BOEING CEO SAYS SALES AT RISK DUE TO U.S. EX-IM PARALYSIS

News / Finance, Manufacturer



A delay in appointing U.S. Export-Import Bank board members threatens to cost Boeing Co sales, the company's chief executive said on Thursday, flagging an issue that also affects General Electric and other U.S. companies that depend on the agency's export financing.

Boeing is on the verge of losing orders because only two of five seats on the agency's board are filled, not enough to approve deals over $10 million, Boeing Chief Executive Dennis Muilenburg said at EXIM's annual conference in Washington.

The appointment of a third board member would allow the agency to help finance billions of dollars in sales of U.S. aircraft, rail, power and communications equipment around the world, EXIM Chairman Fred Hochberg said.

"We've got about $10 billion (worth of loans and guarantees) in our pipeline right now," that are being held up because of the short-handed board, Hochberg said in an interview.

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"If exports slow in the areas that require our financing, it will also hit the supply chain" of 14,000 U.S. companies that supply Boeing, and jobs, he added.

Confirmation of a third member has been halted by Senate Banking Committee Chairman Richard Shelby's moratorium on some of the 16 Obama administration financial nominees who have been awaiting panel confirmation, effectively blocking sales for Boeing, GE, Caterpillar Inc and other companies.

Muilenburg said Ethiopian Airlines [ETHA.UL] was among the customers concerned that a lack of EXIM financing could prevent it from buying more Boeing planes.

Banks have been cautious about offering loans of 10 years or more to smaller carriers or ones with higher credit risk without a government guarantee, and some experts have voiced concern that if Boeing self-financed such deals, it would drain resources from product development.

Industry sources say Boeing already has had to provide or arrange bridge financing for several airlines because of the gap in EXIM funds.

Last year Boeing said it lost two signed or potential satellite deals after EXIM's charter lapsed on June 30. The charter was renewed later in the year.

General Electric decided to move some production overseas to use foreign export credit.

This year, global jetliner sales have slowed as an industry-wide boom in orders fades, making export credit more important.

Boeing plans to trim production of its 777 jetliner in 2017. On Thursday it said it delivered 176 airliners in the first quarter. That pace is below Boeing's target of 740 to 745 deliveries for the year, but many deliveries are made later in the year.

Muilenburg also voiced support for the Trans-Pacific Partnership trade deal that has been an issue in the U.S. presidential campaigns.

He said the pact would not put U.S. workers at a disadvantage. He added that the defense industry needed a "dependable, robust" U.S. defense budget so it could invest.

08 APRIL 2016

SOURCE: REUTERS
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