Eisenlohr, 2017; Paravisini Rappoport Schnabl, 2023; Xu Yang, 2024

   Demonstrates specificity of trade financing $\neq$ omnibus firm credit shock

3. **Design and Effects of industrial policies**

   Harrison Rodriguez-Clare, 2010; Juhasz, 2018; Criscuolo Martin Overman Van Reenen, 2019; Itskhoki Moll, 2019; Choi Levchenko, 2021; Garin Rothbaum, 2022; Lane, 2023; Juhasz Lane Oehlsen Perez, 2022; Juhasz Steinwender, 2023; Juhasz Lane Rodrik, 2023; Ottonello Perez Witheridge 2024

   Provides framework for discussing ECAs as a tool of industrial policy

Outline

EXIM Institutional Setting

1. EXIM Increases Real Activity
   Aggregate product level results
   Firm level results

2. EXIM Reduces Capital Misallocation

3. Framework for EXIM Intervention

The Export-Import Bank of the United States (EXIM)

Mandate:

"To support jobs in the United States by facilitating the export of U.S. goods and services [...] when private sector lenders are unable or unwilling to provide financing."

- Each transaction must be justified to satisfy this mission
- And must provide evidence of attempt to attain private sector financing

Operational constraints:

- Institution must remain self-financing (WTO)

- Each EXIM transaction must be "subsidy neutral" or generate "negative subsidy" (Federal Credit Reform Act)
  - Fees & interest collected to offset defaults, cost of borrowing from US Treasury, and operational expenses
  - Since 1992, EXIM returned net profit of $9 billion to the U.S. Treasury

EXIM Shutdown

- **2015**: Full shutdown of EXIM for five months
    - Driven by Tea Party (Paul Ryan) criticizing the bank for "providing corporate welfare"

- **2015 – 2019**: Limited capacity for four years
    - No board quorum (full board = five people)
    - Republicans blocked the nomination of three vacant seats
    - ⇒ EXIM cannot approve long-term transactions larger than $10M

Effect of Shutdown on Operations
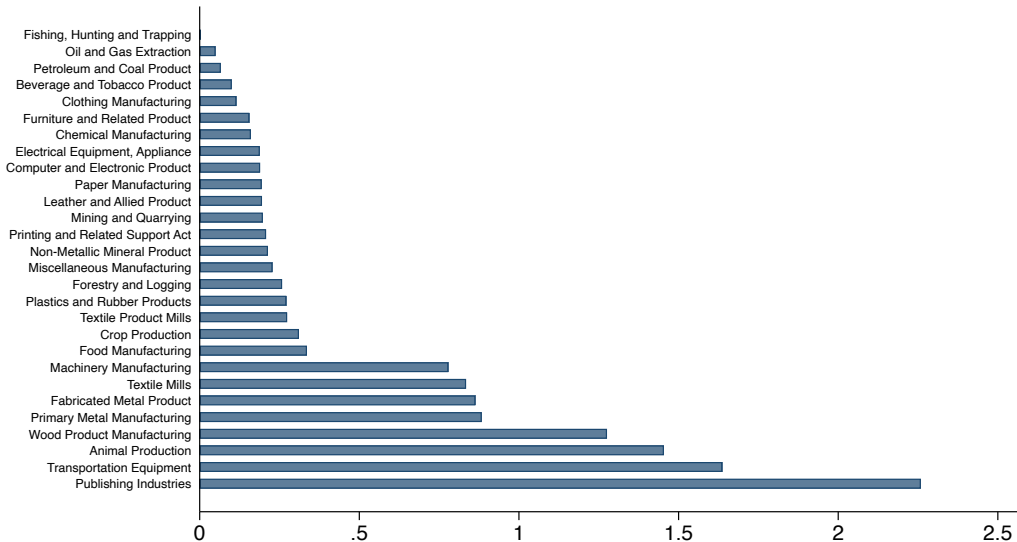
– Total value of new financial support ($B): **-84%**
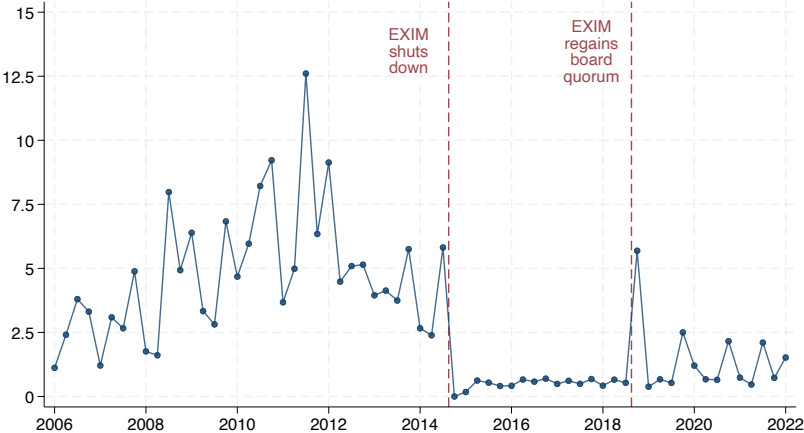
[Average]

Distribution of EXIM Financing (% of Exports)

Aggregate financing: $\approx 0.8\%$ of total exports

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Data

- **EXIM dependence:** EXIM loan registry
    - Loan level data: 2007–2022 (FOIA)
    - Matched on export product and firm name

- **Aggregate trade flows:** BACI
    - Bilateral: country $\times$ product $\times$ year (2010–2019)
    - Exporters: focus on USA + developed countries

- **Firm outcomes:** Compustat
    - Panel: 2010–2019
    - Segment: includes foreign sales

- **Firm exports:** Datamyne
    - Universe of maritime exports at the firm $\times$ product $\times$ destination level

Export growth at time t relative to 2014:

$$\Delta_{2014}^{t}[X_{o,p,d,t}] = \beta \, \text{EXIM}_{o,p} \times Post_{t \geq 2015} + \gamma_{p,d,t} + \delta_{o,t} + \varepsilon_{o,p,d,t}$$

– $X_{o,p,d,t}$: Origin $\times$ Products (HS-6) $\times$ Destinations

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- Origin$\times$Product$\times$Destination : Remove level differences

Estimating Effect of Exposure to EXIM

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- Product$\times$Destination$\times$Year : Export market specific shocks

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- Product$\times$Destination$\times$Year : Export market specific shocks
- Origin$\times$Year : Origin market specific shocks

Parallel trends: outcomes between treated ($EXIM_{o,p}$ = 1) and control ($EXIM_{o,p}$ = 0) groups would have evolved similarly absent the reform, after controls

Does not require...

- Random selection of treated vs control

- Random timing of shutdown

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Threats to identification: other unobserved reform/event coinciding with EXIM support

- Demand shock (e.g., $tariffs_{p,d,t}$) correlated with treatment $\rightarrow$ absorbed by $\gamma_{p,d,t}$

- US$\times$products ($EXIM_{o,p}$ = 1) shocks that happens exactly in 2015 $\rightarrow$ firm level evidence shows unlikely

Aggregate Exports from US Drops

$$\Delta_{2014}^{t}[X_{o,p,d,t}] = \beta_t \, \text{EXIM}_{o,p} + \delta_{o,t} + \varepsilon_{o,p,d,t}$$

Legend: ○ Origin x Year
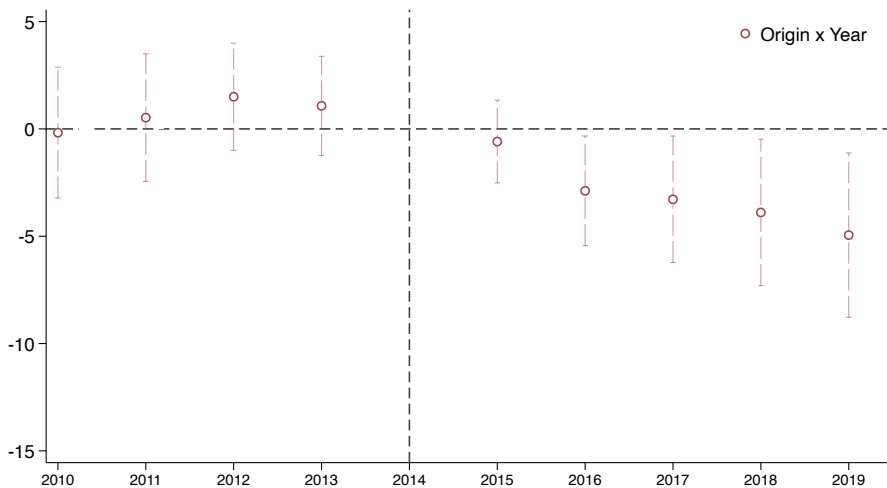
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□ + Product x Year
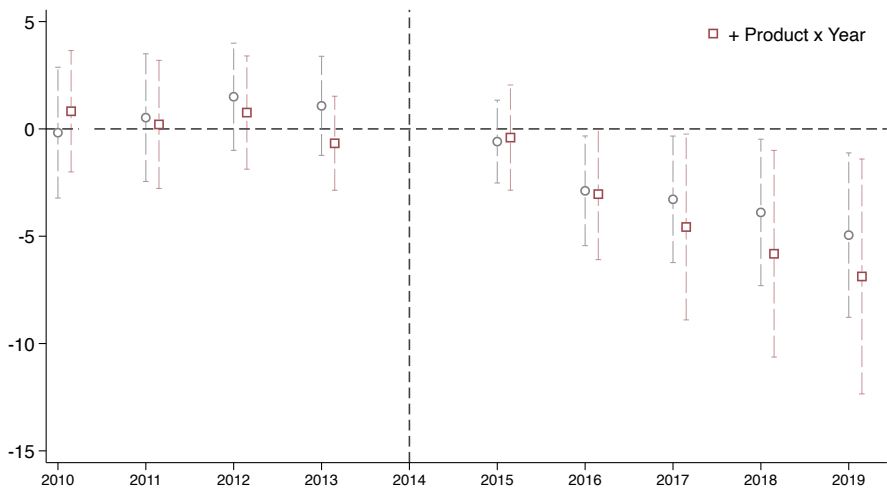
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◇ + Product x Destination x Year
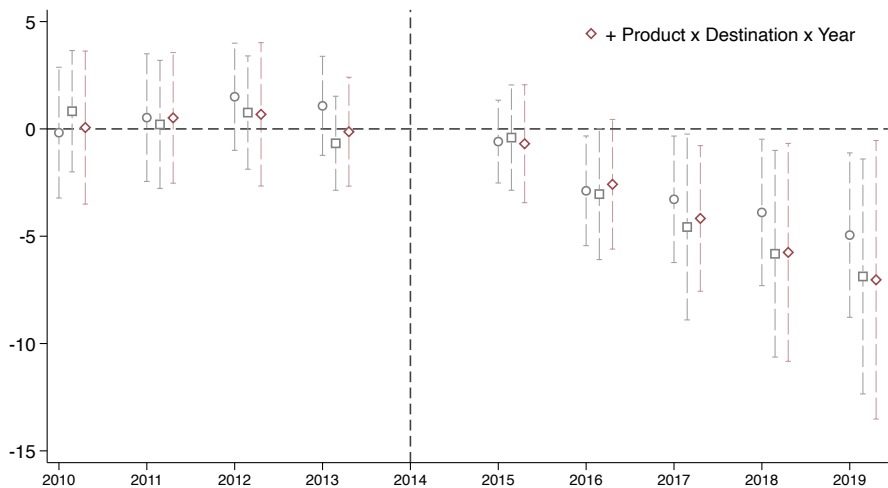
Aggregate Exports from US Drops

Baseline effect $\approx$ control for $\gamma_{p,d,t} \Rightarrow$ EXIM exposure $\perp$ demand shocks
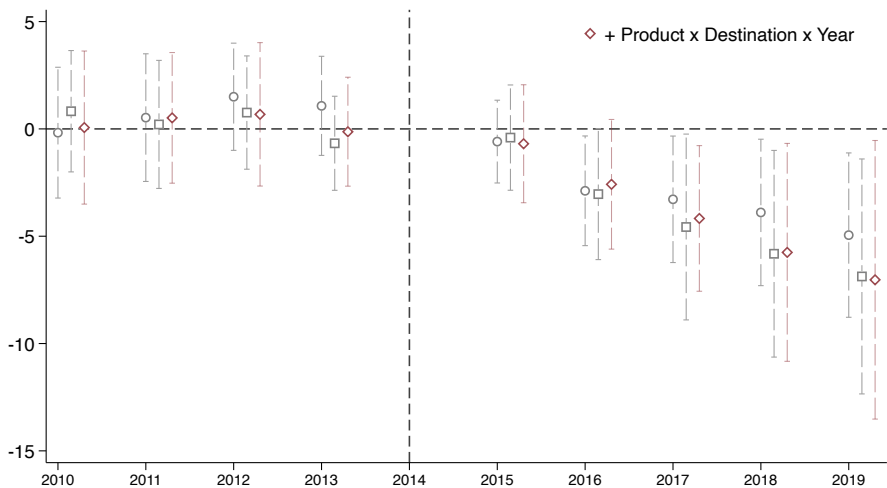
Average effect: Elasticity ≈ **-4**

Elasticity of response: $\beta_{post} \approx$ **(-3, -4)**

- – $1 less of EXIM lowers exports by $3–$4 to the average destination relative to exports in 2014

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Estimates of the trade elasticity $\theta \approx$ (-2, -8)

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  – $1 less of EXIM lowers exports by $3–$4 to the average destination relative to exports in 2014

Estimates of the trade elasticity $\theta \approx$ (-2, -8)

  – EXIM is a tool where 1% financing $\rightarrow$ 3-4% impact on exports $\implies$ 1% financing $\rightarrow$ prices 0.5-2%

– Aggregate customs level

Taking Stock: EXIM Support is Not Inframarginal

- Aggregate customs level
    - EXIM creates trade for the US

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  – Elasticity comparable to a tariff shock

Taking Stock: EXIM Support is Not Inframarginal

- – Aggregate customs level
    - – EXIM creates trade for the US
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- – **But**
    - – Firms might absorb the export loss with higher domestic activities

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Firm i, in industry j, at time t:

$$Y_{i,j,t} = \beta_t \, \text{EXIM}_i \times \text{Post}_{\geq 2015} + \alpha_i + \gamma_{j,t} + \text{Destinations}_{i,t_0} \times \delta_t + X_{i,t} + \varepsilon_{i,j,t}$$

– EXIM_i : Firm received EXIM support over 2010–2014

– $\text{Post}_{\geq 2015}$: Year ≥ 2015; no staggered treatment

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    Top 10 destinations from 10-K (Hoberg-Moon, 2017)

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                                       Top 10 destinations from 10-K (Hoberg-Moon, 2017)

- Firm ex-ante characteristics$\times$year   : Additional firm controls

Impact on Firms' Global Sales: Raw Data
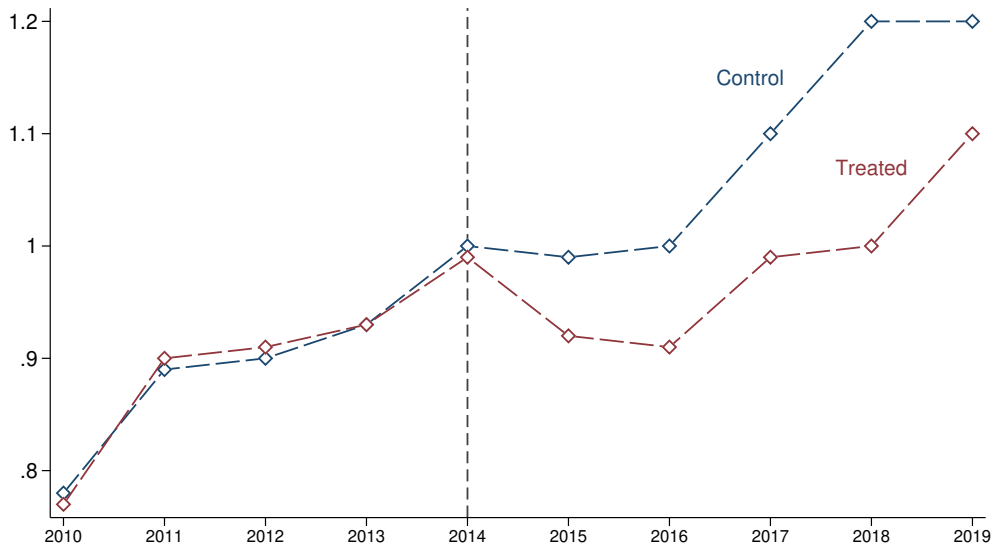
Impact on Firms' Global Sales: DiD Estimation

- $Y_{i,j,t} = \beta_t \, \text{EXIM}_i \times Post_{\geq 2015} + \alpha_i + \delta_t + \gamma_{j,t} + Destinations_{i,t_0} \times \delta_t + \varepsilon_{i,j,t}$

Impact on Firms' Global Sales: DiD Estimation

– No differential pre-trend

Impact on Firms' Global Sales: DiD Estimation

– Sharp drop
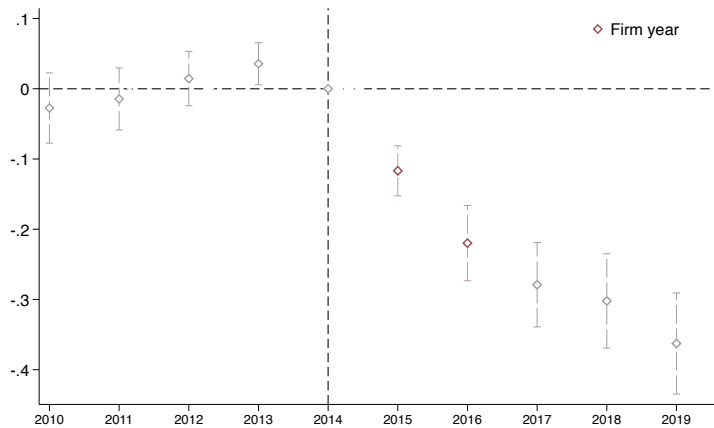
Impact on Firms' Global Sales: DiD Estimation

– No recovery

Impact on Firms' Global Sales: DiD Estimation

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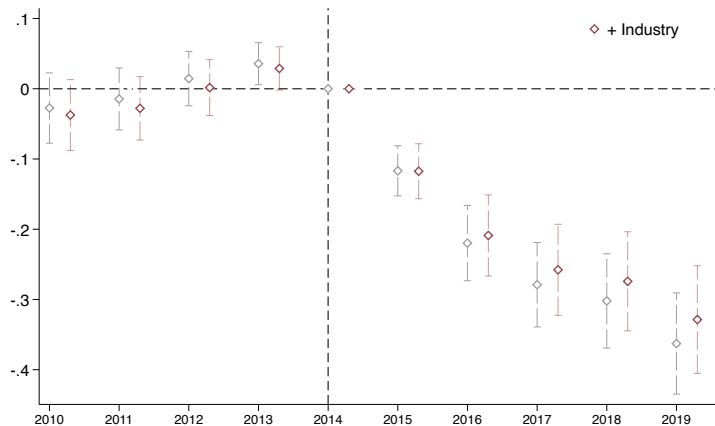
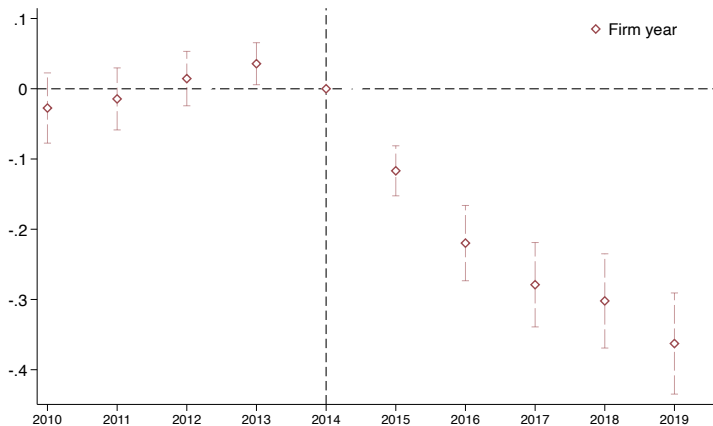## Impact on Firms' Global Sales: DiD Estimation

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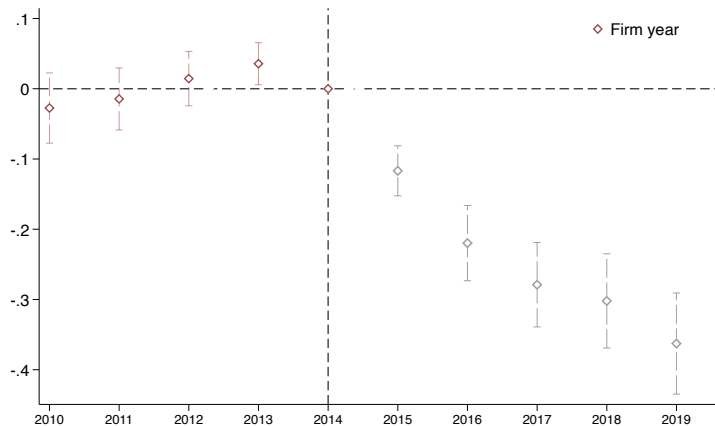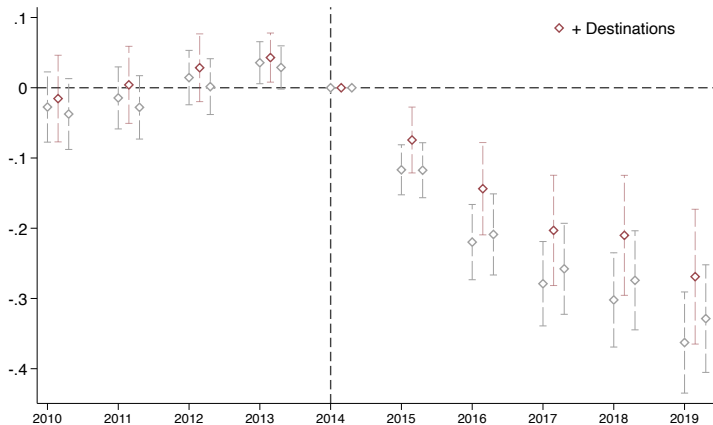## Impact on Firms' Global Sales: DiD Estimation

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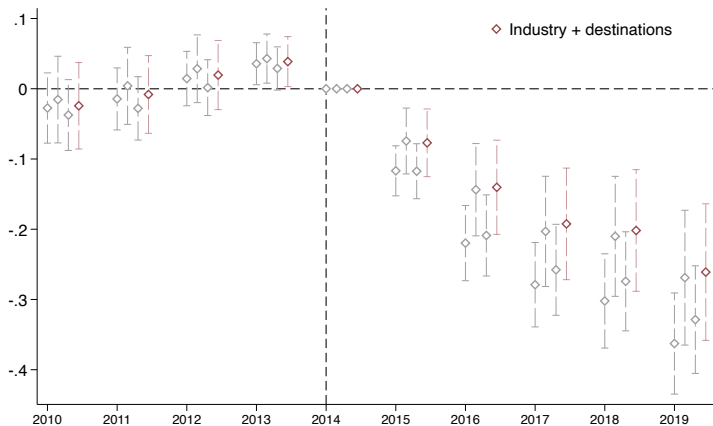
Impact on Firms' Global Sales: DiD Estimation

– Average effect: -18%
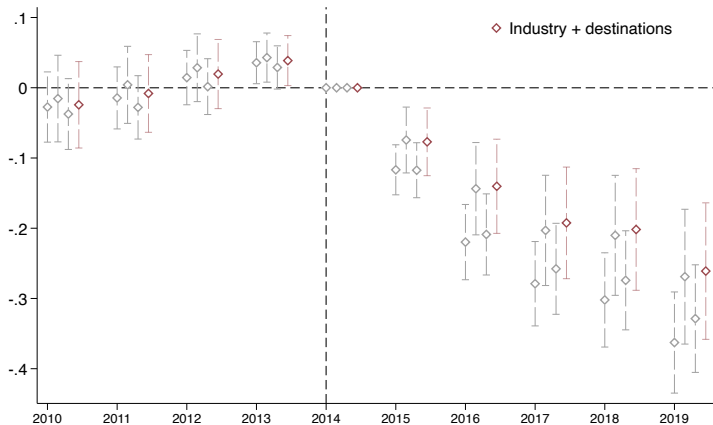
– Decrease in capital, tangible and intangible (Peters and Taylor 2017)

	Tangible capital	Intangible capital	Employment	ROA
	(1)	(2)	(3)	(4)
Treated×Post	-0.16***	-0.18***	-0.093***	0.0062
	(0.040)	(0.044)	(0.034)	(0.0074)
Fixed Effects				
Firm	✓	✓	✓	✓
Industry×Year	✓	✓	✓	✓
Destinations×Year	✓	✓	✓	✓
Observations	27,972	28,245	28,386	28,386

– Decrease in employment

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	(1)	(2)	(3)	(4)
Treated×Post	-0.16***	-0.18***	-0.093***	0.0062
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– **No** change in ROA → EXIM support **not** infra-marginal & just boosting firms' profits

(Event study)

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Additional Results and Robustness

Additional results

- Similar results for exports using Datamyne, Compustat Segment, Hoberg-Moon (2017) 10-Ks   (Result)

Robustness

- Quarterly sales: decline starts <u>exactly</u> after shutdown in June   (Result)

- Selection on EXIM treatment: within-EXIM exposure variation   (Result)

- Additional firm controls: lobbying, state, fiscal month, size, profitability, leverage   (Result)

- Removing the 10 largest beneficiaries   (Result)

- Different level of industry (Result) and HS products (Result)

- Different winsorizing   (Result)

Outline

The effect of EXIM shutdown is negative *on average*.

EXIM Shutdown and Allocative Efficiency

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The average results are *not enough* to claim that the EXIM shutdown is detrimental to the US economy.

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"good" firms expand, and "bad" firms shrink substantially

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The average results are *not enough* to claim that the EXIM shutdown is detrimental to the US economy.

The "allocative efficiency" could improve because of the EXIM shutdown, if

"good" firms expand, and "bad" firms shrink substantially

Changes in "allocative efficiency" can be signed by studying the interaction of EXIM shutdown with MRPK (Baqaee-Farhi 2020)

Removing EXIM Increases Misallocation Within Listed Firms

– Estimate change in capital misallocation (Bau-Matray, 2022)

– With Cobb-Douglas, MRPK = $\frac{\partial Revenue_{it}}{\partial K_{it}} = \alpha_j^k \frac{Revenue_{it}}{K_{it}} \rightarrow$ within industries α_j^k is the same $\Rightarrow$ APK = MRPK

– High MRPK = above industry median [2010–2014]

Removing EXIM Increases Misallocation Within Listed Firms

- Estimate change in capital misallocation (Bau-Matray, 2022)

- High MRPK = above industry median [2010–2014]

- Capital shrinks more for high MRPK firms ⇒ misallocation increases

Dependent variable	Capital		
Sample	Low	High	All
	(1)	(2)	(3)
EXIM×Post	-0.044	-0.25***	
	(0.055)	(0.061)	
Treated×Post×MRPK			-0.21***
			(0.087)
Fixed Effects (interacted)			
Firm	✓	✓	✓
Industry×Year	✓	✓	✓
Destinations×Year	✓	✓	✓
Treated×Year	—	—	✓
Observations	13,782	13,691	27,473

Outline

Framework for EXIM Intervention

In the presence of distortionary wedges (e.g., Hsieh-Klenow, 2009; Baqaee-Farhi 2020)

$$\pi_{i,m} = p_{i,m} \times f_{i,m}(K_{i,m}) \; - \; r_{i,m}^{adj} \times (1 + \tau_{i,m} - EXIM_{i,m}) \times K_{i,m}$$

– FOC wrt $K_{i,m}$

$$\underbrace{MRPK_{i,m}}_{\text{Marginal revenue product of capital}} = r_{i,m}^{adj} \times (1 + \underbrace{\tau_{i,m}}_{\text{distortionary wedges}} - EXIM_{i,m})$$

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– FOC wrt $K_{i,m}$

$$\underbrace{MRPK_{i,m}}_{\text{Marginal revenue product of capital}} = r_{i,m}^{adj} \times (1 + \underbrace{\tau_{i,m}}_{\text{distortionary wedges}} - EXIM_{i,m})$$

1. What are these wedges?

2. How is EXIM able to reduce them?

Model

$$MRPK_{i,m} \;=\; r_{i,m}^{adj} \;\times\; (1 \,+\, \tau_{i,m})$$

as:

$$MRPK_{i,m} \;=\; r_{i,m}^{adj} \;\times\; (1 \,+\, \lambda_i \,+\, \tau_m)$$

1. λ_i : Firm collateral constraint
   – Theoretically: Incomplete contracts / info asymmetry

2. τ_m : Trade financing constraint

   – Theoretically: Imperfect competition or balance sheet limits + fixed costs

   – Empirically: Specialized (Paravisini Rappoport Schnabl 2023) and Concentrated (Niepmann Schmidt-Eisenlohr 2017)

$$MRPK_{i,m} = r_{i,m}^{adj} \times (1 + \lambda_i + \tau_m - EXIM_{i,m})$$

1. Empirical evidence on correlation with λ_i and τ_m?

2. Can EXIM be self-financing?

$$MRPK_{i,m} = r_{i,m}^{adj} \times (1 + \lambda_i + \tau_m - EXIM_{i,m})$$

1. **Empirical evidence on correlation with λ_i and τ_m?**

2. Can EXIM be self-financing?

Firm Financing Friction Heterogeneity

– Proxies for financing frictions:
  – High leverage (e.g., Giroud and Mueller, 2016; Giroud and Mueller, 2019)

Dependent variable	Global sales			
Financing frictions proxy:		Leverage	Dividends	Hoberg and Maskimovic (2015)
	(1)	(2)	(3)	(4)
EXIM×Post	-0.18***			
	(0.037)			
EXIM×Post×Constrained		-0.16**	-0.21**	-0.25***
		(0.077)	(0.087)	(0.081)
Fixed Effects (interacted)				
Firm	✓	✓	✓	✓
Destinations×Year	✓	✓	✓	✓
Industry×Year	✓	✓	✓	✓
Treated×Year	—	✓	✓	✓
Observations	26,732	25,592	25,297	25,438

Firm Financing Friction Heterogeneity

– Proxies for financing frictions:
  – Low dividends (e.g., Fazzari, Hubbard, and Petersen, 1988)

Dependent variable	Global sales			
Financing frictions proxy:		Leverage	Dividends	Hoberg and Maskimovic (2015)
	(1)	(2)	(3)	(4)
EXIM×Post	-0.18***			
	(0.037)			
EXIM×Post×Constrained		-0.16**	-0.21**	-0.25***
		(0.077)	(0.087)	(0.081)
Fixed Effects (interacted)				
Firm	✓	✓	✓	✓
Destinations×Year	✓	✓	✓	✓
Industry×Year	✓	✓	✓	✓
Treated×Year	—	✓	✓	✓
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Firm Financing Friction Heterogeneity

– Proxies for financing frictions:
   – High mention of financing frictions in 10K (Hoberg and Maksimovic, 2015)

Dependent variable	Global sales			
Financing frictions proxy:		Leverage	Dividends	Hoberg and Maskimovic (2015)
	(1)	(2)	(3)	(4)
EXIM×Post	-0.18***			
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Treated×Year	—	✓	✓	✓
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Destination Country (τ_m) Heterogeneity in EXIM Financing

EXIM financing strongly correlated with the riskiness of a destination country

Beta = 2.208, t = 3.00

Hassan et al (2023) annual measures of country risk perceived by any firm

Destination Country (τ_m) Heterogeneity in EXIM Financing

EXIM Exposure

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Risk (by all)	2.265***	2.208***						
	(0.743)	(0.739)						
Risk (by financial)			1.702**	2.027***				
			(0.642)	(0.607)				
Risk (by foreign)					1.570*	1.433*		
					(0.888)	(0.810)		
Risk (by domestic)							-0.005	0.041
							(0.083)	(0.077)
Controls	—	✓	—	✓	—	✓	—	✓
Country FE	✓	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓	✓	✓
Observations	822	795	822	795	822	795	668	651

Hassan et al (2023) annual measures of country risk perceived by any firm; SEs clustered by country

Destination Country (τ_m) Heterogeneity in EXIM Financing

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Controls	—	✓	—	✓	—	✓	—	✓
Country FE	✓	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓	✓	✓
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Controls	—	✓	—	✓	—	✓	—	✓
Country FE	✓	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓	✓	✓
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Controls	—	✓	—	✓	—	✓	—	✓
Country FE	✓	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓	✓	✓
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✓ Empirical evidence on correlation with λ_i and τ_m?

2. **Can EXIM be self-financing?**

$$p_{i,m}^{EXIM} < p_{i,m}^{banks}$$

EXIM can have lower prices relative to private banks if:

Can EXIM$_{i,m}$ Be Self-Financing?

$$MC_{i,m}^{EXIM} + \mu_{i,m}^{EXIM} = p_{i,m}^{EXIM} < p_{i,m}^{banks} = MC_{i,m}^{banks} + \mu_{i,m}^{banks}$$

EXIM can have lower prices relative to private banks if:

– Private banks have higher markups:

  – **Theoretically**: EXIM has additional term in objective function = α Profits + $(1 - \alpha)$ Exports
  – **Empirically**: Bank mark-up plausibly high in trade financing (Niepmann Schmidt-Eisenlohr 2017)
        Government bank profitability in development setting (Townsend, 2010; Fonseca Matray, 2024)

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    - **Empirically**: maintains low default rate

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EXIM might have lower markup or cost; hence, being self-financing is *a possibility*.

Conclusion

Export credit agencies are ubiquitous across countries, but difficult to evaluate their causal effects

US EXIM had large <u>overall</u> and <u>allocative</u> effects in a context with
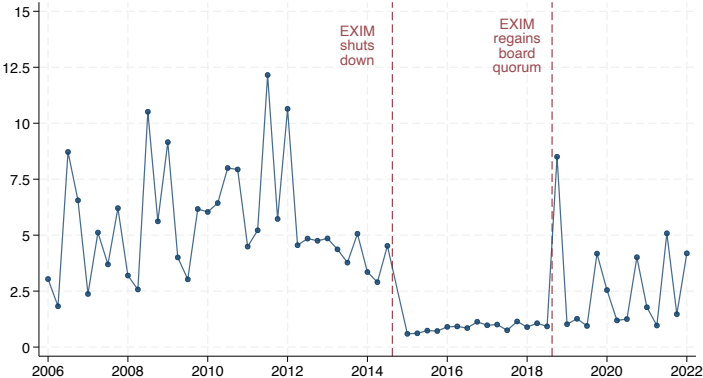
- – Developed financial markets
- – Large, publicly listed firms

$\implies$ Trade-specific frictions create role for government intervention in trade financing

Thank You!

Effect of Shutdown on Operations

– Average loan size ($M): **-75%**

Entry and exit is prevalent in trade data: $\approx$ **25% of "zeros"** at origin $\times$ destination $\times$ product (HS-6) over 10 years

Beaumont, Matray, Xu (2024): Aggregation property of midpoint growth rate

- **Methodology:**
    - Create balanced panel and fill missing with zeros
    - Define growth rate $\Delta_{pre}^{t}[X_{o,p,d,t}]$ as:

$$\Delta_{pre}^{t}[X_{o,p,d,t}] = \frac{X_{o,p,d,t} - X_{o,p,d,t=pre}}{(X_{o,p,d,t} + X_{o,p,d,t=pre}) \times 0.5}$$

A New Solution to Handle Entry and Exit in Trade Data

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- **Advantages:**
    1. Recovers full elasticity of intensive + extensive margins (e.g., estimating separate elasticities)
    2. Not sensitive to small variations around zero (e.g., log transformations)
    3. Is linear and allows perfect (dis)aggregation with appropriate weights (e.g., non-linear count models)

- **Estimates:**
    - Aggregate effect: weight by value of cell (denominator) [Details]
    - Decompositions: weights = share of the denominator at the higher cell level [Details]

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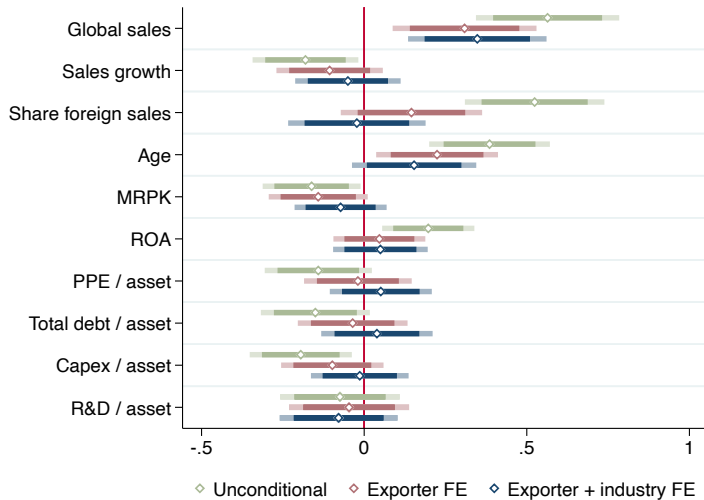
- **Estimates:**
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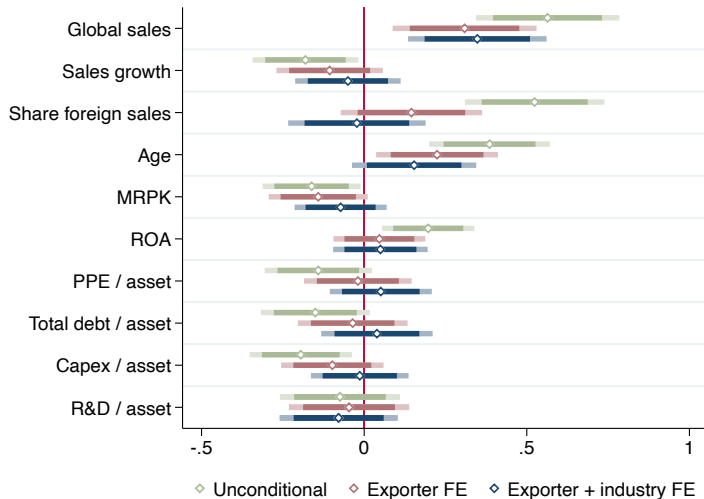Similar to recent Amiti-Weinstein (2018) estimator, but simpler, linear and naturally bounds extreme growth values

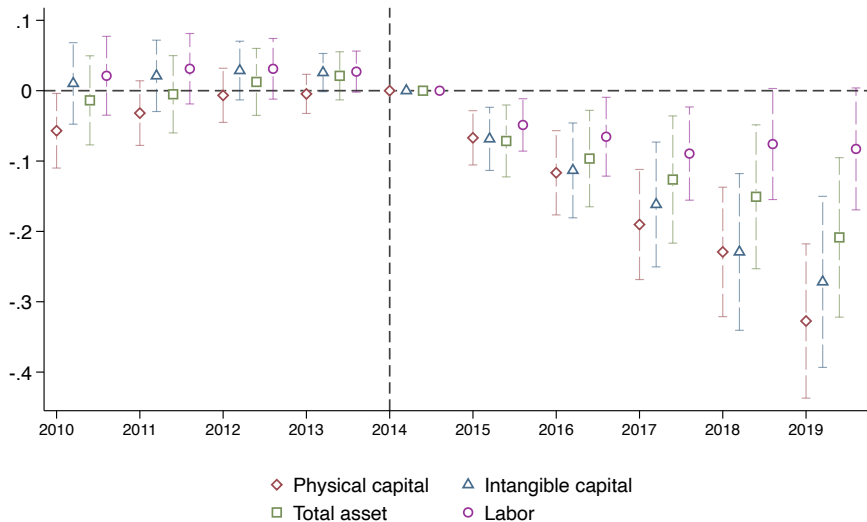## Covariate Balance (2010–2014)

– Unconditionally different

Covariate Balance (2010–2014)

– Control for industry and exporter: reduced differences

Event Study: Other Firm Outcomes

Overall Reduction in Firm Exports

Sample	Compustat Segment	Hoberg–Moon	Datamyne				
Dependent variable	Δ Foreign sales	Δ # 10K mention	Δ Maritime export				
Unit of analysis	Firm	Firm	Firm	Firm×destination×product			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Exim×Post	-0.16**	-0.12*	-0.39**	-0.39**	-0.33*	-0.44***	-0.31**
	(0.077)	(0.070)	(0.18)	(0.17)	(0.19)	(0.16)	(0.15)
Fixed Effects							
Industry×Post	✓	✓	✓	✓	✓	✓	✓
Product×Post	—	—	—	—	✓	—	✓
Destination×Post	—	—	—	—	—	✓	✓
Observations	2,012	3,131	600	126,938	126,938	126,938	126,938

Event Study: Quarterly Sales
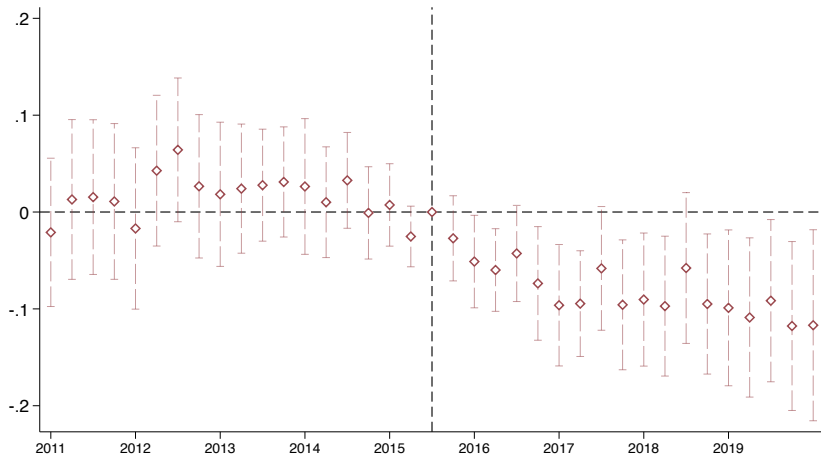
Robustness to EXIM Exposure: Within-treatment Variation

– EXIM characteristics: $10M contract or long-term support

$$Y_{i,j,c,t} = \beta \; \textit{EXIM}_i \times \textit{Post} \times \text{EXIM characteristics}_i + \alpha_i$$
$$+ \textit{EXIM}_i \times \delta_t + \textit{EXIM}_i \otimes [\gamma_{j,t} + \textit{Destinations}_{i,t_0} \times \delta_t] + \varepsilon_{i,j,t}$$

Robustness to EXIM Exposure: Within-treatment Variation

– EXIM characteristics: $10M contract or long-term support

– Estimate effects within EXIM backed firms ⇒ rules out results driven by other differences of EXIM backed vs. non backed

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Robustness to EXIM Exposure: Within-treatment Variation

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- – Estimate effects within EXIM backed firms ⇒ rules out results driven by other differences of EXIM backed vs. non backed

Dependent Variable	Global sales		
	(1)	(2)	(3)
Treated×Post	-0.18***		
	(0.030)		
Treated×Post×Large EXIM		-0.19***	
		(0.060)	
Treated×Post×Long-term EXIM			-0.20**
			(0.072)
Fixed Effects			
Firm	✓	✓	✓
Industry×Year	✓	✓	✓
Destinations×Year	✓	✓	✓
Treated×Year	—	✓	✓
Observations	28,386	28,386	28,386

[Back]

Robustness: Other Firm Controls

Dependent variable	Global sales				
Sample	All				Exc. 10 largest recipients
	(1)	(2)	(3)	(4)	(5)
EXIM×Post	-0.17***	-0.13***	-0.16***	-0.16***	-0.17***
	(0.037)	(0.037)	(0.038)	(0.037)	(0.039)
Fixed Effects					
Firm	✓	✓	✓	✓	✓
Industry×Year	✓	✓	✓	✓	✓
Destinations×Year	✓	✓	✓	✓	✓
Fiscal month×Year	✓	—	—	—	—
Balance sheet controls×Year	—	✓	—	—	—
State×Year	—	—	✓	—	—
Lobbying×Year	—	—	—	✓	—
Observations	28,386	28,386	28,386	28,386	28,286

Robustness: Different Industry Levels

Dependent variable	Global sales			
	(1)	(2)	(3)	(4)
EXIM×Post	-0.17***	-0.16***	-0.13***	-0.15***
	(0.039)	(0.040)	(0.042)	(0.049)
Fixed Effects				
Firm	✓	✓	✓	✓
Destinations×Year	✓	✓	✓	✓
Industry (1-digit)×Year	✓	—	—	—
Industry (2-digit)×Year	—	✓	—	—
Industry (3-digit)×Year	—	—	✓	—
Industry (4-digit)×Year	—	—	—	✓
Observations	28,286	28,286	28,286	28,286

Firm Maritime Exports: Different Product Level

Dataset	Datamyne		
Product level	2 digit	4 digit	6 digit
	(1)	(2)	(3)
EXIM×Post	-0.41***	-0.37**	-0.31**
	(0.15)	(0.15)	(0.15)
Fixed Effects			
Industry×Post	✓	✓	✓
Product×Post	✓	✓	✓
Destination country×Post	✓	✓	✓
Observations	40,137	85,375	126,938

Robustness: Different Winsorizing

Dependent variable	Global sales					
Winsorization	1%	2%	3%	4%	5%	10%
	(1)	(2)	(3)	(4)	(5)	(6)
EXIM×Post	-0.24***	-0.20***	-0.19***	-0.18***	-0.18***	-0.15***
	(0.067)	(0.048)	(0.043)	(0.040)	(0.037)	(0.027)
Fixed Effects						
Firm	✓	✓	✓	✓	✓	✓
Industry×Year	✓	✓	✓	✓	✓	✓
Destinations×Year	✓	✓	✓	✓	✓	✓
Observations	28,386	28,386	28,386	28,386	28,386	28,386

[Back]

Interest Expense

EXIM Interest Rate is defined as a Loan Interest Expense on U.S. Treasury Borrowings (EXIM annual Statement of Net Costs) divided by the Intragovernmental Borrowings from and Amounts Payable to the U.S. Treasury (EXIM annual balance sheets).

[Back]

EXIM Budget Allocation Process

- *Congressional Budget Justification* submitted at the beginning of each fiscal year:

    - Key Costs: Administration, Programs, Defaults/Losses

    - Additional Costs: Cybersecurity, SMEs, MWOBs Support

- EXIM's Self-Financing:

    - Used directly to offset operating expenses and program budget

    - Sent to Treasury to offset the U.S. budget deficit at the end of each fiscal year