



governmentattic.org

"Rummaging in the government's attic"

Description of document: Export-Import Bank of the United States (EXIM) Advisory Committee meeting minutes, CY2014-CY2015

Requested date: 16-February-2016

Released date: 12-May-2016

Posted date: 30-May-2016

Source of document: FOIA Request
Export-Import Bank of the United States
Freedom of Information and Privacy Office
811 Vermont Ave., NW
Washington, D.C. 20571
Fax: (202) 565-3294
E-Mail: foia@exim.gov
[Online Freedom of Information Act Request Form](#)

The governmentattic.org web site ("the site") is noncommercial and free to the public. The site and materials made available on the site, such as this file, are for reference only. The governmentattic.org web site and its principals have made every effort to make this information as complete and as accurate as possible, however, there may be mistakes and omissions, both typographical and in content. The governmentattic.org web site and its principals shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused, or alleged to have been caused, directly or indirectly, by the information provided on the governmentattic.org web site or in this file. The public records published on the site were obtained from government agencies using proper legal channels. Each document is identified as to the source. Any concerns about the contents of the site should be directed to the agency originating the document in question. GovernmentAttic.org is not responsible for the contents of documents published on the website.



EXPORT-IMPORT BANK
OF THE UNITED STATES

May 12, 2016

Via Electronic Mail

Re: FOIA Request # 201600021F

This is the final response to your Freedom of Information Act (FOIA) request to the Export-Import Bank of the United States (Ex-Im Bank). We received your request in our FOIA Office via e-mail on February 16, 2016. You requested:

"A copy of the Export-Import Bank Advisory Committee meeting minutes during the calendar years 2014 and 2015."

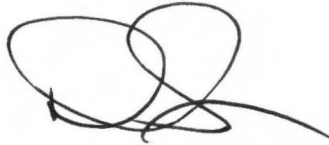
We conducted a comprehensive search of the files within the Office of Communications, Public Affairs Division for records that would be responsive to your request. This is the component within Ex-Im Bank in which responsive records could reasonably be expected to be found. The search produced the enclosed records. After carefully reviewing the responsive documents, we have determined they are releasable in their entirety; no deletions or exemptions have been claimed.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. §552(c) (2006 & Supp. IV 2010). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all of our requesters and should not be taken as an indication that excluded records do, or do not, exist.

Ex-Im Bank's FOIA regulations at 12 C.F.R.404.9 (a) state that Ex-Im Bank shall charge fees to recover the full allowable direct cost it incurs in processing request. **Please be aware that charges apply even if any responsive records we may locate are determined to be exempt from disclosure in full or in part.** In this instance, because the first 100 pages are free, as are the first two hours of search time, there is no charge.

If you have any questions about this request, please contact Ms. Lennell Jackson at (202) 565-3290 or by E-Mail at Lennell.Jackson@exim.gov.

Sincerely,

A handwritten signature in black ink, consisting of several loops and a trailing line, positioned above the printed name.

David M. Sena
Chief FOIA Officer

Enclosure: Responsive Documents (1 PDF File)

EXPORT-IMPORT BANK OF THE UNITED STATES

ADVISORY COMMITTEE MEETING

Wednesday, December 18, 2013

9:36 A.M.

Export-Import Bank
811 Vermont Avenue, N.W.
Washington, D.C. 20571

PRESENT:

BOARD MEMBERS:

Fred P. Hochberg, Chairman and President
Sean Mulvaney, Director

ADVISORY COMMITTEE MEMBERS:

Alan H. Fleischmann
Celeste Drake
Cherod Webber
Gary Hufbauer
Jennifer Fulton
John Bakane
Lisa Howlett
Luis Ubinas
Mary Andringa
Michael Boyle
Owen Hernstadt
Victoria Bernhardt
Gwynne Shotwell (via telephone)
Steven Wilburn (via telephone)

Deposition Services, Inc.

12321 Middlebrook Road, Suite 210
Germantown, MD 20874

Tel: (301) 881-3344 Fax: (301) 881-3338

info@DepositionServices.com www.DepositionServices.com

P R O C E E D I N G S

MR. HOCHBERG: Well, good morning. We're going to get started. We're just a few minutes in and just a couple of -- normally I don't chair this meeting. It's normally chaired by the chair of the Advisory Committee, and the chair for this year is Governor Gregoire, Christine Gregoire, who was not able to come here today. So I am the president and chair of Ex-Im and the acting chair of the Advisory Committee. And also, normally, just as a quick comment, we normally meet 11:00 to 3:00 to allow people who are, can fly in and, if they wish, to fly in and out the same day -- had a slight adjustment with the holidays this year, but just going forward, we're normally on an 11:00-to-3:00 day.

So I'm going to, I guess, officially call the meeting to order, and this is an open meeting. All meetings of the Advisory Committee are open and there'll be a public record of it, and the public is also invited to join us.

So let me -- first I want to thank returning members for returning and coming back to the Advisory Committee and lending us your time, energy, and thoughts for another year of service to the Advisory Committee. That's exceedingly helpful in terms of continuity, and all of us learn a little bit each year; so those of you who are returning have another perspective to add.

1 At the same time, I want to thank those who are
2 joining us this year -- we're going to introduce everybody
3 shortly -- to take time out of your busy schedules, as well
4 -- this is a busy time of year in particular -- but to take
5 time out of your schedules and share your expertise and
6 perspectives so that we can do a better job here at Ex-Im
7 Bank.

8 I think we have a few people on the phone. Let me
9 just check.

10 MS. SHOTWELL: Hi, Fred. This is Gwynne Shotwell
11 with SpaceX. I'm on the phone.

12 MR. HOCHBERG: Excellent. Thank you, Gwynne.
13 Gwynne is calling from, all the way from California. So
14 it's a little early there.

15 MR. WILBURN: It is early, Fred. This is Steve
16 Wilburn, FirmGreen.

17 MR. HOCHBERG: Another Californian. We were
18 criticized a few years ago for not having enough geographic
19 diversity and dispersion. So we have remedied that -- a
20 number of members of this year's Board. So those of you on
21 the phone, I would just ask you, why don't you mute your
22 phone while you're in a listening mode. I know this would
23 not happen with either the two of you, but I remember being
24 on a conference call like this many years ago, a Board call,
25 and one of the members actually fell asleep and was snoring

1 so loudly -- that would not happen, of course -- that we
2 ultimately had to cancel the call and restart it because
3 there was no way to reach and we couldn't talk over the
4 snoring, but I know that would not happen. Steve and
5 Gwynne, you're going to be on the edge of your seat in rapt
6 attention, and I don't think that would, we have any risk of
7 that happening whatsoever.

8 MR. WILBURN: As long as you're chairing the
9 meeting, Chairman, I'm sure then there'll be no snoring.

10 MR. HOCHBERG: So what we're going to do today is
11 a couple of things: one, have a chance to meet each other
12 as the Board, also meet members of the senior staff -- we're
13 going to introduce them shortly -- talk briefly about what
14 are the Advisory Committee's roles and responsibilities.
15 We'll go over a review of what we've accomplished this year
16 and then why we have this committee, there's a purpose for
17 it, and then, also, just some housekeeping items -- I don't
18 know why they're always called housekeeping items, but
19 they're called housekeeping items -- in terms of legal
20 requirements and notice and so forth. So we're going to do
21 all that.

22 As I mentioned, Governor Gregoire just could not
23 join us; so I'm going to sort of thank her in a virtual way.
24 Hopefully she might hear my voice someplace in Chicago
25 today, but that's why I am, as I said, I'm facilitating it.

1 So let me introduce a few people here at the Bank,
2 and then we're going to go on with the committee members.
3 Let me first begin, actually, with Sean Mulvaney, who's
4 sitting right here at the table. Sean Mulvaney is a
5 director of the Bank, appointed by President Obama, has been
6 serving -- help me.

7 MR. MULVANEY: Since June 2011.

8 MR. HOCHBERG: All right. So it's two-and-a-half
9 years. Okay --

10 MR. MULVANEY: Yes.

11 MR. HOCHBERG: -- we're at two-and-a-half years.
12 So, actually, why don't I just take a pause, and Sean, if
13 you want to just say a few words.

14 MR. MULVANEY: No, absolutely. Thank you very
15 much, Fred. You know, just a couple of thoughts --

16 UNIDENTIFIED SPEAKER: Put your mic on.

17 MR. HOCHBERG: I just need you to put your mic on.

18 MR. MULVANEY: Yes. You know, we all serve in a
19 continuum. There are advisory committees before us;
20 there'll be advisory committees after us, just like there
21 are directors before me and after me, and a couple of
22 thoughts and advice. I mean, all of you come with great
23 experience and specialties, and you're going to have
24 opportunities for four meetings across a year. You know, I
25 would encourage you to think about how you quickly absorb

1 where the Bank is in its, you know, mission and, you know,
2 then interact, you know, in targeted areas, leveraging your
3 experience: one-on-one meetings, you know, maybe some
4 conference calls to allow you to drill into areas.

5 My experience with the Advisory Committee has been
6 that the Competitiveness Report, you know, takes a lot of
7 your time -- and Fred is going to cover that -- but that,
8 you know, my experience in watching the Advisory Committee
9 is that by the fourth meeting you are in a mode where you're
10 giving more suggestions to the Bank outside the context of
11 the Competitiveness Report. And so as you start your
12 process now, just have your eye on that ball a little bit
13 because that's going to be your opportunity to bring your
14 specialty in a much greater way to the individual portfolios
15 within Ex-Im.

16 So as you do your work now, I always find that
17 fourth meeting, you know, actually one of the most
18 productive ones, you know, and the last one we had was
19 particularly productive because it was a whole lot of
20 dialogue. So I would just throw those thoughts out as you
21 embark on this process to help the Bank, and let me thank
22 you for serving on the Advisory Committee.

23 MS. HOWLETT: Thank you.

24 MR. HOCHBERG: Let me actually, before I introduce
25 anyone else, let me just echo Sean's comments, and that is,

1 this is intended to be a highly interactive, we'd like you
2 to politely interrupt but -- so interruption is perfectly
3 fine. If things don't make sense, my or anyone else's, this
4 is to be conversations and less of a sort of formal process
5 like that.

6 I don't believe Director Loui is on the line, but
7 let me not presume that. Pat Loui?

8 (No audible response.)

9 MR. HOCHBERG: No. Okay. Pat Loui is our other
10 Senate-confirmed Board member. She is currently in Asia.
11 She's been in Southeast Asia, Vietnam, Indonesia, I think
12 Malaysia, I think I've lost track, but a number of countries
13 over a 10-day period, working on our business development
14 there. So those of you who have not had a chance to meet
15 her, you'll have a chance to meet her at the next Board
16 meeting or, if you happen to be in D.C., I think, as Sean
17 said, we're open if you'd like to come by and visit the
18 Bank.

19 So let me introduce the other members of the team,
20 and then I will go to the Board. So -- and just let me say
21 one thing. We have a guest speaker, the deputy chief of
22 staff, at 10:30. So if for some reason, Rob Nabors, if he's
23 running early, I may just stop the meeting and we'll pick up
24 when he leaves, and if he's running late, we'll move things
25 forward and juggle a little bit. So let me start with Scott

1 Mulhauser, who is our, the Agency's chief of staff, joined
2 us in May. And, Scott, if you would.

3 MR. MULHAUSER: Sure. Hi.

4 MR. HOCHBERG: Just loud.

5 MR. MULVANEY: Fred, if I could just interject one
6 moment. You have a full agenda for the Board tomorrow, and
7 I'm going to be in and out of this meeting.

8 MR. HOCHBERG: Yes.

9 MR. MULVANEY: So I just didn't want to -- as I
10 work on some other issues, I'll be in and out and interact
11 with, you know, the Advisory Board, but I just didn't want
12 you to take it as a sign of disrespect that I'm not here the
13 entire time. So I apologize.

14 MR. HOCHBERG: Just don't miss lunch.

15 MR. MULHAUSER: Hi, I'm Scott Mulhauser. I've met
16 nearly all of you. I've been here about six months. I
17 spent last year working with the Vice President, spent 12
18 years in the Senate, including a lot of work in
19 international trade, and it's great to meet all of you. I'm
20 looking forward to continuing to work with the Advisory
21 Committee. So thanks for joining us today.

22 MR. HOCHBERG: Next, C.J. Hall. Maybe if you all
23 just run up to that mic. Oh, there, Gaurab has a mic. So
24 C.J. is our executive vice president and chief risk officer
25 and is about -- three weeks old?

1 MR. HALL: Three weeks. Three weeks, yes. So,
2 anyway --

3 MR. HOCHBERG: It's off.

4 MR. HALL: -- I just wanted to point out that this
5 is a small world because Michael Boyle and I, it turns out,
6 served on the same ship in the U.S. Navy --

7 MR. HOCHBERG: Good God.

8 MR. BOYLE: Isn't that something?

9 MR. HALL: -- 1970s. And I haven't had an
10 opportunity to meet all of the Advisory Board members, but
11 I'm looking forward to doing so during the course of the day
12 and we get to know each other better, but thank you very
13 much.

14 MR. HOCHBERG: Next, Claudia Slacik.

15 MS. SLACIK: Hi, I'm Claudia Slacik. I'm the
16 chief banking officer. I've been here now for about three
17 months, almost four. I've had a long career in banking.
18 I'm a commercial banker, and I've been doing asset-baseline
19 data and restructuring and trade at various banks out of New
20 York but also in London for the last 30, 35 years and had
21 the chance to work with this group in a situation where we
22 can help create jobs for fellow Americans. So I can't think
23 of anything better to do with the skills I've acquired over
24 the last couple decades. So I'm thrilled to be here. I'm
25 thrilled to be working with you and figuring out ways where

1 we can reach more American citizens and more companies to
2 provide those jobs.

3 MR. HOCHBERG: Great. Scott Schloegel is going to
4 present later, but let me do a quick -- and then, actually,
5 just to put it, just to give everybody notice, we're going
6 to run around the room very, very fast so people know who's
7 in the room today.

8 MR. SCHLOEGEL: Sure. Scott Schloegel, head of
9 the Congressional Affairs Office. I've been at the Bank now
10 for three years, did the last reauthorization for the Bank
11 -- you'll hear more about the next one as I present later in
12 the hour, or an hour from now -- was on the Hill for 18
13 years, worked 14 years as chief of staff for a congressman
14 from Michigan, also worked on the House Energy & Commerce
15 Oversight and Investigations Subcommittee.

16 MR. HOCHBERG: Manana.

17 MS. FREYRE: I'm Angela Mariana Freyre, also known
18 as Manana. I'm the general counsel of the Bank. I come
19 from 20 years of private practice in New York City. I know
20 a number of you already and look forward to meeting the
21 balance and look forward to working with you.

22 MR. HOCHBERG: So in the interest of speed, I'm
23 going to have you just pass the mic, and we'll just quickly
24 have people introduce themselves. Why don't we have the --
25 we'll go through the whole group, and since -- in the

1 interest of time, just say your name and, if you're working
2 at Ex-Im, where; and, if you're a visitor, where, and we'll
3 move it along like that.

4 MR. CAMM: I'm Larry Camm with Schweitzer
5 Engineering Laboratories.

6 MR. GILSTON: Sam Gilston, I'm a reporter with
7 Washington Tariff & Trade Letter.

8 MR. BOUWKAMP: Daryl Bouwkamp with Vermeer
9 Corporation.

10 MR. DIMAGGIANO: Dave DiMaggiano (phonetic sp.), I
11 work at Ex-Im in the Asset Management Division.

12 MS. BERGER: Mary Berger with Washington Trade
13 Daily.

14 MS. LOOMIS: Erin Loomis, I'm a guest here of
15 Mr. Boyle, and I work at Nashua Center in Nashua, New
16 Hampshire, a nonprofit, provide services to people with
17 disabilities. Thank you.

18 MR. REID: I'm Don Reid, Office of Inspector
19 General, in support of the Export-Import Bank.

20 MR. COGAN: Phil Cogan, vice president of
21 Communications at Ex-Im.

22 MR. RUBRIGHT: Hi, I'm Stephen Rubright, vice
23 president for Congressional Affairs here at Ex-Im.

24 MR. WONG: I'm Daniel Wong (phonetic sp.) at OIG
25 with Ex-Im.

1 MR. YEPP: Jereman Yepp (phonetic sp.), OIG,
2 Ex-Im.

3 MS. GALDIZ: Isabel Galdiz, International
4 Relations Division, Ex-Im.

5 MS. SCHOPP: You can't see me back here, but
6 Carolyn Schopp. I'm the director of scheduling for the
7 Chairman.

8 MR. HOCHBERG: We are moving upstairs in about six
9 months. Everybody will be able to see each other once we're
10 in the new room.

11 MR. STAIN: Robby Stain (phonetic sp.), also with
12 the Chairman's Office.

13 MR. BROOKS: David Brooks with the Office of the
14 Chairman.

15 MS. WALSH: Helene Walsh with the Policy Division
16 at Ex-Im.

17 MR. MILIAN: Mauricio Milian, Office of Renewable
18 Energy, Ex-Im.

19 MR. NASSAR: Sami Nassar with the Business Credit
20 Division at Ex-Im.

21 MS. WILKINS: Michele Wilkins, the Policy
22 Division, Ex-Im.

23 MR. DEBOER: Dave DeBoer, American Roll-On
24 Roll-Off Carrier.

25 MR. REGAN: James Regan, IBC.

1 MS. SANCHEZ: Lilith Sanchez, Office of Inspector
2 General, Ex-Im.

3 MS. CHINCHEVA: Gwanye Chinceva (phonetic sp.),
4 Ex-Im, OIG.

5 MR. KOSCIOW: Walter Kosciow, Trade Credit
6 Insurance Division, Ex-Im Bank.

7 MR. REILLY: I'm Dan Reilly, the senior vice
8 president for Communications here at Ex-Im.

9 MS. THUM: Stephanie Thum, vice president of
10 Customer Experience at Ex-Im.

11 MR. BURROWS: Jim Burrows, Small Business Group,
12 Ex-Im.

13 MR. HOCHBERG: Okay, great. So let me, I was
14 going to just ask our Board, particularly because we have a
15 number of new members, including one new member and one
16 returning member on the phone, if you could just go around,
17 a little bit about your background briefly, what business or
18 what your organization is, and what interest you have
19 joining the Board, and if you're exporting -- if you're an
20 exporter, just let people have a sense of what portion of
21 business is exporting. So let me, I'm going to start with
22 the shy Jenny Fulton since she's sitting on the far left,
23 and we'll take it from there. Just put your mic on. Yes.

24 MS. FULTON: Thank you, Chairman. I'm Jenny
25 Fulton from North Carolina and a co-owner of Miss Jenny's

1 Pickles. We are about four years old. We export to three
2 different countries, getting ready to have a fourth. The
3 countries are China, Canada, and the UK. It's about eight
4 to 10 percent of our business. We really want to increase
5 exporting and that's how I became friends with the
6 Export-Import Bank. So, again, honored to be here. Thank
7 you.

8 MR. BOYLE: Mike Boyle, Boyle Energy Services.
9 We're a global energy service contractor. We commission the
10 largest power and energy facilities, including renewables,
11 around the world. We transition them from construction
12 through to an operating environment, with testing and
13 engineering, and we do it all in-house. Thank you.

14 MR. FLEISCHMANN: Alan Fleischmann, a principal at
15 Albright Stonebridge Group. We're a global business
16 strategy firm. We work in about 100 countries now around
17 the world with offices in most of them, or several of them.
18 I'm also a founder of something called ImagineNations Group,
19 where we support entrepreneurs around the world, in the
20 Southern Hemisphere in particular.

21 MS. DRAKE: I'm Celeste Drake, trade and
22 globalization policy specialist for the AFL-CIO, about 57
23 affiliates representing 13 million or so working men and
24 women in the United States, and our interest is in promoting
25 exports to promote good family-wage jobs in the United

1 States.

2 MR. BAKANE: I'm John Bakane, CEO of Frontier
3 Spinning Mills, located in Sanford, North Carolina. We make
4 cotton and blended yarns. Our customers are Hanes, Fruit of
5 the Loom, those types of folks; our sales, 500 to \$700
6 million, depending upon what the price of cotton is in any
7 one year. We employ 1100 people. Eighty percent of our
8 sales are export. The big export markets are in Central
9 America, now growing in South America, Peru, and Chile. We
10 also send about less than \$30 million a year of textiles to
11 China. Thank you.

12 MS. ANDRINGA: Mary Andringa, Vermeer Corporation.
13 We're located in Iowa. We're a 65-year-old company,
14 family-owned. We have about 3400 team members around the
15 world, and 30 to 35 percent of our products every year are
16 exported. So it's -- about one-third of our folks, working
17 in Iowa, have jobs because we export.

18 And I just also want to say that I think this is
19 such a phenomenal emphasis for our nation to focus on how
20 can we export and how can we add jobs, good jobs, for
21 American citizens, because there's also a pride of our folks
22 in the fact, when they know a machine is going to Chile or
23 going to South Africa or going to Russia or India, to know
24 that as Americans we still can manufacture and we can export
25 and be proud of what we do.

1 MS. HOWLETT: My Name is Lisa Howlett. I'm sorry.
2 My name is Lisa Howlett. I'm the CEO and president of
3 Auburn Leather Company in Auburn, Kentucky, which is about
4 20 miles west of Bowling Green or 60 miles north of
5 Nashville, Tennessee, if that gives you some kind of idea of
6 where we're located. The company is 150 years old. We do
7 about \$20 million in sales. Ninety percent of our leather
8 or leather laces or leather components are exported to 49
9 different countries.

10 We do make leather from the blue-forward color
11 into 200-plus different colors, primarily for footwear,
12 sporting goods, particularly baseball gloves and lacrosse
13 sticks, and we are -- we continue to grow our export market,
14 have seen some activity of production moving from China back
15 into the, at least this part of the, this part of the world,
16 South America and Central America, real excited about
17 getting to export to those countries; attended a leather
18 industries meeting about a couple of months ago, and
19 footwear is looking at Africa, moving from China to Africa.

20 So I'm privileged and honored to be on the
21 committee. I was blessed the first time I called Ex-Im,
22 felt like that there was some great opportunities out there
23 for an American manufacturer, especially since so many
24 American footwear brands specify our product. It was a
25 matter of getting the funding to get there. So we're saying

1 for our 150th we are blessed beyond belief, and we are, and
2 I thank Ex-Im for supporting us, being there to facilitate
3 our growth, so thank you.

4 MR. HERRNSTADT: I'm Owen Herrnstadt. I'm with
5 the Machinists and Aerospace Workers. We represent several
6 hundred thousand workers in the manufacturing industry,
7 representing folks in a lot of export companies like Boeing
8 and Lockheed and John Deere and Caterpillar and a lot of
9 SMEs as well. We're also proud affiliates of the AFL-CIO.
10 Thanks.

11 MR. UBINAS: I'm Luis Ubinas. I just finished
12 serving as president of the Ford Foundation, before that was
13 a director at McKinsey, a long, long history of helping
14 build businesses internationally, worrying a lot about the
15 rights and well-being of American workers around the world,
16 and I'm happy to be here with all of you.

17 MR. WEBBER: Hi, I'm Cherod Webber, president and
18 CEO of Innovative Global Supply. We're a South
19 Carolina-based company, distributing nutraceuticals,
20 pharmaceutical products, medical devices, and medical
21 supplies globally. Our market is 100 percent export. We
22 focus on Sub-Saharan Africa, the Middle East, Eastern
23 Europe, Southeast Asia, and I'm here to say that U.S.
24 companies can be competitive in every market around the
25 world.

1 I've traveled probably about 175,000 miles last
2 year, multiple trips to Sub-Saharan Africa. We are
3 well-received across every sector. They want American-made
4 products, and we have to be competitive and we have to be
5 able to get our products there, and the Ex-Im Bank's mission
6 is vital in that. And I'm such -- and I'm so honored to
7 serve a second term on the Advisory Committee. We are
8 poised to do some great things. And my message is this: As
9 a small business, you can be competitive, and we need to get
10 the word out that small businesses have every opportunity to
11 compete on a global market. Thank you.

12 MR. HUFBAUER: Thanks. I'm Gary Hufbauer, a
13 senior fellow at the Peterson Institute for International
14 Economics. My predecessor on the board was Fred Bergsten,
15 who was the director of the Peterson Institute for many
16 years and served, I believe, two terms on the board. Over
17 my roughly 30 years at the Peterson Institute, I specialized
18 in three subjects. One is trade, a lot of that, a second is
19 economic sanctions, and a third is international taxation,
20 and over those years we published a couple of books and
21 several policy briefs on the Ex-Im Bank. Thanks.

22 MR. HOCHBERG: Let me go to our two Board members
23 on the telephone.

24 MS. SHOTWELL: Hi. I'll go ahead and go first.
25 This is Gwynne Shotwell. I'm president and chief operating

1 officer of a company called SpaceX. We build rockets and
2 spacecraft that works with the International Space Station.
3 About half of our customers are international. We employ
4 about 3300 people organically and have about 600 contractors
5 on staff, as well, helping us build launch sites and build
6 some of the infrastructure we need.

7 The, just as background, the U.S. used to be the
8 dominant launch provider for commercial space launch
9 services, and then we lost that in the early nineties, and
10 we were as low as zero percent for a number of years since
11 then. I'm happy to report that in 2011 and 2012 SpaceX, a
12 purely 100 percent U.S. company, won over the commercially
13 competed launch that fit our rocket.

14 So I think we're doing great things. We started
15 out for years -- we were years and years a small business,
16 but we, we tipped the scales in early 2012, I believe. So
17 we are a customer of the Bank, or our customers are
18 customers of the Bank, and I'm happy to -- I'm happy to have
19 been invited to join this group.

20 MR. HOCHBERG: Steve.

21 MR. WILBURN: Oh, this is Steve Wilburn, and I am
22 president and CEO of FirmGreen, Incorporated, and FirmGreen
23 is involved in the alternative energy business, renewable
24 energy business. My primary focus on exporting has been
25 with our patented and proprietary biogas upgrading system.

1 The Bank was the major causal factor for our first
2 successful import of our product, and we were able to
3 compete on a competitive basis with the other ECAs who were
4 backing Linde Corporation, which is a major entity, as well
5 as Air Liquide, another major, well established player in
6 this industry. Without the Export-Import Bank financing, I
7 can tell you this small company would still be a micro-small
8 company.

9 We were fortunate enough to win the Export-Import
10 Bank's Renewable Energy Project of the Year last year. We
11 were very excited to receive that award. And I can just
12 tell the, my friends that are on the Advisory Committee from
13 last year, I just want to say hello. Sorry I couldn't be
14 there in person because of an injury I suffered down in
15 Brazil, but to the new members, I look forward to working
16 with you, and to the Ex-Im staff and management and Chairman
17 and Board members, I look forward to another year of good
18 cooperation and feedback as a member of the Advisory
19 Committee, also bringing clients to the Bank. And as was
20 correctly pointed out earlier by a Board member, it's really
21 our clients who are the clients of the Bank. Without that
22 resource it makes it very difficult for us in the
23 competitive global market to compete.

24 So thanks again, Chairman, for your confidence,
25 and other Board members, for my reappointment. I look

1 forward to serving another year.

2 MR. BOYLE: Mr. Chairman, if I might --

3 MR. HOCHBERG: Yes.

4 MR. BOYLE: -- just one second? Steve?

5 MR. WILBURN: Yes.

6 MR. BOYLE: Steve, it's Mike Boyle. I found a
7 project for you in Panama I want you to take a look at.

8 MR. WILBURN: Michael, thank you so much. I was
9 looking forward to seeing you, and definitely give me a call
10 at any time. In fact, I'm going to be home for a while. So
11 my wife and family are a little happy with that, keep me
12 from globe-trotting with this injury. So I'm reachable.
13 Take care.

14 MR. HOCHBERG: Well, Gaurab told me I had to move
15 to the slides at 10:05. It's 10:03. So, so far we are, we
16 are right on schedule. One, I want to reiterate and thank
17 everybody, as I said, returning and new members. As you can
18 see and the reason I wanted everybody to introduce
19 themselves, we are a highly diverse group from all over the
20 country, from labor, from business, from think tanks, and
21 with wide-ranging experience that we need.

22 The role of the Advisory Committee, a technical
23 role is we will produce a Competitiveness Report -- you all
24 have a copy at your seat -- and this is a
25 congressional-mandated report. And, Isabel, how long have

1 we been doing this? This has been in existence 25 years?

2 MS. GALDIZ: Longer than that.

3 MR. HOCHBERG: Thirty-plus?

4 MS. GALDIZ: Since the seventies. 1971 I believe
5 was the year.

6 MR. HOCHBERG: Okay. And so our official goal --
7 is there a slide for that?

8 MR. BANSAL: Yeah.

9 MR. HOCHBERG: Oh, there is a slide for that. Oh,
10 here we go, sorry. For, the official role is that -- this
11 report is due to Congress every year in June -- your
12 official role is to provide input, a perspective on it, and
13 to sort of make sure that the report is accurate. The
14 report is conducted internally with some outside resources.
15 I'm very proud of the policy and planning staff, and since
16 we, since last year's report -- Isabel Galdiz is now the
17 vice president of International; why don't you just wave
18 your hand again; Isabel will be presenting shortly -- I
19 believe this report has gotten much, much more currency.
20 Dan has helped in rallying in terms of getting it out there,
21 in terms of in the conversation. It was actually cited --
22 was it the Economist?

23 MR. REILLY: Yes.

24 MR. HOCHBERG: Cited in the Economist, and we are
25 looking to even take it up another notch this year. We've

1 taken it up a notch in terms of survey data. Stephanie Thum
2 -- where's Stephanie?

3 MS. THUM: Right here.

4 MR. HOCHBERG: Oh, Stephanie's also been helpful
5 in terms of thinking about what do customers need, how are
6 we getting this in there, but this is primarily comparing us
7 with other export credit agencies around the world, and it
8 becomes vitally important in terms of helping us guide our
9 efforts here, what we need to do better. It also is a real
10 tool that's used by Congress in evaluating and making
11 decisions on our reauthorization.

12 So, I mean, we are -- our authorization expires in
13 September. Scott is going to talk about that shortly, but
14 we're going to be working hard and diligently on the
15 reauthorization to make sure we get a good reauthorization
16 that has enough length to it and enough expansion that, one,
17 we send a clear message to our exporters that we are there
18 to support their efforts to export and create jobs and,
19 importantly, to U.S. competitors overseas, that they cannot
20 try and buy sales because the U.S. companies don't have the
21 financial wherewithal to compete globally with them.

22 So this report is increasingly important, and we
23 really look forward to your input in making it a better
24 report and a better tool. And Dan and I are cooking up a
25 few ideas to -- a notch or two up this year, as we do every

1 year. So that's just as a quick backdrop on --

2 Now, on top of that, as Sean Mulvaney said, we're
3 continually looking for your input. I met with the small
4 business group this morning. We're going to have a number
5 of committees, working groups. In the past, there were, in
6 the environment, one, a committee that dedicated itself
7 strictly and solely to the Competitiveness Report to make
8 sure it's improving and accurate and reflects what's, what
9 -- the marketplace. And, lastly, we've had a group that's
10 worked on outreach and communications, how we can do a
11 better job of reaching more customers in getting the message
12 of Ex-Im out.

13 So, but I'm going to be working with Governor
14 Gregoire on exactly the shape of those, but you might think
15 over the next several weeks, if there's an area in
16 particular that you'd like to be engaged in, those
17 subcommittees are a good way, because they're only three or
18 four people and it's a way of getting a little closer to
19 what's going on here, in addition to the broad committee
20 work.

21 We support -- this statistic is driven from the
22 Bureau of Labor statistics, and it looks at the full supply
23 chain. So since I'm sitting next to Lisa and Mary, for
24 example, it does not just look at the labor that's in
25 Vermeer, Ohio, but the entire supply chain, from the steel,

1 the tires, everything else that you acquire, and makes
2 estimates based on the labor content, looking at the supply
3 chain in different industries. So it is an estimate. And
4 in Lisa's, you know, it's the farmers who are growing the
5 cattle and doing the tanning, as well as just the -- as well
6 as the people who are actually cutting them into laces in
7 Auburn, Kentucky.

8 Just a quick note -- I don't have the precise, so
9 maybe Isabel remembers -- if I recall, we were north of
10 7,000 jobs per billion dollars in about 2009/2010.

11 MS. GALDIZ: I think that's right. I'm looking to
12 Helene.

13 MS. WALSH: That sounds right, Mr. Chairman.

14 MR. HOCHBERG: Yes. I remember, it was like 7250.
15 So there are two things I want to just call to the
16 committee's attention. One, this is a dramatic reduction in
17 the amount of jobs per billion dollars' worth of exports.
18 So one thing is happening: we can be producing more and
19 more exports; the actual number of pure jobs supported is in
20 some way not growing as fast, but frankly, let me say,
21 that's a very good sign. If we were creating more jobs for
22 every billion dollars' worth of exports, we'd be coming
23 increasingly inefficient --

24 MS. ANDRINGA: Right.

25 MR. HOCHBERG: -- and not be able to compete

1 globally. And Mary just said right, and that's exactly
2 right. You know that if you're not able to continually find
3 innovative ways to produce more for every labor hour,
4 ultimately you're not going to be competitive globally.

5 MS. ANDRINGA: Right.

6 MR. HOCHBERG: So that's a very good sign, but it
7 does also explain that sometimes the rise in manufacturing
8 jobs may be a little slower than it appears, but that's
9 because we're actually doing a great job. And if you look
10 at -- two companies we work with that have had a large
11 footprint in the past year, Ford and Boeing, have had large
12 reductions in the amount of work labor force per billion
13 dollars' worth of exports because digitization, better and
14 better tools, far more computer assistance on the shop
15 floor.

16 I was on the shop floor of Caterpillar --
17 actually, was it -- locomotives in Muncie, Indiana, 750,000
18 square feet and there are 315 employees. It looks like the
19 place is on a perpetual coffee break because there's so few
20 people who are doing it, but it does say that's how we raise
21 wages, that's how we're able to actually be competitive
22 globally, and we need to just make sure that we're keeping
23 on top of that. So that's one of those trends. We
24 supported 37.4 billion dollars' worth of exports and that
25 grossed out to about 205,000 jobs this year.

1 Oh, I'm hitting the wrong button, sorry. That
2 button. Give you an idea of some of the jobs last year.
3 One is, when we last checked in with Miss Jenny's Pickles
4 there were 12 -- how many people working there now?

5 MS. FULTON: Twelve.

6 MR. HOCHBERG: Twelve. All right. Sadara, one of
7 the largest projects we did last year, a \$5 billion
8 transaction, was estimated to support 18,400 jobs. At
9 Auburn Leather, how many people are working there now?

10 MS. HOWLETT: One twenty-five.

11 MR. HOCHBERG: One twenty-five. And how many
12 addition in the last year or so? Is that still a good
13 number?

14 MS. HOWLETT: Probably, yeah, that's still a good
15 number.

16 MR. HOCHBERG: Okay. Nancy Mercolino, who is on
17 the Board, in the past, estimated that over the last four to
18 five years she's added about -- I think she now tops out at
19 235 jobs at that company, and they're exporting ceilings.
20 Michael Boyle said he's opening in Doha, right, you said?

21 MR. BOYLE: Yes, sir.

22 MR. HOCHBERG: She's actually doing the, as the
23 ceiling contract -- I did not know it was such a large
24 contract -- but the ceiling contract for the new airport in
25 Doha. So if anybody's been to these large airports, there's

1 a lot of ceiling there, creates a lot of good jobs here.
2 And the last category is satellites. Gwynne mentioned how
3 the support -- how SpaceX has won such a large number of
4 contracts. The estimates we have is that last year we
5 supported 60 percent of all commercial satellite exports.
6 Our major, primary, and perhaps almost sole competitor is
7 France. It is a real national interest in France. So
8 there's a lot of government support behind that but that's
9 supporting in excess of about 21,000 jobs.

10 Quick Ex-Im overview, particularly for some of our
11 new members -- 80 percent of our work is generally long-term
12 finance. That's dollars. That's either structured deals,
13 also trade credit, aircraft. For the first time, project
14 finance structured deals actually exceeded transportation.
15 I don't know if that's a long-term trend. That's certainly
16 a trend this year. Capital markets have been more
17 predominant in the aircraft space, and so we've been -- more
18 airlines have been able to finance through capital markets.
19 And structured finance -- these are things such as, a lot of
20 things that Michael Boyle works on, whether they're power
21 plants or oil and gas facilities, petrochemical -- very hard
22 to secure long-term fixed-rate funding, so that has driven a
23 lot more business here so that they can be competitive
24 globally. Also, I just returned, Robby Stain, we were in
25 Japan and Korea about three weeks ago, and those two

1 countries are exceedingly competitive in that space. So
2 we're trying to make sure that American companies don't lose
3 market share and can go toe to toe with any of those.

4 Some of the new markets that have been very
5 promising of late: Saudi Arabia, UAE, Australia. We've
6 seen a real shift -- we're going to talk a little bit later
7 -- how sectors are driving our business more and more than
8 actually geography. And so we look at mining, for example.
9 What we have learned, I think, in the last few years is
10 those are very large projects, frequently require export
11 credit agency support, whether it's --

12 MS. ANDRINGA: Uh-huh.

13 MR. HOCHBERG: -- to compete with the likes in
14 Korea, Germany, and Japan. So those sectors are much more
15 of a bigger driver of our business than looking at the
16 individual economies, frequently, of different nations that
17 we also have some focus on.

18 Just for emphasis, small business, small business,
19 small business -- all-time high in number of transactions.
20 So the number of transactions went up. They actually are
21 smaller in size, which is a good sign that we're actually
22 reaching smaller businesses, getting more small businesses
23 to export. And, you know, my goal is to make sure that
24 everybody who has a small business and working with us gets
25 so large that they are no longer counted as a small business

1 and they have to go up to the medium-size category.

2 MS. HOWLETT: Where's that break?

3 MR. HOCHBERG: Well, that's a good question. It
4 is, regrettably, it's not as simple as it should be, but it
5 looks at each industry and makes -- looks at what the
6 competitive factors are by industry and comes up with the,
7 what would be small for that sector. So small in a dry
8 cleaner versus small in a manufacturer are different. Jim,
9 would you remember off the top of your head the new
10 designation the SBA is putting out? It's \$15 million in
11 retained earnings, is it? Is that right?

12 MR. BURROWS: Yeah.

13 MR. HOCHBERG: Well, SBA is working towards a
14 simpler definition, which would say if you have \$15 million
15 or less of retained earnings, you're a small business; if
16 it's more, you're no longer a small business, which makes it
17 a little easier --

18 MS. HOWLETT: Uh-huh.

19 MR. HOCHBERG: -- because you would know
20 immediately am I small or not versus what industrial code am
21 I in, how many employees. That's a much simpler way.

22 MS. HOWLETT: Yeah.

23 MR. HOCHBERG: Our losses are down. We report to
24 Congress every 90 days what our default rates are, and I'm
25 going to talk about that in a moment, but we've got, I would

1 say, careful due diligence. We have a number of people from
2 the Inspector General's Office here that is also reviewing
3 and evaluating whether our due diligence is sufficient
4 enough. We also get oversight from our audit committee,
5 from our two outside, two independent directors, Government
6 Accounting Office.

7 So there's been a lot of attention on how we
8 manage our portfolio. We're trying to also make sure we
9 balance, though. We're not in business not to take risk.
10 We just want to take prudent risk, but we're not in business
11 -- we're in business to take risk, make loans, make loans
12 that the private sector is uncomfortable making because of
13 gaps in the marketplace or certain parts of geography or
14 areas that banks pull back in, or sometimes the product
15 categories are beyond what they like to do.

16 Some of the output from the last Competitiveness
17 Report -- this was the report that was issued in June that
18 reflected the previous calendar year; so it's, right now
19 it's sort of data that's almost two years old, just to put
20 that in perspective -- one, export credit agencies, ECAs --
21 just, we'll throw a few more acronyms at you by the time we
22 finish today's day -- are playing a much more significant
23 role. In addition to Ex-Im Bank, there are approximately 59
24 others. The last time we looked there were 59 others.
25 There may have been a few that sprung up since then, I'm not

1 exactly sure, but most industrialized nations and a number
2 of developing nations have them to help their exports.

3 A number of those other export credit agencies are
4 focused on what are called the national interest. In fact,
5 I would say, most foreign export credit agencies don't
6 understand our way of doing business, and that is, we don't
7 have a national interest. If GE is manufacturing in the
8 United States, we will support them. If GE is manufacturing
9 in Brazil and France, my view is they should go talk to the
10 French and the Brazilians and they should support them,
11 because we're here about jobs. We're here about supporting
12 U.S. jobs and making sure that the exports that are made
13 here have the support of Ex-Im Bank, if needed. Just to
14 give you what I mean by national interest, Canada, if
15 there's a Canadian engagement, they will be fully supportive
16 and that may mean helping a Canadian company opening a
17 factory abroad -- something we do not do.

18 And what I mean by coloring outside the OECD
19 lines, there is a lot of, sort of side-bar financing, I'll
20 call it. Sometimes it's a little, I believe it's a little
21 wink and nod. When I was in India a few years ago, we were
22 trying to help U.S. companies sell freight locomotives, and
23 the Indian government received an \$8 billion 40-year loan
24 from the Chinese -- Japanese Development Bank, one or two
25 percent interest, 10-year grace period, and it was simply to

1 help a poorer country. Somehow, totally unrelated, six
2 months later the Indian government bought 8 billion dollars'
3 worth of locomotives from Japan. It's untied. It was made
4 at a -- it's not tied to the locomotives, but it's also not
5 unrelated. It's simply untied. You know, I don't know, in
6 a -- if you have a family member who owns a Ford dealership
7 and that family member is very good and generous to you,
8 you'd probably think twice before you buy a Chevrolet. You
9 might just not want to annoy your uncle by buying a
10 Chevrolet if he owns the Ford dealer.

11 So that's some of the things that U.S. companies
12 are dealing with and that's sort of outside of the realm of
13 the OECD; that's outside of a number of the norms that we
14 have that are sort of governed internationally, but it
15 clearly is a factor that U.S. companies are facing
16 increasingly.

17 The NEI. President Obama, at the, his first State
18 of the Union, which was a year after he was elected,
19 announced the National Export Initiative to double exports
20 in five years. That put a couple of things: one, that has
21 spurred strong export growth in the last, in the
22 three-and-a-half to almost four years we're into the plan;
23 exports are just under 50 percent, not quite at the full
24 doubling level, although we have a year left. But I would
25 say our estimates are about 25 states have either doubled

1 already or on their path to double, about 50 to 70 countries
2 have either doubled or on their way to be doubling, so --
3 and a number of sectors have doubled. It's just not doubled
4 across the board but in many areas, and what it has also
5 done, importantly, is, we don't talk to a member of
6 Congress, a mayor, a governor, a chamber that is not focused
7 on exports now.

8 So this has been a rallying cry in terms of an
9 organizing principle, that more and more entities in
10 business and outside are focused on how do we hit those
11 export markets. And Jenny is certainly one of those who, if
12 -- you know, a four-year-old company that's already
13 exporting. I was in business for over 20 years, and we
14 figured when we exhausted the U.S. market, then we would
15 look at exporting, but that's not the model today and that's
16 not the model of people sitting at this table today.

17 We're also, been an increasing focus on small
18 businesses. I mentioned that the average-size loan is
19 smaller. That's a really good thing, and almost more than
20 half the loans in the small business space were less than
21 half a million dollars. So that -- we're making sure that
22 we reach those small businesses. And we've also had a,
23 record results in women- and minority-owned business owners.
24 We did more transactions than any other single year. Our
25 total right now is 850 million, and we have some goals to

1 try and -- I won't go public yet, but we're trying to
2 increase that to a nice good number for next year, for the
3 year we're in.

4 Lastly, one of our congressional mandates is
5 Sub-Saharan Africa. Just to give you a quick idea, five
6 percent of our portfolio is in Sub-Saharan Africa. It's
7 about one percent of the U.S. exports. So that gives you an
8 example of we're going where the private markets don't go.
9 We have five times the intensity there than the exports
10 would normally indicate.

11 Super quick by the numbers, 1 million -- we have
12 supported about, actually about 1.2 million jobs in the last
13 five years, using those statistics I showed you earlier. We
14 have sent to the Treasury for deficit reduction \$2 billion
15 over that period, but more importantly, I would say, last
16 year, 1,057,000,000. And so I don't remember; that's
17 actually the password on my cell phone now. It's 1057,
18 which is \$1,057,000,000 that we sent to the Treasury in one
19 keystroke.

20 Point two six percent, this is our claims. This
21 is what our default rate is in our portfolio. That's what
22 we paid out, so one-quarter of one percent. Congress wants
23 us to report every 90 days, and we have to take some
24 remedies if it hits two percent. In some ways, our default
25 rate is probably, is on the low side, a very low side, but

1 let's remember, we're really doing -- we got the full faith
2 and credit. We take that seriously. Our customers take
3 that seriously. Our aircraft portfolio is particularly
4 strong, and so -- and we also do a very good job in terms of
5 due diligence, asset monitoring, asset management.

6 \$48 million is actually the amount of claims we
7 paid out last year on our portfolio, better than \$113
8 billion, and the odd thing is we didn't net that because we
9 actually collected from previously bad debts about \$65
10 million. So one could actually argue we actually had a net
11 positive in that regard; of course, the timing is slightly
12 different.

13 And 400, that's how many people work here at Ex-Im
14 Bank. We have about 400 employees, and I'm very proud of
15 the work that our employees do, a number of which are here
16 today, because that's an exceedingly strong report card for
17 400 people. So, actually, since we have our new guests, why
18 don't we give our employees in the room just a round of
19 applause.

20 MS. ANDRINGA: Yes.

21 MR. HOCHBERG: Just, we recently had an off-site,
22 and we established a number of large, sort of goals for the
23 Agency, and they sort of fall into these categories, and
24 there's obviously some overlap: operational excellence. We
25 launched a project called Total Enterprise Modernization.

1 It's how that we can use automation, reduce paperwork,
2 reduce bureaucracy, find shortcuts. We're not looking to
3 do, we're not -- I don't want to shortchange, but I do want
4 to find shortcuts so we can find ways that we can get a
5 response --

6 UNIDENTIFIED SPEAKER: Uh-huh. Uh-huh.

7 MR. HOCHBERG: -- to our customers more quickly.
8 We don't want anybody to lose an order because they're
9 waiting for us to make a decision.

10 And risk management, this is something that C.J.
11 and Claudia are working closely on, and that is, how we do
12 risk management, how we evaluate that, how we get feedback
13 to the underwriters on the front end of transactions, how we
14 do asset monitoring so that we make that -- so we can keep
15 on top of that. And, finally, we're always going to lose
16 money. We're a bank. We're always going to lose money. We
17 want to lose money when -- for, I will say, quote/unquote, a
18 good reason. We don't want to lose money when it's
19 something we can easily remedy.

20 And so I think our asset management and our
21 underwriting gets better and better and stronger and
22 stronger because we keep learning from things we've done in
23 the past and, if we're going to make -- if we're going to
24 make a mistake, we're going to make a different mistake.
25 We're not going to make the same mistake because we're

1 learning and we're finding ways to continuously improve how
2 we do our risk management and making it more comprehensive
3 so it involves the full spectrum of transactions.

4 Small business remains a cornerstone of the
5 business, over 90 percent of our transactions. Our small
6 business authorizations, in dollars, fell last year. We
7 really want to get those back on a trajectory, and Jim and
8 Claudia and others are going to be working strongly on that
9 in the year ahead.

10 Customer experience relates to all of these.
11 Stephanie joined us about a year and a half ago. It's
12 listening to our customers in terms of what do small
13 business owners need, how we do risk management. That also
14 takes into account the customer so we're not also hurting
15 the customer in that process. It touches innovation, do we
16 have to change our products --

17 UNIDENTIFIED SPEAKER: Uh-huh.

18 MR. HOCHBERG: -- or change our outreach and
19 marketing, and if it means providing better turnaround time,
20 that also is helping. So customers are central to all of
21 this, and related to that is innovation. We're continually
22 finding ways to do a better job. I see Walt Kosciow is
23 here. We launched something called Express Insurance in his
24 area. How many policies so far?

25 MR. KOSCIOW: Close to 800.

1 MR. HOCHBERG: Close to 800? This is where we can
2 give an answer within five working days of up to two credits
3 for a foreign buyer. So, like Jenny said, Jenny said
4 earlier today that she, was her 500th customer; she said: I
5 now sell to China, my customer was 10 days late, I didn't
6 worry about it because it was insured and, because I gave
7 them 60-day terms, he bought more pickles. That's exactly,
8 this is not only -- it's a risk tool, but it's a marketing
9 tool. If people don't have to pay you in advance, they're
10 going to buy more. That's something we all learned with our
11 own credit cards: you buy more; you're not actually having
12 to lay out cash on the spot. That's particularly important
13 if you're doing exporting.

14 So that's the -- we've had innovation in capital
15 markets and aircraft. We've had innovation in a number of
16 structured -- it goes throughout the Bank. It's not just
17 small business. It's all the products that we hit.

18 So that's just a quick summary of some of the
19 areas that we're looking to improve in the year ahead. And
20 we are actually on schedule, but why don't I pause while we
21 -- Rob has not shown up yet -- if there's just any comments
22 or questions that people have. I didn't, I was hoping for
23 -- perfect timing, my God. Mr. Nabors.

24 MR. NABORS: Yes.

25 MR. HOCHBERG: I said it's 10:30, and he's --

1 MR. NABORS: Prompt as always.

2 MR. HOCHBERG: Wow, excellent. So let me pivot to
3 Rob Nabors. Rob is, I refer to Rob as a friend. We met
4 through working together in this Administration. He is the
5 deputy chief of staff for policy, has worked with us on --
6 we had some climate work that the Bank approved at its Board
7 meeting last Thursday. Before that he was in the -- head of
8 legislative affairs at the White House. He's also sporting
9 a new haircut and has offered to spend some time with us and
10 share some perspective on what's going on with the
11 Administration -- hopefully, he has time for a little bit of
12 questions as well -- also has served at OMB in the Clinton
13 administration and also worked on the Hill for a number of
14 years.

15 Let me just make a comment. The -- to the extent
16 that Rob has time for some questions, the questions are from
17 the Advisory Committee. That part of the meeting is not
18 open to the public. We have, I don't know how many members
19 of the public here, but the questions would be just from
20 this committee here. So let me turn it over to Rob.

21 MR. NABORS: Well, thanks, Fred, thanks for having
22 me. I will try to keep my comments brief because I hear
23 myself talk all the time and I'm sure there will be
24 questions, but we have a pretty healthy agenda going forward
25 into next year. We're anxious to get started. For the most

1 part, there really aren't any surprises or secrets. We've
2 been talking about a number of the things that we are
3 interested and anxious to get a jump on for a while now.

4 I think, coming right out of the, right out of the
5 gate, we think it's hugely important to see about getting
6 unemployment insurance extended. Unemployment insurance
7 lapses on December 31st. There's going to be over a million
8 people who are losing large sums of money. It will be a
9 huge hit to the economy at a time where both individually
10 and from a national perspective it's devastating. So we're
11 going to see what we can do to try to, as soon as Congress
12 gets back in, extend unemployment insurance.

13 We are also very anxious to see Congress start
14 work on Trade Promotion Authority and the Trans-Pacific
15 Partnership. It's something that we think will boost the
16 economy. We -- it's something that is key to the
17 President's second-term agenda and sort of expanding the
18 economy there.

19 We have to, we have to get the appropriations
20 process completed. This one is a particular bugbear of
21 mine. The process should have ended on September 30th.
22 We're a little bit behind, but I think, in general, we feel
23 very good that, you know, after the vote that occurred in
24 the Senate yesterday, we finally have a, sort of a fiscal
25 road map. It's a small fiscal road map. I don't want to

1 exaggerate that this is somehow a deal that will solve all
2 of our problems, but in a world in which we've been working
3 on fiscal issues with, how do I say this diplomatically,
4 with not as much success as we would have hoped for the last
5 three years, any amount of progress, any type of agreement
6 is, should be viewed as a positive thing. And, in my
7 opinion, the most promising thing about the agreement is
8 what it promises for the future. This is, this is the first
9 time in, like I said, the last couple of years where I feel
10 like we have some degree of fiscal stability. We sort of
11 know the numbers that the government is trying to hit.
12 We're going to -- but the road map is there for us to avoid
13 continuing to govern by crisis, and I think if we can get
14 into the pattern of -- if we can get back to regular order
15 around here, that's, that's not the worst thing in the
16 world.

17 We have to take care of a debt-ceiling increase.
18 That'll be -- once again, we are optimistic that this, what
19 is going on right now, bodes well for the future and that
20 we're not going to have to stare at each other across tables
21 again. We are prepared to do that if necessary, but at this
22 point, we hope that it is not necessary. But if we can get
23 past those, we can get to some of the more proactive things
24 that we are interested in doing.

25 Probably the biggest thing that we are focused on

1 legislatively is, is immigration and trying to get
2 immigration reform done. I think from our perspective and
3 realistically for people who have sort of focused on these
4 things over a series of years, it is an election year.
5 Congress is realistically not going to be passing
6 significant pieces of legislation going into September, and
7 -- or even the end of July -- so what we're really going to
8 need to do is focus as much attention and energy as we can
9 in terms of trying to get things, like immigration, done
10 early.

11 In addition, you'll hear us talk, going into the
12 spring and into the summer, more and more about minimum wage
13 and what we can do there to try to deliver on the
14 President's desire to address inequality in the country, how
15 can we try to see all ships rise. We think minimum wage is
16 an important part of that. That's sort of the legislative
17 side of things that we are looking at.

18 We have a fairly aggressive administrative,
19 administrative action package that will take up a lot of our
20 energy and focus as well. This summer the President
21 announced a Climate Action Plan that has -- that Fred sort
22 of referenced -- that goes into a great deal of specificity
23 about things that we plan on doing over the next three
24 years, using authorities that exist within the, within the
25 agencies; we will continue to roll out on that. Dodd-Frank,

1 which I know a number of the people at this table are
2 focused on, Jack Lew, CFTC, CFPB, others will continue to
3 implement on Dodd-Frank. And I fret that there's a health
4 care thing that we have to get right. We'll see about,
5 we'll see about trying to get something done on that,
6 continuing to improve on the work that we are attempting
7 there.

8 So it will be a very busy year. It'll be busy
9 whether we get stuff through Congress or not. We are
10 optimistic that we can try to work with Congress going
11 forward. So that's sort of my pitch and my view of what's
12 going to happen now. So I'm happy to answer any questions
13 that might be out there.

14 MR. HOCHBERG: Open this up to the committee.

15 MR. BOYLE: Sir, Mike Boyle, Boyle Energy
16 Services, thank you for coming. When we first started with
17 the Advisory Committee, we were directed by the Chairman
18 that the President had pushed the NEI initiative out as a
19 way of creating jobs through global expansion of exports of
20 United States goods. In all of what you just said, none of
21 that was mentioned.

22 Our job is to try to direct the expansion of that
23 and kind of put whatever advice we can to it, and it is
24 such, we commonly agree here that the Export Bank and SBA
25 and some of the other programs that are tied to the NEI are

1 among the best kept secrets of the Administration and the
2 program, and we need a better ability to broadcast that out.
3 And we'd just like to bring it to your attention that for a
4 very, very small investment, the United States could export
5 and create jobs on a greater path much quicker and is a
6 great success to the Obama administration.

7 MR. NABORS: That is a very fair statement, and
8 Fred has been a tremendous advocate of that within the
9 Administration. I think you will, despite the fact that I
10 sort of breezed by it, I think you will hear the President
11 talk more about it going into the State of the Union, into
12 some of the other things that we'll be doing this year.

13 MR. BOYLE: His support of small business
14 constantly comes up in the export initiative, and we'd like
15 to just, more of it and more advancement of the Bank as his
16 work.

17 MS. ANDRINGA: Thank you very much for coming and
18 spending a little time with us. I'm not only a private, an
19 owner of a company, a family-held company, but also I'm the
20 immediate past chair of the National Association of
21 Manufacturers. So I'm going to just put a little bit that
22 hat on of manufacturers. First of all, we are very much
23 with the Administration on the Trade Promotion Authority.
24 We know that needs to be done. Exports are very, very
25 important for manufacturers of all sizes. And also the TPP,

1 I mean, really behind that. That will be a huge -- opening
2 some more avenues for all of us as manufacturers is huge; as
3 well as immigration, totally with you there.

4 I just, I just want to make a point -- and I'm not
5 into all the details myself -- but I know that the
6 environmental guidelines, there are a few barriers there
7 that if we can find some ways to work together with the
8 Administration and business on that to figure out, because
9 what we don't want is we don't want folks putting barriers
10 up and not helping with reauthorization. I think the last
11 time I felt like my colleagues of the NAM did a lot on the
12 Hill to say this is an important -- we need the
13 reauthorization of the Bank, and so just, you know, if
14 there's a way to kind of work through some things.
15 Actually, some things already, I think, have been done, but
16 just from a colleague's standpoint, I would not want to see
17 that issue become something that therefore you don't get the
18 help from business that you need on reauthorization. And,
19 again, I --

20 MR. HOCHBERG: You can include us in Trade
21 Promotion Authority.

22 MR. NABORS: We could but that would be dangerous,
23 actually, if we --

24 MS. ANDRINGA: And, again, I appreciate, also,
25 your comments about the budget and the debt ceiling because

1 probably the one thing that can help our country move
2 forward and have more jobs available is the certainty. So I
3 think that's always one of the things which is maybe, you
4 know, the biggest barrier for all of us getting more work,
5 more jobs, is make sure of the certainty. So appreciate
6 your work on all the budget issues.

7 MR. NABORS: Just responding to one of the points
8 that you made, I think one of the things that the President
9 and our chief of staff, Dennis McDonough, they're really
10 going to make a focus on, going into the new year, is an
11 increased emphasis on outreach. I personally believe that
12 some of the charges of the insularity around the Obama
13 administration are slightly exaggerated, but the reality is
14 we can always do more talking, or we're not the, we're not
15 the fountain of all wisdom. There's a lot of smart ideas
16 out there. We need to --

17 MS. ANDRINGA: Uh-huh. Uh-huh.

18 MR. NABORS: -- get more of those ideas into the
19 White House.

20 MS. ANDRINGA: Uh-huh. Uh-huh.

21 MR. NABORS: We need to, we need to be talking to
22 more people. And so you'll see all of the senior staff --
23 myself, Dennis, Alyssa Mastromonaco -- out there, trying to
24 do more of that outreach --

25 MS. ANDRINGA: Uh-huh. Uh-huh.

1 MR. NABORS: -- and building coalitions to try to
2 get things like the reauthorizations and things like that
3 across the finish line. So that is one of those things that
4 if Dennis was here, he'd say we would very much want you to
5 hold our feet to the fire on that. It's a commitment that
6 we are making, and you will see us doing more outreach to
7 everybody -- labor, business community, environmentalists.
8 We're not always going to agree, but we're always going to
9 be talking. And if you find that we are not responsive, you
10 should hold us accountable for that. So --

11 MS. ANDRINGA: Thank you.

12 MR. HOCHBERG: Owen.

13 MR. HERRNSTADT: Oh, thanks. Thanks, Fred. Owen
14 Herrnstadt with the Machinists and Aerospace Workers, labor.
15 Thanks so much for all of your work on all of this stuff.
16 Jobs continue to be, obviously, our number one issue,
17 particularly in the labor community. We appreciate the
18 policies you put forward. I'm curious what -- what other
19 policies do you see coming out in 2014? We're heartened by
20 the increase in jobs. Obviously, for our members we've got
21 a long way to go, six million manufacturing jobs lost, you
22 know, since -- well, before the President took office,
23 obviously; so we've got a good stretch to go on that.

24 We have shared with the Administration our very
25 strong concerns over TPP, trade policy. On that, we have

1 emphasized our concerns with trade deficits going with South
2 Korea, a potential partner; Japan, currency issues; Vietnam,
3 labor rights issues, human rights issues as well on that.
4 So we'll continue to obviously look forward to sharing those
5 concerns with you.

6 MR. NABORS: Oh, I appreciate that, and in terms
7 of the types of things that we are looking at with regard to
8 creating jobs, I think you'll see a continued and renewed
9 emphasis on things like infrastructure. At some point, that
10 is, it's getting to a point that -- when I first started in
11 the Administration, my first job was to write the Recovery
12 Act. I get tied into a bunch of stuff like Recovery Acts
13 and ACA, and at some point, I'm going to be the most hated
14 man in D.C., I think, but at that point, infrastructure was
15 seen as being the quickest way to put people back to work,
16 as the quickest way to get money on the street. I continue
17 to believe that there's a group of economists that think
18 that, but they have been joined by people who are saying,
19 one, it's -- we're not going to be able to compete
20 internationally unless we have an infrastructure system that
21 continues to be the best in the world. And there's too many
22 people who are flying to too many airports, saying our
23 airports aren't keeping up, our domestic infrastructure is
24 not keeping up, we have too many failing bridges, we have
25 too many accidents, we got to, we got to do something -- we

1 got to do something about that, one. And, two, that in
2 terms of keeping jobs in the United States, no one is going
3 to want to keep jobs here unless they have ways to move
4 their goods back and forth, and we don't have -- we have a
5 system that I don't want to say that is failing, but we need
6 to be making the investments now to make sure that we can
7 continue to be competitive.

8 So you'll see us focusing a lot on infrastructure
9 going into the next year, and we think we have an
10 opportunity, with the transportation authorization bill
11 needing to be reauthorized, to think about how we do
12 infrastructure better, smarter. I think other things that
13 we are going to do will be a continued emphasis on things
14 like STEM education and making sure that between, between
15 immigration reform and improving our schools and focusing on
16 engineering, mathematics, others, that we are creating a
17 workforce that really is ready for the 21st century. And
18 we've been very proud of what's been going on with STEM. We
19 can do more and we'll see more of that. I'm intentionally
20 being vague because the President will want to use the State
21 of the Union to actually lay out his further figures on
22 jobs. So that's Rob's little State of the Union right now.

23 MR. HOCHBERG: I think Luis and then I think Al.

24 MR. NABORS: Yeah, great.

25 MR. UBINAS: First of all, let me just thank you,

1 the Administration. It always amazes me the Administration
2 comes under criticism for not being open since it seems that
3 Administration people are all over the country, reaching
4 out, sharing ideas on a nearly continuous basis.

5 I want to get back to your question on immigration
6 reform and your point that if there isn't an immigration
7 reform bill out of this Congress in the first half of next
8 year, there's not going to be one sometime into the next
9 Congress. As you know, it's a tremendously important issue
10 for small businesses, for large export sectors like
11 agricultural, meat processing, and so on. What do you
12 imagine will change to make it possible for something to
13 happen in the next six months? We've seen almost no
14 movement, it seems from the outside, in the House, nor
15 completion everywhere else: the President's waiting to
16 sign. What do you think will change? What is the strategy
17 to try to get motion on that central U.S. labor force issue?

18 MR. NABORS: I think that's there's a couple of
19 things that will potentially change the environment. One is
20 that, and just being quite frank, the clock is running, and
21 I think the Senate -- the Senate took action at the
22 beginning of this year. What I said about the calendar for
23 next year, it doesn't require an advanced degree in
24 congressional studies to understand that the place is going
25 to really sort of slow down; so -- and I think there's been

1 enough experienced people who have fought the immigration
2 fight long enough to know that the longer this thing hangs
3 out, the harder it's going to be to get done. The notion
4 that people are going to come back a year from now, start
5 all over and the issue will not have changed and the
6 coalitions will not have varied, that's hard to imagine,
7 one.

8 Two, I think that one of the things that we've
9 seen with regard to immigration is it's -- the traditional
10 politics around immigration have, have shared the spotlight
11 on the reform bill along with economic politics as well, and
12 the economics are incontrovertible. Like, it doesn't matter
13 if it's the agricultural sector, high-tech. Across the
14 board everybody is saying we need immigration reform in
15 order to grow the economy. If you're talking about jobs,
16 everybody's, everybody's list includes immigration reform.
17 That's two.

18 I think the third thing is, as you look at the
19 champions of immigration reform on the Hill, they realize
20 not just the, not just the calendar, not just the clock that
21 they are paying attention to, but the Senate has given us a
22 road map that we haven't really had before, and there's a
23 lot of good stuff in the bill. It doesn't take a lot to
24 imagine, from a legislative strategy perspective, how you
25 can take the Senate bill and how you can see, politically,

1 how you can get a very important bill through the House and
2 the Senate during a very short window of time. Sometimes
3 you end up with bills that, yeah, it's great that it passed
4 the House but it's never going to make its way through the
5 Senate. You can't actually say that with the Senate
6 immigration bill, and I think that's hugely important.

7 There's not much work that needs to be done in
8 order to try to get this thing across the finish line, and I
9 think one of the things that I'm the most optimistic about
10 is that with the agreements that we've seen in the House
11 over the last couple of days, things like the budget, one of
12 the biggest things that occurred with the budget is it
13 wasn't an overwhelming Republican majority voting for the
14 bill. It was a true bipartisan coalition that came together
15 that sort of got the bill across the finish line.

16 It reminds me a little bit of sort of the days
17 when Tip O'Neill was the speaker. I think people have
18 mislearned some of those lessons by -- well, Tip O'Neill had
19 huge Democratic majorities. He was able to get things like
20 Social Security reform across the finish line because of
21 that. If you actually look at what happened, half the
22 Democratic Party walked away from him. It was -- you know,
23 the Southern Democrats never really voted for Social
24 Security reform. It was, it was always Tip O'Neill working
25 with Democrats and Northeast moderate Republicans or Midwest

1 moderate Republicans.

2 You can build a coalition. I think we saw some of
3 that coalition-building over the last week or two, and I
4 give a great deal of credit to Patty Murray and Paul Ryan
5 for being able to craft that type of compromise. It's a big
6 deal, and hopefully it speaks well for things like
7 immigration because, if people are willing to look beyond
8 just, we need a majority of our party, you really can see a
9 coalition being built around it.

10 MR. HOCHBERG: Let me do this: I want to be
11 mindful of your time. There are three people who have
12 questions. Why don't we get all the questions and you will
13 masterfully weave an answer to all of those, just going
14 to --

15 MR. NABORS: That feels more like a direction.

16 MR. HOCHBERG: I want to make sure everybody gets
17 a chance, so maybe four. I start with Alan, Gary, Cherod
18 and, I guess, Sean, and then -- well, we'll fire a few and
19 then you can -- you can pick and choose that way.

20 MR. NABORS: Well, you know, the -- yeah, I'm only
21 going to answer the ones I want to answer.

22 MR. HOCHBERG: Exactly. I was trying to give you
23 that room.

24 MR. NABORS: I was going to do that anyway, but --

25 MR. HOCHBERG: Alan.

1 MR. FLEISCHMANN: Yeah, I'll do a softball version
2 then of my question, Rob. As you know, I worked on the
3 Obama transition, and at that point, we didn't have a lot of
4 examples of innovation and entrepreneurship in this country
5 that we do today. I love what you said about infrastructure
6 before, but we have extraordinary stories of pockets of
7 innovation that are going on in this country that are
8 virtually unknown. I know you were talking about awareness
9 before and trying to get the word out.

10 I'm wondering -- my first day of the committee
11 here, so -- I'm wondering whether or not we can be helpful
12 to you, Ex-Im Bank, and this group in helping kind of get
13 the word out, to structure some kind of convenings to do
14 things that would be twofold, that would identify and
15 amplify where there really is some success that would only
16 scale it more and then, also, to kind of get the word out
17 that there are things like the Ex-Im Bank out there and
18 other, other parts of the government that actually are
19 partners with the private sector that, frankly, if only
20 entrepreneurs knew existed, they would come to?

21 MR. NABORS: I think that would be a huge benefit
22 to, to all of us. I think too often there's a perception
23 that we are, we either are at war or at peace with the
24 business community or labor or any other -- we are
25 constantly, we are constantly working together with all of

1 these groups, and I think the more we can emphasize that and
2 the more we can highlight some of the things that we are
3 doing around the country, I think, at the end of the day,
4 just gives faith to the American people that we're not all
5 crazy and that the system isn't breaking down perpetually.

6 MR. FLEISCHMANN: And maybe it's something we can
7 do together in the year that the Congress won't actually do
8 too much. We may be able to pick places around the country
9 that we could actually do convenings, do things with you,
10 kind of highlight innovation opportunity.

11 MR. NABORS: We would love that. So whatever,
12 whatever ideas you have we would be very interested in.

13 MR. HOCHBERG: Gary. Maybe we'll do it in rapid
14 fire. How much time do we have? Oh, we're fine.

15 MR. NABORS: I work for you, Fred.

16 MR. HOCHBERG: Oh, okay. Take your --

17 UNIDENTIFIED SPEAKER: Oh, wow.

18 MR. HUFBAUER: Thanks very much. I applaud your
19 emphasis on TPP and TPA and, I assume, TTIP as well. In the
20 last 72 hours -- this is an area I follow pretty closely --
21 I've heard a lot of skeptics who say it's not going to
22 happen in this Administration. I want you to prove them
23 wrong. My question is, tax reform wasn't mentioned. Do you
24 think that's -- that's another area I follow -- do you think
25 that's hopeless, or will this bipartisanship carry over to

1 at least a modest tax reform bill?

2 MR. NABORS: I think tax reform will happen
3 eventually. The only question that I have is sort of the
4 timing. People have gone through tax reform previously. It
5 just takes a while for the system to sort of ramp up and the
6 Treasury Department and Ways and Means and Finance to do all
7 of the things that are necessary to get tax reform done, but
8 it'll be a priority of the Administration. It'll be
9 something that we're pushing early, and there's just going
10 to be a lot of -- there's going to be a long lead time, a
11 lot of behind-the-scenes work that needs to get done before
12 tax reform is ready, but I think we have a willing partner
13 in Chairman Camp and Chairman Baucus; however, we're going
14 to see what we can get done there.

15 MR. HOCHBERG: Cherod.

16 MR. WEBBER: Hi, Cherod Webber, president,
17 Innovative Global Supply, based out of South Carolina.
18 Thank you for being here --

19 MR. NABORS: Of course.

20 MR. WEBBER: -- we appreciate your comments and
21 remarks. I have a general question, basically dealing with
22 Sub-Saharan Africa. I was fortunate enough to attend the
23 Doing Business in Africa Forum at the White House last
24 February. I applaud and commend your efforts, the
25 Administration's efforts to focus on Sub-Saharan Africa.

1 Based on our studies, we see Sub-Saharan Africa to be the
2 growth pole of the, say, global economy going into the
3 future, and I would request that the Administration continue
4 being aggressive and assertive in Sub-Saharan Africa to make
5 U.S. companies more competitive there.

6 I know President Obama has a renewable energy
7 initiative that he kicked off, which is fantastic. I would
8 just urge you all to look across multiple sectors in
9 Sub-Saharan Africa, health care, infrastructure as well. We
10 have tremendous opportunities there. Our Chinese friends
11 have a strong presence there. We started late in the ball
12 game, but opportunities are there. I just met yesterday
13 with the ambassador from Ghana. He's going back to -- at
14 the end of his term in January, he will return to Ghana. He
15 says there are open opportunities for American companies
16 across all sectors. He wants us to be active in our
17 approach to Sub-Saharan Africa, and again, with the support
18 of the Administration, I think we can be extremely
19 competitive, but we need to be there and have a presence.
20 Again, our Chinese counterparts, they do business a
21 different way, but I think if you give our partners a
22 choice, they rather do business with the U.S. companies if
23 they have that choice. So we need to increase our presence
24 there. Thank you.

25 MR. NABORS: I think on that I can say fairly

1 definitively -- when the President went to Africa this,
2 earlier this year, the commitments we made in Africa, many
3 times those are things that people like me come up with.
4 That trip was -- that trip was him. That is his vision. He
5 understands the economics that you're talking about. We all
6 understand these humanitarian issues facing the region for a
7 while. I think he has a sense of the economics far beyond
8 what people have sort of expected. He gets it and I don't
9 think you have to worry about the commitment there.

10 MR. WEBBER: Fantastic, and if I could make one
11 other comment, I think it's also a tremendous opportunity
12 for bipartisan support there. My senator, Lindsey Graham,
13 is a tremendous advocate of Africa. He's made six trips
14 there over the last 18 months. So I think we have some
15 great opportunities for bipartisan support there as well.
16 Thank you, Rob.

17 MR. HOCHBERG: Jenny.

18 MS. FULTON: Thanks. I'm Jenny Fulton of Miss
19 Jenny's Pickles. We're four years old. We export. What I
20 didn't hear and what I want to make sure that we're not
21 forgotten, is we're entrepreneurs. We're taking all the
22 risk. We lost our job during the Great Recession, and we
23 started a pickle business that now exports.

24 So with Alan's comments, you know, I don't feel
25 like there's enough focus, or we're kind of getting lost

1 because we're, you know, start-ups, and -- there's so much
2 opportunity out there to put American people back to work.
3 I take phone calls every day: Hey, I want to start my own
4 business; hey, I want to export. So I think the
5 Administration could also focus on some potential of
6 community kitchens, you know, people growing their food and
7 producing a product that we can export through the Ex-Im
8 Bank. So I just don't want to get lost. I --

9 MR. NABORS: You won't get lost --

10 MS. FULTON: Thank you.

11 MR. NABORS: -- and I think that's a great idea,
12 and I will, I will talk to Fred and I'll talk to Gene
13 Sperling back in our office to see what we can do about
14 that.

15 MS. FULTON: Thank you.

16 MR. HOCHBERG: I think Director Mulvaney had --
17 oops, last question, then we'll move on.

18 MR. MULVANEY: Yes. I just wanted to bring it
19 back to Ex-Im a little bit and ask, make -- ask a question
20 and make a comment, and that is, you know, are you aware of
21 Fred's 2015 request in the President's budget, because this
22 organization struggles a lot? You know, we have permission
23 to spend from Congress, you know, for our program budget,
24 for our admin budget, and we've grown tremendously over the
25 last five years, and you know, we need investments in this

1 building.

2 So I just want to ask if you're aware of that,
3 because, you know, Fred's in a pickle, you know. He's got
4 to accomplish a lot with, you know, finite resources, and
5 we've had a number of reports, IG reports, GAO reports, and
6 we need to actually grow in staff to monitor what we're
7 doing as well as to accomplish missions. So have you seen
8 his 2015 request? And I'm holding back to your OMB days and
9 those days when you worked for David Obey to try to, you
10 know, find Fred an ally in this process.

11 MR. NABORS: I will pay Fred a compliment, and I
12 rarely do that publicly or privately. I've been around for
13 a long time, and there's probably not a more effective
14 president of Ex-Im than Fred Hochberg.

15 MS. ANDRINGA: Yes.

16 MR. NABORS: So Fred and I will be talking a lot,
17 as we go forward, about the budgets. If Sylvia Burwell was
18 here, she'd say budgets are tough, money is tight right now.
19 We're going to make sure that there's enough money for Ex-Im
20 to do what Ex-Im needs to do, because one of the things that
21 he's been most effective -- one of the things that Fred has
22 been most effective doing within the Administration is
23 conveying how a dollar invested in Ex-Im has exponential
24 benefits to the economy, and as a result, everything that we
25 are trying to do Ex-Im is central to. So a budget

1 conversation is going to be hard, but Ex-Im is not going to
2 be left behind.

3 MR. HOCHBERG: That's a great way of ending.
4 Thank you. I'm going to just walk Rob out, but Scott is
5 going to pick up on the legislative and we'll keep the
6 meeting going. So I'll be right back.

7 MS. SCHOPP: Scott, let me just figure out the
8 server.

9 (Discussion off the record.)

10 MR. SCHLOEGEL: All right. So while we're waiting
11 for Fred to come back, I'll get started. He knows,
12 obviously, most of this, if not all of this already. So,
13 again, I'm Scott Schloegel, senior VP for Congressional
14 Affairs. I thought I would just give you a quick update,
15 and I apologize in advance. Some of this will be a little
16 bit of Government 101, just to make sure that you folks
17 understand the process through which we go for our
18 appropriations and our reauthorization. I've been described
19 kind of as the Schoolhouse Rock bill without the
20 personality. So I'll try to keep it interesting for you.

21 So the Congressional Affairs Office, we have three
22 main tasks that we have to do outside of our day-to-day
23 interactions with the Hill in monitoring and answering of
24 questions. Those would be appropriations that we have to do
25 each year, reauthorization, and confirmations. And the

1 appropriations aspect of it has to go through a process
2 through which we go through subcommittee markup,
3 full-committee markup; then it goes to the House or Senate
4 floor. If those bills are different, they work out a
5 conference committee.

6 In this instance, this year both the House and
7 Senate have already passed bills out of committee but they
8 have not gotten to the floor. I don't anticipate they will
9 come to the floor. I think what will happen is that we'll
10 get an omnibus, as you saw in the previous slide here, an
11 omnibus just being one big bill that blends together a
12 number of appropriations. My apologies to the four or five
13 or six IG folks who are in the office -- are in the room.
14 There's a typo on here. The Inspector General under the
15 House in FY '14, I believe the House gave them the 5.1
16 million also.

17 So these are the levels. You'll see on here the
18 request that we had from the Administration that Director
19 Mulvaney referenced. He's my favorite director today for
20 venting his comments to Rob. The Administration had
21 requested \$114.9 million. That's up significantly from
22 where we are currently. Over the last two years, we've
23 asked for increases in our appropriation level and haven't
24 received it because we've been under CRs, continuing
25 resolutions.

1 So 114.9 is our request. You'll see that the
2 House has us flat at the 89.9 level and the Senate has us at
3 125, which includes 10-and-a-half million for our
4 renovations. So, as you know, right now we're going through
5 renovation of the upper floors. We need 10-and-a-half
6 million to outfit that because the renovations themselves
7 were paid for out of the ARA money, the Recovery Act money,
8 but we need to pay for outfitting it with desks and phones
9 and all that good stuff. The renovation in-house, they did
10 give us the renovation money of the 10.5. So while it is a
11 flat administrative budget, they did provide for the, money
12 for us to outfit and move.

13 I want to emphasize for those of you who maybe
14 it's your first time on the Board, Ex-Im, we cover all of
15 our expenses, all of our loan-loss reserves out of the fees
16 and interest that we charge to our customers. So when we
17 say that we're getting an appropriation, this is not money
18 that's coming from Congress. This is an authorization from
19 Congress for us to be able to use up to 89.9 or 125 or 115,
20 depending on what we end up getting, of the money that we,
21 that we already generate. The balance of that then goes to
22 the Treasury and that's the 1057, the 1,057,000,000 that the
23 Chairman mentioned in his opening statement and has as his
24 password on the iPhone there that drives our IT folks nuts.
25 So that's where we are right now.

1 Currently the Appropriations Committee folks,
2 we've been having a number of discussions with them about
3 what we can live with in each of the House and Senate
4 committee-passed versions. We're not sure where we will end
5 up, but I anticipate that we will have news on that in the
6 next couple of weeks here. And they all were urged to do
7 their Christmas shopping back in July because they knew that
8 we'd get to this point again in the appropriations process.

9 Reauthorization being the next big thing. The
10 process for reauthorization, as the Chairman mentioned, we
11 expire in September, on September 30th of next year. That
12 reauthorization process has to go through a subcommittee
13 markup and full committee and the House. Typically in the
14 Senate it goes right to the full committee; sometimes you'll
15 have a subcommittee markup, and then they'll each pass their
16 own version as we go to a conference committee, and then
17 both the House and Senate would ratify that conference
18 committee, or conference report.

19 Reauthorization this year, I expect that --

20 MR. HUFBAUER: Can I interrupt to ask a question?

21 MR. SCHLOEGEL: Absolutely. Absolutely.

22 MR. HUFBAUER: I was on this committee about 20
23 years ago and things have changed, obviously.

24 MR. HOCHBERG: Thank God.

25 MR. HUFBAUER: But how does the Congress now score

1 for the debt limit purpose, since the debt limit is
2 everybody's favorite number or least favorite number, how
3 does it score reauthorization for debt limit purposes?

4 MR. SCHLOEGEL: We would -- I don't think that
5 they score us for debt limit purposes on reauthorization.

6 MR. HUFBAUER: Okay.

7 MR. SCHLOEGEL: They would score if, if something
8 that they put into our reauthorization -- for example, last
9 time around in our reauth, the House put in some extremely
10 broad Iran sanctions provisions that would have impacted the
11 Bank -- in the neighborhood of 30 to 60 percent of our
12 business we would have been prohibited from doing based off
13 of the way that they crafted their language. They passed
14 that out of committee, and they couldn't get a floor vote on
15 the House bill because it was so overly broad, and in that
16 case, it would score because then we're, you know, if Ex-Im
17 stops producing 30 to 60 percent on a billion dollars this
18 year, that's real money, right? So in that case, it would
19 score.

20 MR. HUFBAUER: Uh-huh.

21 MR. SCHLOEGEL: Every year we do score in the
22 budget process, in the appropriations process, and so they
23 do have a scoring that they expect, in terms of what they
24 expect Ex-Im will run in what they call negative subsidy,
25 which is actually a profit in the private sector, as the

1 Chairman talked some.

2 Okay. So reauthorization will be a tough fight
3 this year. Mary brought up some good points in terms of the
4 NAM folks and their help with -- National Association of
5 Manufacturers -- they, the Chamber, Labor have all been very
6 helpful with us in reauthorization, and we appreciate the
7 activities that they've done. We anticipate this year will
8 be a very difficult, or next year will be a very difficult
9 reauthorization because there is a vocal minority out there
10 that just thinks the Bank should not exist. They figure
11 that since the Bank is turning a profit, that's something
12 that the private sector should be able to do and we wouldn't
13 need the Bank, which is --

14 MS. SHOTWELL: Could you share which members are
15 not supportive?

16 MR. SCHLOEGEL: Well, they're -- the chairman of
17 the full committee that we need to be reauthorized through
18 in the House.

19 MR. HOCHBERG: Just to name one.

20 MR. SCHLOEGEL: Yes. Chairman Jeb Hensarling, who
21 is from Texas, he chairs the House Financial Services
22 Committee. He is, has said it's time to exit Ex-Im Bank.
23 He said that in a hearing back in June or July that we had
24 that Chairman Hochberg was at. There are -- there were 93
25 Republicans in the House who voted against our

1 reauthorization last time. All Democrats who voted voted
2 for it, and the remainder of the Republicans who voted voted
3 for it. So it is a more vocal minority, but we could get
4 you a list of folks, if you'd like. That's Gwynne, right?

5 MS. SHOTWELL: Yeah, it is. I just want to make
6 sure I understand. It's my understanding that Ex-Im does --
7 I mean, you guys are positives every year. You're creating
8 money for the --

9 MR. SCHLOEGEL: Absolutely.

10 MS. SHOTWELL: -- country, right? Or --

11 MR. SCHLOEGEL: Absolutely.

12 MS. SHOTWELL: I know Fred made a, kind of an
13 off-the-cuff remark that we're a bank and we lose money, but
14 it's my understanding that you guys actually make money
15 every year --

16 MR. SCHLOEGEL: Well, we certainly have --

17 MS. SHOTWELL: -- which would cover all your
18 costs.

19 MR. SCHLOEGEL: We have since credit reform. I
20 think it's been about 2008. Since 2008 we have turned a
21 profit and we have not had a direct appropriation from --

22 MR. HOCHBERG: Actually, since credit reform,
23 which was enacted in, went into effect in '92, we have
24 delivered to the Treasury north of \$6.3 billion above and
25 beyond all operating costs and all, any loan losses. And,

1 Gwynne, when I only said, banks are supposed to not --
2 supposed to have some loans that don't pay off. I don't
3 mean that we lose money. I'm simply saying we're going to
4 have some claims and that's natural and part of being a
5 bank.

6 MS. SHOTWELL: Okay. All right. I appreciate
7 that clarification. Okay. I look forward to the list,
8 which seems silly to me, but I'm new to the committee.

9 MR. SCHLOEGEL: It seems silly to a lot of folks.
10 So you're --

11 MR. HOCHBERG: Even old people on the committee.

12 MR. SCHLOEGEL: -- you're certainly not in the
13 minority on that, Gwynne.

14 MS. SHOTWELL: Okay.

15 MR. SCHLOEGEL: So I anticipate it will be a
16 difficult journey this time around, and our numbers have
17 been very good. I mean, they are down in terms of our small
18 business, but our small business percentage, as a
19 percentage, is up a little bit. The number of small
20 businesses that we worked with and financed last year is at
21 a record number. So those are positive things that we've
22 had, and obviously, the negative subsidy that we sent to
23 Treasury was also at a record level. So it will be a bit of
24 a slog, but I think we can get through it.

25 MR. FLEISCHMAN: Can I ask a question?

1 MR. SCHLOEGEL: Sure, yep, go ahead.

2 MR. FLEISCHMAN: Are we limited at all on this
3 committee to be able to reach out to members of Congress?

4 MR. SCHLOEGEL: You are able to reach out to
5 members of Congress certainly in your individual capacity.
6 I would need to ask our general counsel whether you can do
7 it as an official Advisory Committee member or not to
8 advocate it.

9 MS. FREYRE: The Bank is not allowed to ask you to
10 lobby on its behalf.

11 MR. FLEISCHMANN: Okay.

12 MR. SCHLOEGEL: Mike.

13 MR. BOYLE: Does the political nature of the
14 reauthorization hinder the Bank's ability for national
15 communication because of its -- it wants to keep a lower
16 profile during the reauthorization period? For instance, we
17 talk about the advertising ability of the Bank. Is that
18 risky in its profile relative to the communications because
19 the reauthorization becomes so arduous?

20 MR. SCHLOEGEL: No, I don't think so. I mean, we,
21 we have an excellent story to tell at the Bank, and I don't
22 think we're shy in the least about getting out to tell it.
23 And we've met with -- the Chairman and I were in with
24 Chairman Hensarling, you know, an opponent of the Bank, but
25 we were in with him and explained to him, hey, look, you

1 know, this is what Ex-Im has been doing, and he said, well,
2 that's great, you know, Fannie and Freddie were fine before
3 they weren't, FHA was fine before they weren't, Ex-Im is
4 fine until they're not. But, as we pointed out to the
5 chairman, you know, those all occurred during the worst
6 recession since the Great Depression --

7 MR. BOYLE: Uh-huh.

8 MR. SCHLOEGEL: -- Ex-Im came through that
9 stronger than ever. We are extremely well reserved. The
10 Congress put in a number of transparency provisions during
11 the last reauthorization to ensure that we are doing
12 additional reporting, like the default rate and Federal
13 Register notices and things like that. So hopefully those
14 will give, you know, any skeptics comfort in the work that
15 we're doing here at the Bank. So we're, no, we're not --

16 MR. BOYLE: Okay.

17 MR. SCHLOEGEL: -- we're not reluctant at all to
18 tell our message.

19 MR. BOYLE: Is there any opportunity in this
20 discussion with the reauthorization to expand the
21 reauthorization time frame, because it creates a negative
22 competitiveness for us worldwide, because the continuous
23 reauthorization directly impacts the ability of deal-making
24 globally.

25 MR. SCHLOEGEL: Yeah, so there -- you know, we are

1 at the whim of what Congress gives us in terms of the length
2 of our authorization. The Bank has crafted a bill that we
3 will send through OMB, hopefully in the next week, to have
4 them come up with the official Administration position and a
5 bill for us to be able to send up to the Hill early part of
6 next year.

7 We realize that the customers of the Bank need as
8 long of an authorization as possible to ensure that, you
9 know, they can, that we're going to be around to assist
10 them, especially in the -- you know, small business, short
11 term is a little bit different than the bigger structured
12 finance projects that are coming in, and you know, people
13 will say, gee, this is going to take me about a year or two
14 years in order for us to get to the point of financing; if
15 we can't rely that Ex-Im is going to be around, we may look
16 at other ECAs to do financing through. So --

17 MR. BOYLE: Yes. Okay, thank you.

18 MR. HUFBAUER: Have you ever --

19 MR. HOCHBERG: Let me -- oh, sorry. Manana, can I
20 just, I think -- I'm not sure you answered Alan's question.
21 He asked, is there any limitation on their actions with
22 members of Congress? I know our action --

23 MS. FREYRE: No.

24 MR. HOCHBERG: -- we cannot ask you to lobby --

25 MS. FREYRE: Correct.

1 MR. HOCHBERG: -- but members of the committee can
2 do whatever they want, and they can do it and they can
3 mention they're a committee member, right, because that's a,
4 that's not an official -- it's not an employment. I think
5 that was the question: Can they say --

6 MR. WEBBER: That is the question.

7 MR. HOCHBERG: -- they're on the Advisory
8 Committee if they're meeting with a member of Congress?
9 That was the question.

10 MS. FREYRE: They can say that they are on the
11 Advisory Committee when they're meeting as a member of
12 Congress, and I think it would be appropriate for them to
13 raise the issues that they are sensitive to as committee
14 members. We as the Bank are prohibited from --

15 MR. HOCHBERG: Requesting that.

16 MS. FREYRE: -- requesting them --

17 MR. HOCHBERG: Yes.

18 MS. FREYRE: -- to go forward and to do --

19 MR. WEBBER: Okay.

20 MS. FREYRE: -- battle on our behalf.

21 MR. FLEISCHMANN: And then a follow-up question
22 would be, can we, can we request of you or from the folks
23 here to give us information about outreach --

24 MS. FREYRE: Absolutely.

25 MR. FLEISCHMANN: -- and messaging and all that as

1 well?

2 MS. FREYRE: Absolutely.

3 MR. FLEISCHMANN: Okay, great. That's great.

4 MR. SCHLOEGEL: Yeah, we can't tell you who to
5 reach out to, but we can provide, if you have -- if you give
6 us questions of, you know, can you give us statistics and
7 data of the Bank and things like that, we are absolutely,
8 we're happy to do that, absolutely.

9 MR. HUFBAUER: Leaving aside Fannie and Freddie,
10 have you got a rack up of the negative subsidy and the
11 loan-loss figures of Ex-Im Bank against all the other, you
12 know, credit agencies of the government, rurals, and so
13 forth and so on?

14 MR. SCHLOEGEL: Against the U.S. government --

15 MR. HUFBAUER: No. The U.S. government supports
16 all sorts of bodies, world cooperatives and what have you,
17 you know, doing, in the credit business. And what I'm
18 wondering is whether you have kind of a scorecard which
19 compares Ex-Im performance, the loan loss and the negative
20 subsidy, over a period of time against these other agencies
21 which are, you know, similar in the sense that they're in
22 the credit business?

23 MR. SCHLOEGEL: We have not done that, but it's a
24 good suggestion, and we -- absolutely, it's something for us
25 to look into. I'll take the moment to introduce Stephen

1 Rubright, who introduced himself a little bit earlier, but
2 I'm sure he's taking that down as we speak, and we'll pull
3 that together. Cherod.

4 MR. BOYLE: One last question on --

5 MR. WEBBER: Going back to the being an advocate
6 and lobbying the Hill on behalf of the Bank, have you all
7 considered a structured, say, relationship with the United
8 States Global Leadership Coalition? You know, they meet
9 annually and then they go on the Hill and they meet with --
10 they form groups of lobbyists from each state, and they
11 usually have a list of items that they want to address with
12 their congressman and senators. That could be a great
13 opportunity to have a structured way that you can elicit the
14 support of businesses and nonprofits to go on the Hill and
15 lobby on behalf of the Bank.

16 I was able to participate with that group last
17 year, and they do an excellent job in terms of their
18 structure. And they have a state office and a state
19 chairperson, and they're very assertive when they go up on
20 the Hill.

21 MR. SCHLOEGEL: Great.

22 MR. WEBBER: That's something you may want to
23 consider.

24 MR. SCHLOEGEL: We certainly would, you know -- we
25 have not worked with them in the past, but I would be more

1 than happy to work with them to provide them whatever
2 information that they need. We can't go up and -- we can't
3 ask them to go up --

4 MR. WEBBER: Absolutely.

5 MR. SCHLOEGEL: -- and advocate on our behalf, but
6 other members who are, you know, other folks who are members
7 of that, if that's what the --

8 MR. WEBBER: Absolutely.

9 MR. SCHLOEGEL: -- leadership folks want to do,
10 then that's certainly --

11 MR. WEBBER: Yes. Okay.

12 MR. SCHLOEGEL: -- within their right.

13 MR. BOYLE: One very --

14 MR. SCHLOEGEL: Yes, Mike.

15 MR. BOYLE: One quickly, Scott. In your bill that
16 you're going to put forward next week, what is, what would
17 the Bank's position be on what should be the reauthorization
18 period, if not on -- what would you, I mean, obviously and
19 definitely under, but what would be realistic?

20 MR. SCHLOEGEL: Yeah, so there are a number of
21 things that we have to do in that reauthorization, or in the
22 bill request, right? We need to talk about the time frame
23 of how long the Bank will continue to have its
24 authorization. We need to talk about our exposure cap. We
25 need to extend the provisions for dual-use technology,

1 financing for the Advisory Committee, et cetera, et cetera.
2 That being said, I can't get out ahead of the guy who sat in
3 the chair ahead of me here with the Administration and tell
4 you what our request is, because until we have the official
5 request from OMB --

6 MR. BOYLE: Oh, I see.

7 MR. SCHLOEGEL: -- we can't divulge that, but --

8 MR. BOYLE: Yes, sir.

9 MR. SCHLOEGEL: -- suffice it to say that we, you
10 know, we understand your concerns of --

11 MR. BOYLE: More than the current.

12 MR. SCHLOEGEL: Yeah. We certainly understand --

13 MR. BOYLE: Yes, sir.

14 MR. SCHLOEGEL: -- the need for a long-term
15 reauthorization. Other questions on that particular issue?

16 (No audible response.)

17 MR. SCHLOEGEL: Okay.

18 MR. BOYLE: Thank you.

19 MR. SCHLOEGEL: So going on then to our Board of
20 Directors and confirmation process, we were successful in
21 having Chairman Hochberg confirmed earlier this year through
22 the Senate, which was a great thing. It took the nuclear
23 option threat the first time in order to get him through,
24 but he passed. And Wanda Felton, our vice chair, has been
25 through the committee process, been marked up and sent to

1 the Senate floor and has been sitting there for a few months
2 now, awaiting a vote in the Senate, but we're hopeful that
3 she will be approved some time, if not the end of this year,
4 early part of next year.

5 And, lastly, this is our, the list of the folks up
6 in Congressional Affairs and our phone number up there.
7 Stephen brought up, and you'll see up front here, the markup
8 of our home page, the Web page for Ex-Im, and you'll see the
9 map of the United States down there. So if you go to our
10 main Web page, exim.gov, and you scroll down to the map of
11 the United States -- thank you, Vanna.

12 MR. HOCHBERG: Vanna White.

13 UNIDENTIFIED SPEAKER: Yeah, not Vanna.

14 MR. SCHLOEGEL: You can click on your individual
15 state or any state and see all the financing that we've done
16 in that state. You can then also sort that by congressional
17 district, and so there's a little drag-down button on the
18 right when you get in there to sort by congressional
19 district -- again, extremely helpful.

20 So if you're going in and meeting with your member
21 of Congress and you want to know which other companies are
22 also using Ex-Im, you can pull that data up. You can sort
23 it by small business, minority- and women-owned, veteran
24 businesses, and so it's an extremely helpful tool. Not
25 everybody knows about it; so I wanted to make that pitch to

1 you, and tell all your friends and family around the
2 holidays that they should go on there and do the same thing.

3 And then the last point is that we go out and we
4 are doing these Global Access for Small Business forums.
5 We've done, I think, almost 65 of them now around the
6 country, and I think, Mike, you did one with -- did you do
7 the one with --

8 MR. BOYLE: Last week, yeah.

9 MR. SCHLOEGEL: -- last week with Congresswoman
10 Kuster up in New Hampshire? We appreciate that. We may be
11 reaching out to you, to tap you, if we're in the area, to
12 talk a little bit at one of these forums about how you can
13 use Ex-Im and what it's done for your particular businesses.
14 So, with that, I'm happy to answer any additional questions.
15 All right. Thanks.

16 MR. BOYLE: Go get them.

17 MS. ANDRINGA: Just, just good work on this map
18 thing. I mean, that's something we didn't have really in
19 usage for the last time on reauthorization. So -- right?

20 MR. SCHLOEGEL: Yeah, we did have it on there, but
21 we --

22 MS. ANDRINGA: But it wasn't really out there as
23 much yet. So that's --

24 MR. SCHLOEGEL: Exactly. Exactly.

25 MS. ANDRINGA: -- so it's great. And, again, I

1 think all of us around the table have our own personal
2 stories, and we can tell them why it's so important, the
3 reauthorization. I'd like to see a longer time frame, too,
4 obviously, but thank you very much.

5 MR. SCHLOEGEL: Thank you, Mary.

6 MR. HOCHBERG: One, just -- oh, Gary, sorry, go
7 ahead. Gary.

8 MR. HUFBAUER: Well, I would guess most of the
9 people on this committee and in the room regard Ex-Im as
10 totally additional to exports which otherwise would've
11 happened, but obviously, the chairman of the House Financial
12 Services Committee and many others are skeptical. They
13 think it's just replacing private banking. This brings me
14 to the website that you guys just devised and the database
15 you have, and I'm going to suggest very briefly a research
16 methodology which could be employed to get out this
17 question, not in an anecdotal basis, but on an econometric
18 basis of additionality, which has been a question to the
19 life of the Ex-Im Bank.

20 You have enough microdata there that if you got a
21 person like my colleague Brad Jensen, who had worked with
22 microdata, to do a, to do a study of the probability of
23 exporting by type of company, location, and other
24 characteristics, having or not having an Ex-Im loan, you
25 would have a pretty powerful econometric type of research,

1 and I won't try to go into it more. I know that it's not as
2 powerful to some people as anecdotes, but at least for a
3 group of folk, that's a very powerful kind of analysis which
4 is applicable given your database.

5 UNIDENTIFIED SPEAKER: That's correct.

6 MR. BOYLE: Mr. Chairman --

7 MR. WEBBER: That's a great point.

8 UNIDENTIFIED SPEAKER: Absolutely.

9 MR. BOYLE: -- from my perspective, as a small
10 business exporter of power and energy, in New Hampshire, as
11 a regional, sort of a non-centralized location for power and
12 energy as, say, Charlotte or Houston, I'd be honest with
13 you, I know of absolutely no one; no bank I couldn't treat
14 to support me for the export credit risk that we supply
15 without your help.

16 So, you know, the reauthorization would cripple my
17 company such that we would be barred from exporting except
18 on an individual, one-on-one project basis. So without the
19 Bank's reauthorization and/or risk of it, we would be
20 literally crippled from our export ability.

21 MR. HOCHBERG: Let me make two comments. One,
22 we're fine on time because we're going to just cut a little
23 into lunch hour. So -- it was a lunch hour; now it's a
24 lunch 45. Am I correct, Gaurab?

25 MR. BANSAL: Yeah, I think we can.

1 MR. HOCHBERG: Whatever. Well, we'll be fine.

2 Let me --

3 MR. MULHAUSER: Won't say a little but not too
4 much.

5 MR. HOCHBERG: Let me, two quick comments just to,
6 since Mike Boyle and Mary brought that up. You know, we
7 have, in the past, we've always asked for a longer
8 reauthorization period, but last time we asked for four
9 years. We were granted three, and then we used up eight
10 months getting it. So the clock kept ticking. So -- but
11 the Administration, to the question that Director Mulvaney
12 asked and you asked, they have granted us an increase in our
13 budget request to Congress every single year since President
14 Obama has been elected. One year we were able to get
15 additional funds out of Congress.

16 So in terms of the President and his
17 administration, we've gotten the support for our
18 reauthorization; in the past, we've gotten the support for
19 our budget. That's vital because, if we don't have that,
20 there's nothing to ask for up there. But we, so what we
21 need to do is, one, is -- as Scott mentioned, we're working
22 on that -- we need to present it to them and give them the
23 safety and the space to review it and add their comments
24 before we can go public with that, but we are looking to do
25 this quickly.

1 Just to finish, Rob mentioned the calendar. We,
2 you know, we're aware of an election year, and so therefore
3 it's going to get harder as you get into the summer, and
4 each time we have tried to calibrate an expiration for Ex-Im
5 Bank authorization not to be an election year. There's
6 enough going on in an election year. So I'll only leave it
7 at that. That would be our hope, is to get away from an
8 election year, and I'll let you do the math to figure that
9 out.

10 And the last thing I wanted to, Gary's point is --
11 and Scott's made this point but just to put a fine -- since
12 our budget is called, it's scored, which means it actually
13 goes into the deficit reduction calculation, the -- one is
14 the way we should be running the Bank. We've been running
15 it better and that's why, part of the reason we turned over
16 a billion dollars' worth of profit. The other thing is, if
17 you were to ever, quote/unquote, exit the Ex-Im Bank,
18 actually the government starts losing money, because we make
19 money. So that actually has sort of cut the other way. All
20 of a sudden, then the appropriates say, oh, my God, now I
21 have less money and I have to raise taxes or cut expenses
22 elsewhere.

23 So, frankly, the fact that we score our budget and
24 that we have reduced those costs of actually operating in
25 many ways has really strengthened our case across the board.

1 And, with that, I'm going to turn it over to Isabel Galdiz,
2 who is in our Policy and Planning Department. Isabel, how
3 many years are you with us now?

4 MS. GALDIZ: Twenty-one.

5 MR. HOCHBERG: Twenty-one.

6 MS. ANDRINGA: Oh, wow.

7 MR. HOCHBERG: And has done an excellent job and
8 has really been working on this for quite some time over the
9 years. In the past, Piper Moffatt held that position for a
10 number of years and was in charge, but Isabel has moved in
11 quickly and has taken no time of coming up to speed and is
12 going to present the Advisory Committee responsibilities and
13 discuss the report a little bit.

14 MS. GALDIZ: Thank you. Thank you, Mr. Chairman.
15 It's really my pleasure to be here in front of this Advisory
16 Committee and to first just take this opportunity to
17 describe in a little more detail the responsibilities you
18 have that the Chairman has already introduced to you
19 briefly.

20 This committee has been a very thoughtful
21 committee and has provided very interesting and thoughtful
22 contributions to the Competitiveness Report in the past
23 three years that I've been doing this, this work with Piper
24 Moffatt. I'm going to point out to you two people in this
25 room that are going to be very helpful to me during this

1 process. One is Nicole Hutsell. Nicole, are you there?

2 MS. HUTSELL: Yes, I'm here.

3 MS. GALDIZ: So Nikki has been working directly
4 with a contractor, a consultant that actually was brought on
5 board as a result of the Advisory Committee work and
6 recommendations, and with support from the Chairman and
7 senior management here. So she is carrying on that work
8 that is a direct result of the work of this committee. I'll
9 also point out Julie Kalishman. She will be spearheading
10 this report internally. So those, those two people will be
11 working with me. You'll be hearing more from us over the
12 course of your year.

13 I'll get directly to the description of your role.
14 Per charter -- this is one of the few things that the
15 charter really prescribes for us to do with respect to the
16 Advisory Committee -- we are to submit a statement from you
17 that includes your views on the findings of the
18 Competitiveness Report. So your job will be to review the
19 report and to comment on its findings.

20 Now, having said that, we don't really, let's say,
21 take edits to the report because we go through a very
22 comprehensive process in preparing the report, but what we
23 do want to do at this point is to invite you to contact us,
24 especially if you have, if you can identify either people or
25 companies that you believe could contribute to this report.

1 Our survey is of exporters and lenders who have used Ex-Im
2 Bank during the past year, but we invite you to give us
3 names of people that we could include in our roundtable
4 discussions because we do think that there's a bunch of
5 thoughtful people there who we need to contact that maybe
6 didn't use us in 2012 and maybe -- or 2013 -- but there's a
7 reason for that and we need to get their views as well. So,
8 so I wanted to put that out to you now.

9 In terms of the Competitiveness Report, what is
10 the Competitiveness Report? Many of you are very familiar
11 with the Competitiveness Report. It's a report card. It's
12 an annual report card to Congress where we grade ourselves
13 relative to the other export credit agencies. As the
14 Chairman noted, we have Stephanie Thum who is here in our
15 audience, vice president for the customer experience, and
16 she is very focused on collecting information with respect
17 to customer, customer service and Ex-Im Bank's customer
18 service.

19 Our role here with the exporter lending service is
20 to collect information about how we compare relative to the
21 other ECAs. So that's actually almost, in some respects, a
22 qualified service because not all of those users of Ex-Im
23 Bank have direct knowledge or information about our
24 competitors. So we worked hard to try to improve the ways
25 we ask the questions to be able to really get at that

1 information in the Exporter and Lender Survey. We now, as a
2 result of this new survey process that the Chairman has
3 supported and senior managers have really supported in
4 trying to reach out to companies, express the need for as
5 much support as possible in responding to these survey
6 questions, giving us their input so that we could arrive at
7 the best assessment possible, we now improved our survey
8 platform, put in a bunch of technical adjustments to help
9 people through this process, and we're continuing to improve
10 it this year.

11 This series of assessments previously, until
12 really this Chairman, was comparing ourselves to the major
13 ECAs, defined as the G-7 ECAs. Well, as of last year, we
14 really expanded the base of ECAs to include the major OECD
15 ECAs. In previous years we started to focus in on, of
16 course, the non-OECD ECAs, the majors being China, India,
17 and Brazil. We have tried to include information about
18 Russia. This is very difficult given the lack of
19 transparent data. We've appreciated contributions from
20 members, from the committee, as well, on ideas on how to get
21 better data from those different countries and on their
22 programs, because it's very difficult for us to just compare
23 ourselves on the trade numbers; we're looking really,
24 specifically, at the export credit numbers. But to the
25 point the Chairman made earlier, there are other programs,

1 untied financing, that fall outside the OECD realm, and
2 we've tried to capture that information here, as well, in
3 the report.

4 MR. HOCHBERG: Do we include Korea?

5 MS. GALDIZ: We have now included Korea, as well,
6 within the expanded base of ECAs. Even though they're not a
7 G-7, they're within the expanded base of ECAs, and they're
8 certainly a major ECA this past year and next year as well.

9 So last year we earned the grade of an A, but as
10 noted by Advisory Committee members, our Chairman in his
11 letter to Congress, and our conclusion in the report, we
12 need to stay vigilant to competitive challenges. And we
13 intend to continue to evolve the report this year and zero
14 in, as best as we can, on those other competitive pressures.

15 The Chairman noted that there are emerging
16 programs. We're trying to get more information on those
17 emerging programs. It comes as no surprise to people in
18 this room that, that direct lending has become such a huge
19 program, and all ECAs are trying to gear up capacity to
20 either provide direct lending, work through others, other
21 agencies to do more direct lending. We already had that
22 tool in our toolbox; so that was one of the reasons why we
23 were graded as an A. But we are seeing those other programs
24 grow by leaps and bounds, and we intend to bring that
25 information to you in next year's report.

1 We encourage you, and we can get these to you or
2 you're welcome to go to the website and look at previous
3 Advisory Committee members. It's the first -- first part of
4 the report is the Advisory Committee's statement. Nelson
5 Cunningham was very thoughtful -- three years of work with
6 him, really has been a pleasure to engage. And we're here,
7 and I think I can commit, we globally here at Ex-Im Bank,
8 everyone from, you know, the senior managers, we have Jim
9 Mahoney here from our Engineering and Environment Division,
10 worked closely with the environmental subcommittee. I know
11 that Mary raised concerns with respect to the NAM and the
12 new policies we have there. We're happy to continue working
13 with you, supporting you in any way possible. Owen
14 Herrnstadt has worked with our policy office. Trying to
15 give you as much information as we can is how we arrive at
16 those assessments of our content policy, economic impact
17 assessments, et cetera. So we stand prepared to answer your
18 questions, give you as much information as we have
19 available, and just know that it's an open door.

20 In terms of just an overview for the schedule,
21 this is just the introduction to this responsibility that
22 you have. In March we will get into your responsibilities
23 in a little more detail. You will receive a draft report,
24 and given the dynamics of when we receive the data and when
25 the Bank and other agencies have an opportunity to turn a

1 draft over to you, we really are not able to get you a
2 report until late April. It's typically been in the May
3 time frame that we get you a draft. We will go over the
4 draft with you in as much detail as you ask us to, and then
5 we will have a full discussion of the draft and any
6 questions and comments you have at your third quarterly
7 meeting, which will be in May.

8 By the end of May, we need a final statement from
9 you and that statement can contain dissenting views, all the
10 views, unanimous views. So there's no reason why you need
11 to feel limited in that statement. We will put that
12 statement into our final report, and it needs to go to the
13 printer by late May because the Chairman is really -- part
14 of his effort to draw attention to this report has been that
15 he's done this speech at the Center for American Progress
16 and he's gone to the press with it. So Congress requires
17 that we have this report to them by law by June 30th of
18 2014, but since the Chairman's been here, we've always gone
19 a little earlier with that message in that report. I assume
20 with the reauthorization that will be our goal this year as
21 well.

22 So thank you very much, and we look forward to
23 working with you. Happy to take any questions.

24 MR. HUFBAUER: Just two questions. First, does
25 any other ECA do anything comparable to this, to this

1 report? It's quite impressive. And, secondly, who gives
2 the grade?

3 MS. GALDIZ: So no other ECA does this report, but
4 they do read it. We got, we have some trouble getting our
5 members in Congress to read it, but there's certainly --
6 it's certainly wide read around the world from the questions
7 that we, that we get.

8 The grade is really the assessment that's produced
9 by the staff, taking into account the objective information
10 that we have from the programs and policies of the foreign
11 ECAs --

12 MR. HUFBAUER: Uh-huh.

13 MS. GALDIZ: -- and the information that we
14 collect via the Exporter and Lender Survey. And so we put
15 this into a --

16 MR. HUFBAUER: Right.

17 MS. GALDIZ: -- you know, an Excel sheet, and we
18 arrive at a grade. Is it a purely scientific grade? No, it
19 is not a purely scientific grade. It is our best
20 assessment, and it is a grade of our competitiveness. So a
21 question that's come up routinely with the Advisory
22 Committee members is, well, for example, are you grading how
23 effective X or Y, Z policy was in promoting this or that
24 U.S. government goal? No, that isn't what we're grading.
25 What we're -- for example, with respect to the environment,

1 there is a clear goal with the environment. This is an area
2 that is near and dear to my heart. I've worked on it for
3 many years, and there is a clear policy objective there.
4 The grade reflects the fact that no other ECAs may or may
5 not have these types of provisions. So that's really how
6 the grade is arrived.

7 MR. HOCHBERG: Oh, all right.

8 MR. HERRNSTADT: I'm sorry. Thank --

9 MR. HOCHBERG: Isabel, are you going to call on
10 people, or do you want me to? I'll let you call.

11 MS. GALDIZ: Okay, sure. Just go in order. Owen.

12 MS. DRAKE: Go ahead, Owen. Go ahead, Owen.

13 MR. HERRNSTADT: I don't want to be, you know,
14 just protocol, right? Thank you. Just a few, a few quick
15 points. One, as you know, we've, I think Celeste and me
16 have been somewhat critical of the methodology used in the
17 past to arrive at the grades. I understand that there's
18 sort of a new survey now, something the Advisory Committee
19 had recommended a long time -- well, a few years ago. It
20 would be great to be able to see sort of that new survey and
21 that new methodology sooner rather than later so that we can
22 be more helpful to you in it. I realize you probably had to
23 go through OMB and all that other issue, but it would be
24 great to take a look at that, on that.

25 Two, I guess we'd reiterate our concern that, or

1 our caution that the Bank does not spend too much focus on
2 non-financial factors, that is, public policy issues of
3 which the Congress has reauthorized the Bank to institute,
4 but focus on the financial factors that are within the
5 Bank's control and which we interpret to be what Congress
6 was looking at when they asked for the Competitiveness
7 Report on that.

8 Three, you mentioned China and other non-OECDs.
9 Once again, this would be an area where we would urge you to
10 look into. It is so critical. We realize there are major
11 barriers with you and everybody else in the world to
12 determine what exactly is going on in China, particularly
13 with their ECA, but we would wholeheartedly encourage you to
14 keep up the work and to press the OECD, also, to assist in
15 this vital information on that -- the ECA in China going,
16 obviously, well beyond what a normal ECA would fund in terms
17 of subsidies, illegal or whatnot, under the WTO on that.

18 And then last but not least, I do understand that
19 there is some language from time to time on human rights
20 issues and labor standards which the Bank does look at,
21 looking at GSP standards and others. This is a growing,
22 continually growing concern, particularly as we kind of move
23 into the world of China and other places. So I would
24 encourage the Bank to continue to look into that and maybe
25 even contain a chapter in terms of the competitiveness

1 issues with that, looking at human rights issues or the lack
2 thereof as a subsidy, which many OECD countries could not --
3 could not compete with or should not.

4 MS. GALDIZ: Mary.

5 MS. ANDRINGA: Just a comment, I guess, or a
6 question maybe. You mentioned that if we had other names
7 of, I think, exporters or lenders, both from a survey or
8 roundtable. Can you just give us a little more, like,
9 what's the time frame for that and how many roundtables do
10 you have and -- so when would we need to get that to you?
11 As soon as possible probably?

12 MS. GALDIZ: So as soon as possible is always a
13 safe answer --

14 MS. ANDRINGA: That's always best.

15 MS. GALDIZ: -- but the reality is --

16 MR. HOCHBERG: Not helpful, but safe.

17 MS. GALDIZ: Right. We want to reach out. If we
18 don't get the information in time, then we can't include it
19 in the report.

20 MS. ANDRINGA: Right.

21 MS. GALDIZ: We want to reach out. We usually
22 rely on, you know, industry groups to help us set up some of
23 these roundtables. We can also have them here in the Bank.
24 So, if you have a list, you know, go ahead and send it to
25 us.

1 MS. ANDRINGA: Okay.

2 MS. GALDIZ: We reach out at the beginning of the
3 year. Probably, you know, January we'll reach out. We try
4 to set a date -- by the end of this year, actually, we'll
5 try to set a date --

6 MS. ANDRINGA: Okay.

7 MS. GALDIZ: -- for the roundtable, but we can
8 invite to the roundtable to participate as many, you know,
9 names of people that we have.

10 MS. ANDRINGA: Does that happen between now and
11 March?

12 MS. GALDIZ: That will happen between now and
13 March, yes. Yes.

14 MS. ANDRINGA: Okay. Okay.

15 MS. GALDIZ: But it cannot happen until -- the
16 report that we are talking about here is a report for
17 calendar year 2013, as the Chairman noted. So we won't
18 start really collecting views until 2014.

19 MS. ANDRINGA: Got it.

20 MS. GALDIZ: If I could just say one thing with
21 respect to Owen's, Owen's points there, we are going to have
22 to better understand the point about the human rights
23 chapter there because I don't think I quite understood the
24 point you made and what you would like us to do with respect
25 to that.

1 We, I believe we could e-mail you the survey link
2 so you could take a look at that, and I don't know, I'm
3 looking over at Nikki to make sure we can do that. I think
4 we're streamlining aspects of that, but I don't see a reason
5 why we couldn't send it to the Advisory Committee members as
6 well. So, so stay tuned for that. Go ahead, John.

7 MR. BAKANE: Isabel, last year we talked about in
8 our review a specific focus on the textile and apparel
9 business to see what's going on in that focused area, and I
10 hope that we do that this year. And if you need any help in
11 terms of identification of any companies that are in support
12 as an industry, we can provide it.

13 MS. GALDIZ: Okay. If you could please send us
14 that information. I have cards here so everybody can send
15 me that information.

16 MR. UBINAS: First of all, thanks for coming in.
17 It's nice of you. You must be very busy. Does the report
18 capture information that gets to the issue we were just
19 talking about on whether or not the Bank provides unique
20 credit? In other words, do our customers have
21 credit-facility alternatives -- Michael made this point --
22 because if the central question Congress is asking is, is
23 Ex-Im Bank's role incremental to available credit or is it
24 displacing private credit, is it taking out of the private
25 sector profit that belongs in the private sector and turning

1 it into government revenue, that's, I think, a substantive
2 question. And if in our surveying or if in our loan
3 processes we can find a systematic way to answer that
4 question, as Michael laid out very clearly and very
5 powerfully a second ago, you know, that's, that's -- we
6 could have a definitive answer to that kind of question.

7 MS. GALDIZ: So the answer to the question really
8 is, is one that's not exactly the issue of the
9 Competitiveness Report. However, I can tell you, you know,
10 I'm -- the international relations group is in the policy
11 group, and Jim Cruse, who heads that group up, was charged
12 by the Board to investigate this question. There are clear
13 competitive implications to this, this issue, because the
14 reason for the spike in the direct loan is linked to the
15 liquidity issues and to the abilities of commercial banks to
16 provide long-term financing.

17 MR. UBINAS: Uh-huh.

18 MS. GALDIZ: So we actually conducted a liquidity
19 survey/investigation, and the commercial banks that are
20 surveyed also have participated in this separate liquidity
21 exercise. The Chairman convened a roundtable of lenders to
22 discuss this very point at the highest level, and now Jim
23 will have to report back to the Congress on how the direct
24 loan fairs against commercial bank financing and whether the
25 Bank needs to introduce any parameters on its direct loan.

1 So we do work very closely -- he's in fact my
2 boss, and Jim isn't here -- with the banks on both of these
3 issues, the competitiveness issues and the
4 potential-for-displacement issues. So to the extent that
5 some of that is a competitive factor -- and we believe it
6 is, and we believe that's why many countries are introducing
7 direct-lending schemes -- we will report that here, but
8 separately, you'll also, there'll also be other, other
9 additional work.

10 MR. UBINAS: Thank you.

11 MS. FREYRE: I think it's also important to point
12 out that in connection with each application, we --

13 MR. HOCHBERG: Manana, the stenographer can't hear
14 you unless you go to a microphone.

15 MS. FREYRE: Why don't you point out that we ask
16 the information in connection with applications.

17 MS. GALDIZ: So our general counsel was explaining
18 that in each application we do ask applicants to provide us
19 with information about whether commercial bank financing is
20 available. And our head of project finance, John Schuster,
21 who is working very closely with us on this matter, is also
22 very vigilant in the sense of trying to express to
23 applicants that they need to look at the commercial bank
24 options -- well, the guarantee versus the direct loan.

25 MR. BOYLE: Do we collect ratio data on direct

1 loans for small business versus upper business levels that
2 would show what proportion of the direct-loan financing done
3 by the Bank would be to small business, or is that middle
4 market and above predominantly? It would seem, but I don't
5 know if there's any data on it.

6 MS. GALDIZ: I can check to see if there's any
7 data. I can tell you that project finance is the program
8 which is where the lion's share of the direct loan is
9 happening. So it would probably be in direct support of the
10 direct loan to small business.

11 MR. HOCHBERG: Generally, we track this. I
12 think, when we looked -- I think our medium- and long-term
13 loans, in general, to small businesses amount to perhaps 1
14 billion, one-two, one-three out of the, say, 6 billion we
15 did a year ago. I haven't looked at this year. So it's a
16 -- the overwhelming 80-plus percent of the small business
17 loans tend to be two years or less, working capital or
18 insurance, such as Jenny and John, companies like that use.

19 And just on the direct loans, we're authorized to
20 do direct or guaranteed. There's a slight preference for
21 guaranteed because we want more banks to stay in the game,
22 but sometimes if -- there may be reasons: a unique deal or
23 a transaction or some foreign governments prefer a direct
24 loan because they have different rules regarding a loan made
25 from government to government versus bank to government.

1 But, generally, the more modest amounts, which relate to
2 small businesses, banks are more able to handle that
3 capacity. It tends to be the larger amounts that are,
4 present more capacity issues on banks that call upon the
5 direct lending, but not exclusively.

6 MR. BOYLE: Yes, sir. Thank you.

7 MR. HOCHBERG: I'm going to thank Isabel. We
8 have -- for those on the phone, we're going to adjourn for
9 lunch. Sorry that -- we'll give you a lunch voucher. We
10 will reconvene at 12:45, and those on the phone can just
11 dial in and reconnect at that time. And for those of you
12 who are observing, come back and join us at 12:45, and for
13 the Advisory Committee and some of the senior team, we're
14 going to adjourn to the boardroom next door for lunch. And
15 restrooms are all the way down the hall, just past the
16 elevators.

17 (Whereupon, at 11:53 a.m., a luncheon recess was
18 taken.)

19 MR. HOCHBERG: We've got actually a short rest of
20 the meeting but important. So let me first start with
21 Victoria Bernhardt, who is in our general counsel's office,
22 and -- on the administrative side -- and Victoria joined us,
23 like, two months now, is it?

24 MS. BERNHARDT: Right, September.

25 MR. HOCHBERG: September.

1 UNIDENTIFIED SPEAKER: This is when you tell us
2 all the things we should not do.

3 MR. BOYLE: We cannot do -- not should not,
4 cannot.

5 MS. BERNHARDT: Thank you.

6 MR. HOCHBERG: No, Victoria came on board and the
7 government shut. What can I say?

8 MS. BERNHARDT: Wait. I was here three weeks and
9 it shut down, but actually, you have good ethics news today.
10 So I'm not here to bombard you with financial disclosure
11 reports and all those other rules about what assets you may
12 hold and what you may not. You're actually very fortunate
13 because -- and I have to admit that I'm not a huge
14 PowerPoint fan, so sometimes I forget to hit the clicker --
15 anyway, so the good news is that Ex-Im Bank's Advisory
16 Committee members are representative members, not special
17 government employees. So that means that the federal
18 conflict of interest rules don't apply to you.

19 Each of you have been selected to represent a
20 particular industry or group of people. So it's expected
21 that your participation will represent the views of others
22 and it will represent a particular bias. That's the reason
23 why Congress created this scheme where we have people
24 representing a certain group versus a special government
25 employee who would represent their views on behalf of the

1 government.

2 So while you're not subject to those rules, being
3 a member of the Advisory Committee is still a position of
4 public trust. So you want to make sure that you don't use
5 your position on the Advisory Committee for your personal
6 gain, which means misuse of your title to induce a benefit
7 for yourself or for someone else. So anything that may
8 create an appearance of a conflict or an unethical piece in
9 the news that would ultimately take away from the integrity
10 of the committee, you would want to avoid. And if you have
11 a specific question, you can always contact the general
12 counsel's office, and we can work with you and explain how a
13 particular potential conflict would play out in the news,
14 you know, and like I said, I mean, you -- you're not going
15 to be submitting a financial disclosure report. You can
16 still maintain your other employment. I mean, you really,
17 it's more like what you would expect in the business world,
18 where you want to be sure that you're not engaging in
19 insider trading, where you're using non-public information
20 for your own personal benefit or the benefit of someone
21 else.

22 And the last thing that you want to remember is,
23 if you're being interviewed, if someone is talking to you
24 about a particular initiative and they use your name, that
25 they don't use your title, only because we don't want it to

1 look like the Bank is endorsing that particular product or
2 viewpoint. So does anyone have any questions?

3 (No audible response.)

4 MS. BERNHARDT: No? Okay. Well, it's nice to
5 put a face with all of your names after reviewing all the
6 documents. So thank you again for your service. We
7 appreciate your willingness to share your expertise with us,
8 and please call us if you have questions.

9 COMMITTEE MEMBERS: Thank you.

10 MS. BERNHARDT: Thank you.

11 MR. HOCHBERG: I think you have a slide with
12 everyone's phone number.

13 MS. BERNHARDT: I do.

14 MR. HOCHBERG: Where did it go? There we go.

15 UNIDENTIFIED SPEAKER: And we will, we'll
16 distribute that.

17 MS. BERNHARDT: Right.

18 MR. HOCHBERG: Okay, good.

19 MS. BERNHARDT: There it is.

20 MR. HOCHBERG: Okay. We now come to a moment of
21 public comment, but the room looks bereaved of --

22 MR. MULHAUSER: Mr. Chairman, on behalf of the
23 Bank, you're doing a great job.

24 MR. HOCHBERG: Now, the only person who did not
25 introduce himself earlier is our IT man. I said why are you

1 hiding back there. So why don't you stand up and say who
2 you are.

3 MR. MCLEAN: Hello. Can everyone hear? My name
4 is Herbert McLean (phonetic sp.). I'm the (indiscernible
5 12:52:48).

6 MR. HOCHBERG: Great.

7 UNIDENTIFIED SPEAKER: And Herbert was, stayed
8 very late last night to help us set all of this up.

9 COMMITTEE MEMBERS: Thank you.

10 MR. HOCHBERG: It went off without a hitch.
11 Thank you. Do we have any other comments from the public or
12 any comments from the public? We haven't had one yet.

13 MR. MULHAUSER: Terrific. Again, just a terrific
14 job.

15 MR. HOCHBERG: I'll just make a few closing
16 comments and we will adjourn. One, we will look forward to
17 working with all of you for the next nine, 10 months,
18 whichever way you want. There'll be four meetings -- as you
19 know, one in March. There'll be one, as Isabel mentioned,
20 in mid-May, where we'll distribute the Competitiveness
21 Report, solicit comments so we can meet our deadline of June
22 30th to Congress, and we'll also prepare a speech that I
23 have given in the past to the companies that release the
24 report so that we can disseminate more broadly the work of
25 the committee and what our competitive positioning is

1 vis-à-vis other export credit agencies.

2 In the middle of that time period is our annual
3 conference. It's April 24th and 25th here in Washington.
4 There's a save-the-date in your packet. I encourage you all
5 to come and join us for that. It's an excellent way of,
6 one, for those of you who are in the, specifically
7 exporting, it's a very good way to pick up more business and
8 meet some more leads, and those of you who are on the
9 committee but, Gary and others who are not necessarily, it's
10 a very good way of just getting a better understanding of
11 what we do here at Ex-Im Bank, and working on a strong
12 lineup of speakers and so I hope you will join us for that
13 as well.

14 I want to just do a particular shout out, in
15 addition to Gaurab, who you met, who is deputy chief of
16 staff and will be the point of contact for the Advisory
17 Committee, a lot of the work that brought us to today is --
18 David Brooks is sitting in the back there -- David Brooks,
19 who is exec secretary and moving on to another position at
20 the Bank shortly; I think Carolyn Schopp went upstairs; and
21 Phil Calabro, my assistant, who also took care of all the
22 catering; and Niki Shepperd, who is in the communication
23 shop, who I don't see here today but is also the point of
24 contact when we do an event like this. So I really want to
25 just thank the five -- one, two, three, four, five of them.

1 Last two comments I would say is, one, I was
2 pleased that we had a record number of people who were
3 interested, expressed interest in serving this year; so --
4 and I feel that we have, I say this, one of the strongest
5 committees in terms of its breadth, depth, and experience
6 and range of experiences and size of companies that we'll be
7 able to tap into in making this a better process and also
8 just helping us improve the Bank's operations.

9 And then, lastly, I just would like all of you,
10 in addition to contributing, to make sure this is a fun
11 time. This should be an enjoyable process that is about
12 learning but also about having a good time, meeting some
13 people, and expanding your business perspective as a result
14 of this. So thank you all. I want to, I have to -- I'm
15 getting a sign. What did I leave out?

16 UNIDENTIFIED SPEAKER: The potential March
17 meeting dates.

18 MR. HOCHBERG: Oh, yes, the exact dates. I'm
19 sorry. We did have those March dates.

20 UNIDENTIFIED SPEAKER: We have two options --

21 MR. HOCHBERG: Yes, we will e-mail you. Frankly,
22 I need to check with -- we'll be checking with Governor
23 Gregoire because obviously we'd like her to chair for us and
24 to be able to chair the meeting. We had a little scheduling
25 -- yes, she's migrated from the governor's office to the

1 private sector. We had a little mix-up on the dates. So
2 we're going to get those dates out, but it'll be in mid- to
3 late March; then, as I said, there'll be one in mid-May and
4 then back in September.

5 UNIDENTIFIED SPEAKER: And March 11, 12 or --

6 MR. HOCHBERG: We'll send you an e-mail. First
7 we're going to work with the governor, and then if we have
8 some flexibility, we'll share that. I'm going to try and
9 get that out to you quickly at this point. And I think
10 that's --

11 MR. BAKANE: Sir --

12 MR. HOCHBERG: -- that's it for today.

13 MR. BAKANE: -- subcommittees?

14 MR. HOCHBERG: Subcommittees. I mentioned last
15 year we had small business, Competitiveness Report,
16 environmental, which is a part of our charter, as is small
17 business, and --

18 MR. BAKANE: Engagement.

19 MR. HOCHBERG: -- public engagement. So partly
20 because Governor Gregoire wasn't here, we really weren't
21 able to get a full sign-off from her as chairperson, but
22 Gaurab was going to -- Gaurab has been in touch with her,
23 and I mentioned -- I was with her about 10 days ago in
24 Seattle. So I think that we'll look to wrap that up. And
25 then as I mentioned at the start of the meeting, if you

1 would all think about areas that you would like to have a
2 little more depth on. Those are sort of the four likely,
3 but I, again, I don't want to prejudge our new chairperson.
4 She may have some other thoughts, or she may want a fifth
5 committee for all I know. So -- but that would be helpful.

6 Regardless, we will, you know, when we meet at 11
7 o'clock, part of the reason is then, one, you can fly in and
8 fly out that day and, two, for example, I took advantage of
9 having, meeting with the small business owners on the
10 committee because it was just a good way of having a good
11 face-to-face engagement on how we can do a better job in
12 that regard.

13 So let me just check, anything else I should do?
14 I want to make sure I didn't leave anything out. Okay.
15 Anyway, I really want to thank -- what's that?

16 MS. FREYRE: Happy Holidays.

17 MR. HOCHBERG: Yes, I was getting there. I was
18 trying to get there. Again, I want to thank Gaurab, who's
19 only here three weeks, who's jumped in with both feet on
20 this project; and, lastly, wish everybody a great holiday, a
21 happy holiday season. If you're in Washington, let us know
22 and please stop by. And I have made it to a number of the
23 companies that are here. I'm going to be seeing Jenny again
24 in about two or three weeks, and I was out to visit Mary and
25 Vermeer. It was actually in a blizzard of --

1 MS. ANDRINGA: Just shows your fortitude.

2 MR. HOCHBERG: Totally.

3 MS. ANDRINGA: Persistence.

4 MR. HOCHBERG: So three years ago. It'll be
5 three years in January.

6 MS. ANDRINGA: Yeah. Yeah.

7 MR. HOCHBERG: So I look forward -- and I'll be
8 down in North Carolina, visiting John and a lot of the
9 textile manufacturers, coming up in, just after the
10 holidays. So thank you again, thanks for joining us, and we
11 look forward to working with all of you in the year ahead.
12 I appreciate it. Thanks so much.

13 COMMITTEE MEMBERS: Thank you.

14 (Whereupon, at 12:59 p.m., the meeting was
15 concluded.)

16

17

18

19

20

21

22

23

24

25

Digitally signed by Wendy Campos

ELECTRONIC CERTIFICATE

DEPOSITION SERVICES, INC., hereby certifies that the attached pages represent an accurate transcript of the electronic sound recording of the proceedings before the Export-Import Bank of the United States Meeting of the Board of Directors on December 18, 2013.



December 22, 2013

Transcriber

Date

EXPORT-IMPORT BANK OF THE UNITED STATES

EX-IM BANK ADVISORY COMMITTEE
SECOND QUARTER MEETING

Wednesday, March 12, 2014

11:03 A.M.

Export-Import Bank
811 Vermont Avenue, N.W.
Washington, D.C. 20571

PRESENT:

Fred P. Hochberg
Sean Mulvaney
Patricia Loui
Christine Gregoire
Alan Fleischmann
Cherod Webber
Claudia Slacik
Dan Reilly
Gary Hufbauer
Gwynne Shotwell
James Hughes
Jenny Fulton
Jim Burrows
Jim Cruse
John Bakane
Karen A. Eng
Luis Ubinas
Michael Boyle
Owen Herrnstadt
Scott Schloegel
Steve Wilburn
Ambassador Michael Froman
Caroline Atkinson

Deposition Services, Inc.

12321 Middlebrook Road, Suite 210
Germantown, MD 20874

Tel: (301) 881-3344 Fax: (301) 881-3338

info@DepositionServices.com www.DepositionServices.com

1 P R O C E E D I N G S

2 MS. GREGOIRE: Okay, folks, if we want to go ahead
3 and get started. First, just a little rule on when we
4 speak: We have to push on the left-hand side of, before you
5 push that, so the red light comes on, and turn it off when
6 you're done speaking. And if you'll make sure this is
7 pulled out and that you speak directly into it for recording
8 purposes, that'd be great.

9 I want to welcome each and every one of you to our
10 meeting. I want to thank you, Fred, and those who were
11 responsible for putting on the dinner last night. We don't
12 always do that, and I personally believe we always should
13 because not only does it give us an opportunity to party but
14 it gives us a real opportunity to get to know each other on
15 a real personal level, which I think is important for our
16 work, and it also gives us a wonderful opportunity to work
17 directly with the staff on issues that are of mutual concern
18 and get to know them so we can follow up with them on a more
19 personal level as well. So thank you for inviting us, and
20 thank you for allowing us that opportunity last evening.

21 I don't know about the rest of you, but I sure,
22 last night, saw a lot of engagement and energy. So I'm
23 really, frankly, looking forward, Fred, to the year with the
24 Advisory Committee. I think you put a great group together,
25 and we're not going to let you down.

1 MR. FLEISCHMANN: And we decided we're going to be
2 lifetime members of this committee we liked it so much.

3 MS. GREGOIRE: Yes, there you go. There you go.
4 So I want to first, again, welcome Karen. It's great to
5 have you. Oh, would you like to say just a couple of words
6 about yourself and your representation, Karen?

7 MS. ENG: Sure. The button like this?

8 MR. HOCHBERG: Yes.

9 MS. ENG: My name's Karen Eng. I own a company
10 called CSMI, which is an engineering consulting service
11 firm. We do a lot of work with a lot of bigger corporations
12 here that are U.S.-based, such as Kraft and Starbucks and
13 PepsiCo, and as their businesses have started growing
14 overseas, we've been asked to come along with them. So we
15 provide consulting services for them and that's what we
16 export, mainly in Asia, China, Vietnam, Singapore, Malaysia,
17 and have done some work also in Dubai and in Europe. So I'm
18 very happy to be here. Thank you.

19 MS. GREGOIRE: It's good to have you. Thank you.
20 And last evening Pat joined us at the dinner. Sean, you
21 weren't able to join us. If you wouldn't mind just saying a
22 few words about your representation on the Board.

23 MR. MULVANEY: Oh, absolutely. You know, I was --

24 MR. HOCHBERG: Just push the button.

25 MR. MULVANEY: Absolutely. Good point, Fred. You

1 know, I was confirmed in June of 2011, and you know, so I've
2 been, you know, with the Bank since then. You know, I work
3 with the Bank, supporting Latin America exporters, and I
4 occasionally travel the region. Small business has been
5 something I've been working on with Fred.

6 You know, it's a challenging time in the world,
7 but you know, I feel like Ex-Im, you know, plays a critical
8 role, and all of you can kind of help us execute that role
9 in an improved way. And, you know, I see, you know, your
10 service as part of the Advisory Committee as a central to,
11 you know, continue to encourage the Bank to tweak and
12 modernize and adjust its business processes to make sure
13 that we're supporting U.S. exporters around the world.

14 So I welcome all of you. Sorry I couldn't make
15 the dinner last night. I'm actually going to try to make
16 another meeting this afternoon. So I'll only be part of
17 here in the morning, but I look forward to interacting with
18 all of you.

19 MR. HOCHBERG: Great.

20 MS. GREGOIRE: Thank you. So by way of an agenda
21 today, you can see we're going to hear from Fred, of course,
22 and we're going to hear from the leadership here at the Bank
23 on a number of fronts. Fred's invited some wonderful guests
24 to come that will be very informative to us, and then we're
25 going to talk about really the work of our respective

1 subcommittees.

2 I'm one who believes we don't serve Fred and the
3 Bank and the country well if we don't get something done,
4 and so I'm very hopeful that that's exactly what we're going
5 to do. And so today the subcommittees will report out.
6 We'll have a little bit of time for interaction about what
7 we want to get accomplished and the process moving forward
8 here to show at the end of the year we were not just some
9 group that got together for a dinner; we are a group that
10 was helpful to Fred, helpful to the people here at
11 Ex-Im, and ultimately to the people of the country.

12 So, you know, for all of us, I think we're here at
13 a very critical moment for the Bank, coming out of one of
14 the -- well, the worst recession, I mean, one of the worst
15 economic periods in the history of the country. And
16 rebuilding and rethinking in a global economy presents the
17 Bank with enormous opportunities, but along with that comes
18 a significant amount of challenges. And so what I think
19 we're here to do is see if we can't step up and help with
20 respect to some of those challenges and seize on the
21 opportunities so that the Bank can turn every small pickle
22 company into an international exporter in America and take
23 the largest companies in America and make sure that they are
24 globally competitive. So that's really where I think our
25 work can best serve the folks here, but the fact of the

1 matter is we are at a very interesting time in the history
2 of the company and, economically, we want the Bank to be
3 able to seize the moment and really flourish well.

4 We're going to be challenged in the fall -- this
5 is not Fred speaking; this is me speaking -- because
6 reauthorization will be up, and you know, the fact of the
7 matter is I think the Bank is doing an excellent job. Our
8 role here is to make sure it does even a more excellent job
9 and to communicate that to those on the Hill who might not
10 otherwise know it.

11 The other thing is, as I told Fred when he first
12 asked me to go on this, I personally think that the Ex-Im
13 Bank is the best kept secret in America, and it's our
14 responsibility to make sure that secret is no longer a
15 secret and that everybody knows what the Bank does and how
16 important it is and the opportunities that sit at the
17 doorstep of every business in America if they choose to
18 export.

19 So with that, if we could hear from our great
20 Chairman. Mr. Chairman.

21 MR. HOCHBERG: Thank you. Thank you, Governor
22 Gregoire, and it's really excellent having you, not just on
23 the Board as in last year, but as Chair this year. You
24 understand both the intersection of government and exports
25 probably better than anyone I can think of in this country,

1 and the state of Washington is no slouch when it comes to
2 exporting.

3 MS. GREGOIRE: Oh, did I tell you guys we won the
4 Super Bowl?

5 MR. HOCHBERG: So those of you who joined us for
6 dinner, thank you. I understand that for some the dinner
7 went on a little longer. Reports there were sightings as
8 late as midnight or 1:00 a.m. at the bar. Those of us
9 locals didn't -- we were probably tucked in bed by then. I
10 know that Gary and I were.

11 MS. GREGOIRE: Oh, no. There was a local. There
12 was a local.

13 MR. HOCHBERG: Oh, there was a local who joined
14 the out-of-towners. So we had our first meeting, as you all
15 know, in December, and actually Jim Hughes, I know, was not
16 able to join us at that as well. So this is Jim's first
17 meeting as well.

18 MS. GREGOIRE: Oh, that's right. That's right.
19 Sorry, Jim.

20 MR. HOCHBERG: So that was a party to get
21 acquainted. The governor has organized a number of the
22 working committees. They all met this morning. I was able
23 to sort of pop through and join them just to get a flavor of
24 some of the conversation, and one of the things that I was
25 pleased at is that a lot of the committee work has already

1 begun, and sometimes that takes a little longer. So
2 actually today was a good kickoff for that work, and I heard
3 just a lot of good things from this morning. And over the
4 next few hours you're going to hear from our staff and get
5 some updates from Communications, Leg. Affairs, our Export
6 Finance and so forth, but we also want to really hear from
7 you. I mean, you're an advisory committee and you're here
8 to advise and to give us your input on how we can make this
9 a better institution.

10 The congressional mandate is our Competitiveness
11 Report, and we're going to talk -- I'll talk about that in a
12 moment, but if this committee is like any other we've had,
13 the recommendations go beyond the Competitiveness Report.
14 We've got ideas on small business and communications, on our
15 annual conference, a number of other areas. So we are
16 looking for that, and I share the Chair's excitement about
17 this work. You know, even when we have a lousy day at the
18 Bank, I can still remember we supported 205,000 jobs last
19 year. That's about 800 jobs every working day, and I know
20 what 800 looks like. Two hundred five thousand is a big
21 number. Eight hundred, I know what 800 people look like and
22 that's 800 families that are being provided for, that are
23 staying in their homes, that their kids are going to school,
24 and they're members of their community and that's something
25 I don't think any of us at the Bank ever really forget. So

1 that's an important part of our work here.

2 You're going to hear a little bit from the
3 subcommittees this afternoon, talking about how we engage
4 both local leaders, how we can do a better job in small
5 business, what we -- how we make the Competitive Report even
6 better each year and it is our primary communication with
7 Congress and partly states what is the state of competition
8 globally and, I think, as the governor said, talks about
9 what our role there is to make sure that we support U.S.
10 jobs in that process. And, also, we have an exciting and, I
11 think, a very engaged committee on renewable energy and the
12 environment this year.

13 You're going to hear from Claudia Slacik, who is
14 our chief banking officer, shortly, and Jim Burrows, Jim
15 Burrows. Dan Reilly is going to talk a little bit about the
16 annual conference, and he's also going to provide you a copy
17 of our annual report. It seems we had a little hiccup on
18 the printing, but we're going to give you a sort of -- you
19 have at your place a spiral-bound, sort of draft copy. I
20 think the file is coming --

21 MR. REILLY: Four days.

22 MR. HOCHBERG: In four days. Scott Schloegel, who
23 you all know, is going to talk about government affairs and
24 congressional, and as the governor said, this, you know, our
25 reauthorization is up in six months. I am confident that

1 we're going to have a good reauthorization, but it's going
2 to take a lot of work and a lot of advocacy; and, I think
3 the governor said it last night, we'd like to do it in a way
4 that gives the Bank and, most importantly, our exporters the
5 greatest flexibility to compete and compete effectively.
6 And we've, a number of reforms were put in by Congress in
7 the last reauthorization, whether they come to transparency
8 -- the Federal Register, filing a business plan, filing our
9 default rates with Congress -- and we've complied with each
10 and every one of those, and I think the Bank is frankly
11 stronger as a result.

12 I'm going to be heading out to -- we have to come
13 up with new names -- a G11 Summit, which is the G7 plus the
14 four BRICs, and I believe we'll be there in, late this month
15 and probably be using this Competitive Report, both checking
16 data and also validating some of the data, and that's why
17 that report is very helpful. Director Mulvaney was just in
18 Mexico actually with Secretary Pritzker -- about a month
19 ago?

20 MR. MULVANEY: Three weeks ago.

21 MR. HOCHBERG: Three weeks ago, and Director Loui
22 is off to Asia, I think, at the end of this month. Am I
23 correct?

24 MS. LOUI: Next week, yes.

25 MR. HOCHBERG: Next week, not even this -- next

1 week; so -- and one of the things I think that the three of
2 us are trying to do, as we've talked about, is also meet
3 with our counterparts overseas so we can both get them more
4 in line and, to the extent we find differences, we can use
5 that to inform how we could do a better job here, because
6 one of the challenges we face, one of the challenges the
7 Competitiveness Report is about, we still have a lot of
8 countries that are operating sort of outside of the
9 framework of what's called the OECD, or the Organisation for
10 Economic Co-operation Development, which has, since the
11 '70s, sort of set the terms and conditions about which
12 countries can support their exports and keep at a level
13 playing field. So that's an important part of this
14 Competitiveness Report.

15 Let me take a moment to just acknowledge a few new
16 people on staff, just for the Board itself. Jim Burrows --
17 go ahead, stand up -- Jim Burrows has been with the Bank
18 for, it keeps growing. It was 14 months, 15; now it's up to
19 18 months. So --

20 MR. BURROWS: Time is --

21 MR. HOCHBERG: Time is flying. Jim joined us, in
22 charge of our regional offices for small business. He was
23 just promoted to senior vice president for small business,
24 working with Claudia Slacik on overall export support, and
25 he's come up with a lot of exciting plans that we're going

1 to be putting into place in the next several months. A lot
2 of that came from this Advisory Committee, from the small
3 business committee. So Cherod has a large mantle to keep
4 coming up with good things that we can do to improve and
5 expand our outreach.

6 Kate Maher is, just joined yesterday as executive
7 secretary in my office. So all the documents that go in and
8 out of the Chairman's office will go through Kate. Kate I
9 actually met at The New School. She was a research
10 assistant, and she and I worked together on the transition
11 team for small business administration back in 2008. So I'm
12 delighted. It took a while to get her to join the
13 administration, but she moved back to this area; so she just
14 joined us yesterday.

15 And someone who is almost at the Bank, Catrell
16 Brown is sitting in the front row. Catrell Brown will be
17 joining us in about, a little over two weeks as our vice
18 president for external relations and outreach. So we're
19 excited that Catrell will join us.

20 Catrell, I want to just make sure of one thing. I
21 remember at my old company we had someone joining us, and we
22 invited them to the Christmas party because they were coming
23 in January, and they came to the Christmas party and they
24 saw the employees, and they called the next day and they
25 decided not to come because -- so I just, I just want to,

1 I'm just putting that out there. I want to make sure that's
2 not going to -- they'll be no parties until you show up,
3 just to make sure we don't, you don't see too much of wild
4 behavior that might discourage you.

5 So we have the annual conference right around the
6 corner, and I think that it's -- we've got a great program
7 set up, and Dan has done a spectacular job on that.

8 So, one, just want to thank you in advance for the
9 time you're putting in. I know you all got very busy
10 schedules. Some of you flew in, some of you flew in from a
11 greater distance to lend your voice and to lend your
12 thoughts, and we appreciate it and we really value it, so
13 thank you. And let me just, before we continue, I just want
14 to thank Gaurab Bansal, who's our deputy chief of staff, who
15 sort of is the prime point person for the Advisory
16 Committee; I don't see -- is Carolyn out of the room?
17 Carolyn Schopp, who is my scheduler, who also worked, and
18 Niki Shepperd are the three -- many, many people were
19 involved in this meeting, but in particular, those three put
20 in a yeoman's amount of work. So thank you and thank you
21 for the team behind you. And let me turn this, where am I
22 -- I'm turning it back to you, I think.

23 MS. GREGOIRE: Well, to Claudia --

24 MR. HOCHBERG: To Claudia.

25 MS. GREGOIRE: -- and to Jim.

1 MR. FLEISCHMANN: This is really well done, by the
2 way, so well done.

3 MR. HOCHBERG: Say that louder.

4 MR. FLEISCHMANN: Yeah.

5 UNIDENTIFIED SPEAKER: Into the microphone.

6 MR. FLEISCHMANN: But it really is. It's so clean
7 and clear. It's perfect.

8 MR. HOCHBERG: And when you see it, the really
9 printed copy --

10 MR. FLEISCHMANN: Yeah.

11 MR. HOCHBERG: -- and on the web it really --

12 MR. FLEISCHMANN: It's impressive.

13 MR. HOCHBERG: -- it zips.

14 MR. FLEISCHMANN: It's impressive.

15 MS. GREGOIRE: Before we hear from Claudia, do any
16 of us have a question for Fred? Keep it up, Fred.

17 MR. HOCHBERG: Okay.

18 MS. GREGOIRE: Claudia.

19 MS. SLACIK: Okay. Good morning and thank you.
20 Do I really need to speak into this?

21 MS. GREGOIRE: Yes.

22 MS. SLACIK: I do? Okay. Because I just want to
23 stand up, but I guess -- so before --

24 MS. GREGOIRE: Well, that was the orders. I --

25 MR. HOCHBERG: I think you --

1 MS. GREGOIRE: Yes, and I'm getting a nod; those
2 are the correct orders.

3 MS. SLACIK: Okay.

4 MS. GREGOIRE: Okay.

5 MS. SLACIK: So thanks, everybody. So let me tell
6 you a little bit about what we do and how we achieve our
7 mission. Before I launch into the numbers, we have a
8 variety of products and a variety of ways we support
9 exports, and I know many of you know all of these, but let
10 me just review them for you so you know.

11 The first and most obvious way we support
12 companies and their exports is we'll make a direct loan to a
13 foreign buyer so that, to enable it to buy American goods.
14 So you hear all the time that our clients are Boeing and
15 John Deere. Those aren't our clients. Our clients are the
16 people who buy products from those companies. So the first
17 and most obvious way, as I said, is we make a direct loan to
18 a foreign buyer. It could be a project, could be a company
19 overseas.

20 The second way is a foreign or -- a foreign or a
21 domestic bank may be lending to that client, and we will
22 guarantee the loan that they make to a foreign buyer so it
23 can, so that foreign buyer can buy the goods. So we have
24 guarantees, direct loans.

25 Another way that's mostly small business is we'll

1 do a working capital loan. We'll lend against receivables
2 and inventories so that small business, by and large, can go
3 out and buy the cost of goods sold to build the products
4 that are going to be exported. And those are, you know, an
5 asset-based loan, a secured loan by the inventory and
6 receivables of an American company.

7 And then the last way of the major ways we do it
8 is to encourage small companies to expand overseas, and
9 where they might be worried about taking on the credit risk
10 of that foreign buyer we will guarantee the receivable for
11 them. So all of this is, you know, commercial banking, and
12 these are the most obvious ways that we do that.

13 How do we find business? We find it through a
14 variety of ways, or mostly and historically, it has found
15 us. Foreign companies, foreign governments all over the
16 world know about ECAs, and they know that Ex-Im is a big
17 player and that we will help them with their big
18 infrastructure projects. So we have had a team and we do
19 have a team that calls all around the world all the time
20 that knows foreign governments, foreign ministries of
21 finance, and when they're ready to do big projects, they
22 will get in touch with us and we'll start working on it that
23 way. So that's a big way we find business.

24 The other way is banks; you know, domestic and
25 foreign banks will get in touch with us. If they have a big

1 project or a big client that wants financing, we'll
2 guarantee that. So banks generally know about us.

3 And then the last way, major way that we find
4 business is from the large, large and small American
5 exporters themselves. Large exporters tend to know about us
6 more than smaller exporters and that's -- Jim and I are
7 working on correcting that, but we have a concerted effort
8 and we're going to have more of a concerted effort going
9 forward of calling on large American exporters so we can
10 help them with their sales, have a program where we call on
11 the sales departments of large American exporters as well as
12 the finance departments, because as you all know from your
13 businesses, we're as much a, of a sales tool for those
14 exporters as well as a risk mitigation tool. So those are
15 the products and those are, that's kind of how we find
16 business.

17 So here's, this slide here kind of shows what --
18 they're called authorizations. You might know them as
19 loans, you know, our commitments to make loans. This is
20 what we've done this year. So we have a transportation
21 division, which does locomotives, airplanes, all sorts of
22 transportation. We have a structured and project finance,
23 which are, you know, big projects you'll hear and you've
24 heard in the paper and seen in the paper, something like the
25 Roy Hill project, which is a big mine in Australia that

1 we're doing. We do trade finance, which is kind of a
2 medium-term and smaller-type loans. We have the small
3 business group, which tends to do the trade credit insurance
4 business and also the working capital-type loans.

5 So for the five months of -- so far in the year of
6 2014, which is what we're in, we have approved, our Board
7 has approved almost 7 billion dollars' worth of loans to
8 companies. You'll see this is down quite a bit from last
9 year, where it was 13.4, and the year before, where it was
10 9.54 year to date. Last year there was a huge first
11 quarter. A bunch of deals that should have closed the year
12 before ended up spilling into the first quarter of last
13 year. So that's why, one of the reasons why we're down so
14 much, is just that the last, first quarter of last year, the
15 first five months were kind of artificially high. That's
16 not to say that we're not down this year somewhat. We are,
17 for a variety of reasons, but --

18 So not only does this chart show that, but you can
19 also kind of see how the business breaks down. We are very
20 heavy in Transportation and Structured and Project Finance.
21 That's where most of our business comes from. So that's
22 kind of how the business has broken out so far this year.

23 Then we look at, you know, how is -- you know,
24 that's a lagging indicator, right, what we've already
25 closed; then we look at leading indicators. So we look, I

1 thought you'd be interested in seeing our pipeline. So our
2 pipeline right now has about 857 deals in it, and when you
3 add it up, if we did all of those deals, we'd have 16
4 billion dollars' worth of authorizations. Last year at this
5 time we had a pipeline, or at the end of the year, we had a
6 pipeline of 438 transactions for \$13 billion of loans, and
7 you can see as it's going back.

8 What you'll see -- and we keep trying to dissect
9 this; it's not a science -- is that the capital markets are
10 back, you know. The years before here, where the capital
11 markets and banks pulled back, we were needed much more. So
12 that's why you see this bigger, you know, bigger numbers.
13 Our loan portfolio and the authorizations we've made this
14 year are down because deals are bigger and they're taking a
15 longer time to close. We have some big transactions with
16 government, some big projects. They're taking longer than
17 we anticipated, they're taking more time than we
18 anticipated, but they are big and they're complicated. So
19 that's kind of some of the reasons why.

20 I also think that some of the traditional ways
21 that we have found business are not the traditional -- are
22 not going to be the ways we find business in the future.
23 We're going to need to do more of an effort going out and
24 finding companies. As Mike has said for a long time, you
25 know, we need to expand the awareness, we need to expand the

1 domestic awareness. This not only is going to help our
2 authorizations and help us find the people that need us
3 more, but it's going to, by expanding the awareness of the
4 Bank, it will help us with our authorization because more
5 and more people understand the importance of what we do,
6 right, so we get -- as more and more companies find us.

7 So the pipeline's healthy. I think this is a
8 well-scrubbed pipeline. There is not a lot in this pipeline
9 that has a very low probability of closing. Everything
10 that's in the pipeline has a pretty high probability, and as
11 the team closes deals, they just move right into the
12 pipeline and start closing more and more of them. So it's
13 good, it's a very good pipeline.

14 The key authorizations this year, I just, you
15 know, and if you've read about them in the paper or you've
16 seen them, you know, we have some big deals in
17 Transportation with both Gulfstream and some helicopters.
18 The Sikorsky helicopter deal is a big deal for us. Both of
19 these are growing our commercial and general aircraft
20 business. That's so important to us outside of the big
21 airline business that we do.

22 In Structured Finance these are two big projects,
23 the Saudi Aramco Cogen project and the BulgariaSat project,
24 we closed this year. In terms of working capital, we did a
25 \$400 million supply chain deal for Caterpillar, and then we

1 have this other deal that's much smaller, but it gives you a
2 sense of the variety of deals that we close. And then, you
3 know, Trade Finance is really more of a programmatic kind of
4 thing where it's, you know, the individual clients aren't
5 that important but it's a well-diversified portfolio.

6 In terms of our key initiatives that you all know
7 are mandated to us by Congress, just thought I'd give you a
8 little bit of an update on where we are with those, and our
9 mandates are renewables, Sub-Saharan Africa, and minority-
10 and women-owned businesses. Both renewables and Sub-Saharan
11 Africa are down a little bit from what we had hoped for at
12 this point, but again, the pipeline there is good. I think
13 we'll make up a lot of ground between now and year end. We
14 won't be quite where we were last year, but we're still
15 making great progress and we're helping those industries
16 quite a bit. And the women- and minority-owned businesses
17 we're making good progress on.

18 Thought you'd be interested in seeing how our
19 authorizations break down geographically, what are the
20 regions that are really buying American products and, you
21 know, taking advantage of our programs. You can see Asia is
22 the largest, and then it goes right down to, you know --
23 again, these are just projects that have been approved so
24 far. It's not what's in the pipeline; it's just things that
25 have gone through the Board and have been approved so far

1 this year. So there you go. You can see how it breaks down
2 geographically, and then this is kind of how it breaks down
3 in terms of industries: capital equipment and --
4 transportation is the biggest part of the capital equipment,
5 but other big capital equipment that's in there,
6 agricultural, mining construction.

7 I think that what we see and what I've seen in the
8 six months I've been here is the demand for made-in-America
9 capital goods around the world is huge. If someone's doing
10 a big infrastructure project, a big mining project, they
11 want to buy American. What we find sometimes is we have a
12 hard time because other governments are very nationalistic;
13 they want to support their industries. And so our job is to
14 level the playing field, as you all hear all the time, and
15 just make the choice for the buyer be about the quality of
16 the product, and more times than not, when it comes down to
17 that, they pick made in America on big capital goods and
18 that feels, that feels good being able to help with that.

19 So now I'll turn it over to Jim who's doing all
20 sorts of great stuff with small business. Unlike our big
21 business, which is down a little bit, small business is
22 holding on to where the numbers were last year. Jim's
23 already having a great impact there. He's a very pragmatic
24 guy. He's, you know, how are we going to get more business
25 tomorrow, is what he's about and that's going to be great

1 for this and with lots of energy and great ideas. So, Jim.

2 MS. GREGOIRE: So before you leave, are there --

3 MS. SLACIK: Oh, yeah, yeah.

4 MS. GREGOIRE: -- any questions?

5 MS. SLACIK: No questions.

6 MS. GREGOIRE: Good morning.

7 MR. WEBBER: Like to make one comment and --

8 MS. GREGOIRE: Please.

9 MR. WEBBER: Claudia --

10 MS. SLACIK: Yeah, sure.

11 MR. WEBBER: -- you were dead on when you said
12 made in America is highly desirable but that's across every
13 sector, not just the big-ticket items, every single sector,
14 and that's our opportunity. So we are ready to go.

15 MS. SLACIK: Great.

16 MR. WEBBER: Thank you.

17 MS. SLACIK: We're ready to help.

18 MR. HUGHES: One other --

19 MS. GREGOIRE: Jim.

20 MR. HUGHES: -- just one quick question.

21 MS. SLACIK: Yeah, yeah.

22 MR. HUGHES: The drop you've seen recently, how
23 much of that do you think is attributable to the dislocation
24 we've seen in the emerging markets from a currency
25 standpoint, as the fad has been backing out? I mean, I know

1 we see demand kind of moving sideways as a result of that.

2 MS. SLACIK: I think that definitely is a factor,
3 definitely. So it's just hard to quantify, you know. It's,
4 again, one of those things that's an art, not a science, and
5 you have a tummy feel for it but you know that it's having
6 an impact.

7 MS. GREGOIRE: Any others?

8 (No audible response.)

9 MS. GREGOIRE: Great. Thanks, Claudia.

10 MS. SLACIK: Yeah.

11 MS. GREGOIRE: Jim.

12 MR. BURROWS: Thank you. Good morning. I'm Jim
13 Burrows. I'm going to take you through some of the small
14 business numbers, and then I'm going to touch on some of the
15 initiatives that we're doing to hopefully drive business for
16 this year.

17 So small business, the small business group, which
18 is the top line, we're down about 50 million compared to
19 fiscal year 2013, the same period; however, the overall
20 small business program is up 22 million for the same period
21 last year. Claudia had mentioned that -- some key
22 authorizations. Caterpillar was one of those for a supply
23 chain deal. She mentioned that it was 405 million. Of
24 that, there was a 324 million component to that that's
25 driving the numbers. And then there was a CoBank export

1 line of credit insurance policy which was 400 million and of
2 which 201 million was small business.

3 So some of the leading indicators of why we're
4 slightly off for the small business group: loss, we were --
5 as everyone is aware of, we did have the furlough in
6 October, we were closed for 16 days; the improving economic
7 conditions in the euro zone is stabilizing; and then
8 under-developing markets didn't slide as we anticipated; and
9 businesses have a higher comfort level on risk-taking, in
10 general. The private sector, they're becoming more
11 aggressive; they're going down-market. In the past, we had
12 the Big Three: Atradius, Euler, Coface. There's about 14
13 private insurance companies out there now competing for
14 business, and although we're not in the market to compete,
15 they are, we're seeing that they, the private sector is --
16 they're going after the private sector.

17 So what's some of the opportunities? As the
18 Chairman had mentioned at the Advisory Board last year, the
19 small business group had a number of recommendations. We've
20 implemented those recommendations. We need to expand the
21 marketing programs. A primary issue that we're facing is
22 they don't know who Ex-Im is, and we have to get the word
23 out. We need to use traditional marketing channels, and we
24 need to use new marketing channels.

25 One of the things that we're looking to do, we

1 have an RFP process out for a new CRM system. That will be
2 rebid. It'll allow us to integrate our tracking, our
3 campaign management, and will allow us to do reporting.

4 We're going to implement a digital marketing
5 campaign. This is where we're going to create online
6 awareness. It'll align the way we can talk to small
7 business owners and how they make their purchasing
8 decisions. We're going to tailor web content based on user
9 interest and relevant web searches, and then we're also
10 going to look at our website. If you've been on our
11 website, it needs to be redesigned. It's a little bit
12 content-heavy. We need to streamline the content. The
13 navigation capabilities need to be a little bit more
14 intuitive, and they need to be able to get in and get out
15 with solutions to their everyday problems.

16 And then we also need to do outreach events and
17 trade shows. We need to go back to basics. We need to
18 align with our sister agencies. We need to work with the
19 Commerce Department, SBA, and we need to feed those leads
20 into our contact management system, overlay a campaign
21 management system on that, and we need to be able to get in
22 contact with them constantly, whether it's through a
23 regional director in Seattle or if they're coming onto our
24 website, they're able to call into a contact center, whether
25 they call in and talk to someone, we're able to vet their

1 questions and get them out to the right person, if they want
2 to do online chat, we're able to answer their questions, or
3 if they want to e-mail us. We need to be able to get to
4 them no matter what channel they want to come in.

5 Then we need to improve our marketing outreach.
6 The Chairman last year mentioned we signed an MOU with
7 FedEx. We need to leverage that relationship. We'll be
8 training there 200-plus international account executives
9 about the benefits of Ex-Im's products and services. We'll
10 be able to link them through that. We just signed an MOU
11 with the Federal Credit and International Business
12 Association, National Associations of Credit Management.
13 We'll be able to tap into their 14,000 credit managers.
14 We'll be able to do outreach and training with them. We'll
15 be able to talk at their events, their conventions, and
16 we'll also be able to be in their trade publications. We'll
17 be able to plug in.

18 We also need to leverage our city-state partner
19 relationships, and we're working to revamp that program now,
20 where we're going to align our city-state partners with our
21 regional managers so we can leverage those relationships so
22 we can work on -- they can work on our behalf and we can get
23 the exports more readily.

24 We need to set up a -- we're planning on setting
25 up a vetting, a routing center, like I had mentioned, the

1 800 center, and then we need to have a better sales
2 management process. We need to make sure that we expand our
3 training initiatives. We need to have an improved
4 performance metric system so we can track on a
5 weekly/monthly basis what our outreach events are, what our
6 appointments are, how those are going to bring in the
7 authorizations, and those are all trackable and reportable
8 through our new CRM system. And then there needs to be
9 stronger accountability at the performance level, at our
10 regional managers.

11 And then from a talent management perspective, we
12 need to fill some gaps that we have some open positions. We
13 have an open position in New York, one in San Francisco.
14 We're actively interviewing for those positions now. We
15 need to get those filled. We need to get people in to work
16 on the marketing initiatives. We're working with our HR
17 department on that as well. And then we also need to bring
18 on a product development person that can look at our
19 existing products, make sure that they're positioned
20 properly to meet the export needs. And then we also need to
21 also be looking forward thinking and developing products
22 that are needed in the future to help stimulate export
23 trade. And that's my update. Any questions?

24 MR. FLEISCHMANN: Yeah, I guess I kind of do. You
25 mentioned FedEx and then you mentioned the marketing. Is it

1 appropriate to actually ask FedEx, because their breadth is
2 so extraordinary and their brand is so prominent --

3 MR. BURROWS: Uh-huh.

4 MR. FLEISCHMANN: -- to actually have them do
5 something that actually would, you know, tell the, what
6 Ex-Im's doing for them?

7 MR. BURROWS: We are looking at co-branding
8 opportunities --

9 MR. FLEISCHMANN: Yeah.

10 MR. BURROWS: -- where we can go outreach
11 together. So that is, that is one of the things that's
12 definitely on the table. Any other questions?

13 (No audible response.)

14 MR. BURROWS: Thank you for your time.

15 MS. GREGOIRE: Thanks, Jim.

16 MR. BURROWS: Thank you.

17 MS. GREGOIRE: Appreciate it. So we need an
18 update on the annual conference, Dan.

19 MR. REILLY: Hello, everyone. I'm here to talk
20 about our annual conference, and I'm so excited that Catrell
21 is going to be joining us because, you know, this is really
22 our, this is our signature event and this is sort of the way
23 that a lot of people get sort of introduced to the Bank and
24 this is -- we really want to put our best foot forward on
25 this. And, you know, before I start my quick presentation,

1 you know, you guys are the Advisory Committee; you know,
2 please advise. You know, you guys have all attended
3 hundreds and hundreds of conferences. You know, Fred and I,
4 we want to know what works. And so, you know, any, any
5 thoughts you guys have to share on that, you know, grab me
6 afterwards, whether it's sort of how you do the badges at
7 check-in or sort of who should be the keynotes. You know,
8 everything, soup to nuts, we put a lot of time and effort
9 thinking about.

10 So the conference is April 24th and 25th at the
11 Omni Shoreham Hotel, just up Connecticut Avenue. It's about
12 1200 people. I don't know if Niki is in -- she must have
13 stepped out. We top out at about 1200 people. We sold out
14 last year. Registration is on pace with where it was last
15 year. It's largely a finance crowd. A lot of people come
16 down from New York for it. A lot of people from banks, a
17 lot of people that sort of work in trade finance, export
18 sector, U.S. government officials, foreign government
19 officials, and some small business folks generally makes up
20 the audience.

21 Last year was a great success. Jenny Fulton was
22 our keynote speaker. Joe Biden introduced her, no. Jenny
23 introduced the Vice President and she was fantastic, and he
24 loved you and it was great, but we had, you know, we had a
25 lot of -- we had Ray LaHood and we had so many other, Ursula

1 Burns, Laura Tyson, Mike O'Neill. We really, you know, we
2 really strive for a mix of U.S. government, business, big
3 and small, sort of global thinkers. You know, I think
4 Chairman Hochberg has done a really good job of sort of
5 making this conference and making Ex-Im as a sort of
6 jumping-off point for thinking about American economic
7 competitiveness, and you know, sort of whether that's
8 education, whether that's sort of what's happening in China,
9 there are a lot of ways that you can sort of use exports as
10 an entree into that and that's what we really try to do.
11 It's not just, here are our products, here's what's
12 happening in the trade finance space. We try to sort of
13 widen it out a little bit.

14 The way the conference is structured, Thursday
15 morning Fred kicks things off with sort of a quick, sort of
16 our State of the Union of sort of here's what's, here's what
17 happened, you know, and I really think this year's
18 conference is coming at a critical time. It's the 80th
19 anniversary of the Bank. You know, I think a lot of
20 government agencies, their anniversary is, you know, people
21 -- it's arbitrary, right? So I don't think the 80th year is
22 going to be the focus. I mean, I think it's something to
23 celebrate and to say, hey, look at us, we've been around for
24 80 years, but it's -- we'll acknowledge it in the
25 conference. I think -- I think, that, but coupled up with

1 sort of reauthorization coming up in October, it is
2 important to put on a good event and put our best foot
3 forward.

4 Then we have, from 9:15 to 11:15, we have our sort
5 of featured plenary sessions in the big ballroom with all
6 1200 people, and those are really sort of the macroeconomic
7 trends, where are things going. We take a break. We have a
8 whole, we have a whole exhibition hall; a lot of people from
9 a lot of different things come to show. We have an awards
10 program where we give out sort of the Chairman's Award, the
11 Deal of the Year, Small Business, Exporter of the Year,
12 those kinds of things, and then we sort of do smaller
13 breakout sessions, and then there is a, there's a reception.
14 I mean, networking is a big, big part of why people come. I
15 mean, I think people come for sort of the hotel lobby as
16 much as they come for the program, even though I would like
17 to think that the program is why people come because I plan
18 it, but really it's, there's a lot of sort of meeting
19 like-minded people on that. And then Friday is pretty
20 similar. Friday, Friday -- it's just a condensed version.
21 The conference runs about a day and a half.

22 We're working on our keynote for right now.
23 Unfortunately, the President, it looks like he's going to be
24 traveling out of the country. So we won't unfortunately
25 have President Obama, but we're trying for someone very big.

1 And then here are our confirmed speakers. We're very
2 excited by Elon Musk from SpaceX. We're hoping he's going
3 to teleport on stage or come in on a rocket, something like
4 that. No, but you can see, we really have a, we have a
5 variety of speakers from, you know, from the Cabinet,
6 governors, business, and we are, we're still working on
7 putting this together. But really, you know, the program is
8 still evolving, so if you guys have any thoughts.

9 You know, we definitely sort of want to look at
10 renewable energy. We want to look at sort of the BRIC
11 countries and what's happening there. We want to look at --
12 we have panels called, you know, Global Trends. We have one
13 called, sort of, The Next Big Thing, you know, where, what's
14 really going to be happening in the next year. So if you
15 guys do have thoughts on good, engaging speakers. We have a
16 panel called Education as a Competitive Tool, another on
17 sort of reaching diaspora communities and sort of how to
18 grow exports that way. So we really have a variety of
19 things. So if you guys have any suggestions on that, please
20 send them my way, and then if you have not registered,
21 please do so. And that's, that's a quick overview.

22 MR. BOYLE: I enjoy the event. I've been coming a
23 couple of years, three or four years now, and I generally
24 end up as a guest of Bank of America, which is a great,
25 great interface, and they introduced me to a great many

1 people, and I've had a wonderful chance to meet very, very
2 serious people in my industry. So the networking is very
3 good. Last year I had a complaint that I wanted to register
4 with you, and I don't get to go to a lot of these things,
5 but I had a serious complaint that, when the Vice President
6 was speaking --

7 MR. REILLY: Uh-huh.

8 MR. BOYLE: -- lunch was going on, and I thought
9 it was extremely disrespectful.

10 MR. REILLY: Uh-huh.

11 MR. BOYLE: You couldn't hear him. All you could
12 hear was plates clicking and food all over the place. I
13 didn't like it and I found it very hard to focus on what he
14 was saying. I know it might be --

15 MR. REILLY: No, no, sir. I think we're aware of
16 that, and I know the Chairman and I have sort of discussed
17 potential ways to -- yeah, it was very loud and we'll --

18 MR. BOYLE: You guys see, you guys see these
19 people all the time. It's pretty exciting for the rest of
20 us, and I didn't want to hear salad plates when the Vice
21 President was up on stage.

22 MR. REILLY: No, I definitely understand.

23 MR. BOYLE: Thank you.

24 MR. REILLY: And we are working to make sure that
25 doesn't happen again.

1 MR. BOYLE: Thank you.

2 MR. HOCHBERG: We also have one or two other
3 speakers. We're not allowed to put their names down.

4 MR. REILLY: Yes.

5 MS. FULTON: I just have one thing.

6 MR. REILLY: Uh-huh.

7 MS. FULTON: It's a great conference, and I had
8 the honor of my life. So thank you, Fred and Dan, for
9 preparing me for that. Since it is such a critical year
10 with reauthorization, are we inviting or extending that
11 invitation to the right people who are maybe our opposition
12 to make sure that they come to this? And if not, maybe the
13 Advisory Board can reach out to those persons, say, hey,
14 come join me for two days, because I think it would be an
15 education for that and a vision -- you can see it in action
16 versus an e-mail that says, hey, we need your support.
17 That's --

18 MR. REILLY: Yes.

19 MS. FULTON: -- just my thoughts.

20 MR. REILLY: Yes. No, no, we definitely are
21 working to -- it is an educational opportunity, and we're
22 making sure that, you know, we -- it's a lot of, sort of,
23 testimonials about the power of exports, and so we really do
24 want to make sure the right people are in the audience,
25 hearing the message.

1 MS. FULTON: And, I mean, because a lot of them
2 say, well, no, I'm on the other side of that, I don't want
3 to be there, where, I think, we could step up and say, yeah,
4 we need you to come and only come for this and you'll enjoy
5 it. So I just want to make sure we take advantage of it.
6 Thank you.

7 MR. BOYLE: I have one more --

8 MR. REILLY: Uh-huh.

9 MR. BOYLE: -- small point. I'm sorry. Last year
10 it was pointed out to me by an independent party not related
11 to us that it seemed to them that the largest participation
12 set of people at the event were people we already knew and
13 we're already doing business with, and from the outreach
14 perspective, I'd like to make sure that we try to bring in
15 as many newcomers and new possibilities and invite new
16 people to come and learn about how good we are. We all know
17 how good we are already. So --

18 MR. REILLY: No, I think that's a very, a very
19 valid point, absolutely.

20 MR. HUFBAUER: Building on, building on what Jenny
21 just said, I think Cato is the only institute which is
22 actively opposed to the Ex-Im Bank, and I respect the people
23 at Cato. I meet with them often. If you're willing to have
24 a, you know, a contrarian panel, invite the Cato author of
25 their opposition which says Ex-Im Bank ought to be closed,

1 as well as some of these congressmen and so forth. It would
2 add a lot of interest. I disagree with them quite
3 energetically, but it would certainly add flavor to the
4 conference.

5 MR. REILLY: It would.

6 MS. GREGOIRE: Dan, do you invite members --

7 MR. REILLY: Yes.

8 MS. GREGOIRE: -- and/or staffers?

9 MR. REILLY: Yes, we do. It is during a recess
10 week, which is tough, but we do invite all members and
11 staff.

12 MR. UBINAS: Is the conference streamed -- I'm
13 sorry. Is the conference streamed and social media active?

14 MR. REILLY: It is. We're very active on social
15 media, and we have an app, we have an app for conference
16 attendees so they can sort of get the program. I mean, the
17 cost of live streaming is prohibitively expensive. I mean,
18 unfortunately, we just, as a government agency, don't have
19 the budget for it. We worked very hard to get C-SPAN --

20 MR. UBINAS: Uh-huh.

21 MR. REILLY: -- to come and to cover as much of it
22 as possible, and I feel -- they've given us a maybe, but I
23 feel good with the lineup that they'll be there for at least
24 50, hopefully 75 to 100 percent of it --

25 MR. UBINAS: Uh-huh.

1 MR. REILLY: -- but unfortunately, you know, just
2 getting cameras and getting that infrastructure, I mean, we
3 have, I think there's 13 different rooms --

4 MR. UBINAS: Uh-huh.

5 MR. REILLY: -- it's just -- unfortunately, we
6 don't have the budget for that part.

7 MR. UBINAS: And do you have traditional media,
8 CNN and others --

9 MR. REILLY: Yes.

10 MR. UBINAS: -- there, live and present?

11 MR. REILLY: Yes, and we try to invite as many
12 traditional media to be moderators as possible, to try to
13 get them to help promote it as well. And so we have, you
14 know, we already have people confirmed from the Financial
15 Times and Wall Street Journal and The Atlantic, and we're --
16 and Bloomberg -- and working to sort of keep, to fill out
17 that roster a little bit more as well. And, I mean,
18 obviously, you know, Biden and Obama before him brought a
19 big press presence, and so we're trying to -- you know, but
20 I think among, I think among the financial press, we, you
21 know, there's a tremendous amount of interest in Mr. Musk
22 and in a lot of the other speakers as well, and so I feel
23 pretty confident that we're going to do well with the
24 financial media as well.

25 MR. FLEISCHMANN: Are there stories you're going

1 to try to create among the people there that you can take to
2 some of the media that are going to come so they can
3 actually kind of define the Ex-Im story a little bit?

4 MR. REILLY: I think that's a good point. I mean,
5 we -- in the past, it's sort of been you want the sort of
6 coverage to come organically from the conversation, but I
7 think we do need to think a little bit more about, a little
8 more proactively obviously this year.

9 MR. BOYLE: One last --

10 MR. REILLY: Uh-huh.

11 MR. BOYLE: -- one last question. Mr. Chairman,
12 when I first went, your whole tie around the event was
13 Banking at the Speed of Business. What are we using now?
14 What's your, what's your theme for this coming year? That
15 was a great one, by the way. It really hit home.

16 MR. HOCHBERG: I mean, we still use, Government at
17 the Speed of Business is still kind of -- you know, we got a
18 couple of tag lines we use. When it comes to small
19 business, we talk about global access -- and we just the
20 other day met with this group -- and that's because small
21 business has said what they need from us is access to global
22 markets. So we actually just essentially listened to what
23 small business -- what their language was and incorporated
24 that.

25 We, our larger exporters often talk about we give

1 them a competitive edge when they're competing against
2 Germany and Japan and Korea and so forth, and so competitive
3 edge has also been sort of part of our language. And,
4 actually, one of our people in the communication shop was
5 the one who coined the phrase Government at the Speed of
6 Business. So we use that as a way of talking about we're
7 going to get you an answer and get it fast so you're not
8 going to lose an order.

9 We don't want you to lose an order because you're
10 (a) waiting for us to make a decision, and we also don't
11 want you to lose an order because of finance. If you lose
12 an order because of price, quality, delivery, so forth,
13 that's in your bailiwick. If finance is the one reason
14 that's holding you back from getting this order, we'll find
15 a way to make that work. I don't know exactly how, but
16 generally speaking, we can find a way to mitigate the risk
17 or put you on a level playing field with the foreign
18 competition.

19 MR. BOYLE: I'm sorry, sir. I didn't mean it to
20 be specific. I meant the theme for the event --

21 MR. HOCHBERG: The actual theme for this
22 conference.

23 MR. REILLY: Ah.

24 MR. BOYLE: -- because that was so effective two
25 years ago. That was powerful, I thought --

1 MR. REILLY: Yeah. I mean, I think --

2 MR. BOYLE: -- and we didn't do it last year.

3 MR. REILLY: Yes. I mean, I think we're still
4 sort of working through the final theme on it. I think
5 something along the lines of sort of Eighty Years of Jobs
6 Through Exports. I do think it's important to sort of show
7 the permanence of the institution and that it's not
8 something that could just disappear, that it's been around
9 for a long time, so -- and certainly we want the word jobs
10 in there.

11 MR. FLEISCHMANN: Do we have quotes from all the
12 presidents along the way, the Republican and Democratic
13 presidents?

14 MR. REILLY: Yeah. Yeah.

15 MR. FLEISCHMANN: We got to showcase that too.

16 MR. REILLY: And I think, you know, we will use
17 the sort of 80 years; we'll sort of weave it throughout. I
18 mean, I just, I don't think this should just be a birthday
19 party, right?

20 MR. HOCHBERG: Right.

21 MR. REILLY: It should be a sort of working
22 conference, but certainly, it will be sort of interwoven
23 throughout. Thank you, and please, please come to me
24 offline with any suggestions on really any aspect of it.

25 MS. GREGOIRE: Great. Thanks, Dan. So, Scott,

1 how is Congress?

2 MR. SCHLOEGEL: Do you want the political answer,
3 or do you want the real answer?

4 MS. GREGOIRE: No, no, no, no, I don't want an
5 answer.

6 MR. SCHLOEGEL: Oh.

7 UNIDENTIFIED SPEAKER: You don't want an answer?

8 MS. GREGOIRE: If you're going to answer, take the
9 mic off, okay?

10 MR. SCHLOEGEL: Actually, as I was just sitting
11 there, Senator Cantwell's office called, and we're moved
12 back 15 minutes for this afternoon for our meeting. So --

13 MS. GREGOIRE: Oh, okay.

14 MR. SCHLOEGEL: Just to kind of close the loop on
15 the topics that were covered with Dan, we wanted to let you
16 know, Governor, that all members have been invited to the
17 annual conference. Each month we send out a letter to all
18 members of Congress, every governor, every senator, every
19 member of the House, and we tell them what authorizations
20 have been done in their district over the past month. And
21 so as part of that letter, the last three months, or last
22 two months and the one that will go out tomorrow or the next
23 day have invited members of Congress, governors, and -- to
24 the annual conference. We've also reached out to their
25 staffs, and so we reach out to the key committee staff

1 people; as well as, other staff are welcome to attend. So
2 we've, that has gone out -- actually, the three years that
3 I've been here we've done that each year. So --

4 MS. GREGOIRE: And what's the attendance like from
5 them?

6 MR. SCHLOEGEL: It's not very good attendance.
7 Typically it has fallen on recess weeks, but I will say, two
8 years ago, when we were going through our reauthorization,
9 actually in 2011, Gary Miller, who was then the subcommittee
10 chair, came and he spoke and did a fantastic job. He was a
11 champion, did a great job for us on the reauthorization.
12 We'll be meeting with him tomorrow. And so he was the only
13 member that we've had come during the three years, but
14 again, that just ends up being because typically it falls
15 during a recess week when Congress is out of town and
16 they're all back, you know, getting with the constituents.

17 MS. GREGOIRE: So I wonder if there's a way to be
18 more aggressive about this this year. I mean, can you put
19 out some invitations for speaking opportunities? Can you
20 really aggressively go after staff of the respective
21 committees in the House and the Senate?

22 MR. SCHLOEGEL: Yeah.

23 MS. GREGOIRE: Again, much of what's going on at
24 the Hill, they don't know the good work of the Bank, and
25 sending out an invitation to a politician ends up in the

1 round file. I mean, I'm just trying to think: Is there a
2 more aggressive way that we can actually get them there?

3 MR. SCHLOEGEL: That's an interesting glimpse into
4 your office, I will say. No, we have been aggressive about
5 this, especially the committee staff, right? So the
6 committee staff --

7 MS. GREGOIRE: Yes. Yes.

8 MR. SCHLOEGEL: -- who are going to be writing the
9 bills, are the folks who are --

10 MS. GREGOIRE: Yes.

11 MR. SCHLOEGEL: -- who we're most aggressively
12 pushing, and then we go after the ones who are staff for the
13 members who sit on those committees. And so that's kind of
14 the low-hanging fruit. That's the sweet spot of our, of the
15 folks that we target for this.

16 MS. GREGOIRE: Do you get them?

17 MR. SCHLOEGEL: We typically will get anywhere
18 from six to 10 staff people who come, and almost always they
19 are the key, you know, it includes the key people on the
20 House side and on the Senate side who are doing our
21 authorization bill. So this year, I will say, there's a new
22 person over in the Senate. He's going to be out of the
23 country that week. He had plans already. So he won't be
24 there --

25 MS. GREGOIRE: Okay.

1 MR. SCHLOEGEL: -- but I'm hoping to bring in one
2 of the more junior-level people on the Senate side on the
3 committee, but it's not going to be the Senate side that we
4 have issues with.

5 MS. GREGOIRE: Right. So, Dan and Fred --

6 MR. HOCHBERG: I was just --

7 MS. GREGOIRE: -- if you could think about --

8 MR. HOCHBERG: Yes. I was --

9 MS. GREGOIRE: -- thinking.

10 MR. HOCHBERG: The second year, the second year,
11 in order to get more members of the Congress, we -- one of
12 the comments we got is we're very far away from the Hill.
13 So that was a problem, you know, to get them, to get a
14 senator to come by. So we actually looked at moving the
15 conference to the Convention Center so we could, people
16 could just come by for 10 minutes and address the crowd and
17 so forth, and the upcharge was a quarter of a million
18 dollars to move it from the Omni to the --

19 MS. GREGOIRE: Wow.

20 MR. HOCHBERG: -- to the Convention Center. So
21 we --

22 UNIDENTIFIED SPEAKER: Wow.

23 MS. GREGOIRE: Wow.

24 MR. HOCHBERG: -- that was a good idea that became
25 a bad idea. So we didn't do that.

1 MR. SCHLOEGEL: And living under the new
2 regulations where we have to keep it to half.

3 MR. HOCHBERG: Yes, and we are now under a cap;
4 thanks to expensive muffins and places and Las Vegas, we are
5 capped at a half a million dollars. So --

6 MR. REILLY: Which seems like a lot of money, but
7 it adds up very --

8 MR. HOCHBERG: And net, I mean, we tend to
9 actually turn a profit on our conference because we charge
10 initial fees and so forth, but we actually are locked in at
11 a half a million dollars total, not net. So on a net basis,
12 last year I think we made -- did we make money last year,
13 Dan, or was it --

14 MR. REILLY: No. We --

15 MR. HOCHBERG: It cost 49,000. I think it was,
16 the whole conference was, out of pocket, \$49,000. So -- and
17 that was 1200 people for two days -- so we did very well in
18 terms of revenue --

19 MR. REILLY: But to your point, I mean, candidly,
20 it's a very delicate dance. You need to make sure that you
21 don't have all members of one party speaking or all the
22 other. There's a little bit of, sort of, achieving that
23 balance and whether you have it while Congress is in
24 session, when votes and distance and stuff is going to, is
25 going to get in the way, versus having it when they're not

1 there, when you get more media attention and get C-SPAN to
2 cover it live. So I definitely understand what you're
3 saying. It's just, those are the things we sort of weigh
4 when figuring out when and where to have it.

5 MR. SCHLOEGEL: And then, Gary, I would just add
6 to your, to your too short of a list. We have -- Cato,
7 Heritage, and Club for Growth tend to be the three big ones
8 that are the vocal opponents of the Bank at this time.

9 So with that being said -- see, I almost got us
10 back on track, timing-wise, too -- so the appropriations,
11 since we met last time -- and this, I can assure you that
12 that's a typo in the block under Omnibus. We got more than
13 one dollar. If we hadn't received more than one dollar, I
14 wouldn't be sitting here today, is my guess, Mr. Chairman,
15 and I wouldn't fault you for it. But when we were here in
16 December, I did talk about the appropriations process, where
17 we were with that and the fact that we needed to hopefully
18 close that out. Good news is, is that we did -- they did
19 pass, Congress did pass an omnibus bill.

20 In that omnibus bill, included in there was \$105
21 million for us in our admin fund. That's a huge leap from
22 the 89.9 that we were at. That's a significant
23 accomplishment for us and that will, you know, allow us --
24 it's a huge one for several reasons. One is now you have
25 Congress on the record, voting for a significant increase in

1 Ex-Im's appropriation. Another is that it provides
2 much-needed resources to the Bank, and keep in mind, this is
3 a net-zero appropriation. So this isn't Congress giving us
4 more money. This is Congress letting us use more of the
5 money that we already generate, right? So, to the extent
6 you're out talking to folks, if they, if the increase in the
7 appropriations does come up, thank them for letting us use
8 more of the money that we already generate rather than
9 giving us money.

10 MR. UBINAS: So just so I understand as a new
11 member, you all keep less than 10 percent of the resources
12 you send into the Treasury?

13 MR. SCHLOEGEL: That's right, yeah.

14 MR. HOCHBERG: Well, and the resources we send to
15 the Treasury is net of all, of loan-loss reserves, because
16 we take several hundred million dollars in loan-loss
17 reserves and administrative costs. So --

18 MR. UBINAS: Yeah.

19 MR. SCHLOEGEL: Yeah. So it's far less than 10
20 percent once you factor that in. The other great win for us
21 was that we got the 10-and-a-half million in there for our
22 move expenses to move back upstairs, so we won't have the
23 columns in the middle of the room as we're trying to hold
24 our meetings and things like that. That was a big win
25 because it was going to have to come out of our admin budget

1 otherwise. It's a onetime allowance for them to, for us to
2 use that 105 million. And then you'll see that the
3 Inspector General went from 4 million up to 5.1 million. So
4 that was a huge win for him. He went from, I think he was
5 at just over 1 million when I started here three years ago,
6 and he's now at 5.1. So he's had some significant increases
7 in his appropriations.

8 MR. HOCHBERG: Who does his leg. affairs?

9 MR. SCHLOEGEL: I haven't gotten a 500 percent
10 increase, is what you're saying, Mr. Chairman? So --

11 MS. GREGOIRE: If I add that up correctly, you got
12 more than what you asked for.

13 MR. SCHLOEGEL: We did.

14 MS. GREGOIRE: Yes. Well --

15 MR. SCHLOEGEL: Yes.

16 MS. GREGOIRE: -- Mr. Chairman, that doesn't
17 happen.

18 MR. SCHLOEGEL: Yes. Thank you. So our
19 reauthorization -- again, this is the graphic I shared with
20 you last time, just kind of talking about the process of
21 reauthorization -- we are very close to having our draft
22 bill ready to submit to the Hill. I would love to be able
23 to tell you what's in it, but we can't until OMB finally
24 gives us approval on it. We have basically two items that
25 need to be closed out, and I'm bringing in the Chairman.

1 I'm calling for the lefty here on the -- bringing in the
2 closer. He will need to do a couple of calls with some of
3 the principals at a couple of intergovernment agencies for
4 us to finalize that bill, but I'm hopeful that maybe by the
5 end of next week Mr. Chairman will have that done, right?

6 MR. HOCHBERG: Yes.

7 MR. SCHLOEGEL: So --

8 MR. HOCHBERG: I'm with you all week.

9 MR. SCHLOEGEL: I know. We'll have a lot of
10 windshield and airplane time together. Once that is done,
11 we'll send it up to both the House and Senate. We'll make
12 sure that we circulate it around to you all, as well, so you
13 know what it is that we're asking for in our
14 reauthorization.

15 To support the reauthorization, we've done a lot
16 of outreach and that outreach will continue.

17 MR. HUFBAUER: Could I interrupt you just a bit?

18 MR. SCHLOEGEL: Sure.

19 MR. HUFBAUER: Does USTR get a say on the bill?

20 MR. SCHLOEGEL: They're part of the interagency
21 review process. They have not commented to date on, on our
22 draft bill. They haven't raised issues with it yet. So --
23 are you thinking to the next speaker and whether or not he
24 needed some prodding?

25 MR. HUFBAUER: No. Yeah. Well, I'm thinking, I'm

1 thinking they should be extremely supportive because the
2 Ex-Im is the front line of the National Export Initiative,
3 but I don't know what their historic role has been in this
4 process.

5 MR. SCHLOEGEL: Yeah. Yeah. So they have not, I
6 don't think that there have been -- actually, they did put,
7 they put a couple of comments in in the very first round of
8 reviews, but everything was addressed and we haven't had any
9 issues with them since the first round of reviews. This we
10 had submitted to OMB back in December. So it's a -- the
11 sausage-making process is significant with regard to getting
12 this draft bill out.

13 MR. HERRNSTADT: Scott --

14 MR. SCHLOEGEL: Yes.

15 MS. GREGOIRE: Please.

16 MR. HERRNSTADT: I'm sorry, Madam Chair. So I
17 know you probably can't discuss this, but I sincerely hope
18 that it's, you're going for a straight-up reauthorization
19 with, you know, I don't know, maybe a larger exposure, but I
20 think the simpler, the better; the more straightforward, the
21 better; folks don't get distracted by a bunch of complicated
22 debates that happened last time. And I know that the Bank
23 moved very quickly to address many of those in the new
24 legislation, particularly all the -- well, I won't put a
25 qualifier, a subjective adjective on it, but the, you know,

1 the stuff on content, which I know that the policy
2 department did a superlative job addressing. So I hope that
3 it will just be a straightforward, non-controversial
4 reauthorization with the exception of maybe if you need more
5 exposure limits.

6 MR. SCHLOEGEL: Yeah. Again, I can't get into the
7 details of it --

8 MR. HERRNSTADT: Sure.

9 MR. SCHLOEGEL: -- but I will tell you that it's a
10 little more than just a straightforward reauthorization
11 bill, but I don't think that there's anything in there
12 that's hugely controversial at the moment that would cause
13 folks to have issues. Last time, you'll recall, we did ask
14 for just a straight-up clean reauthorization, did a little
15 bit of bill cleanup, asked for an increase in the exposure
16 cap, and we had all kinds of other stuff done to us in the
17 process. So we'll see how this, how this finally shakes
18 out, but I think, I think you'll be happy with what you see
19 in the bill. Certainly from your perspective, there
20 shouldn't be anything that's controversial.

21 MS. GREGOIRE: Luis.

22 MR. UBINAS: And just one other question. Are
23 there any reverberations coming back to this reauthorization
24 around the discussions on Freddie and Fannie?

25 MR. SCHLOEGEL: Yeah. I mean, we're constantly

1 battling that, right? So the, particularly the folks on the
2 House Financial Services Committee, on the majority staff
3 over there always, you're always hearing about -- in fact,
4 when Chairman Hochberg and I sat down with Chairman
5 Hensarling last fall, you know, he said: The issue with me
6 is that I feel like you're distorting markets but more so
7 the, we have a huge amount of taxpayer risk out there and
8 Ex-Im adds to that taxpayer risk and, you know, one day this
9 is all going to be called. So his example was: Fannie and
10 Freddie was fine until it wasn't, FHA was fine until it
11 wasn't, Ex-Im is fine until it's not, and so we, you know, I
12 want to make sure that we don't have the same thing happen
13 with Ex-Im.

14 Of course, the push back to that is, is that we're
15 nothing like Fannie and Freddie. We're not in the domestic
16 housing market. They were in one market: the domestic
17 housing market. They were buying other people's junk
18 underwriting and not underwriting it themselves. You know,
19 we don't have, unfortunately for many of us in the room, we
20 don't have the large corporate salaries that, you know, came
21 with Fannie and Freddie. We don't have shareholders. We
22 don't, we don't get the big bonuses. There's no incentive
23 for us to do bad deals.

24 So we're constantly, you know, fighting that
25 fight, but we've got great push back to it, and it's just

1 one that you will hear the institutions that I listed, you
2 know, throughout there constantly. They'll always say we're
3 like Fannie and Freddie. So --

4 MS. GREGOIRE: But it's nice for you to give us
5 the talking points.

6 MR. SCHLOEGEL: Happy to do that, absolutely.
7 We'll circulate that. So we've done a ton of outreach
8 including things like the Global Access forums that we do
9 around the country. We've done more than 60 of those. The
10 Chairman and I will be out in California and doing one on
11 Tuesday morning. We'll do another one in Fargo, North
12 Dakota, on Thursday morning. And these are very helpful in
13 getting awareness out there about Ex-Im Bank, trying to
14 build our small businesses but, even more importantly, kind
15 of solidifying members of Congress, right?

16 So we did one last summer in, I think it was last
17 summer, in Idaho with Senator Crapo. Senator Crapo had
18 voted against our reauthorization last time. He had been an
19 opponent of the Bank in the past because of some concerns
20 that he had with a home state business, but he stood at that
21 Global Access forum with Chairman Hochberg and said: You
22 know, one of the things that conservatives like me love
23 about Ex-Im Bank is the fact that they actually generate
24 money for the taxpayers. And so that was a great, great win
25 for us. He's been very good since that time in both the

1 Chairman's confirmation, Senate confirmation hearing and in
2 the Vice Chair's Senate confirmation hearing. So those are
3 very valuable events for us to be doing around the country.

4 We've done a lot of Hill visits. We have met with
5 a number of members of Congress. Both the Chairman and I
6 have gone in; as well as, we've gone in, my leg. team, and
7 met with folks, and we continue to do that. We've done a
8 number of meetings recently with the House Financial
9 Services Committee and the Senate Banking Committee, kind of
10 teeing up the, getting ready for the bill to be dropped.

11 MR. HOCHBERG: We also seek out extreme
12 temperature when we do these things, like Fargo at this time
13 of year and Houston in August. We want to --

14 MR. SCHLOEGEL: Right.

15 MR. HOCHBERG: -- make sure that there's no
16 boondoggle at all, that we go into the worst possible
17 season.

18 MR. SCHLOEGEL: They know you're serious when you
19 come up there during those, that weather, rather than --

20 MR. HOCHBERG: That's right.

21 MR. SCHLOEGEL: -- rather than the three days of
22 summer in August that they have.

23 MR. HERRNSTADT: I actually, I beg to differ. I
24 think Fargo in mid-March is a boondoggle. In January and
25 February would be where the real, you know --

1 MR. SCHLOEGEL: So another prong to our outreach
2 has been working through the, and addressing chambers of
3 commerce. Last month I spoke to a San Antonio Chamber of
4 Commerce. I heard they had around 110 people at that event
5 for their fly-in that they did and talked about Ex-Im and
6 our reauthorization. This morning I spoke to about 200
7 people at the LA Chamber of Commerce fly-in that they had
8 over at the Willard at 8 o'clock, bright and early this
9 morning. Steve, your lobbyist Jim, or he's your financial
10 guy, Jim was there --

11 MR. WILBURN: Oh, good.

12 MR. SCHLOEGEL: -- Jim Fuse (phonetic sp.) or
13 something like that. So --

14 MR. WILBURN: That's good to know the money goes
15 to the right places.

16 MR. SCHLOEGEL: Exactly, yes, yes. And so he
17 was --

18 MR. WILBURN: Thank you very much.

19 MR. SCHLOEGEL: -- he was excited when I mentioned
20 FirmGreen as one of the businesses we do work with out there
21 in California. So --

22 MR. WILBURN: Yeah.

23 MR. SCHLOEGEL: And then I have, coming up, Irving
24 -- Irving, Texas, and Phoenix, Arizona, have invited, those
25 chambers have invited us to come and speak. So as we, you

1 know, that's leveraging those folks and getting them out
2 there to talk even more about Ex-Im and --

3 MR. HOCHBERG: Pat, you're going to be where next
4 week?

5 MS. LOUI: I'll be in Chicago, outside northern
6 Chicago, Brookfield.

7 MR. SCHLOEGEL: Yep. So she's doing Congressman
8 Schneider in Brookfield.

9 MS. LOUI: And then Detroit after, two weeks
10 later, with the --

11 MR. SCHLOEGEL: Fingers crossed. We haven't, we
12 haven't got that one finally nailed down yet, but I will --
13 we're working on that even more.

14 So outreach to these chambers of commerce have
15 been done by us, and then we also are working with a
16 coalition of folks, whether it's CEE, the Coalition for
17 Employment Through Exports, the chamber out here, the
18 national chamber, NAM, National Association of
19 Manufacturers, the Business Roundtable. They're all part of
20 our approach to try to get support, and the business
21 community really is very supportive of Ex-Im. It's just
22 really kind of finding this vocal minority and trying to
23 either do rapid response to them or to take a little bit of
24 the edge off as they oppose the Bank.

25 So with that, that pretty much covers where we

1 are. I will tell you, I wanted to -- the Chairman mentioned
2 at the beginning, in his opening statements, of some of the
3 reforms that we've made since the last reauthorization. So
4 let me just tick off a couple of those to let you know that
5 it wasn't just we got this reauthorization bill done and it
6 was signed into law on May 30th, 2012, and we haven't done
7 much since then.

8 The reforms that we put in place since then, we
9 began posting Federal Register notices for all transactions
10 over \$100 million, as was required. We reviewed and updated
11 our economic impact procedures, and we posted them on the
12 website. We've reviewed and reported on content provisions
13 to Congress, as required. We are doing quarterly reports on
14 our default rate, which is .00267, or around a quarter of a
15 percent right now. We created a position and hired the new
16 chief risk officer. We produced a small business report for
17 them, a textiles report for them, added John to the
18 committee as a textile representative for the Advisory
19 Committee. We worked with GAO on a number of reports that
20 were mandated in the reauthorization, and we agreed with all
21 of the recommendations that GAO has done, and we've
22 implemented those or are in the process of implementing
23 them. We replied to Congress on the GAO reports, as was
24 required. We categorized the need for long-term loans and
25 guarantees in our annual report, as required. And we

1 updated our Iran sanctions provision.

2 So that's a list that I just kind of came up with
3 that I think is fairly comprehensive, but you know, those
4 are a lot of changes that we've put forth. So as people
5 say, oh, things are the same at Ex-Im Bank, no, they're not.
6 We've actually done a lot. We've made a lot of changes, and
7 I think we're on the path for a good reauthorization once we
8 get a bill out there. Any questions?

9 MS. GREGOIRE: So with respect to the list you
10 just went through --

11 MR. SCHLOEGEL: Uh-huh.

12 MS. GREGOIRE: -- if you wouldn't mind refining
13 that and getting that out to us as well --

14 MR. SCHLOEGEL: Sure.

15 MS. GREGOIRE: -- so that we can say that, with
16 our own talking points, how responsive you all have been.

17 MR. SCHLOEGEL: Sure.

18 MS. GREGOIRE: And then, I mean, I know this line
19 of thinking with respect to Freddie/Fannie -- not that I
20 understand it, I know it. Are there other arguments that
21 are being made that we should be aware of?

22 MR. SCHLOEGEL: The Fannie/Freddie arguments are
23 the, are kind of the key ones. You have then that we're
24 distorting markets. You have -- which we're not. We're
25 actually leveling the playing field, and there's some 60

1 other ECAs around the country who are offering financing,
2 and without that, we would -- you know, if we were to
3 unilaterally disarm our businesses, we'd be at a
4 disadvantage. You have the argument that we pick winners
5 and losers. We don't pick winners and losers. We do the
6 transactions that come into the Bank that meet our
7 reasonable assurance of repayment and our environmental
8 standards that are required for us to review. You'll have
9 the argument that we are the Bank of Boeing. We're not the
10 Bank of Boeing. We do a fair amount of business with
11 Boeing, but I think you know better than anybody at this
12 table the, you know, the impact that we have on jobs in the
13 United States as a result of that.

14 MS. GREGOIRE: On that subject -- Fred and I have
15 chatted about this -- just so you all are prepared for that
16 one, okay --

17 UNIDENTIFIED SPEAKER: Uh-huh.

18 MS. GREGOIRE: -- Boeing in Washington state is
19 one employer. Sure, it's a large employer but it's one, but
20 if you look at the almost 700 supply chain, those are almost
21 all small business. They are almost all small business.
22 And when I started in office, we were at 300 in our supply
23 chain, and I aggressively went out after that
24 internationally and have gotten it up now to almost 700.
25 Those are small business.

1 When we count how many loans have we given to
2 small business, it isn't in the mix, but if it was in the
3 mix, can you imagine how significant and how large that
4 would be, because that's really when we give a loan that has
5 something to do with Boeing. It's not Boeing. It is Boeing
6 plus hundreds of small businesses, and imagine the amount of
7 jobs that that means.

8 So just so --

9 MR. SCHLOEGEL: That's a good point.

10 MS. GREGOIRE: -- this is a -- I just am shocked
11 at this argument that no one really understands. Yes, we
12 have Boeing, but we have 700 suppliers, and if you came to
13 my little state -- it's not that little -- but if you came
14 to my little state, you would see suppliers everywhere,
15 literally everywhere, in towns that you have never heard of,
16 because that's where they start, because it's friendly there
17 and so on. So it's promoting small business in every small
18 corner of a state, and we're not unique. Wherever Boeing is
19 they have the same circumstance.

20 MR. FLEISCHMANN: Can I ask you a question on
21 that? Is it possible to go to these companies and say, can
22 you give us the list of the companies that are in your
23 supply chain, because that number would be enormous and it
24 would be brilliant to actually share that with some of their
25 officers, their --

1 MS. GREGOIRE: But what we've done, at least in
2 our state, was we created a governor's group. And so all
3 those supply chain meet annually with me, or they did with
4 me and now my successor; so I know who they are.

5 MR. SCHLOEGEL: Yeah. Alan, I will say that there
6 is no company that I'm aware of in the United States,
7 probably in the world, that has a better grasp over their
8 supply chain and their, you know, the folks that they, that
9 feed into them than Boeing. I will also say that we can't
10 ask them to do that kind of stuff. We, being the Bank,
11 can't ask them to do that, but I will -- I know that they
12 are very proactive in getting those figures out and those
13 suppliers out, and they have a very good map that shows
14 their supply chain across the United States.

15 Other businesses, companies like GE, Caterpillar,
16 you know, Case/New Holland, they have very good ideas to
17 their supply chain too. The problem is, is that what we
18 fight on the Hill is people think that GE is always going to
19 be around, people think Boeing's always going to be around,
20 and so when they talk about a high percentage of dollar
21 amount, of exposure that we have to those companies, that
22 ends up being their, you know, they can say those guys don't
23 need the money, you know. GE made however many of billions
24 of dollars last year and didn't pay any taxes; Boeing made
25 however many billions of dollars last year and didn't pay

1 any taxes, they'll say, which Delta made how many billions
2 of dollars last year and also didn't pay taxes, but the --
3 they are working. They, I say, you know, when we talk about
4 the chamber, NAM, Business Roundtable, CEE, they are all
5 working to get the word out about their small business
6 suppliers. But the other point that we hear from folks is,
7 is, oh, well, Ex-Im really isn't for small business. We are
8 for small business. Of the 3,800 transactions that we did
9 last year, nearly 90 percent of all those transactions were
10 for small business. Those require a lot of work. Ninety
11 percent of the individual transactions were for small
12 businesses, and yes, it was only 19.1 percent when you take
13 a look at the direct exports, but when you take a look at
14 the indirect exports, it's well over 20 percent. So as you
15 factor that in, you know, one of the things that we try to
16 do is we try to say we weren't, we didn't just do 5.2
17 billion last year in small business, we actually did about 6
18 billion last year in small business, and when you factor
19 that in, we are over -- we are meeting the congressional
20 mandate at 20 percent.

21 MS. GREGOIRE: Owen.

22 MR. HERRNSTADT: Yeah. Let me just add, as well
23 -- I think you well know this, and I know the governor does
24 -- but when you fund an aerospace transaction, you're not
25 just funding an aerospace transaction; you're funding the

1 research and development of leading technology, which the
2 President is committed to ensuring that we have in this
3 country that'll lead to the whole next generation of jobs.
4 I mean, it was aerospace research that led to the
5 development of the microwave and many other industries that
6 spawned, and I know there's probably no way for you to
7 capture that, but it's a, it's obviously a critical, a
8 critical point.

9 MR. SCHLOEGEL: John.

10 MR. BAKANE: We have regional resources and trade
11 resources; so we can help, but we do need some central
12 coordination. In addition to the talking points, we also
13 need to know the pressure points in terms of who to focus
14 on. And, thirdly, we need to know the timing of when to do
15 that. So if you can provide us with those things, we can
16 provide you with a lot of support.

17 MS. GREGOIRE: And I'll probably do that, just to
18 make sure that Scott's totally neutral on this.

19 MR. BAKANE: Fair enough.

20 MR. HOCHBERG: Okay. Yes.

21 MR. SCHLOEGEL: Thank you.

22 MR. HUGHES: Yeah. Just to pile on a point that
23 everybody understands, people tend to look at the discrete
24 sale and they lose sight of the fact that you're not just
25 talking about, in our case, a manufacturing facility in

1 Perrysburg, Ohio. You're talking about an engineering
2 scenario in Bridgewater, New Jersey --

3 MS. GREGOIRE: Yes.

4 MR. SCHLOEGEL: Sure.

5 MR. HUGHES: -- you're talking about a research
6 and development facility in Santa Clara, California, and
7 you're talking about a corporate headquarters in Tempe,
8 Arizona. And the great fear, we have a constant debate with
9 our board and internally about can we and should we continue
10 to manufacture in the United States. There's a cost delta
11 to our manufacturing locations. The concern is, is that it
12 begins a slide down the slippery slope and that once you let
13 that manufacturing nexus with the U.S. go, then you lose
14 your political influence within the system and, before you
15 know it, those engineering jobs are going to disappear and
16 move offshore, those R&D jobs are going to disappear and
17 move offshore, and ultimately you're going to access other
18 capital markets and you'll lose the corporate headquarters.
19 We've seen that happen with other companies and other
20 industries, and so I think it's important that the Bank
21 assist its customers in understanding that they need to get
22 that broader story out so that people understand you can't
23 simply focus on the discrete sale, you've got to look at the
24 bigger picture.

25 MR. SCHLOEGEL: Your Perrysburg facility is

1 amazing, by the way.

2 MR. HUFBAUER: I'd like to revert briefly to this
3 risk issue which concerns the House chairman, or at least he
4 says it concerns him. I don't know to what extent you can
5 put the points you made, Scott, on the distinction between
6 Ex-Im Bank and Fannie and Freddie in writing. If that's not
7 too offensive, it would be great to do that, but even if you
8 can't do that, you might do something either in the
9 Competitiveness Report or someplace else, looking at the
10 record of ECAs around the world. And I know some have gone
11 into difficulty, because they did in my day in the Treasury,
12 but it was for reasons so distinct from anything happening
13 in the Ex-Im Bank that, you know, it can be pointed out, and
14 it's not a big area where there's been financial trouble,
15 and those that did had quite unique reasons of being highly
16 exposed in countries that went belly-up and so forth.

17 MR. SCHLOEGEL: Yeah, and I think you will, you
18 will see -- and Helene, I'm sure, will touch on this --
19 that, you know, we are the most transparent ECA in the
20 world. No other ECA provides the information that we do.
21 And so it really is difficult for us to do that, but she and
22 Isabel and the policy team do a fantastic job of pulling
23 that together as best as possible. Mike.

24 MR. BOYLE: Interestingly, we sit here. I find
25 going on the defensive about Bank and Boeing seems to be

1 kind of off-putting. I don't quite understand that when we
2 can't stay and look each other in the eye and say, yeah, of
3 course we write business for Boeing. It's a flagship
4 company, an American business, and if we can provide it with
5 competitive advantage in any form, we should. I don't
6 understand why that's, you know, we have to tie small
7 business to it, though tying it to small business is
8 wonderful.

9 MR. SCHLOEGEL: Yeah.

10 MR. BOYLE: But I look at that, you know, and say,
11 you know, of course we write billing in every other good
12 American business, and this one, this one will go down in
13 history with the Chairman, but I think it was Kierkegaard
14 who said if you label me, you negate me, and I think we keep
15 doing that, you know. We're putting the edge between us
16 about big business and small business here, and we're about
17 American business --

18 MR. SCHLOEGEL: Right.

19 MR. BOYLE: -- and expansion of American jobs.

20 MR. SCHLOEGEL: And if you were at the chamber
21 this morning, the LA Chamber speech that I gave, I was
22 unapologetic about it there. I said, you know, we meet that
23 -- we do that because we balance the, level the playing
24 field, and as the Chairman loves to say, we would much
25 rather see those jobs be in Everett, Washington, than

1 Toulouse, France. And so I was unapologetic about it, and I
2 think the folks there certainly get it. It's just that --

3 MR. BOYLE: Stand tall.

4 MR. SCHLOEGEL: -- the vocal minority. So --

5 MR. BOYLE: Stand tall.

6 MR. SCHLOEGEL: But, with that, we'll --

7 MS. GREGOIRE: Thanks, Scott.

8 MR. SCHLOEGEL: -- wrap up. I know the ambassador
9 is here. So --

10 MS. GREGOIRE: Yes. Thank you very much.

11 MR. SCHLOEGEL: Thank you.

12 MS. GREGOIRE: Fred, if you would do the honors,
13 please.

14 MR. HOCHBERG: So Ambassador Froman, I met him at
15 -- he was Mike from when I met him -- is going to be joining
16 us, and Mike and I actually met when he was, he and I were
17 both trustees at The New School in New York after his stint
18 in the Clinton administration. He is the master of acronyms
19 and initials because he's involved with TTIP, TPP, and TPA,
20 and he's going to --

21 MR. FROMAN: TISA, ITA.

22 MS. LOUI: GSA.

23 MR. HOCHBERG: -- and he's going to explain --
24 actually, he's going to create an app that will explain all
25 those acronyms.

1 MR. FROMAN: That's a great idea.

2 MR. HOCHBERG: Actually, there is an app at
3 Homeland Security because they had 800 acronyms. They
4 created an iPhone app --

5 MR. FROMAN: Is that right?

6 MR. HOCHBERG: -- because people at staff could
7 not remember. But Michael -- most of them have the word
8 trade in it; the problem is you just keep moving the word
9 trade around someplace in those initials -- but he is a, has
10 been a very good friend, first of all. We've had dinner a
11 number of times, traveled together. Before becoming a trade
12 ambassador, he was at the, in the White House and the, sort
13 of the link between the National Economic Council and
14 National Security Council. We're going to be hearing later
15 from Caroline Atkinson who replaced Michael in that job.
16 And this, we talked a little earlier before you got here,
17 Mike, is, you know, a key partnership for us because, you
18 know, the trade -- you open the doors for trade and then we
19 can come in and actually do the financing just to make sure
20 we can execute on that, but without the work of the United
21 States trade representative, that forestalls us from being
22 effective in a number of markets.

23 So with that, let me turn it over to Mike and --
24 excuse me, Ambassador Froman -- and we'll take it from
25 there.

1 MR. FROMAN: Well, thank you, Fred, for having me,
2 and Fred's just been a great partner; the whole Ex-Im team
3 has been a great partner in everything we're doing, and I
4 think we're trying to find even new and better ways to work
5 together. As Fred says, if we can open markets on one hand
6 and then make sure that we've got the trade promotion and
7 the trade finance tools available to help companies take
8 advantage of those openings, it'll be all the more powerful.
9 And so we're working to do that, and we've had conversations
10 about TPP and making sure that we're, we have a
11 whole-of-government approach ultimately to opening those
12 markets, same on TTIP. So I'll go through some of the
13 acronyms, let you know where we stand on some of these
14 negotiations.

15 TPP, which is our Trans-Pacific Partnership, 12
16 countries, 40 percent of global GDP, we have both some Latin
17 American and the Asian countries involved, and it is, we're
18 in the end game of this negotiation. It's been going on for
19 about three years. We're making good progress. We're down
20 to a relatively small number of difficult issues, but they
21 are difficult, and the ones left at the end always are. And
22 so those are the ones that we're wrestling with right now,
23 and I've put them in two categories.

24 One is market access, which is sort of the heart
25 of the trade agreement, and we're, as we speak, we're

1 negotiating with the Japanese over access to their
2 agricultural market, access to their auto market. And then
3 the other set of issues is really over rules and that's our
4 effort to, through our trade agreements, to try and raise
5 standards around the world, raise labor standards,
6 environmental standards, make sure we get the intellectual
7 property rights, regime right, and strike the right balances
8 between protecting intellectual property on one hand and
9 making sure there's access to medicines on the other, or
10 making sure that there's free Internet on the other.

11 It's an area where we're, through TPP, we're
12 trying to deal with some new issues on the global economy,
13 like state-owned enterprises and how the advent of
14 state-owned enterprises, as really global enterprises, has
15 an effect on our private enterprises when they're competing
16 with the benefit of subsidies and ownership by their
17 governments at home, making sure we have tools for leveling
18 the playing field there. Or on the digital economy, where
19 we're trying to take some of the basic principles from the
20 physical economy and bring them into the digital world,
21 national treatment, most-favoured-nation treatment, you
22 know, try and make sure countries don't disrupt the free
23 flow of data that's become so central to so many businesses
24 and then so many business models but also that we don't see
25 the Balkanization of the Internet. You know, there are

1 countries that talk about national clouds and their own
2 Internet and things of that sort. That's not -- you know,
3 the U.S. has so many great advantages in this area. We have
4 the potential to bring technology around the world and to
5 bring small-, medium-size businesses into the global economy
6 through the digital economy, but we want to make sure that
7 we're working with governments to keep those, those flows
8 going as smoothly, as openly as possible. So we've got good
9 progress in this area, but we still have work to do to bring
10 home what we're calling an ambitious, comprehensive,
11 high-standard agreement.

12 TTIP, which is the Transatlantic Trade and
13 Investment Partnership, is our initiative with the European
14 Union. You know, there we have two very large,
15 well-regulated markets. We already have a very deep
16 relationship with Europe, and yet there's still more that we
17 can, we can do in terms of eliminating tariffs, eliminating
18 non-tariff barriers, trying to bridge differences in our
19 regulatory regimes and our standards without lowering the
20 level of health, safety, and environmental protection that
21 our people have come to expect and that's a new area. I
22 mean, this is the first time we'll be trying to deal with
23 that in a trade negotiation and trying to find ways, you
24 know, I think most people would think that -- there are a
25 lot of areas where the outcomes that we and the Europeans

1 achieve through our regulation are broadly similar, in terms
2 of the amount of safety, the amount of environmental
3 protection, but we get there through different means, and
4 the fact that we get there through different means, means
5 that products made in one market or the other can't be sold
6 to the other easily without having to be redone against a
7 new set of standards or a new set of regulations. So we're
8 working on that.

9 And then in Geneva we've got three negotiations
10 underway now. We had an agreement in Bali in December --
11 the first WTO agreement in its 19-year history -- on trade
12 facilitation, which is a terrific agreement. It'll take a
13 lot of the cost out of trade back and forth in terms of
14 customs harmonization and simplification, greater
15 transparency. But now we're working on an Information
16 Technology Agreement to eliminate tariffs on a list of IT
17 products, on services, to expand the liberalization of
18 services, where we're a global leader. And in January we
19 announced the negotiation toward the elimination of tariffs
20 on a list of environmental goods, both because we got great
21 environmental products here to export but also as a way of
22 addressing climate change and to facilitate the spread of
23 green technologies around the world.

24 I'll mention one last major area of focus and
25 then, Fred, defer to you in terms of questions, if you'd

1 like to do it that way, and that is, Africa. We have AGOA,
2 the African Growth and Opportunity Act, which expires in
3 September 2015. In anticipation of that, we launched last
4 August a yearlong effort to look at AGOA, look at the
5 history, what's worked well, what hasn't worked well, what
6 we'd like to see changed in the new AGOA to make sure it's
7 both achieving its objectives and reflecting changes in the
8 global economy and the African economies over the last 14
9 years. We're in the midst of that review right now. We're
10 getting a lot of feedback from stakeholders, businesses, our
11 African partners, and others.

12 And between now and early August, when the
13 President will convene all the African leaders here in
14 Washington, we expect to be able to roll out a package that
15 brings together AGOA, some thoughts about our preference
16 programs, some issues around Trade Africa, which is our
17 initiative to supplement AGOA with work on trade
18 facilitation and removing barriers at the borders to make
19 African products more efficient, and we want to make sure
20 we're using the trade tools that we have to help promote
21 development around the world and that's another area where
22 we work very closely with Fred and his team, because Ex-Im's
23 been very active and part of the overall Power Africa and
24 Trade Africa Initiative and we see great potential in that
25 as well.

1 Last thing, I promise, I'd say is on trade
2 promotion authority. It's gotten a certain amount of
3 attention here in Washington. There's been a bill that's
4 been introduced in the House and Senate by Chairman Baucus
5 and Chairman Camp. We have a new chairman now of the
6 finance committee, Senator Wyden. He's going to want to
7 take time to work with his Democrats on the committee and to
8 work with Democrats on the House to see if he can build
9 broader bipartisan support for TPA. We're up there, you
10 know, with Congress basically every day they're in town and
11 I'm in town. I've spent, you know, probably half my time up
12 there talking to members, mostly about TPP and TTIP, to
13 update them on where we are on the negotiations, answer the
14 questions and concerns that they have, and really focus on
15 what's at stake in terms of our trade agenda and how it
16 relates back to creating jobs and promoting growth and
17 strengthening the middle class in the U.S., which is our
18 mantra. And I think we're making some good progress, and as
19 we reach, get closer to the end of the negotiation on TPP
20 and people can see where some of the issues are landing, I
21 think we're having stronger degrees of support. But we
22 still have a long way to go, and at the end of the day, we
23 need to be able to show people how this is going to create
24 jobs in their districts, jobs in their state, and promote,
25 promote growth of the small-, medium-size businesses or

1 otherwise.

2 And the other case that we're, that we're going to
3 need to make is what the alternative universe looks like,
4 because we're not the only player out there, and again,
5 Ex-Im is always out there competing against a lot of its
6 trade finance competitors in Europe, from Japan, from China.
7 We're not the only game in town in this region, and you
8 know, the question really is whether we're the ones who are
9 going to be providing these products, we're the ones who are
10 going to be helping set the rules of the game or whether
11 it's going to be other countries who set the rules of the
12 game. And the one thing we know for sure is a lot of these
13 other countries don't put the same emphasis on raising labor
14 and environmental standards and protecting intellectual
15 property and putting disciplines around state-owned
16 enterprises. And so, in our view, you know, these trade
17 agreements help to level the playing field and make sure
18 that, you know, our workers and our firms can compete and
19 succeed in the international economy, and standing on the
20 sidelines and letting other people sort of create a race to
21 the bottom isn't in our interest.

22 So there's a lot at stake here, and again, we
23 really enjoy the relationship we have with Ex-Im and making
24 sure that our companies can take full advantage of the
25 market opening that we're achieving, and I'm happy to take

1 questions or feedback.

2 MR. HOCHBERG: Great. How much time do you have
3 so I can --

4 MR. FROMAN: Five minutes. Five minutes. I'm
5 expected at the State Department, sorry.

6 MS. GREGOIRE: So this means five minutes?

7 MR. FROMAN: Yeah, that's right. That meant zero.
8 Tom is already waiting by the door.

9 MR. HUFBAUER: Well, can I, Ambassador, just jump
10 in and say I hope that when the reauthorization comes up for
11 Ex-Im, you use your megaphone, which is a very powerful one,
12 to really give a full-throated endorsement of the Ex-Im and
13 how, how essential it is in the wake of, you know, all
14 these, all these agreements, because I know there's a lot of
15 opposition to TPA but I know there's also a lot of
16 opposition to Ex-Im.

17 MR. FROMAN: Oh, yeah. I think Fred has been
18 enormously effective on the Hill but also within the
19 Administration to make sure we've got a whole-of-government
20 approach on that end, you know. I recognize there's some
21 opposition to Ex-Im authorization, but he's been great at
22 telling the story of how many jobs have been created here,
23 and I think ultimately that will carry the day.

24 MS. GREGOIRE: Owen.

25 MR. HERRNSTADT: Yeah. Let me -- thanks,

1 Ambassador, and you know, I know we have labor, you know, we
2 have some, some issues which have been relayed to you on
3 various trade agreements and proposal trade agreements on
4 some serious issues, but there are a couple of things that I
5 think we certainly support you on and encourage you on. And
6 I know you didn't have time to elaborate on it, but one is
7 the trade enforcement activities that you have certainly
8 upped and your predecessor upped, which I think we're all
9 very appreciative of and looking for more of it, but we know
10 you've spent a great deal of time on it.

11 And then the second -- and I think Gary already
12 raised that -- you know, one area where we, so we may
13 disagree with trade agreements and we may disagree on what's
14 in them, what isn't on them, what needs to be strengthened,
15 but I think one area where most of business and most of
16 labor certainly agree on is, as Gary said, the importance of
17 the Bank and the necessity of having a strong export credit
18 agency that is really supporting the export of manufactured
19 goods. So that's all.

20 MR. FROMAN: Yeah.

21 MS. GREGOIRE: Good. Thanks.

22 MR. BOYLE: Sir --

23 MS. GREGOIRE: Mike.

24 MR. BOYLE: -- a brief question as a novice in the
25 trade world. If you're successful on those programs, the

1 three major programs and Africa that you have, how long is
2 the ramp time to move from success up into full-throated,
3 you know, GDP growth through us or -- how long does that
4 take?

5 MR. FROMAN: Well, it's a good question and it
6 varies a little bit from agreement to agreement. You know,
7 if we were to finish TPP today -- and don't worry, Owen,
8 we're not going to -- it wouldn't be voted on, you know. It
9 takes months to prepare the documentation and the legal
10 scrubs and the rest, and then there's usually a period of
11 time where we need to certify that countries are in
12 compliance with what they've agreed to. And so, you know,
13 it's probably 18 months or longer away before some of these
14 agreements can be put in place. Others can be done quite,
15 quite quickly. I mean, the services agreement, for example,
16 that we're negotiating in Geneva, which doesn't require
17 tariff changes, for example, you know, that sort of locks in
18 obligations from the start; so that can be done quite
19 quickly. It really varies from one to another.

20 MR. BOYLE: Thank you, sir.

21 MS. GREGOIRE: Mr. Ambassador, it's one thing for
22 you to get the look. We're getting the look now.

23 MR. FROMAN: You're getting a look? Uh-oh.
24 Uh-oh. All right. I got one more minute. How about one
25 more question --

1 MR. HOCHBERG: The last --

2 MR. FROMAN: -- unless I've exhausted the --

3 MR. FLEISCHMANN: Well, I guess the only question,
4 how can we be helpful to you as we're being helpful to
5 Ex-Im?

6 MR. FROMAN: You know, look, I think, again, as
7 Owen alluded to, we don't, we don't completely have a common
8 view on some of these trade agreements, but I think all of
9 us share the view that increasing exports, increasing jobs
10 in the U.S. tied to exports, which, as we know, pay higher
11 than non-export-related jobs, that that's a good thing for
12 America, and whether it's manufacturing or agricultural or
13 services, anything that we can do to increase exports, I
14 think, is -- and tell that story. I mean, Fred is great,
15 much better than we are, at telling stories about individual
16 firms, you know, who've added, you know, 50 jobs, expanded
17 into a new market because of the work that he's done.

18 I think working with us to tell that story of
19 exports is good because, you know, when you're out there,
20 you're talking to the American public, you know, I think
21 they get that the only way to create the kind of jobs, both
22 the number and the quality of the jobs that we want to see
23 in the United States, is going to be by getting access to
24 more markets abroad.

25 You know, we're just, were an advanced

1 industrialized country. We're going to be growing at, you
2 know, two to three percent. If we want to grow these kinds
3 of jobs, we need to be able to export to those markets that
4 are growing at five, six, seven percent and where there's a
5 growing middle class. There's going to be 2.7 billion
6 middle-class consumers in Asia in 2030, 2.7 billion.
7 There's 350 now, or excuse me, 500 million now. There's
8 going to be 2.7 billion, about six times the size of the
9 United States. We need to be the place providing the goods
10 for that market because that's going to help drive jobs
11 here.

12 The last thing I'd say, and it just goes to
13 telling the story, we've got, you know, a steady parade of
14 companies coming to visit us, particularly from Europe but
15 elsewhere, who have said, you know, between the rule of law,
16 our entrepreneurial culture, are skilled workforce, now the
17 abundant sources of affordable energy, and then when you
18 layer on top of them these trade agreements -- you know,
19 when we have these trade agreements done, we'll have free
20 trade with two-thirds of the world, and it makes the U.S.
21 the production platform of choice. It makes it the place
22 where people want to manufacture stuff for our market but,
23 very importantly, to export all over the world, and that,
24 you know -- and we're beginning to see that. We're seeing
25 chemical companies come back to the United States and

1 invest. We're seeing car companies wanting to invest here,
2 seeing, you know, French investing in steel companies in the
3 U.S. in order to serve this market. So, you know, it's
4 telling a story that America really is back, but part of
5 that is being able to access these markets abroad, access
6 them by opening their markets and access them by making sure
7 that we've got the trade finance to be able to penetrate
8 them.

9 MS. GREGOIRE: Mr. Ambassador, we know your time
10 is limited.

11 MR. FROMAN: Thank you.

12 MS. GREGOIRE: Thank you very, very much for
13 coming to join us.

14 MR. FROMAN: Thanks very much for having me. Good
15 to see you again.

16 MS. GREGOIRE: Three thank yous -- number one,
17 thank you for creating jobs in this country in a time when
18 it's absolutely critical, coming out of this terrible
19 recession we've just gotten through; thank you for working
20 with Fred and the team here at Ex-Im; and thank you in
21 anticipation of your great support in the fall that will
22 make us very successful in the reauthorization.

23 MR. FROMAN: You got it.

24 MS. GREGOIRE: Thank you.

25 MR. FROMAN: Thank you. Take care.

1 MR. HOCHBERG: Are we going to adjourn for lunch?

2 MS. GREGOIRE: Lunch, right.

3 MR. HOCHBERG: We're going to adjourn for lunch.
4 We'll be back still at 1:30. We just ate into our lunch
5 hour a little bit.

6 MS. GREGOIRE: Yes.

7 MR. HOCHBERG: For the Advisory Committee, the
8 lunch is next door and there are restrooms all the way down
9 the hall, just past the elevators. So we'll, whichever
10 suits your fancy first; in other words, we'll see you
11 inside.

12 (Whereupon, at 12:44 p.m., a luncheon recess was
13 taken.)

14 MR. HOCHBERG: I was just going to make one quick
15 comment. I meant to do it when Scott was speaking, but when
16 Mike Froman came in, I didn't have a chance. In addition to
17 the \$15 million that Congress appropriated us, the
18 President's budget was issued just two weeks ago, and the
19 President's budget calls for an increase for 2015 -- that's
20 the year that starts October 1st -- of \$12.7 million. So
21 that's another increase on top of that. It's about an 11
22 percent increase. And if you look at agencies around
23 Washington, most of them are looking at anywhere from a one
24 to five percent decrease, and the President asked for an 11
25 percent increase in our budget. State Department has a

1 smaller -- well, is being requested less money; Commerce,
2 less money; HHS, less money. Agency after agency is less
3 money, and we've actually gotten an 11 percent increase. So
4 that's a real strong vote of confidence in the work we're
5 doing in supporting jobs that the President sees as part of
6 the economic agenda.

7 So I meant to add that when Scott was here, but,
8 and so -- but that was really the successful advocacy of
9 both our CFO and pulling up all the plans from throughout
10 the agency that we were able to make that case to the White
11 House.

12 UNIDENTIFIED SPEAKER: Congratulations.

13 MR. HUFBAUER: Fred, I wonder if I could ask you
14 what, you know, kind of what value does the IG provide for
15 its 500 percent increase in the budget?

16 MR. HOCHBERG: We have a very large IG department.
17 It is approaching, I will just tell you, it's approaching
18 one inspector general for every 10 employees. If you
19 applied that to the Department of Defense, you'd be looking
20 at 80,000 people in the inspector's general's office at the
21 DoD. If you applied that to a place like the IRS, it'd be,
22 similarly, rather large numbers.

23 MR. HUFBAUER: Right, yeah.

24 MR. HOCHBERG: You know, I think that it's a
25 reflection of concerns about risk --

1 MR. HUFBAUER: Uh-huh.

2 MR. HOCHBERG: -- and some of the hangover effects
3 that some members of Congress have on risk. So it is
4 something we work with and respond to, but it's a very, it's
5 a large, it's a large budget to begin with and a large
6 staff. And, you know, we -- at the same time, I'm very
7 proud of the staff here. I think that we are, continually
8 find ways to improve our asset monitoring. C.J. Hall joined
9 as executive VP and chief risk officer, and so we have
10 separated, in the second term versus the first time, we have
11 -- all underwriting and loan decisions are in Claudia's
12 world, as chief banking officer --

13 MR. HUFBAUER: Uh-huh.

14 MR. HOCHBERG: -- and there's a separate unit
15 that's run by C.J. that acts as a check and a balance.

16 MR. HUFBAUER: Uh-huh.

17 MR. HOCHBERG: So we have a, you know, we have a
18 large IG department. Pat Loui also chairs an internal
19 audit --

20 MR. HUFBAUER: Uh-huh.

21 MR. HOCHBERG: -- committee. We had an audit
22 committee before we had the IG. You know, in many agencies
23 you have one or the other. We always had an audit
24 committee, and so the IG we have layered on top. We also
25 have a government accountability office. We've had a number

1 of GAO studies as well --

2 MR. HUFBAUER: Right.

3 MR. HOCHBERG: -- and then we have congressional
4 oversight.

5 MR. HUFBAUER: Right.

6 MR. HOCHBERG: And if I was to be honest -- I know
7 this is a public meeting -- I would say that at some point I
8 think employees feel a little worn down --

9 MR. HUFBAUER: Uh-huh, yeah.

10 MR. HOCHBERG: -- to be perfectly honest about it.
11 But we have a good relationship with the inspector general.
12 C.J. and I meet with him once a month privately to review
13 where we can make improvements. He's, I think he runs a
14 very fair operation.

15 MR. HUFBAUER: Uh-huh.

16 MR. HOCHBERG: He'll make, he'll do a draft
17 report. We'll find things that we agree with, we'll find
18 things that we need further amplification, and you know,
19 we've had a very good working relationship with them, but it
20 is a large budget --

21 MR. HUFBAUER: Yeah.

22 MR. HOCHBERG: -- relative to the --

23 MR. HUFBAUER: Right.

24 MR. HOCHBERG: -- entity in which they have
25 responsibility over --

1 MR. HUFBAUER: Right.

2 MR. HOCHBERG: -- and no one in Washington would
3 ever say that.

4 MR. HUFBAUER: Right. Thank you.

5 MS. GREGOIRE: Okay. Competitiveness Report and
6 how we get there from here, if you would, please.

7 MR. CRUSE: All right. I don't know which draft
8 of your agenda you have, but I'm not Isabel, Julie, or
9 Helene. I'm Jim Cruse, the SVP for the office, a substitute
10 for a substitute for a substitute in this presentation
11 because the people who are running this operation, the
12 Competitiveness Report, this year are in Paris, negotiating
13 -- I hope they're negotiating -- on other issues.

14 Anyway, I've done this before, and I thought I'd
15 bring you a little historical perspective to the one aspect
16 of the job that you have here that is mandated by Congress.
17 And while this is the 45th or so edition of the
18 Competitiveness Report that you will be dealing with this
19 year, it's actually only about the 35th rendition of the
20 Advisory Committee involvement in the Competitiveness
21 Report, and I thought it might be instructive to have a
22 little context of why there's a difference in the dating.

23 While the report itself started in 1971, roughly
24 the same time I did, okay, that it wasn't until the early
25 '80s, when there had been a slight problem created by Paul

1 Volker, when he was head of the Federal Reserve, in terms of
2 interest rates going up and we kept lending at six and
3 borrowing at 12 and had a slight, slight issue with that,
4 but in 1971 the Congress authorized the Bank to take into
5 account competitiveness. Until that point, the Bank was
6 basically a bank.

7 MR. HOCHBERG: What year was that?

8 MR. CRUSE: '71.

9 MR. HOCHBERG: No, to take into account -- oh,
10 '71.

11 MR. CRUSE: 1971. The Export Expansion Act of
12 1971 created the issue of competitiveness as an assignment
13 and started the Competitiveness Report, but sort of like the
14 Fed, which has the dual mandates of full employment and
15 price stability, the Bank at that time had the
16 competitiveness mandate added to the mandate of being a
17 bank, in other words, to lend over your cost of funds and
18 generally to make money, and that dynamic conflict lasted
19 for about 10 years until Mr. Volker created the conflict for
20 the entire world, because we were trying to be competitive
21 in the '70s and we were making money at it. We had a CFO in
22 the late '70s who had done a model and called us a
23 money-making machine because we had a billion dollars of
24 equity and a billion dollars of retained reserves and we
25 were making loans at six and borrowing at four and five and

1 that was just churning out money and it was like this
2 wonderful picture. And then Mr. Volker acted, and as I
3 said, rates went up to the 10, 12, 13 percent neighborhood,
4 our lending stayed at six or seven percent, and then there
5 was a change in the political party, and the first chairman
6 under the Reagan administration tried to pay more attention
7 to the break-even mandate, okay? Remember, we still had the
8 two mandates. And the next Congress -- once again, you had
9 the similar situation of Congress is in one party's hands;
10 the presidency, in the other -- Congress passed a variety of
11 actions which included that on the report that we were
12 doing, they added the fact that the Advisory Committee to
13 the Bank was supposed to review the report and to tell the
14 Congress whether what was being said in there was accurate.
15 Their concern, Congress's concern was that in our report of
16 '81 we had said things, we were still very competitive and
17 things were hunky-dory, and Congress didn't believe that,
18 okay? And so, in effect, they empowered the Advisory
19 Committee to be the overseer of the integrity of the report.

20 You're not editors. You're not approving or
21 disapproving. Your job is to stand over here and take a
22 look at what it says and to either confirm that the world
23 that we see is like the world that you see or not, okay?
24 Now, that's a pretty important task in the sense that
25 Congress doesn't really know. They're not into export

1 finance. In fact, there's only about 50 people in the U.S.
2 that are really into export finance, okay, and none of them
3 are on the Hill, but they do care that their assignments are
4 paid attention to. So that is, in effect, the core issue
5 for this committee, is to be the overseer for the integrity
6 of this report being an accurate representation of the
7 situation, in terms of our competitiveness, to the Congress.
8 All right?

9 Now, over the 45 years, some things have changed
10 quite a bit. I want to just show you. Here's one of the
11 earlier reports. I don't think you can -- you can barely
12 see how wide that is, okay? Here's last year's report --
13 gives you a sense that we definitely have changed. Okay?
14 That's one of the first years we bound it. The first report
15 was like this. You can see, here it is in my little folder,
16 all pieces of paper -- paper, not electronic anything,
17 paper, okay? And so while quite a few things have changed,
18 including the favorite topics, as Gary might remember,
19 because he was on this committee before -- we used to talk a
20 lot about things like tied aid; now we talk about issues
21 like China, all right? But one of the topics that -- I love
22 to go back and read these old reports because the most
23 important thing in 1984 was content. Boy, things haven't
24 changed a whole lot, have they? All right?

25 So while a lot has changed, a lot is still the

1 same, and what this committee is looking at each year boils
2 down to looking at the big picture and then looking at the
3 components, because a key part is the survey -- what is the
4 survey telling us about what the participants and
5 practitioners in the field are thinking; does what we report
6 from our evidence fit with what the practitioners are saying
7 -- it has to do with what are the elements that we're
8 looking at. Like I said, we didn't consider China, India,
9 and Brazil in 1984 or 1974, but now we definitely have to.
10 We didn't, we didn't think about complex equations that you
11 might have in the aircraft sector agreement or the interest
12 rate regime because we didn't have any such regimes back
13 then.

14 So what we're looking at and how we're evaluating
15 them and what weight we put on them are our constant
16 considerations, and then not least is what our overall
17 rating is. So those are the things that you're looking at.
18 Here's -- this is backwards. I gave you this stuff before.
19 So let me move on.

20 What is the time frame? We're going to get you
21 this report sometime in the middle of May. Now, that's
22 presuming that we don't have an Advisory Committee before
23 the middle of May, all right? I don't remember when the
24 next one is, but we've asked that it not be before the
25 middle of May because we'd have trouble getting the report

1 to you by then.

2 Then at that meeting your task is to review --
3 we'll present a summary. You can grill us all you want.
4 You can ask whatever questions, as Owen always does, okay?
5 So we'll welcome the regular review that we get there, and
6 then the basic idea is to start drafting your commentary,
7 okay? The first commentary in 1984 was about half a page
8 long. The last one was about three pages long, okay? So
9 your writing has grown in pace with our writing, okay? And
10 we really need that by sometime not long after the meeting,
11 depends on exactly when the meeting is, because we have to
12 get it to the printers by mid-June because it has to go to
13 Congress by the end of June, okay? So we definitely have a
14 time track there that is immovable, at least according to
15 Scott, who tells me that he would never want to go up to
16 Congress and try to ask for an extension, and I, in today's
17 world, I think that's wise advice.

18 All right. So we'll be getting you something a
19 couple weeks before the meeting. You'll have a chance to
20 look at it, discuss it at the meeting, ask us any questions
21 you want, and then start drafting the comment. I believe
22 Gary's subcommittee has sort of got that as a main task.

23 MR. HUFBAUER: Yeah.

24 MR. CRUSE: All right. So that's what your
25 assignment is, that's when you'll see it, and that's when

1 you'll have an opportunity to tell us what you think of it.
2 And if there's any more questions around that, I'll be glad
3 to answer.

4 MS. SHOTWELL: Does it have to be printed? They
5 won't accept it electronically?

6 MR. CRUSE: I won't accept it electronically.

7 MS. GREGOIRE: There you go.

8 MS. SHOTWELL: You get two extra weeks.

9 MR. CRUSE: We've been told that there are people
10 up there who like it in hard copy, that if you give it -- if
11 you give something this size, all right, electronically, you
12 won't get very far. Now, keep in mind, one of the things we
13 are going to do this year is create a sort of bifurcated
14 report. There's going to be an extended executive summary
15 that's going to be perhaps 10 pages or more that's going to
16 focus on the peaks of the issues, the looking forward, the
17 critical issues that the Bank has to deal with, and then
18 there'll be a very large appendix that will have most of
19 what you see in this document, which will be the technical
20 analysis of the specific components and the ratings and
21 things. So maybe we can send the, the executive summary
22 electronically, okay, but we'll still have a hard copy.

23 MS. GREGOIRE: So we've talked in the last month
24 or so about having a more readable document. Will we also
25 get a copy of that in the same time frame?

1 MR. CRUSE: Yeah. You're going to get --

2 MS. GREGOIRE: Both.

3 MR. CRUSE: -- you're going to get the whole
4 thing, right.

5 MS. GREGOIRE: Okay. Right. Luis.

6 MR. UBINAS: This is just less a question and just
7 a thank you. I found that historical background and just
8 your sense of it, having been there, just very, very
9 helpful. I just want to thank you for that.

10 MR. CRUSE: Thank you.

11 MS. GREGOIRE: Gary.

12 MR. HUFBAUER: Yeah, I want to say, I mean, the
13 report is really, it's the only authoritative report on
14 export credit financing in the world. So it's really quite
15 informative to everyone who is interested in the subject,
16 and it has some great tables and great figures. And I don't
17 know if this is going too much down-market, but this annual
18 report also has some great pictures, and I wonder if you
19 might consider putting at least a handful of pictures in the
20 Competitiveness Report or whether that cuts against the
21 grain too much?

22 MR. CRUSE: Well, no; in fact, we've been working
23 with Dan Reilly and others to have a communications/policy
24 document that combines the communications aspects with the
25 analytical aspects --

1 MR. HUFBAUER: Right. Right.

2 MR. CRUSE: -- and the whole idea of that
3 executive summary in 10, 15, I don't know how pages it's
4 going to be --

5 MR. HOCHBERG: Yes. I mean, if I could just say,
6 the, it'll be like an annual report, you know. The back of
7 the report is what's mandated by government regulations in
8 terms of --

9 MR. HUFBAUER: Right.

10 MR. HOCHBERG: -- balancing income statement,
11 MDNA, footnotes.

12 MR. HUFBAUER: Right.

13 MR. HOCHBERG: That is sort of -- so this part of
14 an annual report, just like the Competitive Report, is
15 required.

16 MR. HUFBAUER: Yeah.

17 MR. HOCHBERG: We will put in the front, 10, 12,
18 14, whatever number of pages, we haven't worked out the
19 precise number yet, with graphs, pictures, and --

20 MR. HUFBAUER: Yeah.

21 MR. HOCHBERG: -- to make it a more, a more
22 engaging read.

23 MR. HUFBAUER: Right. Right.

24 MR. HOCHBERG: And part of our goal is that if the
25 front is of that nature, more members of Congress are more

1 likely to read that. They are not going to read the green
2 -- they're going to look at that green document and say to a
3 bright young person in their office, tell me what this says
4 and if I have to read it, and then that person will go to --
5 you know, read that, it is very dense, and try and
6 summarize.

7 What we want to do is serve it up in a way --
8 because just like our annual report, people will read the
9 letter, they'll read a couple of highlights and say, oh, I
10 get it, I understand what this is about, and yes, so some
11 will go through footnotes, but we know that's not going to
12 be everyone -- we want to make this, we want to have it all
13 there, but we want to make this just more engaging because
14 it's a key document, as we've said, for making our best case
15 in terms of how, what we do to support jobs. And it also is
16 the most compelling document, I think, that distinguishes us
17 from when -- I think you asked the question, Gary, about
18 Fannie and Freddie and so forth.

19 MR. HUFBAUER: Right.

20 MR. HOCHBERG: The fact is one of the major
21 differences are there are 60 other export credit agencies
22 around the world, and --

23 MR. HUFBAUER: Right.

24 MR. HOCHBERG: -- so if we aren't as robust and
25 strong to support them, those 59, 60 agencies will support

1 their exporters --

2 MR. HUFBAUER: Yeah. Right. Right.

3 MR. HOCHBERG: -- you know. One could have argued
4 about Fannie and Freddie, should have let the private sector
5 do it. That's a different kind of intellectual debate.

6 MR. HUFBAUER: Right, yeah.

7 MR. HOCHBERG: This is not an intellectual debate.
8 I'm sitting next to Gwynne. You know, Coface is very much
9 -- was it Arianespace?

10 MS. SHOTWELL: Uh-huh.

11 MR. HUFBAUER: Yeah.

12 MR. HOCHBERG: Arianespace is a major competitor,
13 and if we're not supporting SpaceX on doing those launches,
14 Coface is more than happy to provide that support, and it's
15 a -- satellites are still tough to finance. They're just,
16 they're not out there.

17 MR. HUFBAUER: Right.

18 MR. HOCHBERG: That's not why we're sitting next
19 to each other, but we just happened to be.

20 MR. HUFBAUER: Right.

21 MR. UBINAS: But just to --

22 MR. HOCHBERG: So I didn't mean to jump in, Jim,
23 but just to give you a flavor. I just will tell you, I
24 opened to this one report. Just, it's interesting. The one
25 page, it says: The OECD arrangement does not yet cover

1 certain sectors: aircraft and nuclear power plants.

2 Interestingly, those are probably the two most contentious
3 issues we have today, is aircraft and nuclear power plants.

4 MR. UBINAS: Just to support Gary's point, if you
5 look at the OECD reports over the last five years, they've
6 gone from fabulous reports, like this green report, to very
7 engaging reports that many, many more people read, and they
8 now have -- they have now the challenge of having to print
9 three or four times as many because people call and say, I
10 want to be on the distribution list for the OECD reports.
11 That's a great problem to have.

12 And so it might -- there may just be utility,
13 since I know you all have piles of OECD reports sitting
14 around here in this building somewhere, to maybe just have
15 the people on the committee have a look at that, because
16 that gives you an idea of what a chart-heavy,
17 semi-governmental, you know, multilateral agency can do
18 with, with data.

19 MS. GREGOIRE: Any other questions?

20 (No audible response.)

21 MS. GREGOIRE: Thanks, Jim. Good show, appreciate
22 it. Okay.

23 MR. CRUSE: And don't lose that. I've guarded
24 that for 25 years. I don't want to see it go away now.

25 MS. GREGOIRE: So what we wanted to do -- and Fred

1 made the comment, I don't recall the subcommittees being as
2 engaged in moving forward as quickly last year as this, and
3 so I find that very exciting. Because of the circumstances
4 -- oh, crap -- because of the circumstances, sorry, in which
5 we find ourselves, last year three, well, and the
6 Competitiveness, of course, but of the other three
7 subcommittees, two did a report, one did not, and I now look
8 back and say it's wrong that the third one didn't get a
9 report done. So this year all three are expected to get a
10 report done. Now that report, however, wouldn't come out
11 and be finalized until after all of the engagement with
12 Congress over the reauthorization.

13 So one of the things we talked about last evening
14 in the post-function was would we serve everybody, the Bank
15 and that purpose, if we came out with an interim report like
16 the 1st of September, and it wouldn't be final anyway, but
17 it would be interim. And if, for example, as between now
18 and then we were talking about things that we might like to
19 see happen that ultimately we know are probably going to be
20 part of the report that the staff here are already engaging
21 in, the interim report would reflect that.

22 So it would be kind of a first look, but it would
23 be potentially quite helpful to us and to the folks here to
24 get a head start on things and to have it available as we
25 get into the fall activity. So before we begin with the

1 report-outs, are you all okay with that?

2 MR. WEBBER: Absolutely.

3 MS. FULTON: Yes, ma'am.

4 MR. BAKANE: Yes.

5 MR. HUFBAUER: Sounds good.

6 MS. GREGOIRE: Good? So with that, let's start.

7 Cherod, small business/textiles/finance, if you would,
8 please.

9 MR. WEBBER: Uh-huh. First of all, I want to
10 thank Chairman Hochberg and Governor for your leadership.
11 It's been outstanding and that's what it's going to take to
12 move the agenda forward, so thank you.

13 The small business and textile/finance
14 subcommittee is well aligned in terms of the opportunities
15 that we see in both sectors. I have an outstanding
16 subcommittee that I'm working with: our new member, Karen
17 Eng, and we have some veterans, I call them, Michael Boyle
18 and John Bakane.

19 I think, because we have that mix of veterans as
20 well as a newcomer, this is going to be a very, very
21 effective subcommittee; and, I'd like to reiterate the
22 governor, we have moved, based on my experiences from last
23 year, we are so far ahead of where we were last year with
24 the subcommittees. So I think it's going to be a great idea
25 to get an interim report; that should not be a problem.

1 What is also encouraging is that last year's report was
2 taken to heart. The Bank implemented changes already. So
3 we know that this is important work, what we're doing is
4 very, very important.

5 So now, when we look at the current status of the
6 U.S. economy, we're coming out of a very difficult time, but
7 I think it's a unique position that we're in right now in
8 terms of a renaissance in American manufacturing, and we
9 talked about this last night in great detail. There's
10 several reasons for that. One is our low cost of our energy
11 here in the States. A second point is the labor costs in
12 places like China have risen; so the gap there is much
13 smaller. And I'd like to quote the governor from last
14 night: There's nothing like U.S. quality. Made in the U.S.
15 is a powerful statement. In every market I have visited,
16 that stands true.

17 So when we look at the subcommittee and our focus,
18 of course we want to look at the congressional mandate of at
19 least 20 percent of the authorizations going to small
20 business; well, I think we're going to be in a very good
21 position to support that. The areas we want to focus on --
22 and these aren't necessarily new areas, but we see gaps
23 where we can certainly enhance -- one is the awareness and
24 outreach. We still have an issue there. I speak at
25 multiple conventions and conferences, and the first question

1 I ask of small business owners: Are you exporting? They
2 are not in most cases.

3 So we have a greenfield in the small business
4 category, and the interesting thing is, in the
5 textile/finance arena, John mentioned today he met with
6 multiple owners of textile industries and they didn't know
7 what the Bank does. So, again, we have an opportunity here,
8 not only with the outreach, then we also have a focus on our
9 communication and education. So those are going to be
10 several areas that our committee will focus on.

11 The other thing that came out this morning is the
12 opportunity to do some co-branding. We talked about how
13 limited the budget is here; however, by partnering with Bank
14 of America or using the MOU you have with FedEx, you can use
15 some of their resources and get the word out. So we think
16 that's going to be a tremendous opportunity there. And then
17 we also want to look at enhancing the strategic alliances
18 that exist already. Stephanie mentioned, Stephanie Thum
19 mentioned a GSA website that was launched that spoke of
20 exporting and the support that the Ex-Im Bank can provide,
21 but when she called that 800 number, no one there could
22 really espouse on what the Ex-Im Bank does.

23 So, again, we have an opportunity with our current
24 partners to roll out our message, to deliver our marketing,
25 and I think we need to look beyond some of the obvious ones.

1 Let's go down to the municipality level with the city
2 governments, state governments. There are tremendous
3 opportunities there. We talked about the chambers of
4 commerce being opportunities. We should also look for the
5 economic development organizations within the county
6 governments and city governments. They are more than eager
7 to work with Ex-Im, to bring new businesses there, to expand
8 businesses that are already existing. So I think we're
9 going to have some tremendous opportunities with the
10 strategic partnerships as well.

11 So, again, the other point that we're very excited
12 about is to have the opportunity to work with Jim Burrows.
13 He has come up with a comprehensive plan that I'm very
14 excited about, and once the CRM system is implemented, I
15 think we're going to have some hard data we can use to
16 really identify the areas of need and then put appropriate
17 actions in place. So, again, thank you for this committee.
18 I'm excited to work with you all, and we're looking forward
19 to doing things moving forward. Any questions at this
20 point?

21 MS. GREGOIRE: So I mentioned this last evening.
22 We're a pretty aware state; so we have a large number of
23 exporters. So --

24 MR. WEBBER: Yes.

25 MS. GREGOIRE: -- when the President called for

1 this increase in exports, we thought, well, that really
2 doesn't apply to us. And then we dug down deep and we
3 actually got the data from FedEx, to be honest with you, and
4 what we found is, we have far, far, far too many of our
5 smaller companies --

6 MR. WEBBER: Yes.

7 MS. GREGOIRE: -- that only export to one country.
8 They've got some little comfortable relationship --

9 MR. WEBBER: Sure.

10 MS. GREGOIRE: -- and it's probably some personal
11 thing going, and so there they are but they don't, haven't
12 gone beyond it. They're as great an opportunity for us, I
13 think, as even those --

14 MR. WEBBER: I agree.

15 MS. GREGOIRE: -- who haven't and, in particular,
16 because they know a little bit about how to do it --

17 MR. WEBBER: Yes.

18 MS. GREGOIRE: -- even though it's probably on a
19 personal relationship. And so if you might take a look at
20 that and make sure that we're really also focusing on that.
21 There's a real opportunity to get these folks to understand,
22 if you're familiar with one --

23 MR. WEBBER: Yes.

24 MS. GREGOIRE: -- God, it's a big world out there
25 with a lot of opportunity for you.

1 MR. WEBBER: Governor, I agree with that
2 statement, and when we start looking at the companies that
3 are already exporting in limited markets, we need to assist
4 them in identifying these other viable markets. And we
5 looked at the presentation earlier. We saw that the, Africa
6 -- and I'm passionate about Africa; I've spent quite a bit
7 of time there -- I certainly, I believe that Africa, in
8 terms of the global economy, will be the growth pole going
9 forward: second natural resource boom; there's a human
10 resource boom going on there; the middle class is growing.
11 It's got to be one of our primary markets. And certainly
12 those companies are exporting to one market now, and usually
13 those markets are Canada and Mexico. They feel very
14 comfortable --

15 MS. GREGOIRE: Yes.

16 MR. WEBBER: -- with that relationship, but we
17 need to get them to expand their base, and Africa certainly
18 is one that we should put more focus on, in my opinion.

19 MS. GREGOIRE: Any other comments or questions,
20 you-all?

21 (No audible response.)

22 MS. GREGOIRE: Okay. Luis.

23 MR. UBINAS: So let me first introduce our
24 committee members, fellow subcommittee members, Jenny and
25 Alan. We also have but not here today is Celeste Drake and

1 that's our, that's our foursome. I can say that I've
2 learned more about pickles in the last, in the last 18 hours
3 than I ever dreamed I'd know. I'm thinking of going into
4 the pickle business myself.

5 MR. BOYLE: Oh, man.

6 MS. GREGOIRE: Uh-oh.

7 MR. BOYLE: Go ahead. Go ahead.

8 UNIDENTIFIED SPEAKER: Those are fighting words.

9 MS. FULTON: No. No, no, no.

10 MR. HOCHBERG: She already sells a habanero
11 pickle.

12 MS. FULTON: I do. It's award-winning.

13 MR. UBINAS: Maybe a little relish or something
14 like that.

15 MS. FULTON: Yeah.

16 MR. UBINAS: But all kidding aside, we've had
17 very, very constructive input from many of you so far as a
18 committee. Director Loui actually sent a very thoughtful
19 e-mail overnight, our Chair has provided input now twice,
20 and on behalf of the entire committee, the more you all send
21 us that kind of input, especially if it's written, the more
22 we'll benefit from it. So I just want to encourage a
23 continuation of that.

24 So where are we? We're working with two time
25 frames and two different aspirations. The first is to be

1 able to contribute into the current dialogue around
2 reauthorization. It's a short-term question, it's 180 days,
3 and we feel like we can add to that in some small way. Our
4 aspiration, though, is to operate in another time frame, and
5 that is, to work with Dan and the rest of the team to think
6 through a more systematic and more permanent approach to how
7 outreach happens and who we reach so that at the end of the
8 day we can have what is a permanent community of people who
9 care about the Export-Import Bank, who can be activated on
10 all sorts of different issues: activated to help generate
11 more demand for the Bank services, activated to increase
12 public education regarding what the Bank does and doesn't
13 do, activated when we need voices in different places about
14 the Bank.

15 How do we think about activating them? And this
16 is very early thinking based on the guidance and discussions
17 we've had. We imagine that there are these two communities,
18 a community -- a broad-based community of the kind of people
19 who might be our customers who provide grassroots support
20 and engagement, and we have to think about how to engage
21 them in a more, on a wholesale basis, using social media
22 tools and others; but then there's this other group that is
23 what one might call key stakeholders or central influencers.
24 It might number more like 10,000 people, and the question
25 is, how do we find organized, systematic, permanent ways to

1 reach them? Memos of understanding and other kinds of
2 systematized methods where the next committee, the next
3 chair, the next senior management team can have that as a
4 legacy they've been handed.

5 And so the question for us is, short term, how do
6 we provide input? We don't know yet. We're figuring that
7 out. Over time, how can we help what is clearly a very
8 talented team identify these key stakeholder communities,
9 broad-based, and key influencers develop mechanisms that are
10 low cost and easy to implement to engage with both of them?
11 Social media and other tools but whatever other mechanisms
12 are required. And how do we put in place those mechanisms
13 such that they're there seven years from now so that, when
14 the next reauthorization happens, there's a natural group of
15 people who understand Ex-Im not as a Republican or a
16 Democratic thing, Roosevelt creation or not a Roosevelt
17 creation, but just something that is necessary for the good
18 conduct of American business, necessary, so necessary that
19 every other developed economy has one? So, of course, we
20 need one too. And I think that's the aspirational
21 challenge. Whether we meet it or not I don't know, but
22 Alan, Jenny, anything to add to that?

23 MR. FLEISCHMANN: No. That's our goal.

24 MS. FULTON: We're going to make it happen.

25 MR. FLEISCHMANN: Yeah. Our goal is we want to

1 make it happen. We want to make it so we can plant roots
2 with this committee so that it actually has a life beyond
3 ourselves.

4 MR. UBINAS: Governor Gregoire, I know you've had
5 some thoughts on this. Anything you want to add to that?

6 MS. GREGOIRE: No. I think you're spot on. What
7 Fred and I had talked about and then Luis and I had chatted
8 is with the limited funds available here, we need to find,
9 if you will, for lack of a better term, emissaries out there
10 that will do that kind of outreach work for the Bank without
11 the Bank spending a lot of money --

12 MR. UBINAS: Uh-huh.

13 MS. GREGOIRE: -- and little things, like National
14 Governors Association, and Fred engaged with them this year.
15 Every governor has a head of their Department of Commerce;
16 there's a network there. You've got the National Mayors
17 Conference. You've got the county's conference. You've got
18 Rotaries. You've got chambers. You've got -- the list goes
19 on. And so this is kind of a new direction for us to think
20 about it because we've been, historically, going out
21 directly to our clients, our customers. This is another way
22 to get somebody who has the same vested interest we do to go
23 out there and engage with them and get them to come to us
24 with little or no expense to us, and it seems like it might
25 be a perfect marriage.

1 So, I mean, that's kind of some of how we've been
2 trying to think our way through this. How can we do it? In
3 a little bit of an indirect way but with people who, that's
4 their job, that's what they want to do. There isn't a
5 governor that doesn't, wouldn't say I want X to be able to
6 engage with the Bank so that they can go forth and do good
7 and create jobs. So --

8 MR. UBINAS: And the beauty of both that
9 mechanism, which I imagine would happen through memos of
10 understanding with the central organizations, and creating
11 an engaged online community is that both of them serve both
12 our purposes. They can, on a January, drive small business
13 engagement, awareness and understanding and then, in August,
14 drive education of members of Congress about the centrality
15 of the Ex-Im Bank to the current and future interests of
16 small business. It's that kind of creating a dual-use
17 communications platform that sits in the very low variable
18 cost digital space and then in the higher cost, especially
19 in terms of the Chairman's time, key stakeholder space that,
20 if could be built, could be a lasting legacy for the
21 organization.

22 MS. GREGOIRE: Other comments, you-all?
23 Questions? Okay. We don't have --

24 MS. ENG: Oh, I do have one, actually.

25 MS. GREGOIRE: Oh, I'm sorry. Karen.

1 MS. ENG: I'm sorry. Would that tap into what
2 we're doing, as well, as a synergy --

3 MR. WEBBER: I think so.

4 MR. UBINAS: Uh-huh.

5 MS. ENG: -- in the small business and textile?

6 MR. WEBBER: The platform.

7 UNIDENTIFIED SPEAKER: Absolutely.

8 MR. WEBBER: Uh-huh.

9 MS. GREGOIRE: So that's part of why we talked
10 about, so if I can, last year these two subcommittees
11 overlapped -- oh, hello, sorry -- overlapped so much that we
12 really didn't --

13 UNIDENTIFIED SPEAKER: Right.

14 MS. GREGOIRE: -- get what we wanted. So that's
15 why Fred and I, in talking about setting up the
16 subcommittees, said wait a minute, it's one thing to reach
17 out to the customer for small business and so on; it's
18 another thing to have an outreach program that uses others
19 to do that, to help us out. So that's how we tried to
20 divide up the work this year so that we get both, as opposed
21 to last year, we only got one, which is how do we reach the
22 customer directly, and that's limited for us. We have
23 limited capacity --

24 MR. WEBBER: Sure.

25 MS. GREGOIRE: -- but we need to do it, and we

1 need to constantly do more of it and better of it, but one
2 of the ways we can also do it is by these other resources.
3 Is that helpful?

4 MR. HOCHBERG: Yes. Let me add, I think, I think
5 I saw Claudia come back. Did I see her come -- oh, there
6 she is. We're also realigning our business development and
7 work, also, in some ways; it will be large-cap corporations
8 that have specialized needs and then a more mass approach
9 for some of the smaller exporters. So, in some ways, it
10 will better mirror how we're actually organized inside as
11 well.

12 MS. GREGOIRE: Right.

13 MR. HOCHBERG: But I think, from what I heard from
14 Luis and the committee, this is more about building
15 long-term stakeholders; that small business is a little bit
16 more on, with a goal of building transactions. So they're
17 related, but they're different.

18 MR. WEBBER: Uh-huh. Uh-huh.

19 MR. UBINAS: Uh-huh. Uh-huh. So imagine a world
20 where I own a small business in, you know, southern Vermont
21 and I actually personally have no interest in ever
22 exporting, it's just not in my mindset, but I know that
23 someday my son, who's traveled a little bit more, who's been
24 out there a little bit more, when he takes over the
25 business, which is any minute now, he's going to want to

1 export because that's how, where his mind is and where he
2 thinks. And so I might never do business with the
3 Export-Import Bank, but you know, every once in a while,
4 when I notice there's something going on, I might lob in
5 something to someone that says, hey, Senator Leahy, you
6 know, I kind of think those guys are important. And if you
7 had a community of 300,000 people, which I think is
8 completely reasonable for the Export-Import Bank, only one
9 percent of whom are customers in any given year and probably
10 80 percent of whom will never be customers, you know, that's
11 a powerful base.

12 MS. GREGOIRE: But if we, if we had the local
13 chamber who knew --

14 MR. UBINAS: Right.

15 MR. WEBBER: Yes.

16 MS. GREGOIRE: -- what they needed to know, the
17 local Rotary who knew --

18 MR. UBINAS: Exactly.

19 MS. GREGOIRE: -- the local county exec., the
20 local mayor, the State Department, the Commerce, the --
21 imagine the resource that's available to a Jenny's Pickle
22 who never heard of the Export-Import Bank and is, frankly, a
23 little put off about the fact I'm calling the federal
24 government.

25 MR. UBINAS: Exactly. Exactly.

1 MR. WILBURN: Just --

2 MS. GREGOIRE: Oh, okay.

3 MR. WILBURN: -- real quick, if I may. One of the
4 things that I've noticed is the herding of cats, you know,
5 which is basically what we're talking about --

6 MR. UBINAS: Uh-huh.

7 MR. WILBURN: -- here, this coalition of the
8 willing, meaning it's difficult to herd cats. I come from
9 the Midwest. It's an expression that we use. And part of
10 the continuity that we get into --

11 MR. UBINAS: Is that me?

12 MR. WILBURN: That's very colorful.

13 MR. FLEISCHMANN: It is you.

14 MR. MULVANEY: He was looking at me like, it's
15 your phone.

16 MR. FLEISCHMANN: You have good taste.

17 MR. UBINAS: It's never played music before.

18 MR. BOYLE: That was cool.

19 MR. WILBURN: That's your son's message, taking
20 over the business.

21 MS. LOUI: That's right.

22 MR. WILBURN: You've been replaced.

23 MR. BOYLE: He's taken over. You're no longer
24 needed at the company.

25 MR. WILBURN: Anyway, my point is that one of the

1 things that I'd like to see is the continuity that you're
2 referring to, Luis. I think that that's the most
3 encouraging statement that I've heard since I've been
4 involved in trying to assist this great organization in any
5 humble way that I can to get the message out to those folks.
6 But when I talk about this coalition of the willing, you
7 know, they have to know -- first, I think, some focus has to
8 be, what coalition are you trying to build? You know, I've
9 heard so -- it's just so diverse and it's so widespread, all
10 these organizations, it's overwhelming for the staff, I'm
11 sure, to try to implement that.

12 So maybe some consideration, Luis, from your group
13 -- and I'd be happy to contribute some thoughts to it --
14 would be to get the sniper scope out -- I'm a former Marine,
15 so pardon the analogies -- but, you know, put the scope and
16 the crosshairs on those groups that we need who already have
17 an advocacy relationship at the congressional level --

18 MR. UBINAS: Uh-huh.

19 MR. WILBURN: -- because the battlegrounds are
20 clear --

21 MR. UBINAS: Uh-huh.

22 MR. WILBURN: -- you know, and we only have so
23 many days to engage our forces. So that's, if that helps.
24 I'm sorry. Just target the opportunities, is what I'm going
25 after.

1 MS. GREGOIRE: So we're going to --

2 MR. MULVANEY: One quick comment.

3 MS. GREGOIRE: -- have to close on this. We have
4 our guest speaker. Please, Sean.

5 MR. MULVANEY: You know, one quick comment just on
6 outreach, the portfolio that you mentioned. One area that I
7 feel like needs work is the distinction between public
8 presencing and public relations versus marketing --

9 MR. UBINAS: Uh-huh.

10 MR. MULVANEY: -- and they're actually two
11 different disciplines, and I feel like we get them confused,
12 and they're, both are important but they need to be
13 calibrated. And there are bankers, brokers, and city-state
14 partners that we use as extension surrogates that serve as
15 our marketers and channel partners that build pipeline for
16 us. You know, they're separate and distinct, you know, from
17 the exporter and the foreign buyer, who we also, by the way,
18 have to market to, our products, but then our public
19 presencing, which the governor just highlighted and you
20 highlight, that's actually to key opinion leaders --

21 MR. UBINAS: Uh-huh.

22 MR. MULVANEY: -- that aren't any one of those
23 people that actually help us do the public presencing of our
24 mission. And it's, so there's a -- there's overlap between
25 these concepts, and sometimes it's hard to find clarity

1 between them and then develop strategy and put people and
2 resources behind strategy within the organization. And so I
3 share that thought with you to think about.

4 MR. HOCHBERG: I think that's a very good point.

5 MS. GREGOIRE: Yes, thanks.

6 MR. UBINAS: Let me just close by saying that we
7 really encourage as much of these, as many of these ideas as
8 possible. And to the extent to which you can get us these,
9 even if it's, you know, literally in the back of a cab on
10 the way to the airport today, if we can begin to codify
11 these and if you could copy the three of us at least, that
12 would be a tremendous, tremendous help. And so think of us
13 as an input-seeking committee that wants to hear from all of
14 you.

15 MS. GREGOIRE: So, Luis, thank you and your
16 committee, and Cherod, you and yours as well. I think it's
17 very, very exciting and off to a great start, look forward
18 to working on it in the future. Thanks. With that, our
19 special guest, Fred.

20 MR. HOCHBERG: Yes. We have a special guest,
21 Caroline Atkinson, who works in the White House. Caroline,
22 the title here is deputy national security advisor, but
23 Caroline, her office is the connection, I would say, between
24 the National Economic Council and the National Security
25 Council. And if we look at recent events that continue to

1 unfold in Eastern Europe, for example, the linkage between
2 economic interest and security interest is more and more
3 intertwined, and I would say, when I have traveled abroad, I
4 have always availed myself of input and a briefing from
5 Caroline's staff because they really help bring together
6 those two pieces and do it expertly. And Caroline's been
7 there, I think, since the very beginning with Mike --

8 MS. ATKINSON: No.

9 MR. HOCHBERG: -- or close thereof.

10 MS. ATKINSON: Middle of 2011, when --

11 MR. HOCHBERG: It feels like from the beginning.

12 MS. ATKINSON: Feels like forever, yes.

13 MR. HOCHBERG: And when Mike moved over to become
14 ambassador of the USTR, Caroline was promoted and does that
15 job magnificently, I would say. And we meet informally once
16 a month --

17 UNIDENTIFIED SPEAKER: At the Four Seasons.

18 MR. HOCHBERG: -- at the Four Seasons for
19 breakfast, along with our counterparts at now State; we have
20 a new undersecretary there. We'll hopefully soon add
21 Commerce, OPIC, and TDA, and so we're able to sort of
22 informally make sure that we connect those particular dots
23 and continue. So I'm delighted that she could join us
24 today, and time for a couple of comments and then some Q and
25 A and that would be really helpful.

1 MS. ATKINSON: Thank you very much, Fred, and
2 first of all, thanks to all of you because you're all
3 supporting an extremely important mission, and I --

4 MS. GREGOIRE: You can tell by her accent she's
5 from Georgia.

6 MS. ATKINSON: Yeah, right. I want to clarify
7 that I was born in Washington, D.C., which rather few people
8 in the White House can say, but as you can tell, I went
9 astray after that and was raised in the UK, in London, and
10 educated at Oxford.

11 So, as you know and, I hope, you know, incorporate
12 into your belief set, President Obama believes very strongly
13 in the importance of exports, the importance of exports for
14 our economy, for the provision of employment, innovation,
15 and decent jobs in our, in the United States. And he
16 believes that the strength of exports and the recovery in
17 exports now, that we've seen for a while, is really
18 important as part of the restoration of our economic
19 vitality, more generally, post the crisis.

20 He also is not afraid to be a salesman. I've seen
21 him with leader after leader say -- he will say, I'll go
22 anywhere to sell America. And I've seen him raise both
23 tricky trade issues, whether it's -- and there was a couple
24 of weeks when one week it was tomatoes or tomatoes and
25 another week it was indeed potatoes that he was raising in

1 the Oval Office with foreign leaders. And, of course, he's
2 always pressing for the general idea of U.S. businesses and
3 particular deals that you may have.

4 At the same time as that sort of more personal
5 approach, the President's launched one of the most ambitious
6 trade agendas that we've ever seen, I would say, and my
7 predecessor, Mike Froman, I've recently decided to call the
8 juggler because he always has so many balls in the air, or
9 they're bigger really than that, as he's negotiating with 11
10 other countries for the TPP and then already begun the
11 negotiations with Europe and the TTIP, and of course, we
12 know that that supports exports, that that supports business
13 in America and your business. We also know that we need you
14 to support that agenda, and as we -- as he gets closer to
15 completing the TPP, which will put, put together with TTIP,
16 put America at the center of an incredibly dynamic pair of
17 regions, accounting for two-thirds, more than two-thirds of
18 global GDP, that we will also look for your support.

19 As you know, the latest trade discussions are not
20 just about market access. They are importantly about market
21 access, but they're also, as Mike likes to say, part of the
22 21st century setting of standards and rules that we want to
23 be spreading throughout the world so that the United States
24 business and the exports can compete on a level playing
25 field. We want there to be the kinds of standards overseas

1 that, whether it's for safeguarding of intellectual property
2 rights, enforcement of decent labor standards and
3 environment, or dealing with the unfairnesses that can come
4 from the big operations of state-owned enterprises, all of
5 these -- disciplines around all of these areas are in, under
6 negotiation and in the trade deals that we're doing now,
7 which is a big leap forward that I think will help both to
8 secure market access for U.S. exports but also to support
9 exports on a level playing field.

10 Now that brings me -- of course, I want to give
11 you all plenty of time to ask questions -- I can speak at
12 more length about some of the particular programs that we've
13 put together, from the National Export Initiative, the
14 Commerce Department's work to set up, to help businesses
15 around the country to understand what it takes to export
16 increasing. And Penny Pritzker, you would have seen, is
17 also a huge dynamic force for U.S. business, and she sees as
18 part of her mission making it easier for smaller- and
19 medium-sized enterprises and businesses around the country
20 to access international markets, because in today's world of
21 global supply chains, that's really what businesses need to
22 do. That's when, as she likes to say, 95 percent of the
23 world's customers are outside the United States. So that's
24 where -- and they're getting richer at a faster rate than we
25 are. So those markets are really the ones to develop, as

1 you all know.

2 Now, I talked about level playing field, and I
3 want to touch on something that may or may not be your
4 favorite topic and Fred and I have discussed at great length
5 and that's about the environmental safeguards and where
6 Ex-Im has moved on that. Since I've had Mike's job, well,
7 I've obviously had to learn a lot. I am not -- I'm an
8 international economist. I've not worked on the issues of
9 climate and energy before, but I feel lucky that I took over
10 this job at a time, at an exciting time, when I think there
11 is, partly through rather sad events, like hurricane Sandy
12 here or the drought in California and in Colorado, the
13 typhoon in the Philippines, there's more and more
14 understanding that climate change and global warming is
15 having an immediate impact now that we need to build a
16 resilience against and it is a really serious issue going
17 forward.

18 We think the United States needs to lead. Our
19 image as a leader in this space has improved a lot, I think,
20 over recent years and, in particular, since the President's
21 Climate Action Plan, but we cannot solve the climate and
22 global warming and the environment just in the United
23 States. We're only now accounting for 15 percent of global
24 emissions -- you know, China is much larger than us -- and
25 we need to lead internationally to curb carbon emissions

1 around the globe. And it's particularly important -- I
2 referred to the fast-growing markets overseas. Those are
3 the markets where there's a real danger as countries
4 industrialize, that they may go through the same sort of
5 process that we went through, which they don't need to do,
6 and industrialize in a very carbon-dirty way. And it's for,
7 you know, the health of our children and grandchildren and
8 our economy that we want to have cleaner fuel and power all
9 around the world.

10 So I think that I -- I want to recognize Fred and
11 Ex-Im and the Ex-Im Board for leadership in this area
12 because you were maybe the first, certainly among the first
13 export credit agency to recognize the importance of this
14 issue and then in December to respond to the President's
15 call to end support for, public support for new coal plants
16 except in the very poorest countries or for carbon capture
17 and storage. And I think this was a very important signal,
18 but it's a difficult one because I am aware that U.S.
19 companies want to be able to compete on a level playing
20 field with Germany, France, Japan, other countries, and I
21 want you to know that we are working, Fred is working, the
22 Treasury Department is working and we're also driving from
23 the White House a big push to get other countries to sign on
24 to this policy, and they have -- a number have now begun to
25 join, most importantly the United Kingdom but also some of

1 the Nordic countries. I've raised it in what was and may
2 yet again be the G8, but for the moment it's the G7, with my
3 Sherpa counterparts, and we believe that, and the World Bank
4 and other multilateral development banks have moved to cut
5 back their financing of -- and we're not saying that
6 emerging markets can't have coal-fired plants but just that
7 the public sector, where we should be capturing public
8 goods, should not be putting public money to support the
9 further consumption of what we know to be the dirtiest fuel
10 and, in particular, not starting new plants that then will
11 be doing their emissions for, you know, 25, 30 years.

12 So we are committed to work, moving forward on
13 this. The President raised the issue with President
14 Hollande of France in the Oval Office; you know, it's at
15 that level of attention. And at the same time, as we're
16 working it on a technical level, we are planning to
17 introduce in the OECD Export Credits Group language and ask
18 for support for this position amongst all of the, all of the
19 export credit agencies. And I was chatting to one of Fred's
20 predecessors, Jim Harmon the other day who was telling me
21 about the early days of trying to get other export credit
22 agencies to follow along with some of the rules that made
23 sense from -- made sense to everybody to do together and was
24 difficult for one country to do by itself, and he was
25 talking about a diplomatic effort that it took. And we

1 recognize that it takes -- Fred is working hard on this, and
2 we all need your help, too, but we need your help to
3 understand that this has to be the way of the future, and we
4 need, domestically and internationally, to be promoting
5 clean energy. And we have a huge advantage in the United
6 States because we have enormously innovative, cutting-edge
7 firms that are able to spread this technology and that's --
8 I mean, the cleaner technology -- and that's what we want to
9 promote.

10 So we've done -- you know, we're also, of course,
11 committing billions of dollars to put in place clean energy
12 around, and infrastructure, around the world, but it doesn't
13 make sense to do that with one hand and then with the other
14 hand to be giving public support for coal financing. So
15 that's just one particular current example of the importance
16 of the work that Ex-Im does but also the importance of a
17 level playing field and fair rules of the road in the world.

18 There's another, you know, down the road or sort
19 of somewhere alongside, Treasury has been working -- you
20 know, 20 years ago or 30 years ago when these rules were
21 first put in place, the OECD's seeing the important good of
22 countries to pull together, but now you have China, of
23 course, with billions, hundreds of billions of dollars in
24 export finance that they -- subject to no laws. So we
25 realize that that is an important issue that we will need to

1 get to as well. And I'm open, as I said, to any questions
2 that you have. I want to thank Fred again and all of his
3 team and all of you for supporting what we certainly believe
4 to be an incredibly important mission, which is the
5 promotion of United States exports. Thank you.

6 MR. BOYLE: May I?

7 MS. GREGOIRE: Sure. Mike.

8 MR. BOYLE: Ma'am --

9 MR. HOCHBERG: You're so shy.

10 MR. BOYLE: I know, but this is my, this is my
11 thing. Ma'am, I wanted to say thank you for opening the
12 access to the markets and for the President's initiative,
13 and on a macro scale, I'm sure you guys think in the clouds,
14 as hard as you do, but I can drill it down to the base level
15 for you --

16 MS. ATKINSON: Uh-huh.

17 MR. BOYLE: -- and your initiatives and the
18 initiatives of the Ex-Im Bank allowed my company the power
19 to export. And in exporting we created a new technology and
20 we created a new technology that allows existing technology,
21 infrastructure, power, and energy sectors to come online at
22 a 90 percent reduction of emissions and a 100 percent
23 reduction of toxic chemicals during the initial
24 commissioning of the projects. This process was available
25 only because our ability to export finance and create the

1 opportunities overseas, through the open markets you had
2 created, put this on, and we patented this technology in
3 December of last year.

4 MS. ATKINSON: Fantastic.

5 MR. BOYLE: We're now the number one company in
6 the world exporting this new technology. We saved Chevron
7 \$100 million in starting up their project in Nigeria by
8 reducing emissions and reducing toxic waste that would have
9 otherwise been dumped in the Niger Delta. Additionally, we
10 have doubled in revenue twice in six years --

11 MS. ATKINSON: Fantastic.

12 MR. BOYLE: -- and we've employed more than 500
13 percent more people to the company. And we're now on an
14 expansion to go to 28 countries and that's because of the
15 efforts you guys are doing directly.

16 MS. ATKINSON: That's fantastic.

17 MR. BOYLE: Well, thank you.

18 MS. ATKINSON: Thank you very much indeed, and
19 it's, indeed, always great to get the very specific -- I
20 don't know that I spend my life in the clouds. It doesn't
21 quite feel like that. It's not really as pleasant as that
22 sounds, but it's certainly important to have the specific
23 examples such as that --

24 MR. BOYLE: It gets all the way down to --

25 MS. ATKINSON: -- that make things real.

1 MR. BOYLE: It's gets to the ground.

2 MS. ATKINSON: Yeah.

3 MR. BOYLE: It does.

4 MR. HUGHES: I guess I just have one caveat or
5 caution. I've been in the infrastructure business for
6 nearly 30 years, and for a long time, there's a whole bunch
7 of us that spent a lot of time and effort building a focus
8 across the industry and through the development agencies and
9 through governments and others to have a big and deep focus
10 on sustainable development, and sustainable development
11 encompasses far more than simply climate change. And I feel
12 that the environmental movement is in danger of piling
13 everything into a single lifeboat.

14 MS. ATKINSON: Uh-huh.

15 MR. HUGHES: There are dramatically, a
16 dramatically large number of reasons to promote sustainable
17 development and green technologies that have absolutely
18 nothing to do with climate change, and by making this a
19 semi-religious battle that puts all of the eggs on winning
20 the hearts and minds of the public on that single battle, we
21 don't do it as a company. You will never see me appear at
22 an industry conference and talk about climate change, and
23 the reason is, is I believe that there are other equally
24 strong arguments that promote the use of our technology and
25 I think that there is a risk that you wear the public out on

1 the issue; then you wake up one morning and no one is
2 interested in talking about it and you've given away the
3 game on the broader sustainable development issues.

4 And so it's just a caveat that while I understand
5 and applaud the climate change efforts, I'm very concerned
6 that the clean tech industry and the environmental movement
7 has lost a little bit of its bigger picture/viewpoint and
8 that agencies such as Export-Import Bank, OPIC, and others
9 need to make sure that they don't lose sight of the broader
10 sustainable development goals that we all spent years
11 putting in place and learning how to do and understanding,
12 and it involves community development; it involves a whole
13 lot of other issues beyond simply climate change. And in
14 fact, in certain circumstances, you have to strike a balance
15 between climate change goals and sustainable development
16 because sustainable development includes the development of
17 the domestic economy and it's not always in the best
18 interest of the domestic economy that you supersede that
19 interest with a climate change interest.

20 So it requires a degree of balance, and one of the
21 concerns I have is a lot of people have lost any perspective
22 with respect to that balance, and I think it's a lot of
23 people that are new to infrastructure and new to
24 infrastructure development and they, because it has
25 disappeared from the lexicon, they don't understand the

1 strong background and history of sustainable development
2 that a lot of us spent many, many years developing. So,
3 anyway, just one viewpoint.

4 MS. ATKINSON: No, that's a, that's a very useful
5 point of view, and it seemed to me there were sort of two
6 issues in there and one of which I completely agree with and
7 the other one of which I hope is not quite right, at least
8 going forward.

9 So the one I completely agree with is thinking
10 about how one presents and talks about sustainable
11 development and all the aspects of it, and I would love to
12 borrow some of your talking points when you promote that
13 without referring to climate change, because I think that it
14 is important and we try to talk about -- it's terrible if
15 you just say to people there's a huge problem and, you know,
16 it's burning up the earth and get depressed. What you want
17 to tell people, especially here in America, is there's an
18 opportunity, there's a challenge, we can overcome it, this
19 is the way to do it, we're going to get, you know, cleaner,
20 smarter, more sustainable, better air, more health for our
21 children, the kind of positive agenda that is, indeed,
22 broader than just climate, and climate is broader than just
23 air quality and so on; there's many things at stake there.
24 We do think that the public needs more understanding of what
25 is at stake and what they can do to bend the curve.

1 The bit where I hope you're wrong is the bit about
2 the balance. Of course countries need to grow, and I've
3 spent, you know, all of my life working in mostly poorer
4 countries, often countries facing financial crisis, and so
5 I've been involved more on the macro side but in trying to
6 figure out ways to help countries to get to health and to
7 get to a sustainable position. And I completely disagree
8 with the sort of, well, you've got to stop now and you don't
9 get to use power in the way that we did when we wanted to
10 develop, but I'm hopeful that that is getting more
11 understanding in the sort of climate change/environmental
12 community, and there's more work going on about the growth
13 aspects and the development aspects of climate. And, quite
14 frankly, if you look at who gets hurt in the developing
15 world when you see the effects of climate change or
16 environmental degradation, it is the poor and it's not
17 really -- you can see in China obviously, but you can see
18 that people get sick, they get, and they, you know, have
19 curtailed life, curtailed ability to earn, and some of them
20 get killed by storm events. So it's really a part of
21 development to build resilience and to develop in a
22 sustainable and green way.

23 MR. HOCHBERG: C.J. and I are going to take
24 advantage of the fact that Caroline is in the building and
25 secunder to another room because we've got one or two issues

1 you want to bring to our attention. So -- but if there's
2 one last, Sean, you had a --

3 MR. MULVANEY: Yes.

4 MR. HOCHBERG: Well, how about if they ask it
5 together and then you'll --

6 MS. ATKINSON: Together, and I will -- yeah.

7 MR. HOCHBERG: -- you will weave together a
8 magnificent response. All right. We'll do the best we can.

9 MR. MULVANEY: It's actually maybe an appeal for
10 help. The President has talked about how, in a North
11 American context, you know, the U.S. and Mexico are making
12 things together --

13 MS. ATKINSON: Uh-huh.

14 MR. MULVANEY: -- and Penny Pritzker leads the
15 High Economic Dialogue, which is terrific. Mack McLarty, in
16 December, wrote an op-ed called NAFTA 2.0, and I think
17 we're, as an institution, we don't react to global supply
18 change as good as I think we should --

19 MS. ATKINSON: Uh-huh.

20 MR. MULVANEY: -- and, but we're thinking about
21 tweaking our policy to allow for global supply chains to be
22 recognized, and I would just encourage you to work with Fred
23 on that issue --

24 MS. ATKINSON: Uh-huh.

25 MR. MULVANEY: -- because I think it's awfully

1 important to our future of supporting U.S. exporters.
2 Global supply chains are a reality, and -- but let me pause
3 and let my colleague jump in because it's a unique
4 opportunity.

5 MR. FLEISCHMANN: Hey, Caroline.

6 MS. ATKINSON: Hey, Alan.

7 MR. FLEISCHMANN: Hey. The question is, now with
8 Jeff Zients taking over the NEC and having his business
9 background, do you see a different kind of shift a little
10 bit with the NEC in a positive way, just to focus a little
11 bit more on the private sector and the business in a
12 different light?

13 MS. ATKINSON: So to take those two things
14 together, we will -- certainly I will work with Fred, and
15 global supply chains are a critical issue.

16 Everybody brings something slightly different.
17 I've only, well, it feels like -- I've only actually been in
18 the White House, well, coming out for three years, and there
19 have been three chiefs of staff and two national security
20 advisors and two secretaries of state, two secretaries of
21 the Treasury, and now a second NEC director, and every one
22 of those -- that's in my life, I mean, in my working life,
23 the people I come across a lot -- and every shift brings,
24 brings some change.

25 I think, you know, Jeff's been, as he was saying

1 this morning, on the job for four days, but I think that he
2 will, of course, with his background, be, and I think we all
3 want to be, reaching out to and listening to business and
4 understanding and also helping you to understand how, you
5 know, to help us, because I think ultimately we share the
6 goal. We want a strong U.S. economy. I think that is
7 consistent with and part dependent on a strong global
8 economy, and we're a private-sector economy. So we need
9 that strong global economy, that strong U.S. economy to come
10 from the private sector, and we very much want to be
11 listening to what you all need.

12 MR. FLEISCHMANN: That's great.

13 MS. GREGOIRE: Well, on behalf of the entire
14 Advisory Committee, thank you. We know how busy you are,
15 and the fact that you've come here today means a whole lot
16 to us. And we look forward to continuing the agenda that
17 you've outlined along with Fred, and we are, as a committee,
18 looking forward to reauthorization in the fall that's done
19 quickly, fairly, well, and without a bunch of strings
20 attached.

21 MS. ATKINSON: Well, I had in my, in talking
22 points that I should urge you all to support authorization.
23 Then I thought, I kind of feel they're probably with that
24 program.

25 MS. GREGOIRE: Thank you very much.

1 MR. FLEISCHMANN: True, indeed.

2 MS. ATKINSON: And so are we, by the way.

3 MS. GREGOIRE: Good. Good.

4 MR. BOYLE: Thank you.

5 MS. ATKINSON: Thank you.

6 MS. GREGOIRE: So back to the subcommittee
7 reports, and Gary, you're the guy that got a boatload of
8 work to do in a short period of time.

9 MR. HUFBAUER: Well, Governor, as you well know,
10 they've been at, and as Jim explained, at this for what, 45
11 years now, from this to actually a paper version of this.
12 So I would say that most of the issues have been identified.
13 Owen was with me this morning. Unfortunately, Gwynne, I
14 guess, wasn't able to come until later in the day, and Mike
15 O'Neill sent an e-mail, saying he wouldn't be able to come
16 at all.

17 So we had a -- just the two of us plus Julie,
18 who's here, had a conversation about the Competitiveness
19 Report, which everybody will want to contribute to, but our
20 conversation focused on things we would highlight. I don't
21 think we discovered any new nuggets or suggested any new
22 nuggets but, rather, highlight in the next edition,
23 emphasis. So that also means, if you want to highlight
24 something, you've got to leave other things more in the
25 shadows. I would urge everybody on the Advisory Committee

1 to suggest things that ought to be left in the shadows as
2 well as things that ought to be highlighted so that we
3 actually give some, I don't know, theme or emphasis.

4 So here are the, here are the few things that Owen
5 and myself -- and I guess Julie concurred; if she didn't,
6 she can tell us -- thought ought to be highlighted, and
7 Gwynne may have different ideas. Firstly, which has been
8 mentioned, the role of the emerging countries: China, first
9 and foremost; but Russia, which Fred told us has done
10 one-half of the nuclear power plants' financing, it does 100
11 percent financing, and it takes the rods back. I mean, this
12 is a pretty competitive situation and puts GE and
13 Westinghouse somewhat in the shade. So Russia is much more
14 prominent than I had realized. I think everybody knows
15 about China; India, a big exporter to Africa; and, of
16 course, there's Brazil, which is somewhat handicapped --
17 well, it is handicapped by a high-cost production source.

18 What these countries have in common is that they
19 are not transparent. Nobody knows really what they're doing
20 in terms of the terms, their rates, and their effort to make
21 them more transparent, but in terms of this report, I think
22 we need to highlight that for the Congress so that they
23 recognize that that's where the, you know, that's the new
24 frontier. It's not France and it's less Japan than it used
25 to be when I was in the Treasury, which was quite a while

1 back.

2 Related to that is the question of risk, which we
3 have C.J. Hall and others, but let me give you my
4 impression, and I think Owen agreed with me --
5 unfortunately, he's not here -- on this. If you took the
6 spectrum of ECAs, the Export-Import Bank is on the far end
7 of avoiding risk and that's great because you don't have to
8 -- what is it? One-quarter, one percent was the figure that
9 was given. It is facing competition, I believe -- certainly
10 from Russia, which I mentioned, but I believe hugely from
11 China and maybe from others -- of ECAs which are willing to
12 take more risk. I don't know what they charge for it, but I
13 do think that this should at least be discussed so that the
14 Congress is aware that the Ex-Im Bank is a gold-plated bank
15 and there are competitors out there who are willing to take
16 more risk and maybe get a higher fee -- and maybe the fee
17 covers the risk, maybe it doesn't; they're not transparent
18 on their accounting -- but that, you know, there may be room
19 for taking more risk, not only for nuclear, that's one
20 element, but also for small business, where, you know, the
21 risk may be higher just generally when you think of the
22 population, but maybe we have to be a little bit more
23 aggressive on that. But our suggestion was look at what
24 other ECAs are doing and alert the Congress to what other
25 ECAs are doing on this risk spectrum.

1 Third point, which has come up already and is very
2 important, is to combat the notion that -- Boeing
3 especially, but also Caterpillar and other, GE and so forth
4 -- that there is great availability of finance for them and,
5 you know, why do they have to turn to the government. I
6 mean, this is a myth. This is a myth and it's been promoted
7 by my friend Sally James at Cato and it keeps being
8 repeated, and this report, we think, ought to deal with it.
9 Now, it has a very good section on the rules on aircraft
10 financing if you look at, and you could go to the other
11 sections, but it's not, it's not the rules. It's the fact
12 that financing is not available for aircraft, and other
13 countries, not only the Airbus group but also Bombardier and
14 Embraer, they rely totally on government finance, and
15 there's a reason for that: that the commercial banks do not
16 want to take on this risk. Although it turns out to be very
17 low, they don't want to take on the long term, and to think
18 that you can just say to the companies, you know, get it on
19 the market, to me that's saying, you know, we don't want an
20 aircraft industry here. Not right away, but give it 20
21 years with that policy and we won't have an aircraft
22 industry. And, in particular, we had some discussion about
23 China's coming on strong. Not now, but four years from now
24 they'll have probably a pretty good plane that will compete
25 with the 737 and the Airbus 380; so, and of course they'll

1 -- they're taking all the risk. China has put in \$5
2 billion, and you know, they'll finance it to the extent
3 needed. So that was another area that we thought would,
4 that we would highlight. I don't want to highlight too many
5 areas, but --

6 Then the final area is on small business, and I
7 think the notion has to be combated there that, you know,
8 small business can easily get loans from local banks,
9 because I don't think they can in many cases; that local
10 banks, smaller banks -- I'm not talking Citigroup, I'm
11 talking smaller banks -- they don't really want to spend the
12 time and the energy and they don't find enough profit margin
13 to deal with small business, they don't want the risk and so
14 forth, and I think there's a big gap there and I think the
15 report wants to emphasize it. Or maybe other people have
16 other things they want to see emphasized, but as you can see
17 from my little laundry list, it's more a matter of emphasis
18 rather than maybe adding new subjects that didn't exist.

19 I should just mention one more and that's in the
20 OECD area where we have quite a few rules against tied aid,
21 and countries do untied aid, but the Congress or at least
22 the congressional staff needs to be educated that untied
23 aid, aid, it's an oxymoron, and that hopefully the report
24 could come up with some good examples, maybe just a box of
25 one or two examples.

1 You know, when there's so-called untied aid, it's
2 commercially-oriented, and again, the U.S. is at the extreme
3 end of the spectrum. Our aid is in fact untied and has very
4 little commercial orientation. Every other country has more
5 commercial orientation than we do, and some are totally
6 commercially-oriented, which, of course, is China but, to a
7 very large extent, Japan and others. And it doesn't matter
8 that they call them tied, and there's no piece of paper you
9 can find; it is commercially-oriented, and again, I think
10 this is, needs to be emphasized in the report. Other than
11 that, probably the OECD countries are pretty faithful to the
12 agreement, so far as I'm aware. Thanks.

13 MS. GREGOIRE: Thank you, Gary. Questions? Jim.

14 MR. HUGHES: Just a couple of comments, and these
15 may be appropriate in the report, they may not be
16 appropriate in the report, but just observations from
17 operating in the front lines. When you're comparing to
18 other export-import credit agencies around the world, they
19 have, in certain circumstances, very different policy goals
20 and policy backgrounds than the U.S. ECAs. They're broader
21 than the promotion of domestic manufacturing and jobs, and
22 they have a very direct and clear tie to foreign policy
23 aspirations of some of the countries. And I think it's
24 important, when looking at competitiveness, to understand
25 that those policy differences may drive different analysis

1 of transactions at the end of the day.

2 MR. HUFBAUER: Uh-huh.

3 MR. HUGHES: The second is that there is an
4 element to ECA involvement in the transaction that doesn't
5 translate strictly through the numbers. While there may or
6 may not be finance available for a particular transaction,
7 the risk premium that would translate to the rest of the
8 capital structure of the transaction is often reduced
9 through the implicit political cover that comes with the
10 involvement of an ECA, and this is tangible to the
11 businesses that participate. And so I think it's important
12 to at least, for policy makers that may be reading the
13 report, to understand that with OPIC financing, with IFC
14 financing, with U.S. export-import financing, there is
15 implicit political cover that comes along with that and that
16 is an important service to manufacturers and exporters.
17 There are jurisdictions that we will move product into and
18 take equity risk in that we would not if we did not have a
19 partner in that process.

20 And then the last is, is just -- it may or may not
21 -- I think that those of us that do battle with the Asian
22 manufacturers on a day-to-day basis understand that they
23 have a different market viewpoint than we have. It's far
24 more market share-oriented and less near-term
25 profitability-oriented. They have a firm faith that market

1 share translates into profitability in the long term, and so
2 they will engage directly in far less profitable pricing,
3 but more importantly, their export-import credit agencies
4 will be far less demanding in terms of the inherent
5 profitability of the transaction. And so that's a cultural
6 business difference, but again, I think it would be
7 important that policy makers understand that differences,
8 they look at the competitiveness of these various agencies.
9 And these notions may or may not be relevant or appropriate
10 to the report, but I at least just wanted to toss them out
11 there.

12 MS. GREGOIRE: Thoughts, Gary, on that?

13 MR. HUFBAUER: No. I'm taking notes --

14 MS. GREGOIRE: Okay. Okay.

15 MR. HUFBAUER: -- and they're all good points,
16 right.

17 MS. GREGOIRE: Okay. Pat.

18 MS. LOUI: Thanks, Gary, for the comments. I'd
19 just like to point out one thing, which was actually the
20 question I was going to ask Caroline when she was here. You
21 know, there's been a lot of discussion about the BRICs and
22 the non-OECD members, but one of the most interesting facts
23 that I read in the Competitiveness Report, when I was going
24 through confirmation a few years ago, is that two-thirds of
25 the lending of Japan and Canada's and some of the northern

1 European ECAs is outside of OECD lending.

2 So when we talk about comparing our OECD products,
3 we're really talking about comparing 100 percent, almost, of
4 Ex-Im's portfolio with one-third of Japan's, one-third of
5 Canada's, and now, you know, increasingly, one-third, I
6 think -- and policy, correct me if I'm wrong -- but I think
7 that percentage is approximately correct for Korea as well,
8 and there's some northern European countries. And I think
9 at some point we need to get to grips -- and I'm glad to
10 hear that we will be focusing on specific examples this year
11 in the Competitiveness Report -- because the question is not
12 only how we compete with the non-OECD countries but how do
13 we, how do American exporters compete against non-regulated
14 OECD products, and this is increasingly a tool that is being
15 used by our competitors.

16 The second thing -- and I'd like to just sort of
17 express this, and we've been, I've been working with Isabel
18 and the policy department -- they really need specific
19 examples of the kind of financing that is being offered. So
20 I would urge you, if you hear of these anecdotes, to try to
21 collect them. There is an international buyer form that
22 policy has, and I sent this policy, policy's international
23 buyer form, with a cover letter, to all of the ambassadors
24 and the senior-most foreign commercial service officer in
25 all of the Asian countries that I cover, and we hope to

1 bring back more specificity to the kinds of transactions
2 that are analyzed.

3 MR. HUFBAUER: Right.

4 MS. GREGOIRE: Good. Sean.

5 MR. MULVANEY: You know, Gary, your leadership on
6 this issue is much appreciated, and you know, I look forward
7 to even more interactions, but let me give you a couple of
8 thoughts immediately. You know, the front part of the
9 Competitiveness Report, I explained to the governor, is a
10 key crosswalk opportunity between people who live in our
11 world and people who don't, and so it's underutilized and
12 has great upside opportunity, I feel. And as you think
13 about, you know, this, you have to build a consensus on what
14 you're going to say as a group. That's a hard thing to do,
15 I don't underestimate that, but I, you know, would just
16 point out that you have an opportunity to build
17 understanding in ways that we actually have a hard time
18 doing as an organization, as a government organization. Our
19 voice and our approach is different in the sense that we're
20 bureaucrats. We're a government agency. We don't have the
21 same latitude that you do. So leverage that for us. I
22 think it would be useful.

23 The second thing I would say is, you know, think
24 -- I really liked your comments about outreach that were
25 short term, here's what we suggest, and then long term.

1 Create a little bit of a vision for what this report would
2 look like three years from now, you know, and leave it as a
3 legacy to a future advisory committee and help the policy
4 team think through that given what you see, and you know,
5 I'll stop there. Thank you, Governor.

6 MS. GREGOIRE: Thank you, Sean.

7 MR. HUFBAUER: Sure. Thank you.

8 MR. BAKANE: I like that idea of looking down the
9 road because, you know, we're focused on the financing of
10 exported products and services. What I'm seeing in my
11 industry is China is uprooting total industries and putting
12 the means of production in different countries that are
13 export markets and they're financing it --

14 MR. WILBURN: Yep.

15 MR. BAKANE: -- and that's a new level that we
16 haven't seen in the past.

17 MR. WILBURN: That's very good.

18 MS. GREGOIRE: Yes, well said. Good job, Gary.

19 MR. HUFBAUER: Thank you.

20 MS. GREGOIRE: Thank you. Thank you. So just to
21 repeat, this is our number one task as an advisory
22 committee. So when the document comes out to us mid-May --
23 mid-May? Mid-May --

24 MR. HUFBAUER: Right.

25 MS. GREGOIRE: -- it's not solely on the backs of

1 Gary and his team. It's all of our collective
2 responsibility -- oh, golly -- all of our collective
3 responsibility, and it would be probably before our next
4 meeting -- we'll get the date out to you ASAP -- but before
5 the next meeting, rather than come here and then just start
6 saying, well, what about this, what about that --

7 MR. HUFBAUER: Right. Right.

8 MS. GREGOIRE: -- if you wouldn't mind, Gary,
9 giving us a time line --

10 MR. HUFBAUER: Sure.

11 MS. GREGOIRE: -- for a response back to you and
12 your team so that you could incorporate some of that
13 thinking, and then we could have maybe a little bit more
14 robust dialogue when we actually meet and talk it over.
15 Does that sound okay?

16 MR. HUFBAUER: Sure, Governor, that's very
17 appropriate. From what Julie told us this morning and Jim
18 Cruse emphasized, I mean, it's a pretty compressed time
19 line. I think we'll be seeing, all of us will be seeing the
20 draft report sometime around the middle of May, and then
21 it's a very tight --

22 MS. GREGOIRE: Yes.

23 MR. HUFBAUER: -- time line to get it printed, and
24 I think -- and Jim can correct me if I'm wrong -- I think
25 the Advisory Committee has, at most, two weeks to make its

1 comments. So that that would mean that everybody should
2 really, you know, book out some time, when you get the
3 report -- which, by that time, will have been vetted by the
4 Treasury and other agencies, OMB and State, Commerce -- to
5 read it and, you know, come up with memos within one week.

6 Now, if prior to that time you have thoughts,
7 anybody on the Advisory Committee has thoughts about
8 emphasis or de-emphasis along the lines of what I was
9 talking about earlier, I think it should be communicated to,
10 you know, to Jim Cruse and others who are, you know, deep in
11 the drafting.

12 MS. GREGOIRE: Good. Good.

13 MR. WILBURN: Just real quick. Gary, yeah, you do
14 a tremendous job. I mean, you guys are great and the staff,
15 but along the lines of the time lines, again, being so tight
16 and going back to that analogy of the scope and the
17 crosshairs, is there, is there, in your opinion, Gary, one
18 overarching or overreaching issue? You talked about the
19 shadow and the light, okay?

20 MR. HUFBAUER: Right.

21 MR. WILBURN: What is the brightest point on the
22 hill for you? In other words, what is, is there that target
23 that I can help you with --

24 MR. HUFBAUER: Right. Right.

25 MR. WILBURN: -- better understand?

1 MR. HUFBAUER: Well, okay, if it's the longer
2 term, which was properly emphasized by John and others, I
3 think it's China. It's China, China, China --

4 MR. WILBURN: I agree with you.

5 MR. HUFBAUER: -- and if I were going to say add
6 one more, it's Russia, and I just don't think we're
7 competitive with China in volume, in style, anything, and
8 it's going to become clearer and clearer as the years go by.
9 So that would be any long-term --

10 MR. WILBURN: Okay.

11 MR. HUFBAUER: -- scope. In terms of the House
12 and Senate committees this year, I think they have to
13 disabuse themselves on the, that the financing is otherwise
14 available for brand-name U.S. companies --

15 MR. WILBURN: Okay.

16 MR. HUFBAUER: -- that there's somehow some deep
17 financing. I mean, you look at what the BIS is doing, you
18 look at Dodd-Frank, you look at the natural conservatism of
19 bankers -- it's too bad Mike O'Neill isn't here -- but in
20 any event, you know, the financing is not available or it's
21 not available to the extent it ought to be, and I think
22 that's probably the single biggest issue right now.

23 I think they also have an exaggerated notion of
24 the small but less exaggerated notion of the availability of
25 finance to small than they do to big. I mean, they look at

1 Boeing, they say how many billions, and then they say, well,
2 they can finance it. Well, they can't. If we want this
3 industry, they cannot. And I think that would be my
4 short-term.

5 MR. WILBURN: No, that's --

6 MS. GREGOIRE: Good.

7 MR. WILBURN: -- thank you, perfect.

8 MS. GREGOIRE: So we're going to have to move
9 along here. Let me do -- Mary wasn't here. Mary is the
10 chair of the environment and renewable subcommittee, but she
11 was on the phone, and Jim's on it and Steve's on it and I am
12 as well, and so let me be ever so brief in telling you a
13 little bit about where we are.

14 I don't know that you're all familiar with kind of
15 the evolution of lawsuits against Ex-Im with regard to
16 environmental issues, but they have evolved over time, and
17 I've seen it in my own home state now, where challenges
18 about NEPA or ESA or whatever now go well beyond the borders
19 of the United States. So, for example, we were briefed this
20 morning on one case having to do with Australia, and what we
21 have, the loan that we have given has to do with a natural
22 gas facility on land, and the challenge to us is that
23 because the vessels will come in and out, getting to
24 Australia through the Great Barrier Reef, that insufficient
25 analysis was done with regard to impact on the Endangered

1 Species Act.

2 Now, I could go on and on about the evolution of
3 this, but this is a big challenge to Ex-Im Bank, that we no
4 longer are looking at environmental issues as it relates to
5 us and the work we do in this country but we're looking well
6 beyond our borders and then we're looking at impacts that
7 have nothing to do directly with whatever project we're
8 doing but could have some indirect correlation. So that's
9 one issue that we think we need to think our way through a
10 little bit.

11 The other issue is the climate policy that was put
12 in place last December and was articulated here -- wasn't it
13 by Caroline?

14 MR. HOCHBERG: Yes.

15 MS. FULTON: Uh-huh, it was, yeah.

16 MS. GREGOIRE: By Caroline, just so we all know,
17 got cut off at the knees in the appropriations bill. So the
18 Congress, just to be clear, doesn't necessarily just put a
19 bunch of caveats on us when we're in the reauthorization
20 process, but they can use the appropriations bill to do so
21 as well, and they did, and it puts staff here at a terrible
22 disadvantage, as well as our customers, because the rules
23 are constantly changing. So that bill ends what, in the end
24 of September or some such thing?

25 MR. HOCHBERG: Correct.

1 MR. SCHLOEGEL: That's right.

2 MS. GREGOIRE: And then it goes back to the old
3 policy unless they've done something more. So there's
4 virtually no predictability to our customers, let alone to
5 our staff, which is in part what Fred said as to why there's
6 some beat-down attitude.

7 The renewables is a big issue for us, and just to
8 clarify the goal that Congress has put on Ex-Im, Ex-Im is to
9 strive for 10 percent, 10 percent of all of our loans. Now,
10 what was -- Craig, help me if I say this wrong -- but what
11 he said, I thought, this morning is if we financed every
12 project of all of our major renewable companies in America,
13 we still wouldn't be at 10 percent, just to show you the --
14 way, way, way below -- just to show you the lack of logic of
15 having a 10 percent goal. So, you know, I don't know if we
16 can do anything about that in the process of re-upping, but
17 you know, it's one thing to set a big audacious goal; it's
18 another thing to set something that's totally unreachable so
19 you don't even strive for it because it makes no sense
20 whatsoever.

21 So one of the kind of where-the-rubber-meets-the-
22 road conversations that we had was with respect to the
23 environmentalists, with respect to our businesses, with
24 respect to our renewable companies. Rather than them seeing
25 their two outlets is either a lawsuit or Congress, we'd

1 rather have them see the outlet is here at the Ex-Im Bank
2 and see if we can't help. And I know Fred's been thinking
3 about himself meeting with leaders of the environmental
4 community across the country, and we've been talking about
5 having a conference of renewables, the renewable companies,
6 which are well-known --

7 MR. HOCHBERG: Yes.

8 MS. GREGOIRE: -- are well-known -- there are not
9 that many, frankly; so it wouldn't be that big a deal -- but
10 just to show that we are doing these things. So then when
11 we get to the fall, it can be made very clear, we're not
12 just waiting for the renewable companies to come to us; we
13 have an active outreach going to them, and when the
14 environmentalists may say something or the business
15 community may say something, we're on top of it, we're
16 working on it, we're trying to deal with it.

17 So I don't know if I've captured that, Jim and
18 Steve, but that's the essence of the conversation that we've
19 had in trying to figure out ways in which we can help you,
20 Fred, and your team here kind of weave your way through what
21 is a really challenging time. Is that fair, you-all? Fair?

22 MR. WILBURN: That's very fair. Very fair.

23 MS. GREGOIRE: Any questions, you-all? Comments
24 on that?

25 (No audible response.)

1 MS. GREGOIRE: So members of the public.

2 (No audible response.)

3 MR. HOCHBERG: I think this is the first meeting
4 there's not one member from the public here.

5 MS. GREGOIRE: There's not. Or is it because you
6 closed and locked the door, Gaurab?

7 MR. BANSAL: No, I didn't.

8 MR. HOCHBERG: Getting through our security is not
9 the easiest, as you all know.

10 MS. GREGOIRE: Right.

11 UNIDENTIFIED SPEAKER: You wore them out.

12 MS. GREGOIRE: Please.

13 MR. BOYLE: Mr. Chairman, Madam Chairwoman, may I
14 take one moment to extend my company's greatest thanks to
15 the Export-Import Bank and its service? I have the luxury
16 of, on March 28th, of doing something a little extraordinary
17 that, through your efforts, you participated in in a small
18 way. A year ago on March 28th I promised one percent of our
19 global revenue to a charity in Nashua, New Hampshire, as a
20 way of saying thank you for reaching our 20th anniversary.
21 We achieved that goal, 90 percent of which was
22 export-related. So we're giving a very nice honorarium, and
23 you'll be thanked in name in my speech on the 28th, and I
24 wanted to say thank you on behalf of the people of Boyle
25 Energy Services --

1 MR. HUFBAUER: Great.

2 MR. BOYLE: -- and the Nashua Center. Thank you
3 very much.

4 MS. GREGOIRE: Well said.

5 MS. LOUI: Thank you.

6 MS. GREGOIRE: We were trying very hard to give
7 you a date, and we were not able to coordinate a couple of
8 calendars here. We're going to get you it within the next
9 24 or 48 hours because I know your calendars are very busy.
10 So we're going to try and get that to you right away. In
11 the interim, I know at least our little subcommittee is
12 going to have a conference call to kind of up the process,
13 to make sure we can get to a really viable interim report --

14 MR. WEBBER: Yes.

15 MS. GREGOIRE: -- and if that meets with the needs
16 of the respective subcommittees, great; if not, fine. We
17 really truly do need to help Gary out here because time is
18 of the essence with respect to the work of that
19 subcommittee.

20 Other than that, I am reminded by the comment you
21 made earlier and I am so understanding of it. Let the
22 record reflect that I don't know of a member of this
23 Advisory Committee who isn't immensely appreciative of the
24 hard work put in and the crap -- you can write that down too
25 -- and the crap that you had to go through for furloughs and

1 so on and still the expectations not diminishing one iota
2 despite the fact you're on furlough. So let the record
3 reflect, and please share it with all the folks here, how
4 much we all appreciate their very fine, very hard work, and
5 look forward to working with them. Anything else for the
6 good of the order, you-all?

7 MR. HOCHBERG: I think Scott had --

8 MS. GREGOIRE: Oh.

9 MR. SCHLOEGEL: You had requested documents. I
10 got them for you before you leave here. So --

11 MS. GREGOIRE: Oh, wow.

12 MR. SCHLOEGEL: -- I'll hand those out to
13 everybody.

14 MS. GREGOIRE: Perfect. Excellent. Mr. Fred.

15 MR. HOCHBERG: I just want to thank you all for
16 coming in. We do -- just a reminder: The annual conference
17 is April 24th and 25th, which you should have in your
18 packet. We would welcome if you -- those of you who can
19 come, we would love to have you at the conference. Some of
20 you are going to be speaking in various areas of expertise,
21 but it's an excellent way, if you have the time, to join us
22 for a day and a half. It's chockablock full. We're going
23 to have some great speakers, great panels, and you'll get a
24 chance to meet more of the staff and a lot of our customers,
25 which is a real -- the point of this is to get more

1 customers there so they can make more deals and create more
2 exports and jobs. So I hope you join us on the 24th and 5th
3 and before the next meeting of the Advisory Committee.

4 MS. GREGOIRE: Great. Thank you, all. Safe
5 travels.

6 (Whereupon, at 3:12 p.m., the meeting was
7 concluded.)

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Digitally signed by Wendy Campos

ELECTRONIC CERTIFICATE

DEPOSITION SERVICES, INC., hereby certifies that the attached pages represent an accurate transcript of the electronic sound recording of the proceedings before the Export-Import Bank of the United States Meeting of the Board of Directors on March 12, 2014.



March 24, 2014

Transcriber

Date

EXPORT-IMPORT BANK OF THE UNITED STATES

ADVISORY COMMITTEE

Wednesday, May 21, 2014

11:05 A.M.

Export-Import Bank
811 Vermont Avenue, N.W.
Washington, D.C. 20571

PRESENT:

Fred P. Hochberg
Wanda Felton
Sean Mulvaney
Patricia Loui
Christine Gregoire
Michael Boyle
Alan Fleischmann
Lisa Howlett
Karen A. Eng
Michael O'Neill
Steve Wilburn
Mary Andringa
Celeste Drake
Cherod Webber
Luis Ubinas
Jenny Fulton
Owen Herrnstadt
Gary Hufbauer (via telephone)

Deposition Services, Inc.

12321 Middlebrook Road, Suite 210
Germantown, MD 20874

Tel: (301) 881-3344 Fax: (301) 881-3338

info@DepositionServices.com www.DepositionServices.com

1 PRESENTERS:
2 Katie Beirne Fallon
3 Jim Cruse
4 Scott Schloegel
5 Stephanie Thum

6 ALSO PRESENT:
7 Gaurab Bansal
8 Caroline Atkinson
9 Brad Carroll
10 Dolline Hatchett
11 Dave DeBoer
12 Jim Regan
13 Jeffrey R. Diehl
14 Daryl Bouwkamp

15
16
17
18
19
20
21
22
23
24

25

Deposition Services, Inc.

12321 Middlebrook Road, Suite 210
Germantown, MD 20874

Tel: (301) 881-3344 Fax: (301) 881-3338

info@DepositionServices.com www.DepositionServices.com

P R O C E E D I N G S

MS. GREGOIRE: We're going to go ahead and get started, everyone, because our first guest is on a very limited time. So to make sure that we get an opportunity to ask some questions, I'm going to go ahead and ask Fred to introduce Katie so we can use the best time that we have with you.

MR. HOCHBERG: I'm going to be following the lead of my Chair, be very brief. Katie Beirne -- do you go by Katie Beirne Fallon?

MS. FALLON: Yes.

MR. HOCHBERG: Okay. Katie Beirne Fallon is, was recently appointed to, this year -- was it in January?

MS. FALLON: January.

MR. HOCHBERG: January, as head of Leg. Affairs of the White House and therefore is someone that we are getting to know and we'll get to know even better and better in the months ahead. And Katie hearkens to the world of Senator Schumer; so she knows a thing or two about politics, legislation, and moving things through the Senate and the legislative process.

So I think there's no one better to shepherd the President's agenda to the White House, and we are an important part of that agenda; so that's why I wanted Katie here, to one, share perspectives with our advisory committee

1 and then -- and field some questions. And just so you know
2 quickly, Katie, this advisory committee is a congressional
3 mandate. There are 17 members. A number of the members are
4 designated by an industry sector: textile, labor, small
5 business, and so forth. The Bank -- Jim, how many years?
6 Forty years, these reports? Thirty-eight?

7 MR. CRUSE: The reports have been for 40 years,
8 yes.

9 MR. HOCHBERG: Forty years.

10 MR. CRUSE: The committee hasn't been.

11 MR. HOCHBERG: Right. So for 40 years --

12 MS. GREGOIRE: Okay.

13 MR. HOCHBERG: -- we've been issuing a
14 Competitiveness Report. Congress mandated that there be an
15 advisory committee so, in part, to review the report and to
16 comment on it as it goes to Congress at the end of June. So
17 that's the primary, sort of, mandate of the committee,
18 though they advise in small business, many other things, but
19 that's who the committee members are, and the meeting is
20 open to the public. We have -- usually, we have a number of
21 staff people, and are there anybody from, non-Ex-Im in the
22 room?

23 MR. DEBOER: Non-Ex-Im?

24 MR. HOCHBERG: Yes. I'll have them just introduce
25 themselves.

1 MR. DEBOER: Dave DeBoer, American Roll On Roll
2 Off Carrier. We're a U.S. flag fleet provider.

3 MR. HOCHBERG: Great.

4 MS. GREGOIRE: She has to leave.

5 MR. HOCHBERG: I know. I just want her to know
6 who's in the room.

7 MS. GREGOIRE: Sorry.

8 MR. REGAN: Jim Regan, IBC.

9 MR. HOCHBERG: Okay.

10 MR. DIEHL: Jeff Diehl from HSBC.

11 MR. HOCHBERG: Okay. All right. That's it.
12 Katie, it's yours.

13 MS. FALLON: Great. Thank you so much, Fred, and
14 thank you all for having me this morning. It seems like a
15 friendlier crowd here than it is up on the Hill these days,
16 so thanks for that. Just to preview our legislative
17 landscape, I want to give you a sense for the agenda that
18 the President laid out in the State of the Union.

19 If you recall, he called this, he called 2014 the
20 year of action and stressed that he would do everything he
21 can without Congress to act where he can on the executive
22 actions to grow the economy and create jobs for the middle
23 class, and some of the highlights of those executive actions
24 have been, for example, the creation of three new high-tech
25 manufacturing hubs in Raleigh, Detroit, and in the Chicago

1 area, which are public-private partnerships with local
2 universities and local technology companies to kick off the
3 high-tech jobs of the future, and he has announced that
4 there's four more on the way.

5 He's also doubled down on his commitment to expose
6 every student in America to high-speed wireless over the
7 next five years and partnering with the FCC in something
8 called the ConnectEd initiative. He's canalized a billion
9 dollars in private sector commitments for tablets, laptops,
10 high-speed broadband technology just this year alone, and
11 we're going to continue to work on that. And you also may
12 have read that he announced that we're going to be paying --
13 raising the minimum wage for federal workers and also
14 updating our overtime regulations.

15 So this is just a sample of things that he has
16 done to date, over the last four months, and that might
17 leave some of you asking if I'm jobless given all of the
18 executive actions that he's been doing without the need for
19 congressional approval, and the answer to that is no.
20 Despite the perception, there's a lot that we're still able
21 to accomplish in Congress on a bipartisan basis and a lot of
22 legislative initiatives that we're working around the clock
23 on.

24 I'll first and foremost raise the Ex-Im
25 reauthorization process --

1 MS. GREGOIRE: Uh-huh. Uh-huh.

2 MS. FALLON: -- because I know that this is at the
3 top of your minds. I think that under Fred's leadership we
4 transmitted a very strong proposal to the Hill. The, you
5 know, despite the noise you might have been hearing over the
6 last couple of days or couple weeks from opponents of the
7 Bank, we feel very -- that there's a very strong bipartisan
8 majority in both the House and the Senate to make sure that
9 the Bank gets reauthorized before September 30th.

10 There's been a lot of grassroots activity over the
11 last couple of weeks to sell the benefits of the Bank to
12 local economies, and we are going to continue to make sure
13 that that activity continues into the summer. And, you
14 know, every congressional district benefits from the work
15 that you all do, and we're going to continue to make sure
16 that they know how they benefit --

17 MS. GREGOIRE: Uh-huh.

18 MS. FALLON: -- and anything that you can do to
19 help on this front, to make the public case for the Bank
20 would just add to the positive momentum, but we feel
21 confident that we're going to be able to get something done
22 before September 30th.

23 Another major legislative initiative that you hear
24 the President talking about is immigration reform. The
25 President feels this is critical for economic growth in this

1 country. Every year that we don't act means another 40,000
2 foreign-born students, who get masters and Ph.D.'s in this
3 country, have to leave when they could be staying here to
4 create jobs. And for every one of these foreign-born
5 students, on average, every year they stay creates about
6 three new American jobs.

7 In addition to the leverage that the STEM
8 initiative gives us, every year that we don't -- I'm sorry.
9 Any inaction on the immigration form means we're, reform,
10 means we're foregoing 80 billion less in economic output
11 over the next 10 years and 40 billion in higher deficits,
12 and we know, we're very confident that if the House brought
13 the bill to the -- the Senate passed the bill to the House
14 floor, that they have the votes to pass it, but we're not
15 even insisting that they bring the Senate bill to the House
16 floor anymore. We're willing to negotiate across all the
17 components of the Senate-passed bill. We know that the
18 Speaker has said publicly that he's committed -- that he's,
19 you know, eager to get something done on immigration reform,
20 and we're hoping that they use their window opportunity this
21 year to move something.

22 So our goal is just to keep the issue front and
23 center so that there is a lot of positive space for House
24 Republicans to take action, but we do, the President does
25 strongly believe that that action needs to take place over

1 the next couple of months or we'll lose a real opportunity
2 to get something done on this front.

3 The surface transportation bill is another huge
4 priority that we're working on on the Hill. In -- the
5 funding that we have in place to just fix and maintain our
6 infrastructure is poised to run out by the end of summer.
7 That puts more than 112,000 active projects at risk across
8 the country, and 56,000 projects that are designed to update
9 our transit system will be delayed. These collective
10 projects support nearly 700,000 jobs.

11 So the Senate is moving towards a bipartisan,
12 long-term proposal that Chairwoman Boxer is working on in
13 EPW Committee, and she has the support of Vitter, and they
14 marked up that proposal last week. The House has yet to
15 move a long-term bill, but we're hoping they do. In the
16 meantime, the President and Secretary of Transportation Foxx
17 have been submitting the road, making the case for a
18 long-term extension. Last week they really ratcheted up
19 their public efforts, and there's been a lot of engagement
20 with local mayors and governors to help us make our case on
21 this front.

22 We proposed a four-year bill to the Hill, and it's
23 paid for by business tax reform, a onetime infusion of 150
24 billion in the near term that results from a business tax
25 reform proposal that the President put on the table, but we

1 have not ruled out other ways of financing long-term
2 transportation, and we're working closely with bipartisan
3 groups of members of the Hill to try to figure out how we
4 can do that. So this is a huge priority for the President
5 for this summer, and you'll hear more from him on this.

6 Going back to something I mentioned at the top,
7 manufacturing hubs, we have, you know, four more that we're
8 going to announce hopefully over the course of this year,
9 but we have a really good, collaborative, bipartisan
10 partnership with Congress on the manufacturing hubs
11 initiative.

12 In the Senate it is Sherrod Brown and Roy Blunt
13 who have co-sponsored a bill that was cleared out of the
14 Senate Commerce Committee a couple of weeks ago, and it's
15 awaiting for action. In the House it's Tom Reed and Joe
16 Kennedy who have 80 bipartisan co-sponsors on a bill that
17 would double our manufacturing hub capacity across the
18 country.

19 We're hoping that this is something -- it's
20 modest, but it's meaningful, as the city of Youngstown can
21 testify. The manufacturing hub that they kicked off a
22 couple of years ago has led to a revitalization of that
23 area. So we're hoping that Congress can work together to
24 see this through before November.

25 And then last but not least, our trade agenda.

1 Mike Froman has been working tirelessly with his team,
2 negotiating on both TTIP and TPP, and while he's doing that,
3 he has managed to have over 1100 briefings on the Hill with
4 members, both in person and over the phone, and counting.

5 We are actively, actively, actively engaged in
6 making sure that we're consulting with our democratic allies
7 in the House and the Senate, as these talks proceed, so that
8 they are part of the process and so that we can build as
9 broad a coalition as possible around our trade agenda.

10 This is a high priority for the President. He
11 sees it as being able to expand the winners circle for the
12 middle class and giving access to more high-paying jobs in
13 the years ahead, and he knows how critically important it is
14 for our manufacturing base to make sure that we're able to
15 compete in these new markets.

16 Other cats and dogs that you'll see get through
17 this year that are just worth noting, we're close to passing
18 a Water Resources Development Act on the Hill, which used to
19 be a simple thing but in these days every bipartisan
20 reauthorization is a miraculous feat. That's probably going
21 to clear both the House and the Senate -- it cleared the
22 House already. It's going to probably clear the Senate
23 hopefully tomorrow, knock on wood. It's also a job creator
24 to revitalize our waterways across the country.

25 There's also a bipartisan agreement close on the

1 Workforce Investment Act. This is a reauthorization that'll
2 be critical for updating our job training programs across
3 the country, and we hope to see action on that next work
4 period.

5 Worth noting is, the House is about to move on a
6 FISA reform bill that will end bulk data collection, the
7 Section 215 program that you may, you know, the, have read a
8 lot about in the context of the NSA coverage.

9 And then last but not least, Senate Judiciary
10 Committee is getting close, hopefully, to marking up a
11 compromise on patent reform, which the President feels very
12 strongly about trying to complete this year. The Senate --
13 Senate Judiciary Chairman Patrick Leahy has been negotiating
14 over the last couple of months to make further improvements
15 to the House-passed bill and to try to broaden the coalition
16 support in the Senate, and we're doing everything we can to
17 support him in that effort.

18 So with that, I'll open it up for any suggestions,
19 recommendations, and questions for the White House Leg.
20 Affairs.

21 MS. GREGOIRE: Well, first of all, Katie, thank
22 you for joining us, and we can see your time is completely
23 occupied by your new assignment, and we're glad you're
24 there.

25 MS. FALLON: Thank you.

1 MR. HOCHBERG: Thank God for those executive
2 orders.

3 MS. FALLON: I know.

4 MS. GREGOIRE: So obviously, near and dear to the
5 heart of the committee is the reauthorization and hearkened
6 by the commitment of the White House and the optimism that
7 we can get it through. One of the issues that we hear about
8 often is the coal issue. Can you give us some perspective
9 on how you think that plays into the reauthorization and
10 where we need to go with respect to that issue?

11 MS. FALLON: Our climate, both domestic climate
12 change efforts and our international talks on the
13 President's Climate Action Plan are critical, critical
14 priorities for the President. We have not -- I'm not in a
15 position to talk about how I think that this will play out
16 in the context at Ex-Im reauthorization, but I can say that,
17 you know, the progress we're making domestically on reducing
18 our carbon emissions is critically important in our leverage
19 to be able to get other countries to follow in our lead and
20 we would be very reluctant to undermine any of the progress
21 that we've made to date under this Administration. And the
22 President has set very achievable goals on carbon reduction,
23 both domestically and globally, under his second term, and
24 so we'd have to look closely at anything that would threaten
25 to undermine that progress.

1 MS. GREGOIRE: Thank you. Other questions?
2 Please.

3 MR. HERNSTADT: Yeah. Thanks, Governor. I just
4 wanted to say the Ex-Im Bank from a manufacturing union
5 standpoint, like the Machinists union and, I know, other
6 industrial unions and, I know, the AFL-CIO, which most of us
7 are affiliated with, see the Bank as really one of the
8 primary components of rebuilding the manufacturing base. So
9 we couldn't stress more the importance of a clean
10 reauthorization to get the Bank up and running, to get
11 confidence to exporters and lenders on it.

12 My international president, Tom Buffenbarger,
13 recently testified before a Senate subcommittee on the
14 manufacturing policy, and I know, as one of the key points
15 of his, of his comments that he shared with the Senate
16 committee, subcommittee, was the absolute importance of the
17 Bank and manufacturing not only in aerospace but in all
18 sorts of other manufacturing goods, and he even stressed all
19 of the other jobs that are dependent upon those
20 manufacturing exports, even though they may not be directly
21 funded or assisted through Ex-Im. So we thank the President
22 for his strong support of the Bank.

23 MS. FALLON: Thank you. Is it Owen or Sean?
24 Owen?

25 MR. HERNSTADT: It's Owen.

1 MS. GREGOIRE: Owen.

2 MR. HERNSTADT: Yeah.

3 MS. FALLON: Okay. Thank you, Owen. I didn't
4 stress this in the context of the conversation, but one of
5 the reasons why the President and the White House want to
6 lean in on Ex-Im as much as possible is because, given the
7 restrictive legislative environment we're in this year, we
8 have to do everything we can to promote job creators and
9 this is one of the best ways to do that. So --

10 MS. GREGOIRE: Mary.

11 MS. ANDRINGA: Thank you very much for coming, and
12 I just want to say, as our Chairman mentioned, we're all
13 sort of here, sitting, representing a constituency, and I'm
14 probably representing manufacturing from, you know, kind of
15 a, the manufacturers in the country. But we have
16 appreciated the President, since he started in office, that
17 he's really focused on, he's really talked a lot about
18 manufacturing and the revitalization and all the things that
19 you mentioned -- immigration reform; definitely
20 reauthorization; surface transportation bill; last week,
21 Infrastructure Week -- you know, a lot. There's so much
22 connection between trade and growth for our country and good
23 jobs, but we've got to have the right infrastructure for it.
24 So we appreciate that.

25 Manufacturing hubs, obviously today's

1 manufacturing is not the way it was when my dad started our
2 company. So we do need to have that focused on what's
3 advanced manufacturing and what are the skills needed, and
4 by the way, I think, actually, people are really stepping up
5 to that across the country. You know, there's a lot of
6 great work, whether it be K through 12, community colleges,
7 et cetera, but we appreciate the President's focus on that
8 and definitely the trade agenda. So thank you for all that.
9 Thank you for your work.

10 You know, it is going to be hard, though, just as
11 I saw when I worked with manufacturers, there can be a lot
12 of diverse opinions. So how we work together and appreciate
13 all the people that are spending time on the Hill, because
14 we've just got to get, we've got to get beyond some of the
15 bipartisan issues and see what's right for the country in
16 going forward.

17 Just one quick question, can you give me a little
18 more feedback on the patent reform, because that's also an
19 important thing for manufacturers?

20 MS. FALLON: Sure. I'm actually getting a more
21 substantive briefing later today on where things stand, but
22 it, you know, when it passed the House, it passed relatively
23 quickly at the end of last year, and I think it had over 300
24 votes. After House passage, there were some issues raised
25 on the legal mitigation side and some patent-holder concerns

1 that, generally, he has been trying to negotiate for the
2 last couple of months. Senators Schumer and Cornyn have
3 worked closely together to try to resolve some of those
4 issues in the context of bringing them closer to a
5 resolution. So they have a good bipartisan process in
6 place.

7 You know, it was, I think, scheduled to be marked
8 up as early as this Thursday. So we'll see how it goes.
9 They will have a good bipartisan voting committee. It's a
10 bill that's not going to make everyone happy. It's a very
11 complicated issue, but I think that the Chairman has done a
12 really good job sort of mitigating a lot of the concerns
13 folks had about the House version, and I'm happy to give you
14 more detailed information about some of the trade-offs that
15 they had to make once I get my briefing today. Thanks,
16 Mary.

17 MS. GREGOIRE: Luis, and I think, Katie, you have
18 to go --

19 MR. HOCHBERG: How's your time?

20 MS. GREGOIRE: -- you have to go in about two
21 minutes, don't you?

22 MS. FALLON: 11:25.

23 MS. GREGOIRE: 25. So, Luis, I think you're the
24 last.

25 MR. UBINAS: This will be 30 seconds.

1 MS. FALLON: Okay.

2 MR. UBINAS: You know, it, first of all, it's very
3 -- thank you for being here, and it's very interesting to
4 hear you describe the legislative agenda because, if you
5 think about this agenda -- patent, immigration, surface
6 trans, the trade agenda, and Ex-Im -- that and the Chamber
7 of Commerce agenda for this year will probably look a lot
8 alike, and it's stunning that there's difficulty in getting
9 it all passed.

10 But when you think about just Ex-Im, what are the
11 chances of having the President do the kind of personal
12 public outreach that we've seen him do very effectively on
13 surface transportation, that he did last year on
14 immigration, that he's even done a little bit on patent? Is
15 there a possibility of his sitting in front of any one of
16 our, a number of our small and large manufacturers who are
17 out there, creating jobs, and saying, you know, this
18 matters?

19 MS. FALLON: I think that's a great idea,
20 particularly since he has been, as Mary said, so keenly
21 focused on manufacturing, growing our manufacturing --

22 MR. UBINAS: Uh-huh.

23 MS. FALLON: -- sector. So I'll take that back
24 and get back to you guys on some of the higher-profile
25 things that the President can do around the Ex-Im

1 reauthorization issue, particularly.

2 MR. UBINAS: I would just say that this package of
3 things, it creates a coherent, logical, job-creating agenda,
4 and I think people are a little bit missing it. And to have
5 the President's top five items be, you know, right out of
6 what a U.S. manufacturer would want --

7 MS. FALLON: Uh-huh.

8 MR. UBINAS: -- is a rare moment, legislatively.

9 MS. FALLON: Well, I will say that I don't want to
10 -- I don't want to be irresponsible by not saying we're also
11 fully invested in trying to raise the minimum wage. I
12 didn't raise it in the context of the forward legislative
13 agenda because the Senate just had their vote on it a couple
14 of months ago, but on a state and local level, on those
15 referendums, we're working really hard to build momentum for
16 minimum wage increases at the state and local level, and
17 we're hoping that Congress turns back to it at some point,
18 but I agree on the -- I agree with you. I mean, we actually
19 work very closely with the Chamber and the BRT on a lot of
20 our legislative initiatives, and in times past, these would
21 have sailed through Congress.

22 MS. GREGOIRE: And, Katie, again, thank you very
23 much for spending time with us. We know how busy you are.
24 Thank you --

25 MS. FALLON: Thank you so much, Governor.

1 MS. GREGOIRE: -- for what you're doing.

2 MS. FALLON: Thank you.

3 MS. GREGOIRE: We'd like to leave you with one
4 message --

5 MS. FALLON: Sure.

6 MS. GREGOIRE: -- which is, we desperately want
7 timely reauthorization, we desperately don't want to kick
8 the can, and we desperately want an extension that is not a
9 year or two years --

10 MS. ANDRINGA: Right.

11 MS. GREGOIRE: -- or three years, because our
12 competitors are using this against us as an uncertainty
13 about America and its commitment to exports and commitment
14 to businesses that want to export.

15 So I know there'll be a bunch of machinations
16 between the House and the Senate, but I'll just tell you,
17 what we're hearing, all of us are hearing loud and clear
18 back home is get it, get it done timely, and make sure that
19 the extension is not a kick-the-can but actually -- you
20 know, five years to me is minimum, preferably greater than
21 that because it will send a clear message that we're real
22 and they can trust us and count on us to get the job done
23 for them.

24 MS. FALLON: And there's no daylight between us
25 and those shared goals.

1 MS. GREGOIRE: Super.

2 UNIDENTIFIED SPEAKER: Good. That's excellent.

3 MS. FALLON: Thank you very much.

4 MS. GREGOIRE: Thanks, Katie.

5 MS. FALLON: Nice meeting you all.

6 UNIDENTIFIED SPEAKERS: Thank you.

7 MS. GREGOIRE: So welcome, everybody. I didn't
8 want to take up Katie's time. It's good to have everybody
9 here. Gary, are you with us?

10 MS. ATKINSON: I'm going to dial him because he
11 was having trouble getting him. So --

12 MS. GREGOIRE: Gary is in China.

13 UNIDENTIFIED SPEAKER: Oh, wow.

14 MS. GREGOIRE: And I have no idea what time it is
15 there, but he made a commitment that he was going to be on
16 the phone, obviously --

17 UNIDENTIFIED SPEAKER: Probably about 11:30 at
18 night.

19 MS. GREGOIRE: -- because he's chair of the
20 Competitiveness Report. That's a big --

21 UNIDENTIFIED SPEAKER: It's really late.

22 MS. GREGOIRE: -- priority for us, but -- so,
23 anyway, he will be on the phone with us. And I want to, how
24 do I -- I'll let Fred do the introduction, but welcome back,
25 Wanda.

1 MS. FELTON: Thank you very much.

2 MS. GREGOIRE: Good to have you, very good to have
3 you.

4 MS. FELTON: It's a pleasure to be back. Thank
5 you.

6 MS. GREGOIRE: Yeah, you bet. I wish Fred was
7 here to hear my comment. How many of you were able to
8 attend the annual conference? Join in. I thought it was
9 great.

10 MR. WEBBER: Fantastic.

11 MS. GREGOIRE: Right?

12 MS. FELTON: Absolutely.

13 UNIDENTIFIED SPEAKER: It was very good.

14 MS. GREGOIRE: And, again, I wish he was here, but
15 I'll say it, and you can, Gaurab, you can tell him I said
16 it. I thought his speech at the outset of the conference,
17 the content of it was good, no question about it, but the
18 delivery was excellent. I think that's probably one of the
19 best jobs I've seen Fred do, and so hats off to our Chairman
20 for doing a great job at the conference.

21 MR. BOYLE: That's wonderful.

22 MS. GREGOIRE: But I thought the conference came
23 out really well, and I want to congratulate everybody
24 associated with the Bank because it doesn't come off without
25 a boatload of hard work behind the scenes. So good on all

1 of you for what was a very successful annual conference.

2 So today's agenda, let me briefly talk about it.

3 We're going to get an update from Scott, wherever he may be,
4 on --

5 MS. ATKINSON: Do you want to confirm that --

6 MS. GREGOIRE: Gary's on?

7 MS. ATKINSON: Yeah. Do you want to confirm that
8 he can hear you?

9 MS. GREGOIRE: Good morning, good afternoon, good
10 evening, Gary.

11 MR. HUFBAUER: Hi, thanks. Hi, thanks.

12 MS. GREGOIRE: What time is it?

13 MR. HUFBAUER: It's 11:30, let me see, it's 11:30
14 at night in Shanghai.

15 MS. GREGOIRE: Ah. Well, we sure are happy that
16 you can join us. Thank you.

17 MR. HUFBAUER: Yeah. Thank you.

18 MS. GREGOIRE: The other big announcement I want
19 to make to you all, just to keep you informed about these
20 critical issues, is today the Seahawks will be at the White
21 House to celebrate with the President the fact that they won
22 the National Championship.

23 UNIDENTIFIED SPEAKER: Big deal.

24 MS. GREGOIRE: So we will, we will be dismissing
25 early so that you can all join me over at the White House to

1 give a high sign to all of our Seahawks, okay? I can see
2 there's some disgruntled people in the room. It's tough to
3 be a loser. Okay? I mean, you know.

4 Anyway, our job -- we'll hear a little bit from
5 Scott on where we are with respect to reauthorization. Our
6 job today really is to vet the Competitiveness Report, the
7 draft that we all received. I've talked to a few of you,
8 and I share the comment that it is, the draft is well done,
9 well done. What you may not know is that we have contracted
10 with a firm to pretty it up. So it will be, look more
11 presentable than the copy that you received, as an
12 invitation to people to really read the thing.

13 But we really, now our job, you have a draft
14 response. Gary, I know, has vetted it, and others have as
15 well. So today is our opportunity to really listen to Jim
16 and, as he presents the report to us, to ask our questions,
17 to make our comments, to vet our disagreements, because
18 there may very well be some, make sure that we all get heard
19 today on the subject because time is of the essence for us.
20 We've got a limited amount of time, and because of that, we
21 want to make sure all issues are aired today, and then all
22 that remains from that point is to document whatever our
23 comments might be.

24 This is the most important function of this group.
25 I mean, we have other subcommittees, of course, that we're

1 working on that obviously are a high priority for the Bank
2 and a high priority for us, and it's made for Congress as
3 well, but this is our number one assignment as a member of
4 the committee. So Gary's prepared to draft a statement from
5 us. You've got a draft that I think you already have seen,
6 but really, today is an opportunity for us to really advance
7 this ball as much as we possibly can.

8 Fred's out, talking to Katie. So I want to make
9 sure we have enough time today to do what we need to do.
10 So, Jim, let's begin the process, because I don't want to
11 waste any time.

12 MR. CRUSE: Hello, Governor and everybody, and
13 once again, we will talk about the Competitiveness Report
14 today. I -- Gaurab is right now distributing Gary's e-mail
15 that I thought everybody should see as we go through this
16 process, because he's made a variety of observations that
17 are at the core of some of the things that people might want
18 to do. I'm going to take a quick tour through the report,
19 highlighting just a variety of things that are typically of
20 interest to the committee in terms of issues and questions.
21 Feel free if you want to stop me and ask a question or wait
22 until the end.

23 MS. GREGOIRE: Hey, Jim, can you hang tough while
24 we let Fred comment? And, Fred, I want to repeat it myself.
25 So those who attended the annual conference that are members

1 of the committee said it was an excellent conference. My
2 comment is -- in absolute agreement with that -- but my
3 comment was, the content of your opening remarks was very
4 good, the delivery was excellent. It's probably the best
5 I've seen you do, and hats off, absolutely an excellent job.

6 MR. HOCHBERG: After five years I sort of got it
7 right.

8 MS. GREGOIRE: No. So -- and hats off to every
9 member of your team, because it just doesn't happen
10 automatically. You guys did a great job, and the consensus
11 of all those who were able to attend is it was, job well
12 done.

13 MR. HOCHBERG: Thank you. Thank you. Thank you.

14 MS. GREGOIRE: So --

15 MR. HOCHBERG: Sorry for this somewhat start and
16 stop. Let me just finish. I was very happy that Gaurab was
17 able to secure Katie to join us because, one of the reasons
18 -- we have two reasons I like to bring people from the White
19 House over to meet with our committee: one, gives you an
20 extra insight into the White House Administration, what it's
21 doing; and, two, when they come over here, they have to
22 prepare, and the fact is they have to spend a half hour, 45
23 minutes getting up to speed on our issues, and that's always
24 good. So when we get anybody over here, one of the things
25 is, it puts us on their agenda front and center. So it

1 serves two purposes, and I think we did that with Katie this
2 morning.

3 I'll be very brief, really just to sort of,
4 quote/unquote, kick it off a half hour into the meeting.
5 This is our third meeting of the year. We will have one
6 more meeting in September, and I think that most of what
7 we'll be doing at this meeting, obviously, is reviewing
8 Jim's report, and then it will be, just to give you the
9 layout, it will be -- we are producing it this year, and
10 it'll look more in keeping with our annual report in terms
11 of its graphs, text, and so forth, look like a companion
12 piece to that so we can do a better job of, frankly,
13 communicating the excellent work that Jim and his team have
14 done in assembling this information and data.

15 Gary, are you on the phone?

16 MR. HUFBAUER: (No audible response.)

17 MR. HOCHBERG: We may have lost him.

18 MS. GREGOIRE: He was.

19 MR. HOCHBERG: He was.

20 UNIDENTIFIED SPEAKER: It's probably on mute.

21 MR. HOCHBERG: Oh, anyway, and I thought -- you
22 know, Gary Hufbauer, who's calling in from China, made that
23 comment in particular, and as I said, I think it's, that's
24 exceedingly important.

25 As Katie mentioned, a lot of our work in the next

1 few, several months, continuing from what Scott Schloegel
2 and I began -- frankly, Scott and I began working on
3 reauthorization January 1st, 2013. As soon as the President
4 was reelected, hadn't even been sworn in on a second term,
5 we went to work on the Hill, knowing that we had to come
6 work on it. So Scott's going to give you an update shortly.

7 I don't know how far Jim got into the results of
8 the report.

9 MS. GREGOIRE: He did not.

10 MR. HOCHBERG: Did not. Okay. I would say, and
11 not to steal -- I'm just, I'm teeing it up. I'm not
12 stealing his thunder. I'm teeing up. I think that one of
13 the things that we've seen -- and I've had the opportunity
14 of working with Jim now for five years -- is that the
15 financing environment just is very different today than it
16 was in 2009. In 2009 it was just coming off of and we
17 didn't know the full impact of the financial crisis, and
18 that has changed enormously.

19 I'm very happy to have Michael O'Neill on our
20 board, and we had a meeting during the annual conference
21 with about a dozen or so of our top banking partners, and
22 the change has been pronounced. Now, why is that change? A
23 lot of it's through Basel III, which was designed to provide
24 deeper capital flows at the banks, to put a bigger premium
25 on liquidity for banks, all things that are to ensure the

1 financial health globally.

2 Now, I'm sure there are many people in this room,
3 Mike probably has some views on how effective those reforms
4 are and whether they're going to have the desired impact,
5 but they have a decided impact on our kind of lending. They
6 have a decided impact on the difficulty in getting banks to
7 make 10- and 12-year loans with or without Ex-Im guarantees,
8 but certainly very difficult because those loans are not
9 considered liquid. They're 100 percent secure. They're
10 backed by the full faith and credit of the United States
11 government, but they cannot be like a Treasury bill, turned
12 into cash immediately. So that is having an impact on
13 banks' desire to meet those kind of loans.

14 So that is one, putting greater emphasis on export
15 credit agencies, not just Ex-Im Bank but the other 60 around
16 the world. So the competition is more intense. It's also
17 opened up, I'm pleased to say, we began in 2009 on doing
18 what's called capital markets, where we actually finance
19 transactions essentially through a bond offering, is the
20 best way of describing it; so that there's a bond that would
21 be backing, would be funding an aircraft purchase or a
22 purchase by Pemex and so forth. About 30, 35 percent of our
23 long-term deals since then have been done through capital
24 markets. So that's one of the trends that Jim and his team
25 picked up and that we're seeing over and over again.

1 I think another overarching theme, to just, when
2 Jim goes through more of the detail, is non-OECD financing.
3 The OECD, the Organisation for Economic Co-operation
4 Development, provided a framework so that it kept a level
5 playing field. The point of that was -- and sometimes this
6 gets lost in Congress -- the point of the OECD is actually
7 to keep a lid on financing schemes. It's sort of like a wet
8 blanket. It provides the minimum fees you must charge and
9 the maximum tenor you can provide.

10 I think with Jim that we're going to see is, I
11 think about only one-third is covered by OECD. So where a
12 number of years ago, probably even, and in this century, it
13 would have been 80, 90 percent, it's now down to a third and
14 probably dropping. So we have to just be aware of the fact
15 that more and more are sort of outside of the sort of norms
16 and frameworks that have been established, which is one of
17 the reasons why President Obama met with then-Vice President
18 Xi, now President Xi, is to say we need a framework that
19 includes China and that looks more broadly at developing
20 companies, not just the most developed countries. So that's
21 one of the other things that is coming through and even more
22 pronounced, I would say, this year.

23 So the terrain has changed in terms of banking
24 willingness. The terrain has changed in terms of where the
25 OECD is and how much of this is governed by a framework for

1 financing.

2 One thing about our Competitiveness Report, both
3 good and bad, it is avidly read by every one of our
4 competitors. I think the first year I gave a speech on it,
5 we had -- I got a bunch of e-mails: What time are you going
6 on? We're watching live from Australia and elsewhere. So
7 we are the most transparent nation in the world. We're also
8 the most transparent export credit agency in the world, and
9 that's a good thing but it also means we've got everybody
10 who's looking. And we don't have quite the same window, and
11 it's a challenge to Jim and his team to get that same window
12 on their financing so we can best understand that framework.

13 And partly what I'm hoping today is that you will
14 learn a little bit more about the report so that you are
15 better informed when you are out with your business
16 colleagues or you're in your communities, and you will hear
17 a lot of things, a lot of -- some truths, a lot of
18 half-truths, falsehoods, and myths about Ex-Im Bank and what
19 we do and what we don't do. So I'm hoping that today makes
20 you better informed. So we need you, as ambassadors, and
21 help, a little bit of a truth squad when it comes around the
22 country.

23 Let me take a moment to introduce one or two quick
24 people, and then I'm going to turn it back over to Jim. So
25 first, Wanda Felton, who was reconfirmed. She was away for

1 nine months. She told me nothing else happened during those
2 nine months. So Wanda Felton has rejoined us as our Vice
3 Chair. So let's give Wanda a welcome. Do you want to say
4 something?

5 MS. FELTON: Well, just that it's such a pleasure
6 and an honor to be back and to have the opportunity to join
7 not only the team at Ex-Im Bank but to work with you, Fred.
8 I would echo our Chair's comments about the -- I said this
9 to you after the annual conference, two or three times, I
10 think. It was a tremendous event. I think it showcased
11 what Ex-Im Bank does extraordinarily well. You outdid
12 yourself. I don't know how you'll follow it next year. And
13 this Competitiveness Report is the high-quality document. I
14 think it's always been. It's a real tribute to our policy
15 division and the leadership from Jim Cruse. It's a
16 particular delight to be able to work with Jim and his team
17 on this, so thank you.

18 MR. HOCHBERG: One way we're going to top the
19 annual conference next year is we've got a crack new
20 communications team. Today is the first day for Brad
21 Carroll. Brad -- he's six three. I'm going to let him
22 stand up. Brad is our new senior vice president for
23 communications, literally started about two hours ago,
24 and --

25 UNIDENTIFIED SPEAKER: Oh.

1 MR. FLEISCHMANN: You're doing great.

2 MR. CARROLL: Thank you.

3 MR. HOCHBERG: -- and comes from working on the
4 Hill with Senator Stabenow and also in the White House for
5 the last few years, as well as FEMA and Commerce. So he's
6 got a great experience, and so he has just joined us. And
7 he is shadowing, because he's so tall, Dolline Hatchett, who
8 joined -- she's a veteran. She's been here since Monday,
9 and Dolline is our vice president of communications and also
10 joined us.

11 So we've added enormously to our coms team. So
12 I'm pleased they're both here. Catrell was here earlier,
13 but you met her at the last meeting. So we've got a number
14 of new people in the communications shop. So I'm confident,
15 I'll tell my Vice Chair and Chair, that we'll have a good
16 conference next year because they know they got to even do
17 better, because it's their first year.

18 So, anyway, I want to thank everybody again for
19 putting in the time and coming to our meeting. I think
20 we've got a lot to cover today, and also, we will, of
21 course, have one last, final meeting of the year on
22 September, do a lot of the committee work brought then. So
23 with that, let me turn it back -- oh, let me just see if
24 there are any questions, and then I'll turn it over to Jim.

25 (No audible response.)

1 MR. HOCHBERG: Jim, the floor is yours.

2 MR. CRUSE: Okay. Thank you. And I can do away
3 with page 1 since most of that's been discussed already, but
4 the big point -- oh, I'm supposed to control this. Oh,
5 great, this is going to be fun. Okay. We've already
6 developed -- ah, sideways, okay. All right. I managed to
7 get to page 1. The basic story here was the format, which
8 everybody has already mentioned. You can't see it, but it
9 will appear in the glossy form of the annual report, and
10 we'll have a lot more communications ability, or so we have
11 been told. I would just like to accent that this is a
12 special effort this year to see if in this year of
13 reauthorization we can do the most we can to communicate
14 what the Bank accomplishes and the issues in front of it.
15 So this is a coordinated effort toward reauthorization.

16 I got to figure out which screen I'm looking at.
17 Okay. What does the Competitiveness Report do? Basically,
18 it grades, and this is something that we've been doing for
19 almost 10 years. It's an issue that has come up in Gary's
20 comments. So I'll simply note that this is an advisory
21 committee suggestion of some 12 years ago to use grades to
22 identify how well we're doing in the various components.

23 The words competitive, sort of competitive, maybe
24 competitive, a little competitive were considered to be
25 insufficient, and so we went to grades some 12 years ago,

1 and most of the time, most of the people have found those to
2 be useful. I'm glad to discuss it further, but it is one of
3 the core aspects of what the report tries to do, is to
4 quantify, in some extent, exactly how competitive we are,
5 where do we stand in the classroom. Okay?

6 Now, what we've also -- and we grade that
7 vis-à-vis our other G-7. Okay. We, in other words, we look
8 to the other major historical competitors to come up with a
9 grade. However, over the past few years, we have felt it
10 necessary to present how much activity is outside of the G-7
11 area, and that is a large area, both of other OECD countries
12 doing export credit that's controlled by the arrangement of
13 other OECD countries doing things like investment financing
14 and untied financing that is not controlled; and, of course,
15 the non-participant countries, such as China and Brazil.

16 That is the world that is growing rapidly. That
17 is the world that has grown from perhaps 10 percent of
18 export trade financing to 65 percent. That is the world
19 that is being discussed this very day across the street at
20 Treasury in a meeting of the International Working Group and
21 that's been going on for a couple of years. That is the
22 world that we must pay increased attention to, and at some
23 point, we'll probably even grade ourselves vis-à-vis that
24 world.

25 MR. HOCHBERG: Jim, can I ask you, the 10 percent,

1 when would you earmark, when would you say that was, just so
2 that --

3 MR. CRUSE: Beginning of the century, because
4 China just started its immense growth about that time. All
5 right? It was next to nothing in 2001, and 12 years later
6 it's over 100 billion. That changes the marketplace quite a
7 bit.

8 MR. HOCHBERG: Right.

9 MR. CRUSE: Okay. Now, in this presentation I
10 have put in some questions that reflect some of the issues
11 that traditionally have been raised, and so I'll just note
12 that one question normally is why do we only compare
13 ourselves against the regulated folks as opposed to the
14 Chinese, and the basic reason is, we really know very little
15 about what they do. We know they exist, we know they're
16 large, we know they're around, we know they're very
17 attractive, but they go to a great deal of difficulty to not
18 be transparent. So we don't know what their interest rates
19 are, what their maximum terms are; so it's very hard to
20 compare. So that's the basic reason, is that we don't know
21 enough to do an absolute comparison but we do know enough to
22 say that they're a large presence and we need to be aware of
23 them.

24 The other question that people typically ask is
25 why don't we evaluate short-term financing. Here the main

1 reasons are twofold: first, most of the major ECAs long ago
2 got out of short-term official financing, considering that
3 the market could handle that well enough. They did not have
4 a focus on small business, and so they got out of official
5 short-term financing. Therefore, there's not something for
6 us to compare to again. The other half of that is that your
7 short-term is a lot of letters of credit and other things
8 that aren't typically highly competitive. They're
9 important, black and white, but they are not, they're not
10 highly differentiated, whether they're French export letters
11 of credit or U.S. letters of credit; so there's not a big
12 competitive issue. So that's why we traditionally have not
13 covered short-term.

14 The next chart, it gives you a sense of the
15 grading scales. I'm not going to go into a lot of extent
16 here. Like any good teacher, my exact criteria for my
17 grades are in my head, okay, but this gives you a semblance
18 of what the criteria are, and we try to use that in the most
19 objective fashion possible, but notice, there's not every
20 grade here. There's not an A-minus standing by itself or a
21 B-plus standing by itself. The reason for that is that we
22 haven't figured out how to differentiate that fine of detail
23 yet.

24 Now, the other thing is that we don't use the
25 grades on the policy aspects. This is one of the points

1 that Gary has made. I will say that when the grades were
2 first started, for one year we did use grades on the policy
3 aspects. That led to a, shall I say, a full and frank
4 discussion within this committee, and the next year we
5 didn't use grades on the policy aspect. So if you want to
6 get into more details, Owen and I will be glad to share with
7 you the minutes of that meeting, but let me just say that
8 it's been discussed. Okay? So that's why we have two
9 different rating scales.

10 In terms of what happened this past year, mainly
11 what you see here -- oh, I got to push the buttons, sort of
12 scratching my head and rubbing my stomach at the same time,
13 a little tough -- most of what you see here is red, which
14 means that our rating deteriorated a bit. That's not
15 because we did worse. It's because last year was the peak
16 year in which the crisis had affected everybody else.

17 As the health in the banking system and the ECA
18 system has improved over this past year, as Satchel Paige
19 would say, don't look back, they're catching up -- yes,
20 that's happening; they are catching up. They're fixing the
21 problems they had, and most of the red grades, as I said,
22 are other people getting better, not us getting worse, and
23 so that's a pretty common theme as you go across. It is
24 very tough for us to be an A in a world that's perfectly
25 functioning. I can guarantee you that. Okay? So our A

1 last year was because a lot of the world was not functioning
2 perfectly and we were relatively in great shape.

3 Here is just a summary of the policy issues -- not
4 that much change here. The shipping aspect was mostly
5 because there was an agreement that the Chairman negotiated
6 with MarAd that did lead to an improved process that
7 actually the exporters noticed and appreciated. That
8 doesn't mean that they're in love with MarAd. Okay? It
9 just means that they find a new process --

10 MR. HOCHBERG: They hate it less.

11 MR. CRUSE: They hate it less. Okay? And we
12 consider that an improvement. All right? Tied aid was
13 simply, it goes up and down, depending upon how many people
14 try to use it in the course of a year. This year a couple
15 more tried and didn't appreciate it; so that went down a
16 little bit.

17 Now, this chart is actually one of the more
18 important pieces of information that we try to communicate
19 each year. This is the three universes: the universe of
20 the regulated OECD; the universe of the unregulated OECD,
21 which is mostly the market windows, untied financing, which
22 is national interest. The other ECAs, the focus of their
23 work is not so much on jobs but on national champions.
24 Whether it's a Siemens or a Nokia or whatever, they follow
25 their champion, and so their untied assistance is typically,

1 whatever their champion needs in terms of financing they
2 provide it, even if it's a matter of funding a subsidiary
3 abroad or financing the exports out of a subsidiary abroad,
4 and so a lot of this activity is in that national champion
5 support, whether it's investment or trade.

6 And then, of course, you have the non-OECD, and
7 while this number keeps going up, I always have to put it in
8 as big of letters as possible that we really have no idea
9 what the number for China is. There are three
10 organizations, huge organizations, that have their hand.
11 Only two of them are ever even admitted as export credit
12 agencies. The third, the China Development Bank, is not
13 included when they talk about export credit, but it's sort
14 of like, if it looks like an export credit and it smells
15 like an export credit and feels like an export credit, we
16 consider it an export credit and that's what they do a lot
17 of, and we're talking about tens of billions in each --

18 MR. HOCHBERG: And that's not in your 125?

19 MR. CRUSE: Only a portion of that. We just fudge
20 factor some for them, okay, but it's a huge organization
21 that does a lot of things, but as I say, a lot of what they
22 do looks and feels like export credit, and so therefore we
23 include something for it. But that number for non-OECD is
24 largely China, and most of that number we had to construct
25 by simply going through press releases for the entire year

1 from everybody in the world and trying to identify what was
2 an export credit versus what was a tied credit or an untied
3 or whatever. So it's a huge estimate.

4 We have trouble -- their annual reports used to be
5 fairly informative. As we started reporting, their annual
6 reports have gotten less informative. I don't know if
7 there's a cause and effect there, but we suspect there could
8 well be. The more they could tell where we were getting the
9 information, the less that information was available. All
10 right? We think that could be connected. So we have to
11 guess evermore, but we feel this is a reasonable estimate of
12 what they do in terms of volume, and we have even less,
13 though, about what the terms are.

14 Now, the chapter we enjoy writing the most, I
15 can't remember what its number is this year --

16 UNIDENTIFIED SPEAKER: Seven.

17 MR. CRUSE: Seven, okay, is the emerging trends,
18 and this is where we try to pull out our crystal ball and
19 say what is the world of export finance, meaning in the long
20 term, tending toward, what are the issues of the next few
21 years, and here the two major trends that we've identified,
22 that the Chairman has already identified, were the fact that
23 you have an increasing amount of trouble from the commercial
24 sources of being able to provide the type of financing that
25 we're usually getting from banks and other institutions --

1 that's not in absolute volume as much as it is in the terms
2 in pricing. In that world, the whole export credit world of
3 official financiers has been turned into a race to the top
4 in the sense that every ECA has realized that their
5 dependence on commercial banking cannot continue. They have
6 to develop their own mechanisms, their own processes, their
7 own funding mechanisms, their own risk, and everything else.

8 And so you have direct lenders, different types of
9 intermediate institutions popping up all over the world, and
10 the whole balance of competitiveness has changed
11 fundamentally. And what has happened because of this is
12 that the ECAs in Asia, which have typically been direct
13 lending, have emerged as the most competitive and
14 broad-based, and that's Japan, China, and Korea. The ECAs
15 in Europe are having to scramble enormously because they
16 have been most dependent upon commercial banks. Their whole
17 systems are built upon commercial banks. They don't really
18 have ECA-funding mechanisms, and they depend upon their
19 banks to operate, implement, monitor, follow up new claims.
20 I mean, it really has been their outsourcing mechanism, even
21 when they haven't officially done it. So they have been
22 hurt tremendously by the new world of export finance since
23 2008.

24 And so in that context, we are constantly having
25 to try to figure out how is everybody doing, what are they

1 changing, and there's a new paradigm for what an ideal ECA
2 is. It's referenced in there, but the key thing is it has
3 to be able to do things that this Bank doesn't have all the
4 tools for and no institution really does. And so the
5 challenge in the next few years for many ECAs is to figure
6 out, what do we have to do? Is it a congressional, not
7 appropriation, an authorization? Is it development of new
8 skills and staff? What is it we have to do to be able to
9 provide the type of support, the type of mechanisms that our
10 exporters are going to need given the way commercial
11 financing has changed?

12 Yes. Anyway, that is a major challenge for all of
13 us. It's a major challenge for us. It's -- we do have one
14 advantage in the sense that we do have a direct-lending
15 mechanism already existing. That is of major importance,
16 even though not every year is it critical, but when it is,
17 it's major.

18 Okay. The other major issue here is the growing
19 importance of the non-OECD. As I said, that's being
20 developed and treated across the street today. It's the
21 second day of a three-day session on the IWG. One of the
22 things that we keep trying to get across to people is that
23 while historically the U.S. has used international grievance
24 to restrain what anybody else can do that we don't like,
25 something like more subsidy or tied aid, we've tried to

1 arrange the world in our vision and therefore restrict what
2 people can do.

3 The new world of an IWG is not going to be an
4 American-centric world, and if the Chinese have one thing on
5 their mind, it's that the world of regulations that's going
6 to grow out of their involvement is going to look more like
7 them than like us. All right? And so we are no longer
8 going to be able to trust two international disciplines to
9 stop everybody from doing what we don't like doing, what we
10 don't want to do.

11 So one of the challenges that we're going to have,
12 as this world continues to become predominant, is to figure
13 out what we have to do to be able to do what we don't like
14 to do. All right? That may seem a circle, but the point is
15 we've got to come at it from a different approach. We can't
16 just trust that we'll be able to stop them from doing what
17 we don't like to do. All right?

18 So those are two developments that are taking
19 place that are going to be going on for years to come, and
20 we're going to be reporting on them and trying to raise the
21 issue of what do we need to do to keep track with that
22 emerging world.

23 MR. MULVANEY: Jim, can I interrupt you just for a
24 second? You used the term IWG. I'm not sure everybody else
25 knows what the IWG is. You might just want to define that.

1 And Gary, on the line, of course, is calling in from China;
2 so you can assure the Chinese are listening.

3 MR. CRUSE: I had no doubt of that. That's why I
4 talked so much about China. The IWG is the International
5 Working Group, which is a strangely non-specific title for
6 about 50 countries that have come together to talk about
7 official export credit. Presumably, originally it was to
8 come up with an agreement by the end of 2014. That's not
9 going to happen, but they are still getting into more and
10 more detail and negotiations about how such a world might
11 look, and it, as I say, it's going to look different than
12 the OECD, but it's the International Working Group.

13 In terms of the process that this document used,
14 I'll simply note that we're using a new survey mechanism
15 that has improved the communication of responses. I can't
16 say it improved the ratio of responses. That would be
17 undermined by a chart later here, but it has improved the
18 quality of responses and the ability of many people to
19 respond as they wanted to. I'll talk more about the actual
20 responses in a second. And separately, there's, in the
21 appendix, a summary of some short-term activity that came
22 out of surveys done by our customer experience group. So
23 we're not ignoring it. It's just in a different place.

24 Okay. Now, this will give you some sense of how
25 the survey works. Everybody always likes to know, well, why

1 don't you survey more people and why do you get such a lousy
2 response rate. Well, one thing is that people who know
3 something about medium- and long-term export finance are
4 grown, not made, okay, in the sense that there's only maybe
5 50, 60 entities and that entity, usually by no more than one
6 or two people who really can tell you what goes on
7 internationally. They know what they do. A lot of people
8 know what they do, but how many people know what the British
9 and the French offer? Not very many. And so we really
10 can't do much to expand the survey. The best we can do is
11 to get the ones who do know something to respond, and there
12 we have, we have hot and cold luck.

13 This year we didn't have much luck. Okay? As you
14 can see from the responses there, it was pretty
15 disappointing, actually. The exporters went down from 53
16 percent to 34, and the lenders, from 74 percent to 58. Now,
17 admittedly, they only had the normal month to respond. They
18 didn't have a few weeks in which we tossed e-mails at them,
19 pulled at their toes, and did other things, trying to get
20 them to respond, and so we got a lower response rate absent
21 those extra efforts.

22 I will note that there were some major exporters
23 and some major banks and some participants around this table
24 that didn't respond. Okay? So I'll simply note that we are
25 not successful historically in getting the major players to

1 respond, and why that is I don't know, but it does effect.
2 Some years they're a little better; this year they were not,

3 MS. ANDRINGA: Can I just make a point? Can I
4 just make a point, because I'm one of the companies -- we
5 did respond but in the final hour, and I had never received
6 the first e-mail. So I don't know if it went to spam or
7 what. So on the Friday, your deadline, I asked my key
8 finance person to do it. So I don't know if that happened
9 with other people or not, but what I found, trying to get
10 feedback, sometimes you have to overdo it and make us sick
11 of getting the e-mails in order to make sure we get to the
12 right people, so just a comment.

13 MR. CRUSE: Oh, we appreciate that. That's what
14 we normally do. This year, because of the timing to try to
15 get the bigger, better communication, we didn't have the
16 time to do the extra. So that's probably the main reason
17 why the ratios have fallen off, but still, you do have a
18 less than full engagement by a variety of companies.

19 Then I will highlight, once again, that your role,
20 as the most, the only explicit role in the charter and the
21 one that is usually the most important to the institution,
22 is to comment on this report. Notice, the report really
23 isn't a draft report. The report is the final report,
24 waiting certain sections, such as your comment, but that we
25 really can't change the report. It has been through the

1 interagency process, and they really don't appreciate us
2 changing it after they've looked at it, okay, but we do add
3 your commentary, we do add the Chairman's letter, and a
4 variety of other additions that are considered have to be
5 outside that bound.

6 So this comment that you will provide is the
7 biggest change that will go from the report that went around
8 interagency and the report that will go to the Hill. They
9 do not comment on that. They cannot control that. That is
10 your comment. It is not censored by anybody in government.
11 Okay? So you have the freest hand, much freer than I have
12 in writing this, I guarantee you. All right? So therefore
13 we always encourage you to use that freedom, all right, and
14 to say what you mean and mean what you say. All right?

15 We need to get your statement by roughly the end
16 of the month so we can get everything through the printers
17 and out by June 30th. And I have stopped pushing buttons,
18 but okay, there you go. That's the story.

19 MS. GREGOIRE: Thank you, Jim, well done. Again,
20 the report is, at least in my opinion -- I've heard others
21 say the same -- well done.

22 MR. CRUSE: Thank you.

23 MS. GREGOIRE: So, Gary, can you hear me?

24 MR. HUFBAUER: Well, as I said, this is really an
25 impressive piece of work, and it's just amazing how much the

1 staff has put in on it and also the good, the good findings
2 they have. I think it's a foundation document, I'm sure,
3 for the IWG and probably for the Berne Union and everybody
4 else. So lots of applause for the, for the, those who
5 put it together, starting with Jim Cruse and all his staff.

6 My few comments really had to do with just trying
7 to put more highlight on the two points that Jim mentioned
8 last -- first of all, this, the growing role of the
9 creditors which are outside the, outside the framework of
10 the OECD, either OECD countries introducing new programs or
11 amplifying programs which are outside the normal boundaries,
12 and then the non-OECD countries. And I was not aware of the
13 IWG, or maybe I had heard about it but really had not
14 focused on it. I don't know if it's mentioned in the
15 report. If it is, I missed it. Maybe the letter should at
16 least reference that this is, you know, being looked at, I
17 mean, the problems of the financing which is outside the
18 boundaries of the OECD system. I got to admit, it is a big
19 concern in that folks are looking at it and many come up, as
20 Jim said, with new solutions, and it is a different world,
21 as he said, but you know, it's not (indiscernible) any time
22 soon, and we have to bear responses.

23 And then the other point, that the commercial
24 banks have, as far as I can see, really withdrawn from this
25 market. Maybe they will gradually come back. I did make a

1 note that I just thought experts will know what the BIS did,
2 which makes it a little bit harder for the commercial banks
3 to come back, but they're the reasons they're not coming
4 back as well. I'd like to see the BIS roles filled out a
5 bit more, not that it's going to be changed, but the whole,
6 the whole atmosphere of commercial bank lending in an area
7 we're seeing Ex-Im picks up, and in my opinion,
8 (indiscernible) in the near future. So that was another
9 concern.

10 The other concerns were, you know, on the smaller,
11 the smaller side of things, and they're rather technical on
12 the scoring in the details and how that translates into
13 basis points and so forth, but the reason why I focus in on
14 that is that the scoring has been used in turn. I suspected
15 some calculation which more explained to, you know, generate
16 this 200 million loss number, which is being bandied about
17 on the Hill and like some of the things around town.

18 So I'd like a little more, you know, a little more
19 transparency on that scoring because I think it's, it just
20 does not stack up with the very low loss ratio which Ex-Im
21 has, which is less than a quarter of one percent, but the
22 scoring probably says that the losses should be, I don't
23 know, one-and-a-half percent. I don't know how it adds up,
24 but anyway, then it leads to this other -- which is not
25 particularly helpful; mentally, pretty not helpful.

1 So those would be my comments. They're all
2 pretty, pretty minor, and I'm sure members of the
3 subcommittee have their own, their own comments which can be
4 worked into the advisory committee's letter. But it really
5 is a good report, and with a little bit of, you know,
6 graphics and so forth, hopefully these big messages will get
7 across, especially to the -- the readers don't have much
8 time to look at it, which is, which are certainly the
9 congressmen, senators, but, you know, and their staff don't
10 have time to probably study the report and the graphics, and
11 the presentation is so important to highlight the key
12 messages.

13 MS. GREGOIRE: Thanks, Gary. So for lack of a
14 better way to do this, what I thought we would do for
15 purposes of how we move forward is, one, ask Jim any
16 questions you may have of Jim -- and you'll stay there while
17 we work through this whole thing, right, Jim?

18 MR. CRUSE: Uh-huh.

19 MS. GREGOIRE: Any questions that you have of Jim,
20 and then if we could just list the subjects that we want to
21 discuss so that we can see how much we have and then
22 allocate our time accordingly. So let's start, if that's
23 all right with you-all, let's start with any questions that
24 you might of Jim. Please, go ahead, Owen.

25 MR. HERNSTADT: Yeah, just a brief clarification.

1 In the report you mentioned a couple of things that you're
2 continuing to work on and there'll be a follow-up on in
3 terms of the Competitiveness Report. One of them was,
4 quote, streamlining annual average content certification.
5 Can you just -- and also clarifying the services policies.
6 Maybe you can elaborate on what that is.

7 MR. CRUSE: All right. Actually, we have already
8 done that from the time the report was written. The annual
9 certification on content is the fact that we have always
10 allowed an exporter to give us an average annual number that
11 says we expect, even though we put a thousand pieces
12 together from all over the world, our average content in a
13 plane or a train is 75 percent or 83 percent. Instead of
14 coming in each order and saying, okay, this time we think
15 it's 76, and the next time it's 84, they use an average.

16 Some exporters have asked if that could be more
17 broadly used, and so all we've done is put into, put it into
18 the web page that that is an option that any exporter can
19 provide, is to once a year do a calculation and provide that
20 number and then just simply reference it. It just saves
21 some time and effort on each application. It doesn't change
22 the fundamental requirement that exists.

23 In terms of the services, what we have done is
24 actually, for the first time, come out explicitly with a
25 series of components of what we call a services content

1 policy. We've defined, for example, that for a laborer to
2 be an eligible U.S. content, they have to have an I-9. Now,
3 many of you may be familiar with that. I wasn't. Now I am.
4 It's a document that every company has to have on every
5 worker, and so that was -- well, we get around green cards;
6 we get around who pays taxes. We just say, you got an I-9,
7 it's eligible. It's that type of thing.

8 So we simply tried to codify what used to be maybe
9 this, maybe that. We said it's this. We haven't changed
10 anything, but we've tried to clarify it, what qualified for
11 services as an export, what corporate structures qualified,
12 what various other things qualify.

13 MS. GREGOIRE: Other clarifications or questions
14 of Jim at this point? You can do them as we go along. Yes,
15 please.

16 MR. WEBBER: Okay. Jim, again, thank you for a
17 very impressive body of work. You and your staff have done
18 an outstanding job with this report. My question is more in
19 terms of small business job creation, and how do we capture
20 or calculate the number of small businesses and job growth
21 when a company such as Boeing or a large company receives
22 export finance support? And those jobs that are going to be
23 created, there's a supply chain that must go into place or
24 be developed to support those large industries, and those
25 supply chains are going to include Tier 2, Tier 3 suppliers,

1 which many times are comprised of even mom-and-pop
2 businesses.

3 So I think there needs to be some way that we can
4 capture both the direct and indirect job creation,
5 especially in the small business sector. When companies
6 such as Boeing or these other companies launch new products,
7 obtain international contracts, how do we support that and
8 how do we identify that?

9 And I'd just like to say right there in my home
10 state of South Carolina, Boeing has, you know, of course,
11 launched in North Charleston, and I've seen that supply
12 chain grow. So there's an echo system there. You know, you
13 create X number -- create X numbers of direct jobs, but
14 truly, the supply chain is where you see the significant
15 impact. So how can we calculate that? Thank you.

16 MR. CRUSE: Yeah. Well, we've made many an
17 effort, and I'm sure Scott Schloegel could give you chapter
18 and verse of all the efforts we've made to have people do
19 that. It's not in the Competitiveness Report simply
20 because, as I said, you'd be surprised that most countries
21 don't focus on jobs with their export credit. Therefore, we
22 have not tried to compare how many jobs we supported versus
23 how many they have, and therefore we haven't gotten to the
24 counting here. But we certainly are going into the counting
25 as much as possible in the authorization process, and as I

1 say, perhaps you can ask that question again when Scott
2 comes up to tell you what --

3 MR. WEBBER: Okay.

4 MR. CRUSE: -- progress he's made.

5 MR. WEBBER: Okay. Thank you.

6 MS. GREGOIRE: And Scott will describe for us the
7 fact that this issue is brought up in the Administration's
8 bill for reauthorization to Congress, but if -- with your
9 permission, I'm going to write that down as something that
10 we may want to comment on and have a little bit more
11 discussion about --

12 MR. WEBBER: Yes.

13 MS. GREGOIRE: -- us commenting on --

14 MR. WEBBER: Okay.

15 Ms. GREGOIRE: -- to the report itself.

16 MR. WEBBER: Absolutely.

17 MS. GREGOIRE: Okay.

18 MR. WEBBER: Thank you.

19 MS. GREGOIRE: Other clarifications or questions,
20 you-all?

21 MS. DRAKE: I have something.

22 MS. GREGOIRE: Yes, please.

23 MS. DRAKE: Thank you. Let's see if mine works a
24 little better than yours was. My question is related in
25 terms of the jobs. There's a very large section in the

1 report that seems to say that all of the public policy
2 choices that are tied with the Ex-Im Bank are generally
3 negative, sometimes extremely negative, and since so much
4 space is devoted to saying how horrible these public policy
5 decisions are, when there's quite a bit of support on this
6 board for those public policy decisions, it would be great
7 if the report didn't say what is the impact on jobs, what is
8 the direct and indirect impact on jobs; if there was a
9 cross-reference to say this is where you can look to find
10 the positive sides of the policy choices that we are
11 criticizing here in the report.

12 And then a second question is, given that,
13 particularly on page 136, it's the potential case-specific
14 impact on competitiveness, why -- if it's only potential, so
15 we're not really sure the impact on competitiveness, what's
16 the justification for the extremely negative evaluation of
17 foreign content requirements, because that seems quite a
18 strong evaluation for something where we're not quite
19 exactly sure what the impact is because it's only potential.

20 MR. CRUSE: You want to second that?

21 MR. HERNSTADT: Well, actually, Governor, if I
22 could just add, because I --

23 MS. GREGOIRE: Yeah, Owen.

24 MR. HERNSTADT: -- very similar questions along
25 the lines that Celeste had and was a little kind of

1 confused. In terms of the, all of the public policy factors
2 that are here -- economic impact, content, and the shipping
3 requirement, U.S. shipping requirement -- I know the Bank in
4 its study of domestic content, as congressionally mandated
5 through its past reauthorization, went through great pains
6 to look at domestic content and came up with a very
7 well-balanced report and, if I'm correct, kind of concluded
8 there was no empirical evidence for diluting domestic
9 content. That seems to have lost its way in this report,
10 and maybe you can comment on it.

11 So, for example, on economic impact it received a
12 negative rating, but the way I count it, only eight out of
13 103 applications that were subject to economic impact
14 procedures had any relevance towards the economic impact
15 analysis or full economic impact analysis. Out of those,
16 seven of the eight were found to be net positive, in other
17 words, were not deterred, were not denied. One was
18 withdrawn for other reasons. So zero cases were turned
19 down, and the report does a nice job of saying, you know,
20 only 3.1 percent were affected by economic impact and that
21 it was a narrow portion of the Bank's activity. That seems
22 to be somewhat of an understatement, but there is
23 apparently, seemingly, no empirical negative effect that
24 economic impact had, at least that -- I'm not a statician,
25 statistician, but it appears that that wouldn't be

1 statistically significant, even for someone with limited
2 math background. I still cross out the eight and carry the
3 one, even though we do have calculators, so, on that.

4 And then even with the stakeholders' responses,
5 there were only 13 respondents, and it's no, no criticism of
6 the Bank. I understand the survey, and I understand the
7 difficulties you go through, but there are only 13
8 responses. Seven reported a negative experience, but we
9 don't know anything about the negative experience, whether
10 it was a time delay that they were getting or whether it was
11 something more substantive. Four reported neutral. One was
12 positive and one didn't know. So there were seven that
13 reported a negative experience, whatever that means, and six
14 that were either positive, neutral, or didn't know; yet,
15 based on this, the economic impact got a negative response.
16 So I kind of had a question on the basis of that.

17 The content was also a little bit confusing on it.
18 The -- that, too, seemed to lack a serious, sort of
19 empirical definition of how content impacted on lenders and
20 exporters. There were apparently 37 responses on foreign
21 content, but we don't -- I couldn't find, maybe it was just
22 my fault, but I couldn't find a numbers breakdown like I
23 could for economic impact. But at any rate, 37 is pretty, a
24 low number, and taking a fraction of that, as would be of
25 those who would say it was negative, is also something

1 that's statistically quite low on that.

2 And given all the work that the Bank did on
3 domestic content in their formal report, as mandated by
4 Congress, it receives an extremely negative, which I found
5 to be somewhat confusing if we're looking at empirical
6 stuff. I understand some stakeholders, you know, have a
7 negative impact, and I think that's clear and that's a
8 factually correct statement, but to extend that to extremely
9 negative was a little confusing. And the same goes, of
10 course, for U.S. shipping and MarAd on that. It doesn't --
11 it says, over the past two years, only one request for an
12 exception was denied because there was a U.S. ship that
13 could be used to transport the export, but yet MarAd is
14 still in the, seems to be receiving a negative, and I'm
15 somewhat perplexed about that as well.

16 MR. CRUSE: Well, and this is why we don't put
17 grades on the policy aspects, okay? But what Owen and
18 Celeste have pointed out, it does represent the conundrum,
19 that is, trying to use this report. The report has a
20 survey. The survey goes to exporters and bankers. We heard
21 repeatedly from those respondents that we don't use their
22 responses, that we don't report it as they say, that we
23 don't give it the weight that they put to it, and at the
24 same time, we have the fact that on many of these policy
25 aspects, they don't affect every case; they only affect

1 maybe 10, 20, 30 percent, but all the exporters that respond
2 have had these views. So it is a fact that we have tried to
3 balance.

4 We don't score the public policy. We only say
5 whether the exporters perceive it as positive or negative or
6 how negative. We don't, we don't come up with the
7 conclusions. We take the surveys and the comments and the
8 focus group and try to represent what they say, and
9 admittedly, if one were to put them through an inquisition,
10 they would probably have a difficult time proving that they
11 have the empirical basis for this, but it's a survey; it's
12 their opinion of the consequences. If we could work a more
13 empirical basis, we would, and the idea that perhaps we
14 should reference other documents to look at the positive
15 side, because the report that Owen mentioned on content does
16 note a lot of the positive consequences of the current
17 content policy. All right?

18 So we are certainly aware of the pluses and
19 minuses. This report is supposed to give the exporters'
20 view of that, and we try, as much as we can, to make it as
21 objective as possible, as empirical as possible, but like I
22 said, they complain that what you're reading isn't strong
23 enough, all right, and so we're trying to be balanced here.

24 We tried to make it clear that we have, as a
25 country, objectives that fit these policy requirements and

1 they're there for a reason, they're not there for a whim,
2 and the current majority view, whether it's in Congress or
3 any place else, supports the existence of these policy
4 requirements, and so therefore the larger objective, the
5 larger benefit being served is the one that we're
6 respecting. Okay? Now, in this report we don't go into a
7 lot of detail about what that is, but we do try to balance
8 the methodology and the tools to reflect the fact that the
9 impact of these is not on every case but, at the same time,
10 we have to do something to respond to the emotional comments
11 that do come out from the survey.

12 So we're trying to do a balanced approach that
13 represents the fact that no matter how beneficial the
14 policies overall, they can have unattended or negative
15 consequences on some people sometimes, and those are the
16 people, as has always been the case -- you know, the people
17 who are hurt are the ones who scream; the ones who benefit
18 tends to be quiet and content. All right? And so that's
19 what we have here, and we're trying to represent, in as
20 balanced way as we can, that combination of people who are
21 on the other side of the benefit, and this is, this is their
22 day to express their concerns. That's about all I can say.

23 MS. GREGOIRE: So, Owen, do you want me to put it
24 on the list?

25 MR. HERNSTADT: Yes, please.

1 MS. GREGOIRE: Okay.

2 MR. HERNSTADT: Thanks.

3 MS. GREGOIRE: Other questions of Jim, you-all?

4 (No audible response.)

5 MS. GREGOIRE: Okay. How about -- they've got
6 lunch in there. So we want to go in there and we want to
7 take a photo, but without much detail, can you give me the
8 areas that you want to discuss with regard to the letter
9 back from us, just the subject, so I can write it down and
10 see how long our list is? Steve, were you going to --

11 MR. WILBURN: I was just going to -- I would like
12 to discuss the definition of renewable and in the
13 environmental context. Because of the dedication of the 10
14 percent set-aside or goal of the Bank, I'd like to get that
15 onto the agenda.

16 MS. GREGOIRE: Okay. Others? Luis.

17 MR. UBINAS: You know, I was looking at Appendix J
18 on environment --

19 MR. HUFBAUER: I would like to get a feeling of
20 other members on the committee as to whether they are as
21 educated about the whys of financing outside the OECD
22 framework as I am. Maybe I'm the only one who thinks that's
23 a major challenge. I mean, I think it's a challenge that
24 far outweighs any discussion of, you know, the foreign
25 content issue or the economic impact issue, which is then

1 policy legislated by the Congress, and that's what the
2 Congress is focused on. I think the issue is elsewhere, but
3 maybe I'm lonesome on that.

4 MS. GREGOIRE: No, no. I've got it on the list,
5 Gary. Thank you.

6 UNIDENTIFIED SPEAKER: Good point. Good point.

7 MS. GREGOIRE: Luis.

8 MR. UBINAS: I was going to say that while we have
9 Appendix J on issues of environment, we have run into some
10 issues with the environmental community that in some ways
11 hurts our ability to get the reauthorization we want. I
12 think it would be interesting to talk about what we're
13 doing, to reach out to that community, and whether or not
14 more needs to be made of assuring that our left flank, as we
15 go to reauthorization, isn't in any way compromised by an
16 issue that, I think, we deal with quite well.

17 MS. GREGOIRE: Good. Okay. Good. Others? Mary.

18 MS. ANDRINGA: I just have a -- these are great.
19 So this is really much, probably has less substance, but I
20 appreciated the information on customer satisfaction and
21 lead time and continuing to reduce transaction time, and so
22 just might want to comment about that and how we compare to
23 our competitors.

24 MS. GREGOIRE: Okay. Others, you-all?

25 (No audible response.)

1 MS. GREGOIRE: So, sorry, Jim, I do want to talk
2 about grades. So I'll bring that, I'll bring that subject
3 up, and I'll share with you my perspective on that, but that
4 -- as a topic, I'd like to discuss that. I would like us to
5 talk about the subject of -- oh, I'm sorry -- the subject of
6 uncertainty. I mentioned that to Katie. I think we should
7 talk a little bit about that and potentially comment on
8 that.

9 And the other point I thought that our letter, as
10 drafted, doesn't necessarily make the point, which is to
11 say, very dramatically, our business is to create jobs in
12 the export arena, and I don't know that our comment back
13 says how dramatic the competition is. And I think we should
14 have a little bit of discussion about that -- and that's, in
15 part, what Gary's talking about that -- with a comment about
16 not only what it is but what it promises to be and what the
17 impact of that's going to be on us as a country and the
18 Ex-Im Bank. Okay?

19 So let's go ahead --

20 MR. HUFBAUER: Can I just add a small comment to
21 that, to that point that you just made, Chairman? I know
22 that Secretary Pritzker came out with NIE/NEXT the other
23 day, and I believe I was traveling when that happened, but I
24 don't know whether NIE/NEXT gave much emphasis to the
25 Export-Import Bank. The original NIE being mentioned, I

1 don't think it gave the emphasis it should have. So I think
2 that's at least worth having a factual discussion on. I
3 don't see how, you know, NIE/NEXT really gave any emphasis
4 on the Export-Import Bank.

5 MR. BANSAL: Just as a point of privilege --

6 MS. GREGOIRE: Yeah.

7 MR. BANSAL: -- the NEI/NEXT does --

8 UNIDENTIFIED SPEAKER: Do it in the microphone so
9 Gary can hear.

10 MR. BANSAL: Sorry. Jim, can I borrow your
11 microphone? So the NEI/NEXT that Secretary Pritzker
12 announced does call for the timely reauthorization of the
13 Bank as sort of a critical objective in achieving the export
14 objectives, and it does task the Bank with some other
15 things, but I just want to flag that as a --

16 MR. HUFBAUER: Thanks. Thanks. Yes.

17 MS. GREGOIRE: Good. Thank you. Is that -- okay.
18 Let's go ahead and go to lunch, you-all, and --

19 MR. HOCHBERG: I think we'll do a picture first.

20 MS. GREGOIRE: Oh, picture first?

21 (Whereupon, at 12:34 p.m., a luncheon recess was
22 taken.)

23 MS. GREGOIRE: So the list that I have are the
24 points that Gary made, particularly the one having to do
25 with the competition of non-OECD, and that plays into the

1 issue of risk for us; jobs, direct and indirect; the content
2 issue; the definition of renewables; how do we, say, reach
3 out -- well, we are reaching out to various constituencies;
4 transaction time that Mary referred to; the grades issue;
5 the comment about uncertainty; and the, kind of, overall big
6 point about, should our comment back to the report make it
7 clear that the world has changed, that we're in the business
8 of creating jobs and the competition is fierce, as evidenced
9 by the non-OECD. Full list, you-all?

10 Okay. Where would you --

11 MR. BOYLE: Ma'am, I'm sorry, jobs needs to be on
12 there. Our core function about, on our issue back to our
13 competitiveness is the support -- we issue these things as
14 negative, but our support for creation of jobs is, bar none,
15 the best thing, or in contrast to the competitiveness
16 worldwide. Because we have to support that particular
17 issue, it affects our negative competitiveness the way this
18 is approached, but in fact, it's at the core of our mission,
19 and I don't think this document supports that growth in
20 both, in direct and indirect jobs in America, and I think
21 that needs to be recognized --

22 MS. GREGOIRE: That's what --

23 MR. BOYLE: -- in our letter back.

24 MR. FLEISCHMANN: A great point.

25 MS. GREGOIRE: That's what I was suggesting. The

1 big point that I think is missing is our letter ought to
2 start with and make the point, we're in the business of
3 jobs --

4 MR. BOYLE: Yes, ma'am.

5 MS. GREGOIRE: -- and here's what, here's what --

6 UNIDENTIFIED SPEAKER: Uh-huh. Uh-huh. I like
7 that.

8 MS. GREGOIRE: -- you know, a comment about how
9 good it's going, and then a point of, and by the way, the
10 world is fierce out there in terms of competition, so we've
11 got to keep going, keep stepping it up, keep thinking
12 broadly. I'm with you a thousand percent. Any disagreement
13 on that?

14 UNIDENTIFIED SPEAKER: Uhn-uh. No.

15 UNIDENTIFIED SPEAKER: That's good.

16 MS. GREGOIRE: Okay. What subject do you want to
17 tackle now, you-all? I'll tackle the fun one, if you will.

18 UNIDENTIFIED SPEAKER: Grades?

19 MS. GREGOIRE: Jim, 12 years ago was a long time
20 ago, in my opinion, on the grades thing --

21 MR. CRUSE: It's all relative.

22 MS. GREGOIRE: -- and, you know, at that point in
23 -- I mean, I find it interesting that we grade ourselves and
24 we're the most transparent, your point, and everybody reads
25 our report and nobody else puts any report out. So we're

1 grading ourselves against a hypothetical --

2 MR. HOCHBERG: An opaque situation.

3 MS. GREGOIRE: Yeah. Two, 12 years ago that was
4 the game. OECD was the game, and day by day that game is
5 diminishing dramatically, and it's the non-OECDs.

6 UNIDENTIFIED SPEAKERS: Uh-huh.

7 MS. GREGOIRE: The other thing is, if you read the
8 draft of what we're supposed to say back, you-all, I don't
9 know the difference between an A-minus and a B-plus. I am
10 clueless. I don't know the difference between an A-minus
11 and a B-plus with respect to what I could say about, about
12 what's going on. I know that for a fact for me, and a
13 pretty dramatic one that Mary brought out this morning is --
14 you all know the, the goal on the renewables. That is
15 absolutely, 1,000 percent unattainable, and we still give
16 ourselves an A. Well, this is an interesting year. It's
17 the year of reauthorization, and I just don't think that we
18 should get into that.

19 MR. HOCHBERG: Right.

20 MS. GREGOIRE: So I personally think, Mr. Chair,
21 they all shouldn't get into it, but on our comment letter, I
22 don't think we should get into it, and I think we should
23 suggest that they might want to rethink that and maybe
24 consider getting out of it.

25 MR. HOCHBERG: The grades?

1 UNIDENTIFIED SPEAKER: The grades?

2 MS. GREGOIRE: Yes.

3 UNIDENTIFIED SPEAKER: Yeah. Yeah.

4 MS. GREGOIRE: Now, there may be some other
5 measure that you can think of, because you may want to have
6 a measure --

7 MR. CRUSE: Not just renewables, but in general.

8 UNIDENTIFIED SPEAKER: In -- yeah.

9 MS. GREGOIRE: Correct.

10 UNIDENTIFIED SPEAKER: Right.

11 UNIDENTIFIED SPEAKER: In general.

12 MS. GREGOIRE: Correct. Again, for us, does -- I
13 mean, I don't know if anybody here feels comfortable saying,
14 well, I agree with that, it's not an A-minus, it is a
15 B-plus. I mean, that's hard for us as a committee to do,
16 but I also think you're setting yourself up for failure,
17 because in the renewables, that, to me, is easy if I want to
18 be a member of Congress and attack on that. And, again,
19 we're comparing ourselves with ourselves and a very
20 diminished self if we're only thinking in terms of OECD,
21 when the competition is huge.

22 MR. O'NEILL: Governor, are you suggesting no
23 grades, just --

24 MS. GREGOIRE: I am suggesting no grades.

25 MR. FLEISCHMANN: Not this time, I think that's

1 right.

2 MR. O'NEILL: You mean --

3 MS. ANDRINGA: You're saying it for, to look at?

4 MS. GREGOIRE: For the, for the --

5 MS. ANDRINGA: Future.

6 MS. GREGOIRE: For the Bank to look at it for the
7 future and to look at how else can we do it. To me, it's a
8 factual analysis that should be done, but for our purposes
9 this time, I don't think we -- I'm recommending that we
10 shouldn't get in the business of saying, yes, we agree that
11 the overall grade is an X and then each category, you know,
12 in risk it went from an A to a B. I'm not --

13 MR. O'NEILL: So this document would have no
14 grades?

15 MR. CRUSE: No, no.

16 MS. GREGOIRE: We would have no grades. The
17 document is what it is.

18 MR. CRUSE: We can't take the grades out of the
19 current --

20 MR. O'NEILL: Okay. I'm still not understanding
21 it. When you say we --

22 MS. GREGOIRE: The document stands as Jim put it.

23 MR. O'NEILL: Okay.

24 MS. GREGOIRE: I can't change the document.

25 MR. O'NEILL: Okay. Okay. Okay.

1 MS. GREGOIRE: But our comment I'm suggesting back
2 is that we don't put any grades in our document and that we
3 challenge the Chair to think about whether they should do
4 grades at all in the future and, if not, is there another
5 better way to do it, but I don't think we should, as
6 commenters on the report, should get into the business of
7 saying, here's the grades. Have I confused the world here?

8 MS. DRAKE: I think, I mean, if we look at the
9 letter, it does -- on the second page, it talks about a
10 grade of A-minus for 2013, down from an A in 2012, and on
11 the final page, it talks about moving from an A-plus to an
12 A; in long-term aircraft, A-plus to an A-minus. So you're
13 saying, sort of, take that out --

14 MS. GREGOIRE: Correct.

15 MS. DRAKE: -- because we don't really have the
16 expertise to confirm whether those judgments are absolutely
17 correct?

18 MS. GREGOIRE: Right, and again, the underlying
19 thing that brought this to grading 12 years ago was a
20 different world than where we --

21 MS. DRAKE: Uh-huh. Uh-huh.

22 MS. GREGOIRE: So I would say, take all those
23 grades out of our comments and invite the Bank to rethink
24 whether they want to do grades in the future and, if not
25 that, what else would they do.

1 MR. O'NEILL: At least as it relates to their
2 report, to me, not everyone that reads this document is
3 going to read it carefully, and the more nuances in the
4 report, the more time is required to read the report, and so
5 I think the grades are very beneficial in that someone can
6 actually scan this, as opposed to read it carefully, and
7 come up with a sense for where at least the writers believe
8 that, you know, that we are.

9 And so, you know, I'm perfectly willing to, you
10 know, to take your comments on our document, but I think
11 taking the grades out of the actual, the bigger document, I
12 think, would make it a challenge to, you know, to read
13 quickly, and I suspect there are a lot of people that do
14 read it pretty quickly.

15 MS. GREGOIRE: Yeah. So, you may not be able to
16 come up with something else, Mr. Chair, but it's an
17 invitation for you to take a look at it and see if there's
18 an alternative, but I'm suggesting we get -- we, in our
19 comment, do not get in the business of A-plus, B-minus,
20 whatever. So you're okay with that, Mike?

21 MR. O'NEILL: Well --

22 MS. GREGOIRE: Our comments --

23 MR. O'NEILL: -- I guess, now we've got an A-plus
24 -- what are we going to say if there's an A-minus or B-plus?
25 What words are we going to substitute for those grades?

1 MR. HOCHBERG: Let me ask a question. Maybe --
2 because I hadn't thought about that, frankly, until I saw
3 Gary's comments. I don't know if -- Gary, are you joining
4 us?

5 MR. HUFBAUER: Yes, I'm here. I'm listening --

6 MR. HOCHBERG: Yes. I --

7 MR. HUFBAUER: -- trying to follow this thread. I
8 guess the governor is saying that we should just knock out
9 all grades, both on policy objectives and on the OECD
10 countries and non-OECD countries and so forth. Have I got
11 the gist of it right?

12 UNIDENTIFIED SPEAKER: Uh-huh.

13 MS. GREGOIRE: So, again, Gary, what I'm saying is
14 we, the committee -- we, the committee, in our statement
15 back, do not get into the business of grading and that we
16 invite the Bank to take a look at whether that's the best
17 way to communicate.

18 MR. HUFBAUER: Okay. The best way to say how the
19 Ex-Im is stacking up against foreign competitors and meeting
20 domestic needs, is that your kind of question, whether
21 grades are the best way of summarizing this mass of
22 information?

23 What I'm concerned about, Governor, is this: We
24 did a long report. I know from our institution experience,
25 in writing all kinds of policy documents, unless you provide

1 a clean, crisp summary, the message does not get across, and
2 I'm thinking that the grading effort that the Ex-Im has done
3 over these, last decade and more is their summary way of
4 getting the message across. Maybe there's another, a better
5 summary way of getting that message across, but I think,
6 unless there's a pretty crisp, you know, summation, it gets
7 lost.

8 MS. GREGOIRE: But my question is, set the report
9 aside, you can't change the report, do you want us, in our
10 letter --

11 MR. HUFBAUER: I understand that, yes.

12 MS. GREGOIRE: -- do you want us, in our letter,
13 commenting back by saying, yes, we agree with A-plus,
14 B-minus, whatever?

15 MR. HUFBAUER: Well, I'm not -- no, no, no, I
16 don't want to agree with any particular grades, but I do
17 think they need, that the report needs some method of
18 summarizing the mass of information --

19 MS. GREGOIRE: Yeah.

20 MR. HUFBAUER: -- that's presented, and the grades
21 are their way of doing it. So if our letter says
22 reconsider, I'm not sure what we're asking them to do, to
23 knock out all the gradings or what.

24 MS. GREGOIRE: No. What I'm suggesting is we
25 don't get into the business of grading, as a committee --

1 MR. HUFBAUER: Yes.

2 MS. GREGOIRE: -- and that we invite them to look
3 at alternatives to communicate, other than the grading --

4 MR. HUFBAUER: Communicate? I think that's sounds
5 fair, an alternative way of crispy summarizing the
6 information in the report.

7 MS. GREGOIRE: Right.

8 MR. HOCHBERG: This is Fred Hochberg. I think
9 that -- what I think Gary is saying, and I would imagine any
10 reader, frankly, when I review a credit report or Pat or we
11 get a board document and we see a company we've seen before
12 over and over, you know, my first question to the
13 underwriter is, okay, is the company stronger, weaker, or
14 the same than the last time you extended the loan.

15 UNIDENTIFIED SPEAKER: Uh-huh. Uh-huh.

16 MR. HOCHBERG: So, you know, there'll be an
17 80-page write-up, and I said, this is all fine, we gave them
18 a loan two years ago, (a), are they current, yes; so is the
19 company doing better or worse or the same as they were two
20 years ago. So, in some way, I think what Gary is saying is
21 we need some handy --

22 MS. GREGOIRE: Yeah. Yeah.

23 MR. HOCHBERG: -- and I think the point of the
24 grade, it sort of says, in a nutshell, putting everything
25 together, we're a little less competitive than we were a

1 year before, and I think that's what they're trying to
2 execute here.

3 So for the committee to consider, because it's
4 your letter, you know, might be that maybe there's just sort
5 of, as a summary or as to consider, we, you know, we
6 understand the reason for a kind of summary assessment;
7 we're not really convinced that grading is the right way of
8 doing it and maybe it's too simplistic and would like the
9 staff to look at --

10 MS. GREGOIRE: An alternative.

11 MR. HOCHBERG: -- an alternative way.

12 MS. GREGOIRE: Right.

13 MS. LOUI: And --

14 MR. HOCHBERG: Let me just do this, Pat. Let
15 me --

16 MS. LOUI: Sure.

17 MR. HOCHBERG: -- just say my sentence; then I'll
18 -- and then I thought the point, and actually, I hadn't
19 thought of it before, and maybe Jim could answer, if we're
20 going to have grades, then having A-minus slash B-plus is
21 like, just make up your mind, and you know, either we just
22 say it's one of the, you know, it's either A minus or B.
23 But sort of saying it's not, it's not quite an A minus, it's
24 not quite a B-plus strikes me as a degree of precision that
25 is really not -- and it's only confusing. I think if you

1 look down that chart, it adds, it doesn't add --

2 So if the grades are about clarity, having a
3 blended grade doesn't really do that. That would be my --
4 that was my thought in listening to Jim and listening to
5 Gary, and I find that sort of, just decide.

6 MS. GREGOIRE: Pat.

7 MS. LOUI: Just as a former research professional
8 who managed --

9 MR. HOCHBERG: I thought you were going to say
10 teacher.

11 MS. LOUI: -- who managed too many economists with
12 eight or 10 hands, I think that there are, regarding the
13 second issue -- first, on the first issue regarding the
14 grading, I concur with Mike's comments that it is a simple
15 summary and, for people who don't have much time, which is
16 much of our audience, a simple summary is useful.

17 That said, regarding the grading, there's been a
18 lot of research and research, and I can certainly assist the
19 policy department on the research on rating scales.
20 Probably the most inflammatory rating scale is a grade-based
21 scale, but there are many others, one to 10, for example,
22 you know, even and odd, the differences, do you want an
23 average, do you want to lean one way or the other.

24 So I think that is something that can be addressed
25 if that's an issue, to perhaps choose a less-inflammatory or

1 controversial scale --

2 MR. HOCHBERG: Yes. I think --

3 MS. LOUI: -- but still achieve the same summary.

4 MR. HOCHBERG: You know, I was thinking, I think
5 Pat has a very good point. You know, when you do any
6 evaluation now, it tends to be, exceeds expectations, you
7 know --

8 UNIDENTIFIED SPEAKER: Right, meets.

9 MR. HOCHBERG: -- or greatly exceeds, exceeds --

10 UNIDENTIFIED SPEAKER: Right.

11 MR. HOCHBERG: -- meets, below expectation, you
12 know, fair, or falls short. You know, it is a proxy for A
13 through F, but --

14 UNIDENTIFIED SPEAKER: Yes.

15 MR. HOCHBERG: -- people don't want to give
16 someone who works for you a C as opposed to meets
17 expectation. It is somehow less incendiary. Is that the
18 word? Oh, inflammatory.

19 MS. LOUI: Either way. I mean --

20 MS. GREGOIRE: Yeah. Owen.

21 MS. LOUI: -- you can maintain the metrics, in
22 other words.

23 MR. HERNSTADT: Yeah. Governor, I just wanted to
24 support your suggestion. I've long been troubled -- I think
25 that some here have known -- with that grading aspect of it,

1 just because it's very difficult to know the true foundation
2 for it. I also would just think, as someone who's reading
3 this and, you know, goes through it or at least reads the
4 executive summary, the main thing people are going to look
5 at, I would think, are not the grades. They want to know is
6 the Bank competitive --

7 UNIDENTIFIED SPEAKER: Right. Right.

8 MR. HERNSTADT: -- and that's the key word they're
9 looking at. If --

10 UNIDENTIFIED SPEAKER: Yeah. Yeah.

11 MR. HERNSTADT: -- the Bank is competitive, they
12 check it off. If the report says the Bank is not being
13 competitive or maybe there's a trend that the Bank won't be
14 competitive or, if things don't change, the Bank won't be
15 competitive, that's, that's what they notice on it.

16 So I think it's a great idea to ask for maybe a
17 little different way to do it and, also, to be careful our
18 letter doesn't actually say we affirm the grade or not. I
19 don't know, because I don't know.

20 MS. GREGOIRE: Last comment, Mary.

21 MS. ANDRINGA: I think Owen is right on as far --
22 that's, that's what we want to know, if we're competitive,
23 and I think we actually, to the bigger picture we talked
24 about earlier, we want to know if we're competitive with the
25 OECD countries but also that group outside, because I did

1 think, too, the end of that report was actually kind of
2 shocking, where -- how we compete with some people who
3 aren't transparent and aren't giving us information. But
4 anyway, so -- but unfortunately, we have to leave that back
5 up to the Bank to come up with the right scale.

6 On the President's Export Council, I'm not sure
7 it's the best, but we do, you know, kind of green, are we on
8 task; yellow, are we getting off; and red, are we seriously
9 off. That's probably too simplistic, but maybe the one to
10 five or something, and I appreciate that Patricia's got that
11 great background in research.

12 MR. BOYLE: And real quickly, very quick, I think
13 simply a score system that said competitive, mostly
14 competitive, not competitive, or less competitive, because
15 that's what the report is asking, are we competitive. So
16 we're more competitive than the, than X and less competitive
17 than this. And leave the ambiguity to the details in the
18 report, I think that is, it's not answered, the question
19 isn't answered whether or not we're more competitive or less
20 competitive.

21 We're slightly less competitive -- it does say
22 that in there -- against these incredible wide variety of
23 standards, but competitive, less competitive, more
24 competitive; it's just that simple, I mean, on all of these
25 items. I know all of the scoring can add up into those

1 groups, and you could put them in there, B minus equals more
2 competitive, whatever.

3 MS. GREGOIRE: So how about we, because we've got
4 so many more to go, how about we get out of the business in
5 our comment, so we don't comment, yes, we agree with A's and
6 B's and stuff, and we comment back that the essence of this
7 is to determine our competitiveness, both with OECD and
8 non-OECD, and so we invite the Bank to take a look at
9 whether there's a succinct way to communicate that to the
10 reader --

11 UNIDENTIFIED SPEAKER: Uh-huh.

12 MS. GREGOIRE: -- by some other methodology? Is
13 that fair, you-all?

14 UNIDENTIFIED SPEAKERS: Uh-huh.

15 MS. GREGOIRE: Okay. Next issue, Gary, let's get
16 to yours on the bigger issue of the non-OECD --

17 MR. HUFBAUER: I thought, Governor, what you said
18 sounded right to me as a way of framing the letter.

19 MS. GREGOIRE: And to your issue on the non-OECD,
20 we, if I understand you correctly, we should invite further
21 analysis there? And I know, Jim, how hard it is.

22 MR. HUFBAUER: Yeah, right, as to whether, you
23 know, how, how much that's eroding, you know, the U.S.
24 export competitiveness, because (indiscernible) which is
25 kind of outside the framework of the (indiscernible); how

1 much of a problem is this in the assessment of the Bank's
2 staff and officers.

3 MS. GREGOIRE: And, Wanda, did you want to talk
4 about the risk issue associated with that?

5 MS. FELTON: Well, I just, the -- certainly, I
6 think that is the primary factor in assessing our
7 competitiveness, is the influx and the growth of non-OECD
8 ECA financing and all the forms that it takes, because
9 that's the biggest driver.

10 Having said that, within that, you know, the
11 Bank's risk tolerance or, and willingness to accept risk, as
12 dictated by policy considerations that come, or factors that
13 come from outside the Bank that affect our policy, is
14 something that makes us less competitive. And it needs to
15 be understood that we are not in the business, hopefully,
16 of, as Fred has said in the past, unilaterally disarming,
17 and our business is to foster more export competitiveness in
18 order to sustain jobs in the United States. And a way to
19 frame and determine what the proper level of risk is in
20 order to support competitiveness, I think, is something that
21 needs to be better understood. Now, that's outside of the
22 Bank's parameters to determine, largely, because of what we
23 -- the dictates from Congress.

24 MS. GREGOIRE: So what would you say the report
25 should say -- our letter back, I should say?

1 MS. FELTON: I think, just ought to be noted that
2 a factor in U.S. export competitiveness is the ability to
3 support the mission by properly determining what the right
4 risk parameters are, what acceptable risk parameters are.

5 MS. GREGOIRE: Mike.

6 MR. O'NEILL: My reaction is, that's a very
7 slippery slope. Okay? When financial institutions decide
8 to take on more risk, it's very hard to ratchet it up
9 slightly, as we have seen. I mean, when risks are taken
10 that are outsized, you know, you make \$2 and, if it goes
11 wrong, you lose \$100.

12 So being careful, which is what this firm has
13 done, I mean, what this agency has done, I think, is to
14 their credit, and when you start tinkering with risk and
15 controls, you, it's very difficult to calibrate and you find
16 yourself falling off a ledge sometimes. And let me tell
17 you, the criticism of this company will increase
18 dramatically and the ability to reauthorize itself is going
19 to be very, very much tougher, obviously, if we can't
20 demonstrate what we do today, is that this agency actually
21 makes money, is a contributor, as opposed to loses money,
22 which I think would be a very, very bad thing.

23 UNIDENTIFIED SPEAKER: I agree with that.

24 MR. O'NEILL: So I certainly understand what Wanda
25 is saying, but boy, it's hard to calibrate the risk levels.

1 We've seen that.

2 MS. FELTON: If I may, though, it's to Gary's
3 earlier point about less than a quarter percent loss rate.
4 I think that it's, what is the Bank's mission, and is that
5 -- I think any financial institution that operates in such a
6 low level of risk perhaps is not on the verge of endangering
7 taxpayer money, in our case, but perhaps is leaving
8 something on the table with respect to its ability to
9 support its mission and execute mission.

10 That's -- it's a range. It's not -- I'm not, by
11 any stretch, suggesting that we should be undertaking
12 outside risk. I'm talking about the reasonable risk-taking
13 in support of our mission within very, very clear
14 guidelines, that we're not putting taxpayer money at some
15 inordinate amount of risk but we understand we're doing it
16 in a way that's reasonable and well considered.

17 MR. O'NEILL: Yeah. The problem with that is, of
18 course, going from a half percent to one percent is very
19 tough, tough to do. You can't, you can't change your
20 lending policies such that you're going to actually, gosh,
21 I'm going to get the one percent but no further. You know,
22 loss rates are a function of lots of things, and it's just
23 very difficult to work at that level of precision.

24 So I hear you. Again, from a policy perspective,
25 if you could -- if you knew you could only take it to one or

1 one-and-a-half percent, boy, that would be great and I think
2 it would certainly help. I think the difficulty is in
3 knowing that, is in actually executing that successfully.

4 MS. GREGOIRE: So can I draw your attention to the
5 last paragraph of page 2? It says, nonetheless, as a public
6 institution, and there it gets into public policy
7 considerations, and that's what Owen and Celeste were
8 talking about a little bit earlier. This issue on risk is
9 if the content issue, is if there's a problem with respect
10 to the policy on renewables. I mean, we could go on, but so
11 eloquently stated by Mike, every one of them has a slippery
12 slope associated with them. Okay?

13 So for us to be able to achieve consensus on
14 something, on any of these policies, I submit to you, is
15 impossible. So I don't know how to say it -- who writes,
16 who writes this letter? Does Gary write this letter?

17 MR. HOCHBERG: I don't know. Jim --

18 MS. GREGOIRE: Who writes this letter?

19 MR. HOCHBERG: -- who did the first draft?

20 MR. CRUSE: Who -- oh, the first draft there? I
21 think we just put together something similar to the previous
22 ones --

23 MS. GREGOIRE: Okay. So --

24 MR. CRUSE: -- used the same themes and format as
25 the previous letters and used the current numbers.

1 MS. GREGOIRE: So do you write it?

2 MR. CRUSE: We --

3 MR. BANSAL: No. The letter is for the committee.

4 Those --

5 MR. CRUSE: No, but we drafted.

6 MR. HOCHBERG: Who drafted --

7 MR. CRUSE: We drafted.

8 MR. HOCHBERG: -- who drafted this copy? That's
9 the question.

10 MR. CRUSE: We drafted it --

11 MS. GREGOIRE: And so now Gary's committee --

12 MR. CRUSE: -- using the format of previous --

13 MS. GREGOIRE: Okay. So as a compromise here for
14 all of the policy issues, what would you think of something
15 to the effect that the first sentence, addressing public
16 policy considerations mandated by Congress, and then
17 something -- and, Gary, sorry, I'm not going to be eloquent
18 about this -- but in essence, it would say, often, policy
19 decisions are made that are outside what OECD competitors
20 are doing, but we do so because they represent the values of
21 this nation, and in doing so, we should look through the
22 lens of recognizing what it might do to our competitiveness,
23 and get out of the specifics?

24 MS. HOWLETT: I agree.

25 MS. FELTON: Absolutely.

1 MS. HOWLETT: I agree.

2 MS. FELTON: Yes.

3 MS. HOWLETT: It needs to be much more point
4 driven, sorry.

5 MS. FELTON: That does it. Governor, that
6 satisfies my point, and it's really just about outside
7 constraints that don't acknowledge or propose --

8 MR. CRUSE: I hope someone got that language down.

9 MR. HOCHBERG: You've got two policy people right
10 there.

11 MR. HERNSTADT: Yeah. I mean --

12 MS. GREGOIRE: Owen.

13 MR. HERNSTADT: Yeah. I mean, in the past, the
14 subcommittee group would hear what's going on and would take
15 care of the editing for this. I was actually -- anyway, and
16 in the past, sometimes the committee has even taken charge
17 of writing the draft, but -- it is our letter -- so you
18 know, what we can do is, and this is just a suggestion, is
19 take all these suggestions, make the edited changes, I
20 think, under Gary's leadership and the subcommittee charged
21 with it, who really hasn't met on this, and then circulate
22 it to make sure folks are comfortable; if they're not, but
23 you know, obviously, since we're on a huge time crunch, you
24 know, things have to be done, like, you know --

25 UNIDENTIFIED SPEAKER: Today.

1 MR. HERNSTADT: -- really quick.

2 UNIDENTIFIED SPEAKER: Tomorrow.

3 MS. GREGOIRE: But to your concerns and those
4 suggested by Celeste, would this tee that up in a way that's
5 acceptable to the both of you?

6 MS. DRAKE: I think something along those lines,
7 but --

8 MR. HERNSTADT: I think something -- I think we're
9 almost there.

10 MS. GREGOIRE: Okay. Okay.

11 MR. HERNSTADT: I think it needs to be teased
12 out --

13 MS. GREGOIRE: Okay. It's good enough for today?

14 MR. HERNSTADT: -- but I think we're almost there.
15 And here's the only reservation --

16 MS. GREGOIRE: Oh.

17 MR. HERNSTADT: -- that I would have when I say
18 teasing it out. You said, recognizing what it might do to
19 our competitiveness. I think that may need to be teased out
20 a little bit because I'm not sure what it does to our
21 competitiveness, if anything, and our point has been,
22 there's been no real empirical proof on shipping, on
23 anything else that it really does do that, while
24 acknowledging, we can certainly acknowledge that some
25 stakeholders see it. That's a fact. That's fine.

1 So I just want to be careful, you know, we're not,
2 as a committee, acknowledging that they, that they do,
3 because I don't know, but -- so it's just that last phrasing
4 of it, needs to be fooled with, but in place --

5 MS. GREGOIRE: I'm fine with it saying something,
6 if it in fact affects competitiveness, any language around
7 that, but --

8 MR. HERNSTADT: That's fine, yeah. That's
9 certainly a good -- that's an excellent way to handle it,
10 and you know, I think then we can get rid of that paragraph
11 and --

12 MS. GREGOIRE: Okay.

13 MR. HERNSTADT: -- move on with our lives, yeah.

14 MS. GREGOIRE: Pat.

15 MS. LOUI: Governor, if I may, just, I would like
16 to -- I think that what you just recommended is, moves it
17 further along. I'd like to just suggest one other
18 dimension. On page 62 there's a summary of, by ECA, of OECD
19 arrangement lending versus non-lending, and when I was going
20 through my confirmation hearings, I actually was, read three
21 years of Competitiveness Reports, and as I recall, the
22 percentage then was, for Japan and for EDC Canada, was about
23 two-thirds being non-OECD arrangement lending, and according
24 to this, EDC Canada is now 85 percent outside of EDC -- OECD
25 terms; Japan, 95 percent; South Korea, 40 percent; and

1 Germany.

2 So to me there are, there are two or three
3 competitive forces. One is the BRICs, those who are
4 completely outside of OECD, but in some ways, the more
5 important ones are those who are, have the pretense of
6 being, playing by OECD terms but have found, have found ways
7 to get around the regulatory environment, and that seems to
8 me as much a threat as the BRICs themselves. And the third
9 one, of course, I agree with the policy environment but that
10 it needs to be contained, that it's the perception of, you
11 know, certain exporters or associations. And so those
12 three, to me, seem like the three factors that are most
13 driving competitiveness for this report.

14 MS. GREGOIRE: Right. So back to Gary's point, we
15 need to look more at the non-OECD and the, those who are in
16 OECD but engaged in activity outside of it.

17 MS. LOUI: Yes, and specifically, I think it would
18 be tremendous if we could do -- and I don't know if it's
19 possible -- but a historical trend going back to 2007, as
20 some of the other graphs do, because if in fact it was
21 closer to 60 percent four years ago for the case of EDC or
22 Japan and now it's 85 and 95 percent, respectively, that is
23 a major, really the tail is -- the dog is wagging the tail
24 when they claim to be OECD but they aren't.

25 MS. GREGOIRE: So the --

1 MR. HUFBAUER: Let me add just a footnote. I
2 think an important footnote was just said, and that -- and I
3 know Jim Cruse is well familiar with these techniques. It's
4 quite possible to do a statistical analysis of the overlap
5 between U.S. exports in the relevant fields -- the capital
6 goods, essentially -- and, say, German, Canadian, and
7 Chinese exports. And I think what we would find, doing that
8 analysis, or what the Ex-Im would find is that right now
9 there's not a lot of overlap with Chinese exports. It may
10 be growing, but it may not be so high. There is a lot of
11 overlap, of course, with German --

12 MS. LOUI: German.

13 MR. HUFBAUER: -- and Canadian exports. And so
14 that underscores the point that at this moment a
15 non-compliance by OECD countries is probably a bigger
16 competitive problem, though the growing problem in the
17 future might well be this vast fund of money coming from the
18 BRICs -- well, especially from China.

19 MS. GREGOIRE: Right. So -- I'm sorry. Mike.

20 MR. BOYLE: No. In respect to that, the report,
21 while comprehensive, in a dozen different places within the
22 first three chapters, talks about the aggressiveness of the
23 non-OECDs and the threat associated with the non-OECDs, and
24 I don't understand why the report blends those two things
25 together throughout the entire report.

1 The non-OECDs for the last three years have been
2 talked about as an emerging problem, a continuously growing
3 problem. We have OECD compliance, and we understand what
4 our competitiveness is against that, but I think the value
5 of the Bank's future growth is tied to its issues related to
6 competitiveness against the non-OECDs. And I think this
7 report should be broken up into two separate sets of the
8 OECD and the non-OECD so that the impact of that non-OECD
9 growth -- every single thing we talked about in the last 20
10 minutes is about non-OECD attack of competitiveness
11 worldwide, and yet they're blended in every statement as,
12 you know, and then it'll talk about it negatively. But the
13 impact of going forward, the non-OECD threat, we'll call it,
14 to global competitiveness, should be identified in its own
15 right, and I don't think this methodology does that
16 correctly. Although it's in here, it's so blended into
17 every aspect, I think it's not -- I think it loses its
18 impact to the value of the Bank's mission.

19 MS. GREGOIRE: So our comment back is to suggest
20 that next time they make it clear the difference between the
21 OECDs acting outside and the non-OECDs. Is that your point?

22 MR. BOYLE: Yes, ma'am. The House was talking
23 yesterday and this morning about whether or not subsidy --
24 we should be engaged in the subsidy war, and the point of
25 fact is, everything about this report says that we're

1 already in it. We're already engaged in it, or at least so
2 far the competitiveness people we're competing against, the
3 non-OECDs, feel they already are, and they're coming against
4 our competitiveness. It's their -- and that's the part I
5 think we keep missing the boat. We're comparing ourselves
6 to that standard; yet they're moving forward. I think page
7 34 specifically says that they're moving forward with
8 competitive ideas and new technology at a rate faster than
9 we are.

10 So I think that the Competitiveness Report must
11 address the non-OECD compliance groups as its own
12 independent risk. I think we do a much better job of
13 putting that information into Congress about where the value
14 of what we're doing comes into play.

15 MS. GREGOIRE: Okay.

16 MR. BOYLE: Head-to-head fights against the OECD
17 is pretty clear and -- you know, the rules are pretty cut
18 and dry. We understand that, and with Basel III and all of
19 that, it seems to be, you know, an issue we can understand.
20 But our whole, our whole market share is dropping or losing
21 based on non-OECD, which we have little or no information
22 on, including the second largest economy in the world that's
23 soon to be number one. By Jim's own account, we don't have
24 any, enough information out of them.

25 So that -- I think that should be a key focus of

1 the report in the future under the methodology, although all
2 the data and information in here contains every bit of that.

3 MS. GREGOIRE: Okay. Would you --

4 MR. HOCHBERG: Can I ask Jim a question? Jim, was
5 this, was the original plan, was it originally just G-7, I
6 mean, and then just, could you just take a minute, because I
7 was thinking in listening to this, when did it move from G-7
8 to just the full OECD and then kept expanding it?

9 MR. CRUSE: As we became aware, say around 2007-6,
10 of the enormous growth in China, we didn't catch the first
11 couple years of it, and then it suddenly exploded in terms
12 of data that we saw. When we realized that and then took a
13 look at all of the activity that was showing up in the
14 untied and investment financing, we -- sort of like, you
15 know, a lightbulb goes off, oh, gee -- we hadn't been
16 noticing this and felt that we should at least alert policy
17 makers that this other universe or other universes were out
18 there. And so we took it upon our own, largely at Piper's
19 initiation, because she was the one who discovered it, and
20 felt that we needed to highlight it. So that's why we
21 created this chapter. This chapter didn't exist prior to
22 around 2007, this looking-forward chapter, because by the
23 words in our legislation, it's irrelevant.

24 MR. HOCHBERG: Right.

25 MR. CRUSE: All right? And so we've created the

1 chapter to get around the constraints of our legislation
2 that says just look at the G-7. So we've used this chapter
3 to do that and expanded it and grown it and highlighted it.

4 I have no conceptual disagreement with the idea of
5 separating the analysis, but it's going to be a pretty short
6 analysis besides the numbers: it's big, it's growing, we
7 know nothing about its contents. And that's the difficulty
8 of why it doesn't show up in the analysis of local costs or
9 content or interest rates or anything else, because we don't
10 know, all right, but we do know that it's big and growing.

11 And I think the suggestion by Gary of an overlap
12 analysis, I think we can do a whole lot more to indicate how
13 it's affecting and how much it's changing, all right, by
14 that type analysis, but I don't know that we can analyze it
15 very much in terms of specific comparisons. But we can do
16 more, but it's going to have to stay in this chapter because
17 it's not within the lines of what our charter calls for.

18 MR. BOYLE: I'm --

19 MR. HOCHBERG: And the main, if I can just
20 understand this, just, the main non-G-7 OECD probably would
21 be Korea?

22 MR. CRUSE: Yes, and that's just blossomed in the
23 last, since the crisis.

24 MR. HOCHBERG: Right, most recently. So --

25 MR. CRUSE: Yeah. That's why we had to --

1 MR. HOCHBERG: -- but we've been including, to a
2 limited extent, the Netherlands and --

3 MR. CRUSE: Right, and we've added them just a
4 couple of years ago. I mean --

5 MR. HOCHBERG: Right.

6 MR. CRUSE: -- this is what happens. As things
7 pop --

8 MR. HOCHBERG: Right.

9 MR. CRUSE: -- we try to capture them in this
10 chapter, or whatever, because we do believe that the world
11 is changing and the mandate is out of date, but we don't
12 want to get into trying to get that changed.

13 MR. HOCHBERG: Right. So just so I, just for the
14 committee, so we've, as I said, we've been continually sort
15 of expanding the --

16 MR. CRUSE: Yeah.

17 MR. HOCHBERG: -- the pool of comparison --

18 MR. CRUSE: Yeah.

19 MR. HOCHBERG: -- as conditions have warranted.

20 MR. CRUSE: Right.

21 MS. GREGOIRE: So -- yeah.

22 MR. MULVANEY: I was going to make a separate
23 comment, but --

24 MS. GREGOIRE: Okay. So our time is up, and we
25 are by no means done. So, as we move forward, can I ask

1 whoever is going to make the comment, make what the comment
2 of what you'd like the report to say. Go ahead.

3 MR. MULVANEY: Okay. I will confess that I have
4 not found these letters from the advisory committee in years
5 past terribly helpful. Okay? I feel like it's important to
6 have a perspective on different trees within the forest,
7 which we're talking about in different buckets, but we're in
8 a reauthorization year. It is an existential battle, and
9 sometimes I feel like we should be painting -- well, not we;
10 it's you, okay? I mean, I feel like folks are missing, we
11 might be out of business, we might not be here. And the
12 issue of competitiveness isn't necessarily only versus one
13 of these individual buckets, but it's just that we won't
14 exist, and I feel like you guys might want to comment on
15 that and paint a picture of maybe a multipolar geoeconomic
16 kind of competition.

17 Gary, I've listened to you for years testify on,
18 you know, global trade and economies, you know, rising in
19 different parts of the world and how, you know, the U.S.
20 needs to negotiate free trade agreements around the world to
21 gain access to those markets. So I feel like you have a
22 unique background in kind of understanding how geoeconomics
23 has changed, what the 21st century is going to be like, and
24 almost, you know, ask the question, you know, does the U.S.
25 government not want to have an Ex-Im in the 21 century.

1 That appears to be the question in the political system, and
2 you know, do you want to comment on that?

3 MS. GREGOIRE: What would you recommend?

4 MR. MULVANEY: Well, I don't think -- I mean, I've
5 given you my remarks, you know, that I made in Philadelphia,
6 and I feel like that, you know, clearly identifies where I
7 am on the issue, but I don't think it's appropriate for me
8 to advise you guys in that sense on what you feel. You have
9 to coalesce and consensus yourself. As a very diverse
10 group, a very bipartisan group, you can make a powerful
11 statement.

12 MR. BOYLE: Ma'am --

13 MS. GREGOIRE: Gary.

14 MR. HUFBAUER: I wasn't quite getting the
15 question; so perhaps you could summarize it.

16 MS. GREGOIRE: So the question is whether we, as a
17 body, should take the issue on, head-on, about the talk on
18 the Hill, about whether to get rid of the Bank and basically
19 talk about --

20 MR. HUFBAUER: Yeah.

21 MS. GREGOIRE: -- the importance of the Bank.

22 MR. HUFBAUER: Well, okay, yes. Okay. Then I
23 did, I did get it, and well, that obviously is a delicate
24 political one. My views are actually certain on that. I
25 mean, to not renew the Export-Import Bank, to me, would be

1 just a major abdication of, of national responsibility, but,
2 so -- and I don't have any doubts about that --

3 MS. GREGOIRE: Would say that another way.

4 MR. HOCHBERG: No, that's a good way of saying it.

5 MR. HUFBAUER: -- about the effect of that. I
6 think it would be a disaster; however, maybe this is too
7 political for the kind of advisory board letter we're
8 supposed to be writing.

9 MS. GREGOIRE: Go ahead, Mike.

10 MR. HUFBAUER: Governor, you would know better
11 than I on that, on that score.

12 MR. BOYLE: I think what Director Mulvaney was
13 trying to put together, I think, sums up in the word value.
14 None of our -- none of our letter or the report structures
15 on the value of the Bank in its competitiveness, what our
16 competitiveness does in terms of its value to the American
17 people, the taxpayer, and American global competitiveness as
18 a whole, and I think that's the word we're missing here, is
19 value.

20 And I'd like to see something go into this letter,
21 stating that the innate value to employees, to families, to
22 jobs, to, you know, to foreign policy, all of the good
23 things that commerce does when it unifies. We're in a
24 global economy. Larry Summers said it. You know, whether
25 globalization was a good thing or a bad thing, it is the

1 thing, it is here; so we have to face it. And the value
2 that we create out of this group is something, I think, is
3 decidedly lacking in both the report and our letter.

4 MS. GREGOIRE: Luis.

5 MR. UBINAS: I think the discussion we're having
6 -- sorry. The discussion we're having is about the nature
7 of the letter. The letter as currently written is just
8 simply an executive summary of the report, and you can feel
9 that it was written by whoever wrote the report and it
10 bubbled up into an executive summary of the report. It does
11 not reflect perspective, and this is Sean's point. And I
12 think we have to ask ourselves whether we want to put aside
13 the letter as executive summary and write a letter that says
14 here is why -- from our point of view, collectively, here's
15 why we think this is a value, here's why we think, what can
16 be done better, here's what's working very well, and here
17 are risks of things not proceeding and continuing, and here
18 are benefits.

19 I think we have to step back and ask ourself, what
20 is the nature of the letter. It does a very good job
21 currently of summarizing the material in the book. It does
22 not reflect, to Sean's point, a point of view on what should
23 happen next and why. And if that's our goal, we have to --
24 that letter just has to be rewritten from scratch.

25 MS. GREGOIRE: Or --

1 MR. UBINAS: We could add a paragraph.

2 MS. GREGOIRE: I mean, I -- if we take out the
3 grading and so on, we're going to dramatically change this,
4 for starters. So this document doesn't represent where we
5 are at all --

6 MR. UBINAS: Yeah. Yeah. Uh-huh.

7 MS. GREGOIRE: -- at this point, but it seems to
8 me it should start out with a bolded, like the context and
9 things, a bolded Value of the Bank --

10 MR. UBINAS: Yeah.

11 MS. GREGOIRE: -- where we take the laboring ore
12 of saying, as a committee, the importance of the Bank and
13 what value it plays in producing family-wage jobs, and so
14 on, in this country and, without it, how we put ourselves in
15 an unbelievably economic disadvantage. So that doesn't say
16 it as directly as you said it, Gary, but I'm trying to be
17 mindful of the politics as well.

18 UNIDENTIFIED SPEAKER: Yeah.

19 MR. UBINAS: Governor, you could imagine an
20 opening statement that says: There's a reason why past
21 presidents, Republicans and Democrats alike, have chosen to
22 be deeply supportive of the Bank. There's a reason why
23 Ronald Reagan said x, y, and z about the Bank, and that is
24 that the Bank is a seminal source of American job creation
25 and financing for business that wouldn't otherwise occur.

1 In a global world, the Bank is an essential tool in helping
2 America be globally competitive, and then go on from there.

3 You can imagine that being the opening paragraph,
4 and then instead of summarizing what's in the report, react
5 to what's in the report as a way of expressing the value and
6 utility of this unique American institution that is already
7 underinvested in relative to what our competitors do. That
8 narrative, which, I think, Sean, is your point, is --

9 UNIDENTIFIED SPEAKER: Compelling.

10 MR. UBINAS: -- reflects the committee's input as
11 opposed to just summarizing the report itself.

12 MS. GREGOIRE: And the only thing I would
13 recommend in terms of writing it is, I agree with the
14 eloquence of what you just said without referencing R's and
15 D's and so on, you know --

16 MR. UBINAS: Yeah, yeah, yeah, of course. Yeah.
17 Yeah, yeah, yeah.

18 MS. GREGOIRE: -- we can get into the political
19 arena.

20 MR. UBINAS: Yeah, yeah.

21 MS. GREGOIRE: Jenny.

22 MR. UBINAS: Yeah.

23 MS. FULTON: The only thing I would add to that,
24 because I totally agree, is you might want to put in a
25 sentence or two that, without the Bank, this is all the

1 losses that's going to occur.

2 MR. UBINAS: Yeah.

3 MS. GREGOIRE: No reason why we can't be direct on
4 that.

5 MS. FULTON: I'm just saying --

6 MS. GREGOIRE: Yeah.

7 MS. FULTON: -- tell it like it is.

8 MS. GREGOIRE: Yeah. Mike.

9 MR. BOYLE: Ma'am, one other thing that goes to
10 the value structure, which I'm a stronger believer in, is
11 that I don't really want to compete with Korea. I want
12 competitive advantage, and in point of fact is, as I go out
13 through the world, the Bank helps me gain competitive
14 advantage with technology.

15 So I keep, again, going to value. It's not simply
16 competitiveness. It's competitive advantage that we're
17 seeking, and I think we gain that with this as well. So I
18 think we got to -- we keep falling short to, we want to be
19 as competitive as everyone else. I don't really think we
20 do. I think we want to be -- we want competitive advantage,
21 and the Bank provides that.

22 MR. HOCHBERG: Well, that's a slippery slope
23 because the whole point of the OECD is to say that financing
24 should not be an advantage and it should be a level playing
25 field. Now, I think that's the -- that's what that was all

1 about, to stop some nations from providing 20-year loans,
2 five-year grace periods --

3 MR. BOYLE: Sure.

4 MR. HOCHBERG: -- you know, no fees. But that
5 said, you know, there's a lot of clever ways that are
6 perfectly legal that other countries deploy to circumvent
7 that that is not something that's part of U.S. policy.

8 MR. BOYLE: Right.

9 MR. HOCHBERG: You know, we don't make untied
10 loans. We don't. That's just, we don't do that.

11 MR. BOYLE: Yes, sir.

12 MS. GREGOIRE: So there -- you know, as one large
13 example, you know, and we fully comply with the OECD. We
14 don't, we don't play around with that kind of stuff. So
15 that's just a -- now, but within that, within the frame we
16 like to be as competitive as possible, and I think -- Mike
17 and I just went upstairs for a quick cup of coffee to catch
18 up, but he said -- I mean, he can say it better than I -- he
19 said, you know, within that frame you thought the Bank was
20 competitive but the frame is narrower than other places
21 operate under.

22 MR. O'NEILL: Uh-huh.

23 MR. BOYLE: Thank you, sir. I sometimes blend
24 public and private competitiveness, and I thank you for that
25 help.

1 MS. GREGOIRE: Well, again, Gary, it's up to you
2 to draft this, but not only do we talk in terms of the value
3 of the Bank and the competitiveness and the jobs it creates
4 and what it means to Americans, the fact of the matter is,
5 it seems to me, we're doggone proud of the products we
6 export because they're a higher quality than any that can be
7 found around the world. So there's a paragraph to be put
8 here that I think would really eloquently state kind of the
9 invitation, meet the invitation that Sean has outlined for
10 us.

11 So, quickly, the point to be made on the jobs
12 issue is that we ought to start looking, which would be
13 consistent with the bill that's before Congress, at both the
14 direct and indirect jobs, because many of our -- those who
15 are lending are, their jobs are directly impacted by the
16 ability of them benefiting indirectly.

17 MR. WEBBER: Absolutely.

18 MS. GREGOIRE: Right? So we need a statement on
19 that; so we'll get that. On the definition of renewables,
20 Steve --

21 MR. WILBURN: Uh-huh.

22 MS. GREGOIRE: -- what's your recommendation
23 there?

24 MR. WILBURN: My recommendation is that you have a
25 nebulous congressional mandate that says 10 percent

1 renewables. I don't know what the Bank's reaction as far as
2 policy and definition of renewables are, if it's limited to
3 solar and wind, for example. I'm just trying to -- if you
4 put it in a very narrow range, it's almost impossible to
5 meet that goal, and last year we fell short, correct, if I
6 believe, Chairman?

7 MR. HOCHBERG: Well, it actually says 10 percent
8 of our authorizations. So --

9 MR. WILBURN: Oh, 10 percent.

10 MR. HOCHBERG: -- last year would have been \$2.7
11 billion. There is --

12 MS. GREGOIRE: It was greater than.

13 MR. HOCHBERG: -- then it's all about U.S.
14 exports.

15 MR. WILBURN: Yeah, that's -- yeah. Thank you.

16 MS. GREGOIRE: And I think that says it. I don't
17 know why we don't say that --

18 MR. WILBURN: Right.

19 MS. GREGOIRE: -- that, that as a value, this
20 country wants to export renewables, and we --

21 UNIDENTIFIED SPEAKER: Yes.

22 MS. GREGOIRE: -- totally agree with that policy.
23 Now we need a more realistic goal so that we can achieve it.

24 MR. WILBURN: Yeah, that was the second half of
25 it. In other words, first come up with a definition of

1 renewable by the Bank, whatever that is, and then
2 alternative energy was a term that was used a little bit,
3 also, that could be part of that definition, as a
4 suggestion, and then, again, try to set, we'll call them
5 growth targets. I don't know what else to use, right, Mary?

6 MS. ANDRINGA: Uh-huh.

7 MR. WILBURN: Growth target. What is our growth
8 target? We can't achieve -- we can't achieve your
9 congressional mandate, but we have a growth target and
10 that's set on some realistic criteria by the Bank. I can't,
11 I can't advise you.

12 MR. HOCHBERG: Well, it's, frankly, it's
13 challenging to have a growth target. We're supposed to fill
14 gaps. So --

15 MR. WILBURN: Okay.

16 MR. HOCHBERG: -- you know, in an ideal world,
17 there's no gap. So when we, you know, we don't -- for
18 example, that's one reason we don't forecast our
19 authorizations. We don't midyear say based on what it's
20 going to be because we're supposed to be responsive to the
21 marketplace. Though we have these conflicting members --

22 MR. WILBURN: Okay.

23 MR. HOCHBERG: -- we're supposed to be responsive
24 but do more renewable, do more small business, do more
25 Sub-Saharan Africa but don't compete and only be responsive.

1 So, I mean, it's not consistent.

2 MR. WILBURN: Yes, sir, and anything we can do to
3 help you become consistent we want to do, but just for the
4 advisory portion of the committee --

5 MR. HOCHBERG: Right.

6 MR. WILBURN: -- if we understood a little bit
7 more, I think -- at least, I have a vested interest in this
8 -- for the renewable definition, it would help us be able to
9 help you, I think.

10 MR. HOCHBERG: Well, I think right now, frankly --
11 Scott Schloegel is here -- I think that the renewable
12 mandate is a little more, actually, controversial today than
13 it was in years past. Pull up a seat at the table.

14 MR. SCHLOEGEL: Been chomping at the bit to get up
15 here with you guys.

16 MS. GREGOIRE: Quickly. Quickly.

17 MR. SCHLOEGEL: I will tell you that it -- yes,
18 and it also is not one that's in our charter. It's one
19 that's put in in the appropriations process and has been put
20 in annually in the appropriations bill. So it's kind of a
21 one-year-at-a-time goal. So it's not in our charter, it's
22 not a part of our permanent mandates, but it has been put in
23 on a yearly basis for the last number of years in the
24 appropriations process.

25 MS. GREGOIRE: So still, it would be appropriate

1 for us to comment --

2 MR. SCHLOEGEL: Sure.

3 MS. GREGOIRE: -- because I think, one, we can say
4 that the Bank's doing a good job with respect to
5 renewables --

6 MR. SCHLOEGEL: Yeah.

7 MS. GREGOIRE: -- but it isn't meeting what you
8 just articulated --

9 MR. SCHLOEGEL: Right.

10 MS. GREGOIRE: -- and nor could it ever,
11 frankly --

12 MR. SCHLOEGEL: That's right. That's right.

13 MS. GREGOIRE: -- at this point in time. So we
14 need a realistic goal.

15 MR. SCHLOEGEL: Right. And what we have, what we
16 have suggested in the past to them is to strive to continue
17 to improve and increase the amount of renewable exports that
18 we do on a yearly basis, and Ex-Im has done a great job of
19 increasing the amount of renewables that we finance --

20 MR. WILBURN: Okay.

21 MR. SCHLOEGEL: -- we have a track record of that.

22 MS. GREGOIRE: What would you recommend, Mary, on
23 the transaction time issue?

24 MS. ANDRINGA: I'm not sure that needs to be in
25 there except that I just appreciated the customer

1 satisfaction portion at the end of the report and the fact
2 that the number of days from inquiry to a done deal, I
3 guess, has definitely improved. And just, I think that --
4 personally, I think that's a competitive factor today, if it
5 takes less time to go through the process, because just
6 there's waste eliminated, not because any due diligence is
7 left out --

8 UNIDENTIFIED SPEAKER: Right.

9 MS. ANDRINGA: -- not at all because of that. All
10 the value adds in there in the process. That, that helps us
11 to be able to compete against someone who's from a different
12 country and getting the financing set up quicker than we
13 have. So I want to applaud, I guess, the Bank for working
14 on this and just urge, urge us to continue working on it.

15 MS. GREGOIRE: So we can put in there some
16 positive things about --

17 MS. ANDRINGA: I think so.

18 MS. GREGOIRE: -- progress, and that might be one.

19 MS. ANDRINGA: The numbers on page 184 are really
20 pretty significant --

21 MS. GREGOIRE: Right.

22 MS. ANDRINGA: -- of how much, you know, the
23 percentages from 2009 to 2013 on equal to or less than 30
24 days and equal to or less than 100 days, and again, that is
25 -- to be honest with you, I've had so many customers in the

1 past who don't even want to talk about Ex-Im because their
2 thought is this takes, you know, a year and a half, two
3 years, I can't wait that long, we've got a project to go.

4 So, I mean, to continue keeping focus on that,
5 Bravo to the Bank for putting an emphasis on that, and I
6 know Fred's had a lot of influence on that, and just to ask,
7 you know, continue, let's continue working on that because
8 sometimes time is a factor. Time is part of competition.

9 MS. GREGOIRE: So, again, there are several
10 shout-outs that we can make. Let's add this and if you want
11 to communicate with Gary by e-mail any other shout-outs you
12 want to make. I mean, one of the things we can shout out is
13 the survey because there's every reason to be proud, not --

14 MS. ANDRINGA: Yes.

15 MS. GREGOIRE: -- not of the response, more work
16 needs to be done there, but addressing the issues at the
17 present and articulated in the last report about the survey.
18 But if you have others, how about you e-mail him and let him
19 know. Reaching out, the issue there --

20 MR. HUFBAUER: Governor, can I make kind of a time
21 suggestion? I've heard a lot of good suggestions or
22 comments in the last round here, the last 20 minutes or so.
23 I would invite everyone who made comments, and on the values
24 as well, value of the Ex-Im Bank and so forth, to draft some
25 language and send it, if you don't have my e-mail address,

1 send it to Gaurab. And if I can get all those things, you
2 know, by Friday night, I've got a long plane flight home on,
3 leaving on Saturday to Tokyo and then home on, actually on
4 Sunday, and then coming on the flight home on Monday from
5 Tokyo, an all-day flight. So that will be a time I could
6 work on this, you know, trying on a draft or, you know, of
7 the advisory board letter, but I would really like as much
8 input as possible from people, let's say by, certainly by
9 Saturday your time so I can load it onto my computer before
10 getting on the flight. Does that sound like a possibility
11 for folk --

12 MS. GREGOIRE: Yes.

13 MR. HUFBAUER: -- I mean, fresh in mind, a short
14 paragraph, a long paragraph, and I know that Gaurab will
15 give me a list of particular points that were raised, even
16 if I don't get paragraph language.

17 MS. GREGOIRE: So very good suggestion. Thank
18 you, Gary. So those who would like to, let's do that, but I
19 don't think we can add things that we haven't discussed here
20 because we've got to say that we have --

21 MR. HUFBAUER: No, right.

22 MS. GREGOIRE: -- consensus in what we did. So if
23 we can help in the drafting, let's do that.

24 So the comment -- Luis had to go, but the comment
25 that he made, he and I chatted about this morning, and that

1 is this: We need to encourage the Bank to continue to reach
2 out, as a part of its culture, to customers like small
3 business, stakeholders like the environmental community, and
4 if we can have a statement along that line, it will help us
5 in the next few months. Okay?

6 The uncertainty issue that I wanted to raise is, I
7 think we need to -- talk about directness -- I think we need
8 to make the point that I was trying to make with Katie this
9 morning, which is this, that the shutdown and this constant
10 cabal around reauthorization is not helping with our
11 competitiveness. It's creating uncertainty for our
12 customers, it's being used by those who are trying to beat
13 us, and I think we ought to make a very clear statement that
14 the uncertainty surrounding reauthorization, the uncertainty
15 when we -- that was created from the shutdown is not good
16 for our competitiveness and job creation as a Bank. Owen.

17 MR. HERNSTADT: Yeah. Just very simply put, I --
18 and I don't think it's overdramatic -- but we've just looked
19 at the Competitiveness Report, you know, there are ideas
20 about whether or not, you know, what's going on with
21 competitiveness, but I'm not sure we can all agree, but it
22 seems to me an overall one sentence, saying, the biggest
23 threat to the Bank's competitiveness is not found in this
24 report --

25 UNIDENTIFIED SPEAKER: Well --

1 MR. HERNSTADT: -- it's found in the uncertainty
2 of --

3 MS. GREGOIRE: Right.

4 MS. ANDRINGA: Right. Right.

5 Ms. LOUI: That's good.

6 MS. GREGOIRE: Right, and that should go in the
7 letter, don't you think?

8 MR. HERNSTADT: -- whether or not the Bank will
9 continue to exist. So --

10 UNIDENTIFIED SPEAKER: Well --

11 MS. LOUI: That's very good.

12 MS. GREGOIRE: That could go in the letter.

13 MS. ANDRINGA: Yes, absolutely.

14 UNIDENTIFIED SPEAKER: Well --

15 MR. HUFBAUER: Very good. Yeah, very good.

16 MS. GREGOIRE: Right. I mean, I think we just
17 have to take this head-on --

18 MS. ANDRINGA: Right.

19 MS. GREGOIRE: -- but it is, it's not just the
20 reauthorization issue --

21 MR. HERNSTADT: Right. Right, right, yeah. Yeah.

22 MS. GREGOIRE: -- it's the shutdown --

23 MR. HERNSTADT: I got it. Okay.

24 MS. GREGOIRE: -- I mean, it's all of that. Now,
25 admittedly, it's all Congress. That's fine. I think we, as

1 a committee, ought to say it.

2 MR. HERNSTADT: Okay.

3 UNIDENTIFIED SPEAKER: Okay. Good.

4 MS. GREGOIRE: Okay. So I think I've gone over
5 all of them. Are you good to go, you guys?

6 UNIDENTIFIED SPEAKER: Uh-huh.

7 MR. HUFBAUER: I'm good to go, and I'll now go to
8 bed and look forward to getting e-mails, and then we'll get
9 going and circulate something early next week.

10 MS. GREGOIRE: You're a champ, Gary. Thank you.
11 Thank you.

12 MR. HOCHBERG: Thank you so much, Gary.

13 UNIDENTIFIED SPEAKER: Yes, thank you.

14 UNIDENTIFIED SPEAKER: Thank you. Thank you.

15 UNIDENTIFIED SPEAKER: Thank you. Thank you,
16 Gary.

17 MR. HUFBAUER: Okay, appreciate it. Thanks a lot.
18 Take care. Bye-bye.

19 MR. BOYLE: Ma'am, so we're going to --

20 MS. GREGOIRE: Yes.

21 MR. BOYLE: -- are we going to commit to getting
22 those together, we'll say, by Friday? I don't think we need
23 to push it on Gary at the last minute before he gets on the
24 plane. Who should we send that to?

25 MS. GREGOIRE: Him.

1 UNIDENTIFIED SPEAKER: Gaurab.
2 UNIDENTIFIED SPEAKER: Gary?
3 MS. GREGOIRE: And Gaurab.
4 MR. BOYLE: All to Gaurab?
5 MR. HOCHBERG: Either way.
6 MS. GREGOIRE: All to you?
7 MR. BANSAL: Yeah. What I'll, I'll --
8 UNIDENTIFIED SPEAKER: To both.
9 MR. BANSAL: -- let me just, I will handle all of
10 this. I'll --
11 MR. BOYLE: Thank you.
12 MR. BANSAL: -- put all of you on one e-mail; then
13 you can carry the discussion yourself.
14 MR. HERNSTADT: Yeah, that's good.
15 UNIDENTIFIED SPEAKER: Yeah.
16 MS. GREGOIRE: But send it all to you?
17 MR. BANSAL: I think, let me just put everybody on
18 one e-mail and --
19 MR. HOCHBERG: And then he can just hit reply
20 all --
21 MR. HERNSTADT: Hit reply all.
22 MR. HOCHBERG: -- and just send it to Gary.
23 MS. GREGOIRE: Okay. Okay.
24 MR. HERNSTADT: So --
25 MS. GREGOIRE: And what's our time line here?

1 MR. BANSAL: So I think feedback by Friday would
2 be great. End of next week is when we really need to sort
3 of file a letter. So --

4 MR. CRUSE: The 27th?

5 MR. BANSAL: Yeah, the design --

6 MS. GREGOIRE: That's Tuesday.

7 MR. BANSAL: If we can get a good draft by
8 Tuesday, which I think Gary could produce, but I suspect
9 that there'll be a day or two where --

10 MS. GREGOIRE: So, but it has to be circulated
11 here, and we really are on, like, 24-hour notice here,
12 you-all.

13 MR. BANSAL: Yep.

14 MR. BOYLE: He doesn't get back -- he's on a plane
15 until Monday.

16 MR. BANSAL: Right.

17 MR. BOYLE: He doesn't even leave Japan until
18 Monday.

19 MR. BANSAL: I suspect that he will --

20 MR. HOCHBERG: Gaurab, if I can help?

21 MR. BANSAL: Yes.

22 MR. HOCHBERG: The letter is going to be, they'll
23 allow two pages or whatever; they'll do the word count. So
24 if the words adjust up or down 50 words and there's edits,
25 you know, they're going to leave that much space for the

1 letter. So they have room.

2 MR. BANSAL: I'm not worried about that.

3 MR. HOCHBERG: It's not actually -- the ink will
4 not be hitting the paper that same week.

5 MR. HERNSTADT: Okay. Okay. That's helpful.

6 MR. BANSAL: I'm speaking with Gary tomorrow
7 morning. We will finalize the time line, and we'll put it
8 all out there for you guys.

9 MS. GREGOIRE: But my point is, so by Friday we
10 get everything to you, we get a draft ASAP back --

11 MR. BANSAL: Yeah.

12 MS. GREGOIRE: -- but we've got a turnaround
13 there --

14 MR. BANSAL: Yes. Everyone will need to review it
15 quickly.

16 MS. GREGOIRE: -- about 24 hours, you-all, and
17 then, then I think we should grant permission that that's a
18 go unless, unless there has been some substantive,
19 significant substantive change that it needs to be
20 circulated again. Is that fair?

21 UNIDENTIFIED SPEAKERS: Uh-huh.

22 MR. HERNSTADT: Could you repeat that?

23 MS. GREGOIRE: So, in other words, we get all our
24 comments, we get a new draft back with all of our comments
25 allegedly in it, we have 24 hours to respond to that, okay,

1 and then without circulating it next time, it's done unless
2 Gary and Gaurab and Fred think there's something really
3 substantive that has changed in the process that needs to
4 have one more glance.

5 MR. HERNSTADT: Yeah. The only, with all respect,
6 the only thing, I would include the subcommittee that we
7 sort of have. I don't even know who's on it. I'm on it,
8 but there are two or three of us, but --

9 MS. ANDRINGA: I've got it right.

10 MR. HERNSTADT: -- the subcommittee's kind of been
11 left out.

12 MS. ANDRINGA: It's you, Gary, Michael O'Neill,
13 and Gwynne Shotwell, SpaceX.

14 MR. HERNSTADT: So maybe that can help being on
15 the e-mail of the drafts that go to you and Fred and that,
16 yeah, and Gary, is put the subcommittee on there as well.

17 MS. GREGOIRE: Everybody good? You're up, Scott.

18 MR. HOCHBERG: Can I ask Jim a question, Jim
19 Cruse, if that's -- Jim -- and I don't know whether the
20 committee has a view of it; that's why I ask -- in terms of
21 -- and I'm sorry, I stepped out once or twice -- and you
22 commented, we have, you know, slightly lower participation
23 in the survey this year than in the past. We've talked a
24 little bit about, you know, after a client, a customer gets
25 a transaction, e-mailing them so they could fill out a

1 survey, sort of the way you do in a hotel or rent a car, you
2 know, this sort of instant survey that happens when you, you
3 know, you drop the keys at Hertz --

4 UNIDENTIFIED SPEAKER: Right.

5 MR. HOCHBERG: -- and before you get to the
6 plane --

7 UNIDENTIFIED SPEAKER: Yeah, exactly.

8 MR. HOCHBERG: -- you've got an e-mail: What did
9 you think of our service?

10 UNIDENTIFIED SPEAKER: Right.

11 MR. HOCHBERG: Is there any impediment to doing
12 something like that? I'm just trying to get a bigger source
13 of data, and I know that would be simply transaction by
14 transaction, but on some --

15 UNIDENTIFIED SPEAKER: We'd have a lot more data.

16 MR. HOCHBERG: We'd have a lot more data, and you
17 know, some of our customers only use us once a year. So
18 it's not necessary -- you know, when we wait 12, 14 months,
19 that may have an impact on compliance.

20 MR. CRUSE: We can. I think we might have to
21 check with OMB about another process. There's always the
22 Paperwork Reduction Act that we have to respond to.

23 MR. HOCHBERG: There'll be no paperwork, be an
24 e-mail.

25 MR. CRUSE: Minutes' work for the Bank, let's put

1 it that way. But anyway, we've thought about that for some
2 time, but we can put something together and find out, what
3 are the parameters?

4 MR. HOCHBERG: Well, yes. Why don't we, because I
5 know there's a long lead time, so we should -- I would like
6 to, if the committee is in agreement, we ought to just do
7 that now, and whether we get enough data for the 2014
8 report, but you know, there's a part of us that says, you
9 know, here we are, it's 2014; at some point, we've got to
10 sort of begin to move with the current thinking, you know.
11 I'm thinking, not 2014, '15, '16. I mean, at some point, we
12 can't just, you know, sort of keep operating on a, somewhat
13 a system that was in operation a decade or two ago, where
14 you sort of did mail-in surveys.

15 MS. GREGOIRE: How about we put that in our
16 response? Okay?

17 MS. ANDRINGA: Yeah, good. Yeah, I like that.

18 MS. GREGOIRE: So we'll put that in the response.
19 Okay?

20 MR. HOCHBERG: And that would help with OMB.

21 MS. GREGOIRE: Yeah. Yeah, I know. That's what
22 I'm thinking.

23 MS. ANDRINGA: Yeah.

24 MS. GREGOIRE: Jim, thank you. You have really
25 done a very, very, very fine job on the report, and we thank

1 you for all of your time and effort and great presentation
2 today. Thank you.

3 MR. CRUSE: Thank you.

4 MS. GREGOIRE: Mr. Scott.

5 MR. SCHLOEGEL: Great. Thank you. I realize you
6 guys are way over schedule, and I'll be, I'll try to buy
7 back some of that time and not use all 15 minutes that were
8 assigned to me. Let me start by just reading you a quick
9 quote of what the President said when he signed our, or when
10 he signed the Ex-Im Bank reauthorization into law.

11 He said: I've signed H.R. 5548, which extends the
12 Bank's charter for six more years. This sends an important
13 signal to both our exporting community and foreign suppliers
14 that American exporters will continue to be able to compete
15 vigorously for business throughout the world. He went on to
16 say: This authority will give the United States needed
17 leverage for use in negotiations to eliminate predatory
18 financing practices.

19 Now, that wasn't President Obama. That was
20 President Ronald Reagan in the signing statement that he did
21 of one of the two times that President Reagan reauthorized
22 Ex-Im Bank. So I share that with you because it is -- you
23 know, one of the issues that has come up is the bipartisan
24 nature of Ex-Im and the way that our reauthorizations in the
25 past have been very bipartisan in nature. We've had 16

1 reauthorizations. Fourteen of the 16 have gone by unanimous
2 consent or a voice vote in the Senate, and eight of the 16
3 have gone by unanimous consent or a voice vote in the House.

4 So only recently has this become an issue, and
5 it's become more of an issue because you've got a Chairman
6 Jeb Hensarling in the House Financial Services Committee who
7 thinks that it's time to exit the Ex-Im Bank. In fact, you
8 probably either saw clips or heard about his speech
9 yesterday. I've got copies of it here, if you all would
10 like to have one. It's a good thing for you to read because
11 it will show you where the opposition is coming from on
12 Ex-Im. This is probably a road map as to how a hearing may
13 go in June. We've been asked to hold a date in June for a
14 possible hearing in the House Financial Services Committee,
15 and so I think that this will give you a flavor as to how
16 that may, the direction that that may be going.

17 So we do have stronger headwinds this time in our
18 reauthorization process. We also have stronger support, and
19 I would say that the business community, stakeholders out
20 there are far more organized this time around than they were
21 last time around. They're more organized, they organize
22 quicker, and so I think that that balances out. And I also
23 think that, as you heard from Katie today, there is the
24 confidence that Ex-Im will be reauthorized because we do
25 have wide bipartisan support on the Hill.

1 So our reauthorization bill did go up to the Hill.
2 We sent -- we drafted it and sent it over to OMB process in
3 late December. In April it was finally ready to send up to
4 the Hill. And Jim Cruse may have put the hex on this.
5 Okay. There we go. So what we've asked for, as part of
6 that process -- this is still not working -- is a five-year
7 reauthorization -- sorry, Gaurab; oh, there we go -- an
8 increase in our exposure cap from 140 billion, which it
9 currently is at, to 160 billion, and this would be phased in
10 over four years of the reauthorization, 5 billion at a time
11 the first four years.

12 And then it incorporates indirect and small
13 business exports to provide a more fulsome view of Ex-Im
14 Bank's small business footprint. This goes to what Cherod
15 was talking about earlier, and that is the fact that, you
16 know, when we report our small business numbers, we report
17 the direct small business exports but there is an awful lot
18 that comes in indirect through the supply chain of companies
19 and that needs to be accounted for.

20 The way that we would be able to do that would be
21 a certification process that we would do, similar to what we
22 do for content right now that Jim talked a little bit about
23 in his remarks, where we, you know, contact the companies,
24 we ask them how many small businesses they're working with,
25 what the percentage of a particular good is that's small

1 business, just like U.S. content. And so that would be a
2 way that we could, we could get around to that.

3 And then, lastly, it cleans up old language which
4 is no longer necessary that's in the charter. There are a
5 number of provisions that are in there that just aren't
6 necessary anymore because we no longer have -- they were
7 superseded by FCRA back in, the Federal Credit Reform Act,
8 back in 1990.

9 So, as I had talked about a little bit last time,
10 at the last meeting, the reauthorization process is a pretty
11 basic process, going through a subcommittee, then full
12 committee markup, on to a conference committee, if
13 necessary, and then to the House and Senate for a vote.

14 So the -- our strategy, in terms of what we've
15 been doing, is, we've done a ton of, a bunch of Hill
16 meetings. The Chairman met the night before last with, I
17 think, 16 or 17 members of the Blue Dog Coalition. These
18 are very conservative business-oriented Democrats up on the
19 Hill. We did -- we had, you know, the Chairman up for nine
20 or 10 meetings several days last week, or one day, two days
21 last week. My staff's up there right now doing meetings on
22 the Hill with members and members' staff. So we have an
23 aggressive outreach campaign that we're doing with the Hill.

24 We've been aggressive in meeting with shareholders
25 and various stakeholders in the process, whether that's the

1 Chamber of Commerce or associations like NAM, Business
2 Roundtable, Aerospace Industries Association, the General
3 Aviation Manufacturers, Nuclear Energy Institute, you name
4 it. I mean, we've met with a ton of outside stakeholders,
5 also met with a number of District Export Councils, been to
6 -- both here in D.C. and their fly-ins and down in, I went
7 down to Texas to do the North Texas District Export Council,
8 which is where Jeb Hensarling has his district, and spoke
9 with them.

10 I was with the -- we've done business councils. I
11 was with the Orange County Business Council -- Steve, your
12 folks -- yesterday, the day before yesterday, 9 o'clock in
13 the morning, talking to a group of them over here at the
14 St. Regis. And then tomorrow, we'll be talking with the
15 Texas Business Council tomorrow morning.

16 So we are doing a lot of outreach, not just with
17 the Hill, but also with stakeholders. We'll continue to
18 make those efforts, and I would be happy to ask any, or
19 answer any questions that you may have.

20 MR. WILBURN: I just have one --

21 MR. SCHLOEGEL: Yeah.

22 MR. WILBURN: -- one quick question, if I may.
23 Scott, you do, you and your team do a tremendous job. I've
24 seen you firsthand and very professional. I was just
25 wondering about, from a 30,000-foot view, what type of

1 coalition would be willing, USTDA, Department of Commerce,
2 the other stakeholders --

3 MR. SCHLOEGEL: Uh-huh.

4 MR. WILBURN: -- because the Bank is just one
5 quiver in my arsenal to go and compete overseas --

6 MR. SCHLOEGEL: Uh-huh.

7 MR. WILBURN: -- and all the people that are in
8 this particular competitive environment. What are you doing
9 there, coordination? How can we help you try to mobilize
10 some more support?

11 MR. SCHLOEGEL: The interagency process is a
12 difficult one to kind of herd cats and get them to do. You
13 know, you heard Katie talk about the number of meetings, for
14 example, that Michael Froman has done --

15 MR. WILBURN: Right.

16 MR. SCHLOEGEL: -- on TPP and TPA. That's because
17 that is an Administration presidentially-led effort where I
18 will add that at least a couple of dozen of the contacts
19 that they've talked about have been done by Chairman
20 Hochberg. We've contacted a number of members of Congress
21 on that.

22 So we could do a better job of trying to get those
23 folks on board with Ex-Im, and that's part of what I would
24 love to be able to discuss as we move forward with the White
25 House officials over there on how we can maybe bring some of

1 the other agencies into the fold on the effort. The
2 business community, I will say, is extremely, you know, well
3 organized and supportive and moving forward with that.

4 MR. WILBURN: Just a point person is what I was
5 trying to -- I'm not trying to say who that person is, but
6 you know, just someone that we could reach out and touch,
7 tell --

8 MR. SCHLOEGEL: Yeah. I would say that you can
9 always reach out and touch me, and I will, you know, I
10 can --

11 MR. WILBURN: Okay.

12 MR. SCHLOEGEL: -- put you in touch with anybody
13 else that you need to get in touch with. One other point I
14 will bring up is that we are developing a toolbox of
15 pushback to a lot of the arguments that are outlined, say,
16 in the Hensarling speech that he did, the common arguments
17 that you hear in opposition to the Bank about, you know,
18 some of the ridiculous stuff, like we requested a bailout --
19 we never requested a bailout, you know; that we financed
20 Solyndra, and we didn't do that. There's -- we financed a
21 company that bought their panels. They were delivered,
22 installed, operational before our guarantee ever kicked in
23 to the foreign bank.

24 Those kind of things that -- will both be up on
25 our website and I will send out to the, you know, I'll get

1 them to Gaurab and he can get out to the rest of you-all so
2 that you have them as you go forward, because they are --
3 you know, you'll see Jenny's name in here, for example,
4 where Chairman Hensarling decided to single out Jenny and
5 say, I'm sure that she makes a nice pickle, but it's not
6 necessary for Ex-Im to exist anymore, and you know.

7 The thing that he has said is that we don't, we
8 don't actually support jobs and help create jobs, these are
9 just jobs that are shifted from one part of the economy to
10 another, and I think you, as business people, know whether
11 or not you've added jobs to your -- you know, nobody is in a
12 better position to counter that than a, you know, Jenny or
13 Steve or Michael or Lisa or whomever it might be, Mary, you
14 know. I mean, you guys know how many jobs have been added
15 as a result of the financing that we've been able to do, and
16 you know, Cherod can say, here's what, here's what it's
17 meant to South Carolina.

18 So any other questions?

19 MR. WEBBER: Well, just to echo Steve's comments,
20 how can we become more active in support of your
21 initiatives? And let me give an example. I'm a member of
22 the DEC in South Carolina as well. There's several
23 companies that are eager to do, provide support to us in
24 this initiative, and if we had a structured program that we
25 could roll out, we have willing and able individuals who are

1 ready to support us.

2 MR. SCHLOEGEL: Right.

3 MR. WEBBER: So is there any, say, a structured
4 plan that we can drill down to even, say, a DEC level,
5 individual businesses that we can use to really support
6 their efforts?

7 MR. SCHLOEGEL: Right. So we need to be careful
8 at Ex-Im because we're not --

9 MR. WEBBER: Okay.

10 MR. SCHLOEGEL: -- we can't ask people to
11 advocate, we can't coordinate with --

12 MR. WEBBER: I understand.

13 MR. SCHLOEGEL: -- with folks on that. So -- but
14 I do know that the Chamber --

15 MR. WEBBER: Okay.

16 MR. SCHLOEGEL: -- the National District Export
17 Council, I spoke to them twice; I've spoken to --

18 MR. WEBBER: Okay.

19 MR. SCHLOEGEL: -- regional District Export
20 Councils a number of times. So I can marry you up, Cherod,
21 with the folks over at the Chamber who might be the best
22 initial contact for you, and then they can --

23 MR. WEBBER: Okay.

24 MR. SCHLOEGEL: -- work with you on that, because
25 you know, South Carolina is one of the areas where we could

1 use a little bit of --

2 MR. WEBBER: Absolutely. Absolutely.

3 MR. SCHLOEGEL: -- little bit of help.

4 MR. HOCHBERG: So, but if Cherod or other DEC's
5 request information --

6 MR. SCHLOEGEL: I can provide them with
7 information about the Bank. I can provide them with copies
8 of the information in the tool kit. If they want --

9 MR. WEBBER: Absolutely.

10 MR. SCHLOEGEL: -- the Ronald Reagan signing
11 statement --

12 MR. WEBBER: Yes.

13 MR. SCHLOEGEL: -- or, you know, Dick Cheney's
14 comments to the Bank here, dispelling a lot of the rumors
15 about, or a lot of the arguments that the opponents have
16 given, I'm happy to provide that.

17 MR. HOCHBERG: So I think what Cherod is asking
18 is, which we've talked about earlier today, is having that
19 packet --

20 MR. WEBBER: Yeah.

21 MR. HOCHBERG: -- so that upon request --

22 UNIDENTIFIED SPEAKER: Uh-huh.

23 MR. WEBBER: Absolutely.

24 MR. HOCHBERG: -- if then they decide on their own
25 they want to do a, come up with one of their lunches for the

1 District Export Council, they can do so --

2 MR. SCHLOEGEL: Right.

3 MR. WEBBER: Sure.

4 MR. HOCHBERG: -- and, if other District Export
5 Councils learn about their excellent work and make a similar
6 request, you can respond to that.

7 MR. SCHLOEGEL: Yeah. Right.

8 MR. WEBBER: Okay.

9 MR. SCHLOEGEL: And so those documents, we're in
10 the process, as you know, of finalizing several of those
11 documents, but I do have the other, you know, things that I
12 can provide you in terms of, like, conservatives who have
13 supported the Bank wasn't in the past and --

14 MR. WEBBER: Good.

15 MR. SCHLOEGEL: -- comments along those lines.

16 MR. WEBBER: Very good. Thank you.

17 MR. SCHLOEGEL: Sure.

18 MS. GREGOIRE: Any other questions of Scott?

19 (No audible response.)

20 MS. GREGOIRE: So, Scott, I mentioned this to the
21 Chair, and I'll mention it to you in front of the committee.
22 I had occasion yesterday to meet with coalition members on
23 the subject and, without question, was told that you are
24 doing a wonderful job and that you have stepped up your game
25 dramatically and are leading the way, and so we're

1 unbelievably complimentary to you and your team. So thank
2 you and congratulations and keep it up.

3 MR. SCHLOEGEL: Great. Thank you.

4 MS. GREGOIRE: So we have subcommittee updates,
5 but I don't want to get too far away. So can I take a brief
6 moment here just to ask, are there any public comments? Any
7 public comments?

8 MR. BOUWKAMP: Daryl Bouwkamp with Vermeer, and I,
9 I already sent Scott an e-mail as well, because I've been a
10 DEC member for the last 20 years, as well, and I thought the
11 information he shared --

12 THE REPORTER: There is a mic.

13 MR. BOUWKAMP: -- at the leadoff was incredibly
14 helpful.

15 MS. GREGOIRE: You have to use a mic.

16 MR. BOUWKAMP: Oh, I'll refrain from making any
17 comments. That's okay, not important.

18 MS. GREGOIRE: Public comments, any?

19 (No audible response.)

20 MS. GREGOIRE: Okay. Subcommittee reports,
21 you-all. Mary, do you want to kick off?

22 MS. ANDRINGA: I will try to be very brief since
23 we've already talked about the environment and renewables
24 subcommittee essence in a way. We are going to be --
25 actually, we have more questions, probably, than answers at

1 this point -- number one, we're going to be digging into
2 that definition of renewables. There are several instances
3 where we're not sure the scope of what is considered in
4 renewables is as broad as it could be.

5 So we're going to dig into that, number one;
6 number two -- it's been addressed several times already --
7 the goals and are they reasonable, do they make sense. And
8 we're hoping to follow up with Craig O'Connor on his plan
9 that he put out, and I know there's some realignment within
10 the Bank itself; so within the next, hopefully, few weeks,
11 understand how his plan can address what is the scope of the
12 opportunities out there and what, what are reasonable goals,
13 whether it be growth or whether it be a percentage of the
14 opportunities and the projects that are going out around the
15 world, which maybe it's USTDA that knows what those projects
16 are.

17 So, actually, we have more, again, more questions
18 than answers at this point, but I think we'll be dealing
19 with definition, metrics and, hopefully, have a good draft
20 by midsummer and then a final report --

21 MS. GREGOIRE: Great.

22 MS. ANDRINGA: -- and I'm happy to answer
23 questions or have anyone else from the committee make a
24 comment.

25 MS. GREGOIRE: Good. Cherod, please.

1 MR. WEBBER: Sure. We had a very engaged
2 discussion this morning with Jim Burrows and Sean.
3 Actually, the small business group has a very strong plan,
4 very impressive, clear vision. We see the next challenge in
5 being in the execution of that plan. Certainly, with the
6 CRM system coming online in two to three months, you're
7 going to have the tool that you need to test and learn, as
8 you say. So that methodology is going to work out really
9 well.

10 We did have some additional comments and feedback
11 in terms of the, identifying a strong marketing and
12 advertising firm to support the rollout. I think Mr. Boyle
13 mentioned a group called Purple Strategies. That could be
14 an excellent marketing firm to support the rollout.

15 There was also some discussion about the
16 cross-sell. We need to make sure that we're hitting our
17 targets with existing customers and we're bringing in the
18 new customers, and one of the other suggestions was how can
19 we possibly incentivize our current customers to bring in
20 additional customers. Michael mentioned he has probably 10
21 associates that will be very pleased to use Ex-Im services.
22 I have 10. So we have an opportunity. It's really a
23 greenfield in terms of bringing in new customers from the
24 small business group; we just have to find the best way to
25 bring in these new customers. And also understand that it's

1 a very diversified group of small businesses. The needs are
2 varied. So the message is going to have to be tailored to
3 meet each segment of that audience.

4 And I think Lisa also had a very good point about
5 small businesses that are not familiar with the Bank. The
6 name itself can be intimidating: the U.S. Ex-Im Bank. So
7 can we come up with a tag line or a three-second deliverable
8 that can make it more friendly, more inviting to the small
9 businesses? I thought that was a great idea.

10 So, again, we have a strong plan. The execution
11 is going to be the next step. Of course, we need more
12 financial resources after the initial rollout of the 1
13 million that's been budgeted for, but we're very pleased the
14 way things are progressing right now. We'll have a full
15 report very soon. If any other committee members have any
16 comments, I open the floor to you as well. Okay. Thank
17 you.

18 MS. GREGOIRE: Okay. And Luis had to leave. Is
19 there someone else from that --

20 MS. FULTON: Just me.

21 MS. GREGOIRE: Oh, Jenny.

22 MS. FULTON: Yep. Thank you. We had a great
23 meeting this morning, and we had put together kind of like a
24 little four-pager, and after discussion, we're going to
25 revise that. I think we've shared it with you, but ours is

1 about public engagement, and we're going to give five
2 suggestions. But we're really, our goal over the next two
3 years is to work and build formal relationships with key
4 chambers, key communities, as well as key trade
5 associations, to really make the awareness out there for the
6 Bank. So we'll be providing more information, and we'll get
7 a copy of all this to you, and I think Luis is going to have
8 it done by next week, so thank you.

9 MS. GREGOIRE: Good.

10 MS. FULTON: I'm here to answer questions.

11 MS. GREGOIRE: Okay. So good reports on all
12 three. Thank you. The goal here is to, you know, have a
13 draft report whenever you choose but to have the final
14 report for presentation at our final meeting in September.

15 MR. WEBBER: Absolutely.

16 MS. GREGOIRE: Do we have --

17 MR. BANSAL: The week of September 15th.

18 MS. GREGOIRE: The week of September 15th, and
19 we'll come up with the specific day as soon as we can.

20 MR. WEBBER: Okay.

21 MS. GREGOIRE: Sorry. Anyway --

22 UNIDENTIFIED SPEAKER: Edit that.

23 MS. GREGOIRE: Yeah, you can edit that. Do not
24 put that in there. Anyway, what did you say?

25 MR. BANSAL: September 15th.

1 MS. GREGOIRE: Oh, September 15th.

2 MR. HOCHBERG: Just want to get the calendar
3 right.

4 MR. BANSAL: The week of September 15th.

5 MS. GREGOIRE: The week. We're trying to figure
6 out the day, but we tried to narrow that; so we can check
7 with you to make sure that that works. So we'll make that
8 final presentation on that, on that day, you-all. Thank
9 you, very good. We will close up shop with the small
10 business survey results. Stephanie.

11 MS. THUM: Okay. Thank you. Good afternoon. I'm
12 Stephanie Thum, vice president of customer experience at
13 Ex-Im Bank. Thank you for the introduction. Mr. Chairman,
14 members of the advisory committee, welcome to the age of the
15 customer. At no other time in the history of business have
16 customers been more central to building and sustaining a
17 successful organization than they are today. That's true in
18 the private sector, and it's true for us at Ex-Im Bank as
19 well. Even though we're a government agency, customers have
20 become front and center.

21 Over the past couple of years, under Chairman
22 Hochberg's leadership we have worked really hard to get
23 closer to our customers. Surveys, roundtables, and a
24 partner interview program have become part of my role at
25 Ex-Im Bank, and what I have to share with you today are some

1 highlights from the small business exporter survey that was
2 recently done at the Bank. Understanding that we have a
3 tight time frame here, I will hit the highlights for you and
4 be prepared to leave some time at the end to answer any
5 questions that you may have.

6 Okay. So we will start with just a little bit of
7 information about the lay of the land for this survey. Why
8 did we do this survey? Well, we wanted to solicit and
9 assess feedback on Ex-Im's products in the context of
10 customers' business, export, and employment base. So
11 earlier this year we surveyed approximately 2200 small
12 business exporter customers that currently hold a trade
13 credit insurance authorization. We got a really good
14 response rate.

15 This was the first piece of really good news that
16 we received as we began to look at the data, that we got a
17 strong response right out of the gate from our small
18 business customers. Mostly chief executives and financial
19 managers answered the survey, and the response pool included
20 a good mix of customers who have a lot of experience working
21 with Ex-Im Bank; some were new to Ex-Im Bank; some were very
22 experienced exporters, and some were new to exporting. We
23 also had a really great cross section of responses from the
24 manufacturing sector and other sectors as well.

25 So let's begin to tell the story through the data.

1 I'm really excited to share these results with you, one
2 reason being that when we work in customer service and
3 customer experience and government and we do these projects
4 from a survey perspective, we get a lot of negative, and I'm
5 not saying that that is a bad thing, because feedback is a
6 gift. Even negative feedback is a gift, but there's some
7 really great news in these survey results, starting here.

8 The story that our customers tell us about how
9 their business is doing begins to unfold with this data.
10 Sixty-five percent of our small business customers that
11 responded to this survey told us that their exports have
12 grown over the last five years -- that's really good news --
13 and when we take a look at the chart to the right of the pie
14 graph, we see that for some, exports have grown pretty
15 significantly. We like seeing that.

16 We also asked customers the extent to which they
17 shopped around. They gave us some perspective on how they
18 shop for other services if Ex-Im Bank is not available.
19 This slide gives some insight. And, by the way, Caroline
20 has included for you in your packets a readout on these
21 survey results. So you can have them as you leave. Okay?

22 Jim Cruse this morning shared with you just a
23 brief snippet on how, through this survey, we asked small
24 businesses about their experiences working with other export
25 credit agencies. Only a small percentage of respondents to

1 this survey had experience working with other export credit
2 agencies, and what we found interesting was, there was a
3 similar survey done in 2012 by the Office of the Inspector
4 General, before I came on board here at Ex-Im, that had a
5 similar response rate from small business customers.
6 Roughly the same number of customers were surveyed, and
7 approximately 10 percent in the 2012 survey had experience
8 working with other export credit agencies. So a very small
9 number of small businesses report having experience working
10 with other ECAs.

11 Okay. So we wanted to get a sense of customers'
12 experiences with Ex-Im in the context of impact to exports
13 and employment. So we asked them about the extent to which
14 Ex-Im Bank helped them to initiate their export business and
15 expand their export business. Forty-six percent agreed or
16 strongly agreed that Ex-Im Bank helped them to get started,
17 and a good number, 64 percent, agreed or strongly agreed
18 that Ex-Im Bank helped them to expand exports. And the good
19 news continues. Roughly 40 percent said that Ex-Im had a
20 positive impact on employment in their company, and 55
21 percent said that without Ex-Im Bank their business would
22 not have realized as many export opportunities.

23 So these are really good survey results. This is
24 really good news, and I hope that you'll agree, but this
25 survey wasn't just about understanding Ex-Im's role in

1 exporter success. We have a strategic goal as an
2 organization to improve the ease of doing business for
3 customers. So recognizing that communication is fundamental
4 to customer experience, we wanted to ask customers how are
5 we doing toward improving the ease of doing business,
6 starting with some questions about communication. So our
7 customers told us, 78 percent agreed or strongly agreed that
8 the written communications are good; 79 percent said that
9 the transaction processing time met with their expectations;
10 71 percent said that they received regular status updates
11 while their transactions were in process; and that cost of
12 insurance was reasonable, 82 percent agreed or strongly
13 agreed with that.

14 Now, as I just mentioned, Ex-Im Bank has a
15 strategic goal to improve the ease of doing business. So we
16 want to measure, how are we doing toward reaching that goal
17 as an organization? So we use, as an overarching metric,
18 the Customer Effort Score. This is an emerging standard,
19 unit of measurement to ask customers how are we doing, the
20 level, what is the -- the question is actually, generally
21 speaking, what is the level of effort that you personally
22 have to put forth to complete your transaction with Ex-Im?
23 In this instance, about 50 percent of our customers told us
24 it was about what they expected, and a good number also said
25 that it was far less effort than expected or less effort

1 than expected. That's a, that's a pretty good score.

2 Now, here's where the story begins to punctuate
3 itself. Eighty-six percent of our small business customers
4 said that they were extremely satisfied or satisfied with
5 Ex-Im Bank, and 95 percent would recommend Ex-Im Bank to
6 another exporter. These customer satisfaction scores are
7 right up there with the top financial services industries in
8 the world in terms of how they measure customer experience
9 similarly, or customer satisfaction similarly, but we also
10 know that we still have some work to do. The scores
11 indicate that, and some of the unstructured remarks from our
12 customers indicate that they still would like for things to
13 continue to be easier. They want better technology. They
14 want easier-to-understand vernacular. There's also a
15 recognition that, when things are new, they're going to be
16 especially difficult but, after an initial run-through of
17 the process, things get easier.

18 But we also like what we hear to the positive,
19 particularly these remarks, that as a small business we got
20 big support; there's an appreciation for Ex-Im Bank; Ex-Im
21 Bank has given the opportunity to make deals where the
22 customers might not have been able to do so in the past;
23 and, if we didn't have Ex-Im, we would not export. So these
24 are really great remarks. We're very happy with these
25 scores, and I welcome any questions that you might have

1 about this survey at this point.

2 MS. ANDRINGA: Small is defined different ways.
3 What's your size?

4 MS. THUM: Right. So the survey was answered by
5 companies of varying size and scope. The results are in
6 your packet that I sent home with you. The respondents for
7 this particular survey were mostly companies under 500
8 employees. I believe that -- I'm going from memory here, so
9 -- I believe it was approximately one percent was over 500.
10 So I believe -- I'm going from memory here again -- that it
11 was a really great cross section in terms of the size of
12 companies.

13 Other questions on the survey before we move to a
14 cycle-time update, or do we still want to do the cycle-time
15 update? Okay.

16 MR. HOCHBERG: Fast.

17 Ms. GREGOIRE: Fast.

18 MS. THUM: Okay.

19 MR. HOCHBERG: Fast cycle time.

20 MS. THUM: All right. And I want to pause here
21 because cycle-time averages are a service standard for Ex-Im
22 Bank and this is something that Chairman Hochberg has worked
23 very hard to help elevate within the institution. So I
24 wanted to pause to see, Mr. Chairman, if you have any
25 remarks leading into this discussion on cycle times before

1 we start talking about this.

2 MR. HOCHBERG: Well, this was just something we
3 initiated when I got to the Bank. We are about to, as we've
4 talked about, move from this space downstairs, moving
5 upstairs. One of the key hallmarks of that is -- and I
6 think, I don't remember which board member mentioned it --
7 but, you know, in reducing cycle time, it's not about
8 shortcuts on the due diligence and underwriting. I think
9 you said that.

10 UNIDENTIFIED SPEAKER: I did.

11 MR. HOCHBERG: It's really just cutting the dead
12 time out, and so --

13 UNIDENTIFIED SPEAKER: Right.

14 MR. HOCHBERG: -- we've actually designed the
15 upstairs space with more collaboration space so that instead
16 of e-mailing someone down the hall, waiting for an answer,
17 you'll meet three times a week or four times a week and say,
18 okay, here are the open items, can we just resolve them
19 face-to-face; if not, can we do, can we fix that on Friday.
20 So that's the --

21 UNIDENTIFIED SPEAKER: Right.

22 MR. HOCHBERG: -- point, is to cut all that air
23 out of the system and so you get the underwrite of the
24 customer person, the attorney --

25 UNIDENTIFIED SPEAKER: Right.

1 UNIDENTIFIED SPEAKER: Yep.

2 MR. HOCHBERG: -- the engineer, all sitting
3 around, trying to just come to conclusions faster. That's
4 really the goal of this thing. So -- and the best way to do
5 it is to measure it. If we measure it, we'll get better at
6 it.

7 MS. THUM: Right. So I wanted to share with you
8 three different ways that we look at cycle times and look at
9 those measurements. We have a few different lenses through
10 which we view cycle times, which are a service standard for
11 the Bank. It's reflected in our annual Government
12 Performance Reporting Act report that we publish to our
13 website every year, but we have three different lenses. We
14 can look at cycle time in real time, we look at deals in
15 process, and we look at deals that are complete. Now,
16 real-time cycle-time averages are available to all employees
17 at any time by logging onto an intranet site. They can take
18 a look at a dashboard that we have available any time, and
19 those cycle times are updated daily.

20 We also have every week what we call an operations
21 review committee that takes a look at a list of deals that
22 have been in-house longer than our prescribed
23 transaction-time standards, and this is a really great
24 example of a cross-disciplinary effort of people from
25 throughout the Bank that get together and take a look at

1 this list to pinpoint trends and identify opportunities for
2 improvement where processes may be concerned. It's not
3 really about policing, but it's about elevating the data
4 that's important to our customers, because turnaround time
5 continues to be one of the top concerns of our customers.
6 It's about raising the profile of the turnaround-time data
7 so that we can pinpoint trends and spot opportunities.

8 So we look at deals in process, but then we also
9 look at average cycle time for deals that are complete.
10 Every Thursday, as part of my senior staff report, I show
11 the Chairman and the rest of the senior staff a small
12 dashboard of deals complete. We take a look at the
13 percentages of long-term deals, medium-term deals, and
14 short-term deals and overall averages that have been
15 completed within standard times and less than 30 days, less
16 than 100 days, and so on. So we take a look at this from
17 various perspectives as a way to elevate cycle-time averages
18 and our view of cycle times.

19 So, Mary, you made mention of this that was --
20 that's in my chapter, Chapter I -- I believe, Appendix I of
21 the Competitiveness Report. This is the cycle-time averages
22 over time. These are really great indicators of how cycle
23 times have improved over the past five years or so. So you
24 can take a look at this. Like I said, it is in Appendix I
25 of the Competitiveness Report.

1 And I also wanted to bring you a current picture
2 of cycle-time averages based on program. So here you can
3 get an idea as to what the cycle-time averages are at
4 present for long-term deals, medium-term deals, and
5 short-term deals. These are the numbers of decisions that
6 have been made and the average cycle time for the decisions
7 to be made. Okay. And I think that that's everything. Any
8 questions?

9 MS. GREGOIRE: Okay. Questions?

10 (No audible response.)

11 MS. GREGOIRE: Thank you.

12 MS. THUM: Okay. Thank you.

13 MS. GREGOIRE: Thank you for your patience, too,
14 by the way, since we're out of sync. Anything for the good
15 of the order, you-all?

16 (No audible response.)

17 MS. GREGOIRE: Well, it's been a big day, and we
18 got through it. I was saying to Fred, wow, I can't believe
19 we got through it. Thank you for your patience and your --
20 and your tenacity, and we will see you in September, and
21 Mr. Chair, we expect good news.

22 MR. HOCHBERG: We're doubling down our -- one, I
23 just want to really thank -- this year's committee has been
24 particularly strong and engaged, with a lot of good ideas, I
25 think, on the Competitiveness Report.

1 I want to just thank the remaining members of the
2 policy team who are still here. I think that we've got a
3 much stronger report, much greater, greater clarity, and I
4 think the committee really helps each year making those
5 improvements to just give us a better report so we can have
6 a better picture of what that is.

7 And I really thank each and every one of you for
8 taking time out of your day, flying into Washington, sharing
9 your insights and thoughts, and then being great advocates
10 for the Bank on the outside; so really, thank you. And we
11 will be in touch way before September. We'll see you all in
12 September and probably, hopefully, many before that, so
13 thank you.

14 UNIDENTIFIED SPEAKERS: Thank you.

15 MS. GREGOIRE: Thanks, everyone.

16 (Whereupon, at 3:02 p.m., the meeting was
17 concluded.)

18

19

20

21

22

23

24

25

Digitally signed by Wendy Campos

ELECTRONIC CERTIFICATE

DEPOSITION SERVICES, INC., hereby certifies that the attached pages represent an accurate transcript of the electronic sound recording of the proceedings before the Export-Import Bank of the United States Meeting of the Board of Directors on May 21, 2014.



June 2, 2014

Transcriber

Date

1 EXPORT-IMPORT BANK OF THE UNITED STATES

2 ADVISORY COMMITTEE

3 Thursday, January 15, 2015

4 11:05 A.M.

5 Export-Import Bank
6 811 Vermont Avenue, N.W.
7 Washington, D.C. 20571
8

9 PRESENT:

Christine Gregoire

10 Fred P. Hochberg

Wanda F. Felton

11 Sean R. Mulvaney

12 Patricia M. Loui

Bob Perciasepe

13 Gabriel Ojeda

14 Kusum Kavia

Jay White

15 Steve Stephens

16 Celeste Drake

Luis Ubinas

17 Tom Kiernan

Sydney Thwaites

18 Don Nelson

19 Owen Herrnsstadt

Carolyn Freund

20 Mary Howe
21
22
23

24 ***Deposition Services, Inc.***

12321 Middlebrook Road, Suite 210

Germantown, MD 20874

25 Tel: (301) 881-3344 Fax: (301) 881-3338

info@DepositionServices.com www.DepositionServices.com

PRESENTERS:

Claudia Slacik

Sean Luke

Erin Gulick

James Cruse

Brad Carroll

Victoria Coleman

ALSO PRESENT:

Gaurab Bansal, Deputy Chief of Staff, Ex-Im Bank

P R O C E E D I N G S

MS. GREGOIRE: Good morning, everybody. It's good to see all of you. I enjoyed last evening's dinner together. Welcome to the first of the 2015 Ex-Im Bank's Advisory Committee meeting. To all of you who served last year, welcome back. To those of you who are new, thank you for joining. This is going to be an exciting year. This is my third time on the Ex-Im Bank Advisory Board. Thank you, Fred, for that. I have enjoyed it. It's been exciting and fun to be a part of a team and last year, we really came together, got along well, got some really good work done on behalf of the Export-Import Bank. We got to know some wonderful, wonderful people that work here at the Bank. So before we move forward on the agenda, I'd like to recognize the Chairman of the Bank, Fred Hochberg, and ask the Chair to give a few remarks.

MR. HOCHBERG: Well, thank you. We have a large number of Bank employees who are also with us today. We're going to go around and introduce each of you. I'm going to take a moment to ask those of us, those who are, work in the Bank and also, this is an open meeting. This is open to the public. We don't often get too many members of the public but I just want to recognize all of you.

So let me, why don't we start, let's start with Brad. Or maybe not. Let's start with Sean Luke in the last

1 row just to shake things up. So just briefly, your name,
2 where you work at the Bank.

3 MR. LUKE: Hello. My name is Sean Luke. I'm the
4 Director of Operations for the Small Business Division. I
5 work for Jim Burrows and I am going to be presenting to you
6 on small business.

7 MR. HOCHBERG: How about Chris who is right in the
8 doorway.

9 MR. SENDES: Oh, me? Hi. I'm Chris Sendes
10 (phonetic sp.). I (indiscernible) to Chairman Hochberg. I
11 look forward to working with everyone and currently, I'm
12 with Senator (indiscernible) but hopefully starting next
13 week.

14 MR. BARUNE: Good morning. I'm Steve Barune with
15 Steve Maroon, Director of Marketing (indiscernible)
16 Communications Department.

17 (Indiscernible.)

18 MR. SCHULTZ: Jason Schultz (phonetic sp.). I
19 work with (indiscernible).

20 (Indiscernible.)

21 MR. MARSTELLER: I'm Bill Marsteller. I'm the
22 Vice-President for Country Risk and Economic Analysis.

23 (Indiscernible.)

24 MS. BERNARDO: Andrea Bernardo, Assistant General
25 Counsel for Administration.

1 MS. BERGER: I'm Mary Berger (phonetic sp.)
2 (Indiscernible).

3 MS. TOOME: I'm Stephanie Toome with Thum. I'm
4 Vice-President of Customer Experience.

5 MR. HALL: I'm C.J. Hall. I think I met all of
6 you last night. (Indiscernible).

7 MR. CUSHING: I'm Mike Cushing, Resource and
8 Information Management.

9 MR. WHALEN: Michael Whalen, Vice-President of the
10 Structured Finance Division.

11 (Indiscernible.)

12 MR. KOSCIOW: Walter Kosciow, Director of Global
13 Relations and liaison with (indiscernible) insurance.

14 MR. SCHLOEGEL: Scott Schloegel, Chief of Staff.
15 (Indiscernible.)

16 MS. MARR: Kate Marr (phonetic sp.), Executive
17 Secretary for the Chairman's office.

18 MR. CARROLL: Brad Carroll, Senior Vice-President
19 for Communications. I'm looking forward to presenting.

20 MR. WHITE: Jake White, Communications.

21 MR. HOCHBERG: Walter, please introduce yourself.

22 MR. HILL: Good morning. Walter Hill,
23 (indiscernible).

24 MR. HOCHBERG: I think he was trying to escape. I
25 saw that.

1 MS. SHEPPERD: (Indiscernible), Shepperd,
2 Director, External Outreach, Office of Communications.

3 MR. HOCHBERG: Well, thank you. Let's give them a
4 round of applause. As I said, I counted. We have three
5 visitors with us today so I thank you for joining us. We
6 always like to have the public here as well. Others may
7 join us as the day goes on so don't be -- what I'd like to
8 do is I'm just going to, particularly when we have a large
9 number of new members of the Advisory Committee, it feels
10 like the beginning of the school year with a lot of new
11 students joining up this year.

12 So this is our first meeting of 2015. We will,
13 the Advisory Committee runs on a fiscal year basis, from
14 October 1st to September 30th. There will be four meetings
15 we will be having. We'll go over that a little bit later.
16 And actually, when I said this feels like the first day of
17 school because when I was up on, I spent a lot of time on
18 the Hill visiting members of Congress with the new Congress
19 coming in on January 6th, and that actually was like the
20 first day of school. There was a lot of excitement. A lot
21 of new members, families there, a lot of constituents
22 visiting and a spirit of wanting to get things done, wanting
23 to, a great sense of optimism. It's very easy to get. It's
24 difficult in Washington but as I said, (indiscernible) on
25 the Hill in the last two weeks and I've been there. I know

1 that Director Mulvaney (indiscernible) also been on the Hill
2 (indiscernible).

3 One of the things that obviously came up, although
4 it's not the function of this Advisory Committee, is our
5 reauthorization and I am confident from our meetings
6 (indiscernible) in the House and Senate, on both sides of
7 the aisle, that we're going to be able to achieve bi
8 partisan reauthorization (indiscernible).

9 The mission of the bank is about jobs. You all
10 have a copy of our annual report. I'm going to talk a
11 little bit about that as well. This report and I will say
12 it was truly a teamwork process in terms of our
13 communications team along with our chief financial officer
14 and many other departments at the Bank. I think they've
15 made the strongest presentation and clearest presentation of
16 what we do at the Bank, what our mission is about jobs, what
17 our mission is about supporting small businesses, and a
18 couple of things just to call to your attention.

19 We financed about \$27 billion of exports last
20 year. That's just a little bit more than 1 percent
21 (indiscernible) of exports to (indiscernible). Let me see
22 what I'm looking at. We financed \$27 billion worth of
23 exports, and I put this slide up because I thought if
24 everyone could focus on this for one moment, when we look at
25 export support, \$27 billion, about \$5 billion worth of loans

1 but obviously we don't do 100 percent lending. We support
2 exports. 39 percent, almost 40 percent of the exports we
3 support we financed were from small businesses, more than we
4 do in aviation, more than we do in any other single
5 category. We do more small business exports than any other
6 category of our business. It accounts for 90 percent of our
7 customers, and close to 40 percent of the exports that we
8 finance come from small businesses.

9 So that is a record we're proud of and that's a
10 record (indiscernible) and that's partly, those of you who
11 are joining us this year, we particularly made an extra
12 effort to get more small business owners on to the Advisory
13 Committee because we want to make sure we are hearing the
14 needs you have and how you're responding to our products,
15 our services, our turnaround time and the way we operate
16 enabling you to do more export sales and to be more
17 successful and as a result, get more Americans back to work.
18 So that's, that goes to the heart of what we're doing.

19 If we look at one of the (indiscernible) percent
20 of actual loans approved (indiscernible), about 25 percent
21 of loans and insurance was approved. Also, a higher
22 (indiscernible) than the last five years so (indiscernible).
23 And one thing I think you can note is that in a period when
24 our, our organization did small business what largely
25 leveled the biggest is our large business (indiscernible)

1 falling off because they have more options and they have
2 more choices thanks to the more (indiscernible) to lend to
3 larger companies so they have less relied on us to be
4 approved but for small business community (indiscernible),
5 does not really change the (indiscernible). It may change
6 the (indiscernible) on the small business side.

7 We supported 164,000 jobs. I like to think of it
8 in terms of about 500 jobs every single day of the year.
9 That's 500 jobs each day (indiscernible) and those jobs
10 (indiscernible). These are actually statistics looking at
11 what we're exporting and what jobs we're supporting. We're
12 looking at the whole supply chain. We're not just looking
13 at the jobs. For example, (indiscernible) not just the jobs
14 in your company but you buy from a lot of suppliers. We're
15 talking about the whole supply chain in that 164,000 number.

16 We do (indiscernible) taxpayer. We sent to
17 Treasury \$675 million (indiscernible), \$675 million
18 (indiscernible) essentially the difference between
19 (indiscernible). Last year, \$674 million. If you're in
20 business, you would call that a (indiscernible). In
21 government, we (indiscernible). The fees we collect cover
22 all of our loss. There is no (indiscernible) whatsoever.
23 We are totally self-sustained which is important. Globally,
24 we have to represent (indiscernible). A few of the people
25 at the table (indiscernible) are actually in

1 (indiscernible).

2 There's Mary Howe. She's on page -- what page is
3 that, Mary? Mary. Good. (Indiscernible). Mary can be
4 found on page 24, okay. So you can read more about Mary and
5 her company on page 24. Granted, (indiscernible) and met
6 Mary and had a great visit. (Indiscernible). Over the
7 summer, I had a chance to meet Gabriel Ojeda who is sitting
8 next to our (indiscernible). What's the name of
9 (indiscernible)?

10 MR. OJEDA: (Indiscernible).

11 MR. HOCHBERG: How long have you been with the
12 company?

13 MR. OJEDA: Oh, fifteen years.

14 MR. HOCHBERG: Fifteen years.

15 MR. OJEDA: Minus one year when we had some
16 (indiscernible).

17 MR. HOCHBERG: Well, and so we, (indiscernible)
18 and Matt and I visited, as I said, Fitz-Pak. I told
19 (indiscernible) last night (indiscernible). And although
20 she's not with us today, (indiscernible).

21 (Indiscernible).

22 As I mentioned earlier, the annual report, the
23 quality of the report and I think the clarity of it has a
24 lot to do with Brad and his team. (Indiscernible). Let me
25 just keep going.

1 I was recently in India and back in November, I
2 (indiscernible). There is a very high demand for U.S. goods
3 and services. (Indiscernible).

4 One of the things, as you all know (indiscernible)
5 essentially a free trade zone with 12 countries including
6 the United States, Canada and Mexico, Japan is another one.
7 (Indiscernible). We do face a lot of competition and I want
8 to talk a little bit briefly, we're going to talk more about
9 the Competitiveness Report which is essentially the reason
10 we have the Advisory Board. Congress mandated in 1972 or
11 '03, close enough, '72 or '03, we did the first
12 Competitiveness Report and Congress said we want an
13 independent Advisory Committee to review the report and add
14 comments so they have the outside business (indiscernible)
15 and that's really the role of this Committee, that's the
16 direct (indiscernible) we also want to get your expertise
17 and get your ideas about how we can do a better job. So the
18 Competitive Report, and here's a copy of it at the table,
19 it's also available online, (indiscernible).

20 But basically, let me just take a moment to just
21 talk about where we stand (indiscernible). The United
22 States was one of the largest exporters in the entire world
23 up until 2002. No country in the world exported more goods
24 and services than the U.S. until 2002 and in 2002, we were
25 overtaken by Germany. Germany overtook us in 2002. Some of

1 those exports (indiscernible). Exporting from Germany to
2 France is not the same from Pennsylvania to Ohio but
3 (indiscernible) it's not quite apples to apples but Germany
4 became number one. In 2010, (indiscernible) Germany, and we
5 slipped into third place. We are now in second place again.
6 We moved back up (indiscernible). We're second only to
7 China.

8 And I say this because the benefits, it's not just
9 a race, it's not just a competition but the benefits of more
10 exports, it's like, a little bit like how you say more
11 exercise, a little less (indiscernible). You get into shape
12 a lot faster. (Indiscernible). If you look at Germany as
13 an example, 52 percent of German economy is exports, 52
14 percent. In China, it's about 35 percent. In Great
15 Britain, (indiscernible), it's 30 percent in Great Britain
16 and (indiscernible). We export, we're at an all-time high
17 of about 14 percent of (indiscernible). It has never been
18 higher. (Indiscernible).

19 We are tied, at 14 percent (indiscernible), we are
20 tied with Rwanda and Haiti, and I only say that because we
21 could do better. We could do a little bit better. We have
22 people (indiscernible), we have a great education system.
23 (Indiscernible) a good rail system. We have aircrafts, air
24 transportation. So you think about that. (Indiscernible).
25 As I said, a little bit like diet and exercise. With just a

1 little more exercise, we'll (indiscernible).

2 There are about 60 other export credit agencies,
3 there are 60 other export credit agencies that are
4 supporting their companies, the companies in their countries
5 to export, so we have a lot more competition. And part of
6 the competition that, we're going to learn about and talk
7 about this today, is also companies that are not governed
8 by, there's a certain set of rules globally called the OECD,
9 the Organization for Economic Corporation and Development,
10 which provides, it started after World War II.

11 (Indiscernible) issues about the environment, it's about
12 health, education and (indiscernible) governments should not
13 subsidize their companies. There should be a level playing
14 field so that their exporters from France or Germany or the
15 U.S. aren't competing and those that support them. There
16 should be a level playing field. So we're not tilting it
17 one direction (indiscernible) grass.

18 What has happened in the last, in the time that
19 the U.S. fell from the number one to number three or
20 actually number two, (indiscernible) and China is not a
21 (indiscernible). Brazil is not a part of it, India is not a
22 part of it, Russia is not a part of it (indiscernible) and
23 this puts American companies frequently at a severe
24 disadvantage. But I was in South Africa (indiscernible)
25 that was won by GE. The other half went to China and the

1 CEO of (indiscernible). He said oh, (indiscernible). So
2 that makes it very difficult for countries that are
3 following the rules.

4 We have done, since the start of the bank, \$590
5 billion in an 80 year period. In the last two years alone,
6 the low estimate puts China at \$678 (indiscernible), more in
7 the last two years than it took us 80 years to get. So this
8 is very much a competitive, this is (indiscernible) focused
9 on is understanding what the competitive landscape is like.
10 Understanding what that, what challenges that presents to
11 policymakers, to exporters, to bankers and to our customers
12 and how we should best respond to that and how we get more
13 people into the fold.

14 So I believe that we can. This is a daunting
15 task. The work this committee does is important in
16 highlighting that understanding (indiscernible)
17 policymakers, business owners and (indiscernible). I want
18 to wrap up and I want to just, I introduced the entire room
19 so I'm not going to do that again. You're going to hear
20 from a number of the people who stood up earlier in
21 presentations. You'll hear from Claudia, Sean Luke and a
22 number of people in the meeting today (indiscernible) so as
23 I said, in closing, we've been doing (indiscernible). So
24 I'm really delighted that (indiscernible) vital in making
25 this report (indiscernible) local trends and

1 (indiscernible). So thank you (indiscernible). I'm going
2 to turn it back over to Ms. Gregoire, and I look forward to
3 spending the day with you and (indiscernible).

4 MS. GREGOIRE: Thanks, Fred. And with that, I
5 want to have remarks by the directors. Can we start with
6 you, Wanda?

7 MS. FELTON: Yes. Thank you, Governor. Thank
8 you, Mr. Chairman, for those remarks. And I'd just like to
9 take another opportunity to welcome you all to the 2015
10 Advisory Committee for Ex-Im Bank. You are a very
11 distinguished group. You represent our many various
12 constituencies, textiles, small business, environmental
13 interests, (indiscernible). I'll get to why I think that is
14 important for this year. As the Chairman mentioned
15 reauthorization is our most pressing issue or objective this
16 year. He also noted in his comments that, and I agree and
17 we all agree that the bank serves a very, very important
18 mission, to protect American jobs that serves our
19 (indiscernible) as a country, and I believe you are all here
20 because you believe that that's very important.

21 The bank does this (indiscernible) is not
22 available in the private sector and that can happen for any
23 number of reasons including regulatory issues to market and
24 economic conditions, and we're in a very unique period right
25 now in terms of global economic conditions. U.S. economy is

1 the envy of the world but slow growth with the rest of the
2 world and a very strong (indiscernible) U.S. export
3 competitiveness, and this is happening just as our economic
4 footing is gaining momentum.

5 The point here is that other countries will have
6 more incentive to compete (indiscernible) environment, not
7 less and so your willingness to serve us is important
8 because many of you are customers of the bank or you are
9 (indiscernible) in other areas that are very important to
10 our competitiveness and economic, you know, vitality and
11 bring real world experience and will help frame the
12 discussion on our competitiveness and it's an issue that is
13 becoming more complicated by the day.

14 As the Chairman said, your main responsibility is
15 to review our Competitiveness Report and he said last night
16 that you will be assigned to subcommittees that
17 (indiscernible) your industry or sector expertise and that's
18 very important in allowing us to capture the benefit of your
19 insights and experience.

20 In addition to our main mission, the bank has
21 several mandates from Congress. These are around small
22 business and supporting exports to Sub-Saharan Africa as
23 well as global energy exports. Sub-Saharan Africa also has
24 a mandate which includes (indiscernible) to have a separate
25 Advisory Committee and this year, that committee is not, it

1 was effectively disbanded. And it had nothing to do with
2 the Bank. It was dissolved at (indiscernible) back in
3 September. Having said that, if and when our
4 reauthorization is removed in June and a committee is
5 (indiscernible) so we will have gone without the Sub-Saharan
6 Africa Committee for two years because there won't be enough
7 time to reconstitute a committee after June. The fiscal
8 year ends in September so there will be no date.

9 And for that reason, I just wanted to highlight
10 that we have in the (indiscernible), a person who is very
11 experienced in exporting to Africa and also is involved with
12 the power sector which is an important area of growth for
13 U.S. (indiscernible) because of the initiative that was put
14 forth by the White House, the (indiscernible) initiative but
15 also, it is an important mandate from Congress because
16 market force is becoming (indiscernible) for U.S. Exports.

17 So with that, I would just like to suggest that as
18 the Committee forms the subcommittees, that we make Sub-
19 Saharan Africa a topic of discussion because there will be
20 no other opportunity to really get that sort of input from
21 the private sector as a team next year. Thank you, Mr.
22 Chairman.

23 MS. GREGOIRE: Thank you, Wanda. Sean?

24 MR. MULVANEY: The Chairman was right in pointing
25 out the importance of U.S. exports and of course it's only

1 one-half of the trade equation and the other part of the
2 equation, imports, is also important. Just in a very
3 general way we negotiate (indiscernible) all over the world
4 so that our economy can benefit from both exporting and
5 importing and (indiscernible) and the export credit agencies
6 around the world can have the ability to undermine our
7 ability to export around the world. Foreign export credit
8 agencies to gauge an activity and we're not there to
9 (indiscernible), they're going to capture the
10 competitiveness of this (indiscernible) it's important that
11 this Competitiveness Report helps us benchmark how well we
12 level the playing field because we need to protect U.S.
13 competitiveness and protect U.S. (indiscernible).
14 Otherwise, our ability to gain from trade is hampered, is
15 undermined and that's a critical role that we play.

16 And when you think about jobs, exports, Ex-Im's
17 mission, I want to underscore the importance of
18 competitiveness and give you kind of a task that makes sure
19 you're always thinking about American competitiveness as you
20 develop this report. We are able to export because we're
21 competitive and because we export, we have those jobs
22 (indiscernible) but unless we maintain the competitiveness
23 of U.S. exporters, we won't be able to have the exports in
24 the jobs that go with it. So think of competitiveness as
25 the vehicle that creates the jobs and secures the exports

1 because it's sometimes that we often think it's only about
2 the exports and the jobs and we'll end up not recognizing
3 that it's also about competitiveness at the same time. So
4 I want to put that out there so you have a calibrated and
5 balanced perspective.

6 Now, let me go towards something where I think we
7 can use your advice, and it's related to small business
8 space and sometimes how we need to elevate how we position
9 Ex-Im into the U.S. economy. I had some time in my career
10 in the packaged goods environment, brand management. In
11 brand management, you think of marketing kind of in two
12 streams. Trade marketing where you're marketing through
13 channels like food, drug, mass, so Safeway, Walgreens,
14 Target. And then you're also viewing marketing in a direct
15 consumer mode, getting TV, radio and print in front of
16 direct buyers.

17 And so (indiscernible) use those two tactics
18 actively positioning their product through the channels and
19 then try to drive a review of those value (indiscernible) of
20 their product directly to consumers. And I share this with
21 you because I want you to maybe help us become better
22 marketers to small business. We're, government isn't really
23 good at marketing. In fact, government is uncomfortable
24 with marketing sometimes. And, you know I mention and
25 highlight this because in Ex-Im's kind of structure

1 (indiscernible), we do have channel marketing, trade
2 marketing. We have city/state partners, we have brokers, we
3 have banks. So we are trying to work with those partners to
4 position our products to exporters but where we're not too
5 good is having more of a direct consumer strategy that is
6 based on trade shows, sector-based associations, I'm sitting
7 across from textiles thinking how can we reach textile
8 manufacturers more effectively.

9 And a tried and true kind of, or a very popular
10 tool is something that we call mobile access forums which we
11 go all across the country and we try to attract exporters
12 into town hall formats. And sometimes that, the limitation
13 to that is our message only reaches the people who happen to
14 be in the room and if they're not in the room, it sometimes
15 doesn't go beyond that. So and often, that tactic
16 (indiscernible) both marketing and public relations and
17 public presencing of our mission which is important, but the
18 two disciplines are very state and I think that we have to
19 (indiscernible) it's important that the American public
20 understanding the importance of that (indiscernible) but
21 what we need to do is elevate how we position our products
22 directly through the (indiscernible) marketing efforts.
23 Here I mean trade shows and sector association based
24 strategies.

25 In private sector, you know, P&G will have

1 (indiscernible) consumption data and you'll look at
2 consumption data on a month, quarterly basis (indiscernible)
3 exactly. In the end, when you're looking at your production
4 and the two come together. We don't really have that sort
5 of sophisticated system to guide our marketing efforts to
6 that extent. Nonetheless, I think we can do a better job of
7 trying to think through how do we get back some data to
8 inform our marketing members. And you might (indiscernible)
9 some suggestions based on industries that you work in. For
10 what we can kind of think about is what is our penetration
11 of supporting certain industries even available to those
12 industries should they need our support.

13 So I just want to (indiscernible) committees. I'm
14 sure Mr. Chairman will focus on small business and this sort
15 of marketing effort. Last year was a good effort in
16 bringing some recognition to the bank. (Indiscernible) as
17 you kick off something (indiscernible). Thank you for your
18 attention.

19 MS. GREGOIRE: Thank you. Pat?

20 MS. LOUI: Thank you very much, Governor. I'd
21 like to also add my thanks to all of the members of the
22 Advisory Committee for participating. We appreciate your
23 service and thank you in advance for all of the hours that
24 you will be putting in compiling the Competitiveness Report.
25 Having spent most of my career in Asia-Pacific, I do feel

1 very competitive with the other export credit agencies that
2 are, that are out there and one of the most valuable tools I
3 think for Congress as well as for businesses is the
4 Competitiveness Report. And for those members who are
5 returning to the Committee, I would like to express thanks
6 and appreciation as well as really commend the Committee for
7 the excellent report last year and for your leadership,
8 Governor. It really drilled down on the role of the BRICS
9 and I think that was an extremely important aspect of it.

10 I also would like to thank the subcommittees that,
11 for the reports, for example, to some of the issues that
12 Director Mulvaney addressed. The recommendations that we
13 tried for what in the private sector what is called by
14 companies like Disney the strategic alliance partnerships
15 with municipalities and with the Governor's associations
16 will really have an impact over time because we need to take
17 our message of jobs to those who are most concerned with
18 creating jobs and they really are of the mayor's and the
19 Governor's perhaps more so than the policymakers who are
20 dealing in the 35,000 level.

21 I'd also like to thank all of the communities that
22 have participated and those who have participated in our
23 global access forums. Last year, I did 34 events in 11
24 states with small and mostly minority owned businesses. We
25 also held our first (indiscernible) sporting event.

1 And so we're making progress but I think that what
2 I hope we can do in terms of our small business mandate is
3 begin to institutionalize our strategies and to develop
4 external metrics for how we achieve them because as they say
5 in business, if you can't measure it, you probably won't do
6 it. So don't over measure but again, maybe just some very
7 high level targets just as we have in terms of our 20
8 percent, a few below that 20 percent target which, and
9 again, congratulations to staff, we exceeded last year.

10 In terms of this year's report, I have three
11 suggestions. I think last year we did a terrific job on the
12 BRICS analysis. There's always room for more. I hope this
13 year we can also drill down on product specifics and when I
14 say products, especially in the area of non-regulated OECD
15 financial products. For many countries, that's 80 percent.
16 Countries like Canada, Japan. I think it's the Netherlands
17 and EU. That's 80 percent they're lending, that their
18 export credit agencies are doing. We don't go there. We
19 follow the letter of the law so how do we compete and are
20 there products that we might consider over time to introduce
21 to our own product portfolio, but I think it starts with the
22 assessment of what is being done in this non-regulated OECD
23 space.

24 The second suggestion, and I think I'm reiterating
25 and reinforcing what has been said previously, but I do

1 think there's an opportunity for the Competitiveness Report
2 to make the case for the importance of exporting to the
3 economy overall as well as to, as well as to the individual
4 communities that exporters serve. I've been using this
5 statistic. GD exporting has typically represented about 10
6 or 11, now I think 13 percent of our national GDP but in
7 terms of economic growth, according to a White House meeting
8 I was at yesterday, it's accounting for about a third of the
9 economic growth in the last five years. Also, there's a
10 case if employees get higher wages, companies make more
11 profits and communities find that jobs are more sustainable
12 if there is a mix of exporting companies as well as domestic
13 focused companies.

14 And finally, I'm a great believer that people
15 remember stories rather than just facts, so I hope that
16 perhaps we can combine the excellent data that was acquired
17 in last year's Competitiveness Report with some competitive
18 stories of what exporters like those around the table have
19 lost because of more aggressive ECAs and how that fits into
20 their ability to compete in terms of trade and exporting.
21 And again, thank you so much to all of our Advisory
22 Committee members for your service.

23 MS. GREGOIRE: Well, thanks, Pat, thanks to Sean
24 and to Wanda. You've been quite insightful. Thanks for
25 your service and giving us some well-needed advice as to how

1 we move forward. Next, we want to talk about introduction
2 of ourselves. Well, we did last night for those of us who
3 were in attendance. It would be helpful, I think, for staff
4 in particular to get to know the members of the committee so
5 we'll be brief. Basically, who you are, where you're from
6 and what you represent, and then we'll have a little bit
7 more dialogue this afternoon about what you do in
8 relationship to the Bank.

9 So I'll start with myself. I'm Chris Gregoire.
10 I'm from Washington State. We call it the great state of
11 Washington, not to be confused with this Washington and --

12 MR. HOCHBERG: Isn't Washington great!

13 MS. GREGOIRE: I left office two years ago after
14 two terms as Governor of the state and prior to that, three
15 terms as Attorney General and prior to that, one term as the
16 Director of the Washington State Department of Ecology and
17 before that, I was just a private citizen. So I'm looking
18 forward to this year and with that, Mary?

19 MS. HOWE: I'm Mary Howe with Howe Corporation in
20 Chicago. We're manufacturers of industrial refrigeration
21 equipment serving a variety of markets in a variety of
22 different countries. We've been in business for 103 years
23 which is a little shorter than (indiscernible). We
24 currently have equipment in about 100 countries. We use the
25 bank's multi-buyer (indiscernible) insurance.

1 MS. GREGOIRE: Thank you. Steve?

2 MR. STEPHENS: I'm Steve Stephens with Amegy Bank
3 of Texas. I live in Houston, Texas, and we are a \$14
4 billion commercial bank. We're actually part of a network
5 of banks called (indiscernible) which is predominantly
6 western states. The bank is really predominantly a
7 commercial bank so we're providing credit to small, medium
8 sized companies (indiscernible) important to us. My
9 colleague T.J. Raguso runs our international group. I'm the
10 president and CEO, but we have a wonderful relationship with
11 Ex-Im Bank. We can do better I think than what we have but
12 we're very proud of what we've done with the Ex-Im Bank. So
13 we're proud to be part of the committee and hope we can be
14 helpful and spread the good word about Ex-Im Bank.

15 MS. GREGOIRE: Bob?

16 MR. PERCIASEPE: Good morning, everyone. My name
17 is Bob Perciasepe. I'm the president of a small non-profit
18 that's called the Center for Climate & Energy Solutions.
19 Before that, I was the Deputy Administrator of the
20 Environmental Protection Agency. Before that, I was the
21 Director of the State of Maryland's environmental programs,
22 the Secretary of Environment with the State of Maryland and
23 before that, I was the Director of Capital Budgeting for the
24 City of Baltimore. In between there for about almost ten
25 years, I was the Chief Operating Officer of the National

1 Audubon Society so I think I'm the NGO/local/federal
2 government guy.

3 MS. FREUND: I'm Carolyn Freund. I'm from the
4 Peterson Institute for International Economics. It's the
5 leading global economics think tank in Washington. Before,
6 I've been there about a year-and-a-half and before that, I
7 was at the World Bank for over 10 years as Chief Economist
8 for the Middle East and North Africa region and also, in the
9 research department working on trade issues. I worked at
10 the IMF for a couple years and also, the Federal Reserve
11 Board also on trade issues. I'm a big believer in exports
12 as a way to grow to better jobs that pay higher wages, et
13 cetera, and I know a lot, also, about the emerging markets
14 and the export credit agencies there, how they're promoting
15 exports and we need to compete. Thank you.

16 MR. HERRNSTADT: Hi. I'm Owen Herrnstadt. I'm
17 Chief of Staff at the International Association of
18 Machinists & Aerospace Workers, one of the largest
19 industrial unions in the world. We've been around for over
20 125 years. Our members, we're probably the largest union
21 representing workers in companies that export so we're big
22 believers, obviously, in the bank. We represent companies
23 like General Electric and United Technologies and Boeing and
24 Cessna and John Deere and Caterpillar. The list goes on.

25 We know how important it is that we have

1 competitive exports. We also know how important it is that
2 the exports we're talking about are actually made by U.S.
3 workers using U.S. materials here at home. We really want
4 to commend Fred and obviously, the Board and the Bank's
5 staff for ensuring that has been done and we always want to
6 see that stronger but, as Fred well knows, but we want to
7 commend the Bank for making certain of that.

8 We may disagree on trade policies, we may disagree
9 on pending trade agreements coming up but nonetheless, we
10 also see it as imperative that the one sort of federal
11 agency that ensures that we do have exports and those
12 exports were made by U.S. workers remain healthy and vibrant
13 and robust, so thanks.

14 MR. NELSON: I'm Don Nelson with Ramsgate
15 Engineering and ProGuage Technologies based out of
16 Bakersfield, California. We manufacture equipment for the
17 oil industry. We have equipment in about 13 countries.
18 Predominantly in the Middle East is where we export our
19 equipment. We manufacture steam generation equipment, well
20 test equipment, and we've been using Ex-Im Bank since 2006
21 or '07, somewhere around there and we relied heavily on the
22 Export-Import Bank to be able to export our equipment and
23 without the Export Bank, our export business would
24 essentially dry out. Thank you.

25 MR. THWAITES: Hi. I'm Sydney Thwaites with

1 Lubricating Specialties Company. I'm the Chief Executive
2 Officer and owner. LSC has worked with Ex-Im Bank since
3 1998 in the form of a working capital guarantee. It's a
4 (indiscernible) commercial bank. We, our primary markets
5 are engaged in Latin America. Our largest market is
6 Indonesia. Most of our competitors are very large companies
7 so the support of Ex-Im Bank is crucial in our ability to
8 compete in overseas exports. We've got 300 employees, and
9 export is the majority of our business and our support of
10 the Bank is huge.

11 MR. KIERNAN: Good morning. My name is Tom
12 Kiernan. I'm the CEO of the American Wind Energy
13 Association. I've been doing that for about a year-and-a-
14 half. Before that, for 15 years, ran the National Parks
15 Conservation Association. Before that, with Audubon, at EPA
16 in a number of different positions. I understand from the
17 materials I, along with Bob, representing the environmental
18 field and that's great. I would also hope in my position
19 with Wind Energy I can also help represent jobs, exports for
20 renewable energy because we have a lot of both but would
21 like more.

22 MR. UBINAS: I'm Luis Ubinas. I've had a career
23 that's in both non-profit and for-profit. I was President
24 of the Ford Foundation for about six years and left a year
25 ago. Before that, I was Director of McKinsey and Company

1 helping with the media and telecommunications practice,
2 first on the East Coast, then on the West Coast. I'm
3 currently doing technology investing. I served on the
4 Committee last year. It was a fantastic experience and what
5 it does is pivotally important so I'm looking forward to
6 this coming year.

7 MS. DRAKE: My name is Celeste Drake. I work on
8 international trading globalization and labor policy for the
9 AFL-CIO. This is my third year on the Advisory Committee.
10 I'm anxious to be here. And we are the umbrella
11 organization for the labor unions in the United States so we
12 represent all the machinists as well as steelworkers,
13 communication workers, mine workers, workers in every field,
14 any sector that you can imagine. Thanks.

15 MR. WHITE: I'm Jay White, the President of
16 Morrison Textile Machinery. We do not make textiles. We
17 make the equipment that makes predominantly indigo dyed
18 fabrics but also many other fabrics (indiscernible)
19 finishing. We've been exporting (indiscernible) and we have
20 customers in Latin America, we have customers in South Asia,
21 Turkey, Far East, pretty much 40 different countries that
22 we'll be shipping parts to. On a regular basis, we're in 20
23 countries. We're current users of the Working Capital
24 Guarantee Program, Legacy users, our customers of the
25 Medium-Term Guarantee Program. I'm very happy to be part of

1 this group. Thank you.

2 MS. KAVIA: Good morning, everyone. I'm Kusum
3 Kavia with Combustion Associates, Inc. We are based out of
4 Corona, California. We are an engineering and manufacturing
5 company. We specialize in power generation equipment. Ex-
6 Im Bank is extremely critical for us. Our focus is, as the
7 Vice-Chair said, Sub-Saharan Africa and we recently in fact,
8 Vice-Chair Felton was at our facility and actually took part
9 in a customer that was there wanting to purchase our
10 equipment for Cameroon and I cannot say enough good things
11 about how Ex-Im Bank helped us. They provide us with
12 federal credit insurance policies as well as working capital
13 line of credit and during the timeframe that we did our
14 (indiscernible) power project for our country,
15 (indiscernible) we doubled our workforce so jobs absolutely
16 create, they are created because of exports. I know this.
17 I was born in Africa, knew that our customers are outside of
18 the United States. I'm really appreciative to be a part of
19 this committee. Thank you.

20 MR. OJEDA: Good morning. Good morning,
21 everybody. I'm Gabriel Ojeda from Dallas, Texas. I'm the
22 President and Owner of Fitz-Pak Corporation. We manufacture
23 additives for concrete. We're a small business and thanks
24 to the Ex-Im Bank, I sleep better at night. About a third
25 of our revenue comes from exports and we're able to, we

1 insure our receivables and I can sleep better if I know that
2 if a problem were to happen somewhere outside of the United
3 States, that the Ex-Im Bank will be there to help me.

4 We have been using the program for over six years
5 now and we had one claim. One of our customers in Italy had
6 been our customer for many years. They filed for
7 bankruptcy. And we took the documents and if you think
8 bankruptcy in the United States is complicated, just try to
9 learn about bankruptcy in Italy. So we gave the documents
10 to the Ex-Im Bank. We pay our deductible, we got paid. It
11 was reorganization we learned later. The company is back in
12 business and buying again, so we are thankful to the Bank.
13 It's an honor being here and I look forward to next year's
14 work. Thank you.

15 MS. GREGOIRE: Well, thanks, everyone. I wanted
16 to possibly, with the help of Fred and the directors to talk
17 a little bit about the role of the Committee itself. I'll
18 give my perspective and then those of you who serve may
19 reflect a little bit. As Fred indicated, the, we really go
20 from October to October and our number one responsibility,
21 statutorily, is the Competitiveness Report and that's due in
22 June. So we really kind of kick into gear today and we
23 really have got to get much of our work done by June. And
24 we've got our meetings set and it's much, much around the
25 Competitiveness Report and our last meeting is in September.

1 So what I had been surprised at is I have served
2 this, you begin to serve, you come to your first meeting,
3 you think there is a kind of, you know, break-in period.
4 There is not. And I can tell you that, as you can tell by
5 my personal career, I've served in government for my career
6 and oftentimes, you serve on committees where it is simply
7 form and no substance and committees where at the end of the
8 service, you feel like you've been a token fulfilling some
9 responsibility by the chair or the director or what have you
10 and that whatever you said or what time you paid was not
11 given its respect and listened to. I want you to know that
12 my experience here is just the opposite.

13 Fred is absolutely open. I have watched him now
14 at every one of our meetings where someone has said
15 something, the Bank should consider this, he immediately
16 writes it down and when he writes something down, staff
17 hears it. I've also come to learn that. Would you not
18 attest to that you all? So and it can be just a comment
19 that you make, not necessarily a formal report that you make
20 where he heeds it and obviously, so do the other people in
21 the room who are with the Bank heed it. So this is not a
22 token exercise but the Bank and Fred, in particular, are
23 also very respectful of the fact that you all are very busy
24 people and you have a lot of demands on your time.

25 So the idea that they've tried to put in place is

1 take your expertise and the advice and counsel that you can
2 give with the least amount of your time but the most
3 effective use of your time. So typically, what we do at our
4 meetings is we don't have a dinner. That was the kick-off
5 last evening was to have a dinner. We come in, generally
6 speaking, the night before for those of us who live far
7 away, and we have our subcommittee meeting in the morning
8 and then we have the overall committee meeting. And if
9 there are other meetings of the subcommittees between our
10 general meetings, they are typically by conference call or
11 by e-mail.

12 So your obligation, therefore, really is come to
13 the meetings because there are three of them and they are
14 very important and that's where the work gets done, that's
15 where your voice gets heard and that's where the Bank takes
16 action based on what you have said. So you've got the
17 dates. I want to reiterate them if I could. March 18, May
18 20 and September 16th. May 20, just for your information,
19 will be primarily focused on the Competitiveness Report, no
20 draft in hand but nonetheless, you'll be able to make some
21 comments. Whomever chairs that subcommittee will lead us in
22 that discussion.

23 Last year, our subcommittees, obviously, you have
24 to have one on the Competitiveness Report but we also had
25 one on energy and renewables. We had one, obviously, on

1 small business and textiles and we had one that Luis chaired
2 and we'll talk a little about and ask him to talk a little
3 bit about that this afternoon. We're not wedded to those
4 four. There are two that I think are critical if not three,
5 but the point being if you have an idea about another
6 subcommittee that you think should be advanced, you need to
7 tell us because Gaurab and I will go to work at the end of
8 this meeting today and try and put that structure in place
9 ASAP.

10 Secondly, if you have a subcommittee that you
11 specifically want to serve on, if you can get that to Gaurab
12 ASAP, that would be helpful. And thirdly, if you would find
13 it in your heart and on your calendar to serve as chair, if
14 you could tell that to Gaurab and me ASAP, that would be
15 great. Otherwise, I might be calling you and asking you,
16 right, Luis?

17 So today, I really think it's important because,
18 again, it's, the time is so quick and our time together is
19 so limited, to really get to know each other and to get to
20 know the respective staff. And particularly, if you do
21 business with the Bank, get to know the staff because that
22 will be of an immense help to you on a personal level,
23 professional level and here as a member of the, of the
24 Committee. Ultimately, our job here, as I see it, is to
25 really help the Bank be as good as it can be, and that

1 spirit is embraced by Fred, by all the directors, by the
2 staff here.

3 So again, last year, we kicked it off with a high
4 degree of energy, we got a lot done and I'll talk a little
5 bit about that more this afternoon, but I want to thank you
6 for stepping up and volunteering. Again, in my public
7 service, I have come to appreciate, understand the immense
8 importance of staff and the commitment, the dedication that
9 they put in, but the absolute fundamental responsibility of
10 all of us as citizens, to give up our time to make whatever
11 it is better, and that's what makes government really
12 function.

13 And we're at a very critical stage here with
14 regard to the Bank, yes, but we're at a very critical stage
15 here with regard to our country and its competitiveness and
16 you heard a little bit about that in particular from Fred
17 and the three directors today, about we're getting out pants
18 beat in some ways and that ain't good enough for the U.S.A.
19 so we've got to step up, take responsibility, kick it in
20 gear and be number one. That's what we're all about. So
21 we're here to create good family wage jobs all across
22 America and be the number one competitor in the United
23 States by working with Fred, the directors and the staff
24 here. So with that, anybody else want to add to the role?

25 MR. HOCHBERG: I think that Chris said it very

1 well to notify and work with Gaurab. (indiscernible), you
2 might want to take a look at this. For our new members,
3 (indiscernible) and so you have sort of a sense of what's,
4 what's the task in front of us we're trying to communicate.
5 I would say that the work of this committee, I think for
6 many years, this report was viewed as a compliance report.
7 You might have to file certain reports with the government.
8 We viewed this as a compliance report but I think that what,
9 I am pleased that Jim Cruse -- is Jim with us right now?
10 No. Jim, who you'll hear from later, heads up our policy
11 and planning. He's really taking, put a lot more effort
12 into it, working much more closely with the Committee to
13 make this really more of a tool, not simply a compliance
14 report.

15 And as I said to a few of us last night, the fact
16 that we are here for members of Congress, as stakeholders,
17 business leaders people in the media say (indiscernible)
18 credit agencies and have tough competition around the world
19 and people understanding what that means is, is an
20 achievement (indiscernible) we've made that. So what we
21 have to keep doing is, is unearthing the new data, updating
22 it and (indiscernible). So I think that it's a two-pronged
23 (indiscernible), collecting data, using it for a tool,
24 provide it for input and then make yourself communicate
25 that.

1 We actually, lastly, I'll just say in addition to
2 publishing this in June and I'll give a speech sometime in
3 mid-June as well just outlining the (indiscernible) of the
4 report, I've done that for the last three or four years, to
5 try and highlight the work that you all have done and
6 (indiscernible) to make sure that, as I said, policymakers
7 understand what you all face, those who are running a
8 business when you're competing overseas and making sure we
9 give you as many tools as we can to be effective.

10 MS. GREGOIRE: Please, Owen?

11 MR. HERRNSTADT: Thank you, Governor. One, I
12 really want to commend Jim Cruse and the policy shop for
13 doing an excellent job with all of this and I know Erin is
14 talking later about the Competitiveness Report. One area I
15 know the Committee has concentrated on in terms of the
16 Competitiveness Report is something that you both have
17 mentioned, and that is the nonmarket, non-OECD countries,
18 particularly China, India, a lot of us are focused on China
19 on that. I think the more this Committee can assist the
20 policy shop and the Bank on trying to grapple with very
21 nontransparent OECD or ECA operations already in China and
22 its impact on U.S. exporters and obviously, U.S. workers.

23 I think we can be particularly helpful. It's an
24 area that has been touched on and each year, the
25 Competitiveness Report, the policy shop and others have

1 focused on it and each year, I think the Advisory Committee
2 has asked for more on it. And I know the Bank is aware of
3 the huge impact that is having on domestic production and
4 elsewhere so I would encourage that and maybe even suggest
5 that we might want to bring in others from the federal
6 government, whether it's Treasury or the, there's a China
7 Committee, U.S./China Economics Security and Review
8 Commission. I'll let the experts speak on that.

9 MS. GREGOIRE: Good. Other comments, you all?
10 From those who served last year, any additional reflections
11 that you could make?

12 MR. UBINAS: I would suggest that people become
13 engaged in their subcommittees. It's a good opportunity to
14 contribute at the subcommittee level and take those
15 subcommittees actively. We don't make time for the
16 subcommittees in the group meetings and so lots of work
17 happens either right before the meetings or e-mail and phone
18 and there's utility. There are real opportunities for
19 recommendations. I know last year, the communications,
20 external (indiscernible) committee that I chaired, we really
21 gave thought to and came up with specific recommendations on
22 external communications and the kind of things that Director
23 Mulvaney frequently talks about in terms of marketing the
24 Bank and making sure the Bank is well understood to its
25 various, both old and new constituencies. So as you think

1 about those committees, think about which ones you want to
2 serve on and get that input. Once you are assigned to one,
3 be sure to get involved. It's probably the most direct way
4 to make this time useful.

5 MS. GREGOIRE: I just want to say here, here to
6 that because last year, I served for the second year on the
7 energy and renewables and we got into, in our subcommittee,
8 really thoughtful conversations and debates and brought in
9 Bank staff to try and work our way through some very
10 difficult issues. And while we didn't have time to report
11 all that out to the Committee as a whole, those who
12 participated in the subcommittee walked away from it with a
13 much greater understanding of how we have to deal with it
14 and then came up with some very thoughtful, new innovative,
15 creative ideas for the Bank because the Bank is challenged
16 with those very issues and looking for ways in which to deal
17 with them.

18 And we have a different voice. We have a
19 different voice so if we think something is wrong, we are at
20 liberty to say something is wrong. I hope somebody is here
21 from the environmental side, but the requirement that
22 Congress has put, for example, on the bank is that of the
23 portfolio, is it --

24 MR. HOCHBERG: Ten percent of authorizations.

25 MS. GREGOIRE: Authorizations has to go to

1 renewables. For those of you who --

2 MR. HOCHBERG: Should go, not shall.

3 MS. GREGOIRE: Well, it should go. For those of
4 you not in this field, that is, I'll give you my legal
5 opinion, ludicrous.

6 MR. HOCHBERG: It's actually, it's actually more
7 than we export.

8 MS. GREGOIRE: It's more than our total export.
9 Our total export of renewables. So I'm into audacious goals
10 but if you're going to hold then, in Congressional hearings,
11 the Chair of Ex-Im Bank to that, that's a bit much, folks.
12 So we need to step up our renewables, no question about
13 that, but we also have liberty from this vantage point to
14 inform Congress let's get serious about really what you've
15 tasked this institution to do and while they're doing a lot
16 and doing better and have still more to do, be a little
17 realistic in how we view the bank.

18 So that all happens in the subcommittee so I'm
19 with Luis. What we get here is 30,000 feet. What we get in
20 that subcommittee is on the ground and really helpful, I
21 think, ultimately in recommendations we are looking at.
22 Please, Wanda.

23 MS. FELTON: Thank you, Ms. Gregoire. I just
24 wanted to follow up on Owen's comments. Some of you may
25 have wondered why the emphasis on Africa and, you know, may

1 not, it may not be of particular interest to individuals
2 here but I'd like to explain it in terms of our American
3 competitiveness.

4 As you think about China and Africa, it has no
5 implications for domestic production, as Owen said, for
6 American competitiveness across the range of sectors that
7 are currently service, services, consumer products and
8 infrastructure and power as I said earlier and that's
9 because it's the last place here for economic growth and as
10 emerging markets develop, if you're absent when they begin
11 to really get the traction in terms of staff rules, then you
12 can be locked out for decades and you're playing catch-up.

13 So it has implications for climate issues if
14 that's what your particular interest is. It has
15 implications for American competitiveness overall and so
16 it's something that -- I'm not suggesting that it be the
17 subject of a subcommittee, a formal subcommittee but it is
18 certainly something that is topical for, I think, most of
19 the subcommittees that are already formed.

20 MS. GREGOIRE: Good. Gaurab, you're the last to
21 advise us on the role since you're our number one person.

22 MR. BANSAL: I just send e-mails.

23 MS. GREGOIRE: That's your advice.

24 MR. BANSAL: It's not my place to give advice but
25 to help you continue the conversation.

1 MS. GREGOIRE: Okay. Let's take a recess or lunch
2 and we'll return back at 1:00.

3 MR. BANSAL: Let's say 12:50 for everybody.

4 MS. GREGOIRE: Oh, I'm sorry. 12:50. Okay,
5 great. Thanks for this morning. Thank you, Fred, directors
6 and all of you who are participating.

7 (Whereupon, at 12:18 p.m., a luncheon recess was
8 taken.)

9 MS. GREGOIRE: So first thing up is for us to take
10 a look at the 2014 Advisory Committee recommendations, and
11 the reason why we put this on the agenda is what I think
12 I've mentioned to you about how, you know, do we start anew
13 as though work hasn't already been done or do we look back
14 at what work was done and ask were those the right
15 recommendations, how's it going, because Fred and team are
16 in the process of implementing them now. Do we need to take
17 a course correction and do we need more?

18 So but before -- and by the way, you do, in your
19 packet, have a document. It's a letter dated January 12th,
20 2015. It's addressed to Fred and it lays out the, it's from
21 me, it lays out the overall recommendations but it lays out
22 the specific recommendations of each of the subcommittees.
23 You all find it? Good to go you all? So I thought I would
24 just briefly go over, I mean, you can look at the
25 recommendations, and they're specific to each of the

1 committees, but I thought it would be important to have a
2 little bit higher level discussion here, and I take that
3 from the Competitiveness Report letter that goes along with
4 the report. And the first thing I wanted to mention to you
5 is the contrast between this last year's report and the
6 previous year's report. Now, if you were going to pick
7 between the two, which would you pick to read?

8 UNIDENTIFIED MALE SPEAKER: The letter.

9 MS. GREGOIRE: And even if you open inside and
10 start looking through it, the contrast is dramatic. That is
11 not by accident. That was, in fact, an attempt to say who
12 is the audience and is anybody going to read this. And on
13 the Hill, maybe some staffers will, you know, reluctantly
14 read it. So the concept here is this was a dramatic step
15 forward but there needs to be yet another step forward. So
16 this was a phase, and the next phase is to get this to about
17 half this volume in size and to have a readable executive
18 summary of just a couple of pages, the audience there is
19 actually the member of Congress and the half, this size is
20 the actual stack to the member of Congress, to try and make
21 sure that these documents are not just produced and not read
22 but in fact, are usable and are read.

23 And I, Jim is, are, not here yet. I commend them
24 because the contrast you can laugh at but its inside is
25 dramatic. Now, the content is good. I don't, I don't want

1 to make you think that we only care about what it looks like
2 because the content has always been good. That's never been
3 the problem. But so we may take that up at our
4 Communications Committee, subcommittee to ask what more can
5 we do to make this thing as readable for the members
6 themselves and maybe even some users that we think are
7 important, looking at who do we want to have this read by.
8 And then even governor's offices or county executives or
9 mayor's offices where the thicker document could be read so
10 that we really are using it as a good vehicle.

11 Inside of Roman Numeral three is the letter from
12 the overall Committee last year and I want to go through a
13 couple of things there because they're not specific on the
14 subcommittee's recommendations. And so to the points that
15 have been made particularly by the directors earlier today,
16 central challenges that we identified were very specific to
17 the encroachment of nonregulated OECD financing and non-OECD
18 nations into our traditional financing territory and two,
19 the reluctance of U.S. commercial banks to finance either
20 long-term projects or small exporters.

21 We needed, we looked at that and said we not only
22 need data on the information and we need to look at what we
23 need to do about it. And so this is the issue that's been
24 T'd up about what do we do about the ECAs that are not
25 members and what they're doing, the products, products that

1 they're putting forward and so on but even those who are
2 allegedly playing in the same way we are, they're not.
3 They're doing other things.

4 One of the other comments we make in here is a
5 comment that we heard frequently last year which is the Bank
6 is risk averse. Well, there is some pressure from Congress
7 to make it risk averse so you can see why it's reacting the
8 way in which it does but if we're going to be able to play
9 in the same field as all the rest, can we do so if we're
10 that risk averse? And it's a dialogue that we need to
11 continue to have and ask ourselves and think about more.

12 Conversation we had a little bit last night. If
13 Congress asks the Bank to report okay, who are your, as you
14 put up earlier, 39 percent small business. In fact, if you
15 looked at aviation, which was 26 --

16 MR. HOCHBERG: Twenty-nine.

17 MS. GREGOIRE: -- 29 percent, if you looked at
18 aviation, I bet you would find that the vast majority of
19 them are all small businesses who benefit so we, we don't
20 have a measurement stick so we ask the Bank to start looking
21 at how would you measure the indirect. How would you
22 measure the indirect because that's a more telling story
23 about who's getting the benefit and how many jobs are
24 actually being created by the work of the Bank.

25 Grading has been a big deal for the Bank for how

1 many ever years and by grading, I mean literal, A, B, C, D
2 grading, and we began to ask ourselves as a Committee last
3 year are we equipped to say, yes, you get an A for this or a
4 B for that and we decided we were not. We also asked the
5 Bank to take a look at should you even have to engage in
6 that, isn't there a better way to articulate how well you're
7 doing in a given area, so that's a work in progress.

8 And I don't know what we will come up with this
9 year but the fact of the matter is to ask us to say, yes,
10 you get an A for five things and a B for ten things is
11 probably not really reasonable to assume this Committee can
12 do but really, is that the way to communicate to the members
13 of Congress or to our customers how we're doing, does that
14 really tell them what's going on. So but it's not that easy
15 to come up with an alternative. Our K through 12 system is
16 an example of that. So nonetheless, we asked them to take a
17 look at that.

18 We made a specific comment, and I want to say it
19 here. And I said we can use this as a vehicle to say things
20 that the bank can't say in which we said the Committee
21 stresses that the Export-Import Bank's ability to remain
22 competitive is adversely affected by both continued
23 uncertainty over the prospects of its Congressional
24 reauthorization and by episodic government shut-downs. Now,
25 next year, let's assume those two aren't there. I just tell

1 you that by way of that's how direct and honest I think we
2 can be where the Bank can't be, but those things have a
3 direct impact on how well the Bank has performed. The shut-
4 down in specific. I mean, people didn't appreciate how much
5 of an impact that had on the work of the Bank when those
6 people were staying at home and not getting things done.

7 I've talked about risk. The fourth one is the
8 renewable issue that I talked about a little bit before that
9 we have debated, and how do we really tell Congress what's
10 going on in the whole country and then what the Bank is
11 doing and how well the bank is doing in relationship to that
12 and how can we improve, how can we do better in that area.

13 And then the last one is, and the one that I think
14 this year we need, and I think the directors have made that
15 clear, we need to up Congress' understanding of what's going
16 on with regard to ECAs around the world. And it was your
17 suggestion, Owen, to get some experts here to inform us a
18 little bit more would be helpful to that understanding and
19 reporting.

20 So that's kind of an overall message that we tried
21 to send to Congress but in the specific areas, we, in the
22 textiles and small businesses, we really look to the
23 creation of a plan with respect to marketing and how do we
24 implement that plan and make sure we're doing the better
25 job. Director Mulvaney's comments well said this will be a

1 constant challenge, an absolute constant challenge. So
2 whatever we came up with last year, let's see but I don't
3 think we, you can find a silver bullet in this area. We're
4 going to have to keep working hard to find a way to
5 communicate on that.

6 Renewables we've talked about. One of the areas
7 in the energy and renewable area is a better working
8 relationship with those who are not necessarily our
9 customers and in that case, we're talking about the
10 environmental community. So the Chairman made an extra
11 effort mid-year last year to meet with the environmental
12 community. The folks in charge of that area here at the
13 Bank have tried to reach out, but we've still got to enhance
14 the communication and find ways that we can have better ways
15 to communicate because we're not absolutely sure what their
16 concerns are and unless and until we have open dialogue now
17 and well into the future that is routine are we going to be
18 able to have, to have that.

19 We talked about different ways of -- we have
20 limited capacity to reach out to people so we tried to find
21 new ways through Luis' group of thinking who could we rely
22 on to get the word out of the existence of the Bank and the
23 work that it does. Luis, do you want to talk about that a
24 little bit?

25 MR. UBINAS: Yes. So our committee asked the

1 questions of Fred's team of two years, what can they do to
2 create a permanent legacy in terms of how the Bank is
3 understood in relevant communities, and we put together a
4 recommendation that had two components.

5 The first component, and we talked a little bit
6 about this off and on at dinner and today, was about
7 strategic partnerships with people in our ecosystem,
8 strategic partnerships organized, structured and permanent
9 with Chambers of Commerce at the local, state and national
10 level. They're a well-organized group. They are easy to
11 work with, relatively speaking, and they have all sorts of
12 capabilities that reach deep beneath them with industry
13 associations on an organized, consistent basis. Not one
14 here, one there but a cohort of industry associations where
15 we shared space on each other's websites, where we do the
16 kinds of things strategic marketing partners do. And then
17 with state and local business development organizations,
18 every state has them. They're very consistent and stable.
19 They have permanent staffs and beauracracies they can be
20 engaged with as well.

21 And so the question was can we create durable
22 engagement in an organized way with what are, basically, our
23 natural partners in the channel, in the channel that reaches
24 from, you know, here in this building out to people who do
25 the kinds of work many of, all of you do here in small

1 business and other spaces.

2 The second part of it was finding ways to then
3 engage with those manufacturers and other producers of goods
4 and services that are exporting or may want to be exporting.
5 We live in a world of digital communication with social
6 media that allows you, at almost no variable cost, to add
7 people to your community and the question was whether or not
8 perhaps leveraging these more business to business
9 intermediary relationships build a community of not tens of
10 thousands but millions of small businesses that exist in
11 power social media digital space. Not just an excellent
12 website that draws people in but the kind of ongoing digital
13 communities that allow people to interact not just with you
14 but with each other and where people are solving export
15 questions for each other and with each other.

16 And then the question was is it reasonable to do
17 that over the next two years, and the reality of the
18 situation is that this is doable. It's not an unrealistic
19 thing to imagine a consistent effort of partnership building
20 with Chambers Industry Associations at state and local
21 organizations, in business development and then the somewhat
22 harder but no less practical recommendation of building the
23 kind of inner world and digital relationships that
24 organizations are being, are building all the time with
25 their natural constituencies and have that happen above and

1 beyond whatever the institution is doing in terms of broad-
2 based outreach to 300 million Americans so they can
3 understand the Export-Import Bank.

4 In that 300, population of 300 million is this
5 small subset of let's call them 5 or 10,000 people who are
6 engaged in these strategic partner organizations and then 2
7 or 3 million people who are leading or heavily involved in
8 export-oriented organizations and if you can do those
9 things, then two years from now, we stop being the least, as
10 someone said yesterday, the least well-understood wonderful
11 thing in Washington, D.C. Is that a fair summary?

12 MS. GREGOIRE: Good. And then the last one if you
13 want to take a look are some very specific recommendations
14 with regard to how the Bank can work better with the textile
15 industry, better with small businesses and enhance those
16 relationships. So that's kind of a summary at a higher
17 level and then more from the subcommittee of perspective.
18 Questions or comments, you all? Fred, do you?

19 MR. HOCHBERG: No. I thought these were, I
20 thought we got really good work out of our Advisory
21 Committee, the subcommittees last year. I think the
22 important thing is to, and particularly with the advantage
23 of Luis who is staying on, is to put these into work and see
24 how they're actually getting implemented so that we get
25 because, you know, there's inspiration and there's

1 perspiration and when you're doing the perspiration, we've
2 got to actually get the work done.

3 You're going to hear from a few people on staff
4 shortly about some of the implementation but I would
5 encourage everyone, particularly those who are returning, if
6 there are things they're hearing that sounds like it's on
7 target or if it's slightly altered, bring it up so we can
8 make this a full conversation, be that small business
9 communications and so forth.

10 MS. GREGOIRE: Any questions, you all? Okay. So
11 again, let's put a deadline on ourselves. How about, can
12 you all -- what day of the week is it today?

13 MR. HOCHBERG: Today is Thursday.

14 MS. GREGOIRE: Thursday. So a week? One week?
15 You all tell Gaurab what subcommittee you'd like to be on
16 and whether you're interested in chairing. So one week from
17 today. Does that sound fair you all? Okay. Perfect. All
18 right. How about we go forward, Claudia, with the update on
19 finance.

20 MS. SLACIK: Thanks, Mr. Chairman. My name's
21 Claudia Slacik. Just by way of background since I missed, I
22 missed the dinner last night, I've been working with the
23 team here for about 18 months. And I spent 35 years before
24 that as a commercial banker dealing with marketing,
25 relationship management, underwriting structuring and

1 relationship management with noninvestment grade companies,
2 for 20 years with that, Citibank and then with J.P Morgan,
3 and I ran their cash management trade and custody business
4 in Europe, Middle East and Africa out of London for a couple
5 years right before I came here. So by way of background,
6 I'm a commercial banker. What I love to do is lending, lend
7 money and structure deals for companies not dissimilar from,
8 from yours.

9 So what I thought I would do, you can follow me on
10 the slides here, instead of just talking, you know, the
11 usual elevator analysis, how we did last year and the year
12 before, I thought I'd talk about some trends and I'd talk
13 about some drivers so you understand what drives this
14 business, and it kind of will go against your DNA because we
15 always think bigger numbers are better except when there's
16 brackets around them. In here, there are not a lot of
17 things that the people in these walls, the drivers are
18 externally focused and there's only so much we can do
19 internally, and it's only when needed in the marketplace
20 that the numbers tend to rise.

21 So just, you know, as a reminder, and I don't mean
22 to offend anybody who doesn't remember whose been on the
23 Committee before but remember, our mission is to create and
24 sustain jobs by doing everything we can to increase export
25 sales, and we do that by financing those sales. One is we

1 lend money or guarantee loans to companies overseas that
2 want to buy U.S. products, or we do work in capital loans
3 and guarantees and insurance for companies here so that they
4 go and can buy, they can go and buy the working capital to
5 make those goods or so that they don't, they're not scared
6 of holding a receivable from a foreign entity that they
7 might not know how to collect from because they don't have
8 our ECC laws here in the United States.

9 So, you know, how do we do it? We provide support
10 by guarantees, insurance direct loans to fill, fulfill the
11 gap. What that means is, filling the gap means it's in a
12 country where there, that doesn't enjoy broad, deep and
13 liquid, capital markets that exist here in the United
14 States, so that's filling a gap either in terms of terms or
15 structure. And then we level the playing field, and that's
16 where one of the other ECAs goes in and is working more the
17 manufacture in their country and they bring down rates or
18 the structure of the deal is very attractive. We're allowed
19 to, in most cases, match those.

20 So that's our, that's who we are. We do have the
21 provisos of their needing to be U.S. content. We have the
22 largest mandate that a good has to have, the largest content
23 of any ECAs and of course, there's the, you know, funny
24 little thing that you like, the reasonable assurance that
25 we're going to be repaid. And as both the Governor and the

1 Chairman have mentioned this morning, we have special
2 initiatives that we focus on, Sub-Saharan Africa, renewable
3 energy, women and minority-owned businesses and veteran-
4 owned businesses. So we have people that are focused
5 against those initiatives.

6 The group, I'll show you the management structure
7 of the group at the end of the presentation, but it's about
8 150, almost 150 bankers that have been doing this for a very
9 long time and have a lot of experience in their specific
10 areas. But they are bankers and have been trained as such.

11 So here is the first chart. This is, my
12 presentation was trends in this century, in the 21st
13 Century, and you can't really read the numbers too easily
14 here but what looks, what happened there in the first, you
15 know, five, seven years of this century, 2000 to 2006, '07,
16 '08, is the institution was going along at about \$10 billion
17 or they're booking \$10 billion of exposure every year. Then
18 it started to go up and you'll see it peaked in 2012. Well,
19 you say what happened in 2012? It's not that anything in
20 particular happened in 2012. It's that a lot of these deals
21 lag so when the financial crisis hit, people tried to go out
22 and structure loans for their projects and they couldn't,
23 but the projects didn't really fit our, what I call our
24 balance sheet until 2012.

25 But you can see the run-up between 2008 and 2012

1 and not surprisingly, what you see is it coming back down
2 because our, our, for a variety of reasons that I'll go into
3 in a couple of minutes about why we're down but it has a lot
4 to do with, you know, the fact that our capital markets and
5 the capital markets of many countries around the world are
6 more robust than they've ever been. It has to do with the
7 fact that a lot of projects in countries around the world
8 have been delayed, you know, where are we in the emerging
9 markets. A lot of big infrastructure projects have just
10 been delayed.

11 And so again, I'll go into some of these reasons
12 of why we are seeing the need for us somewhat diminished. I
13 will say that you will see that this chart really describes
14 more of what's going on with our large businesses and less
15 with our small businesses because where as our small
16 businesses are 90 percent of our borrowers, they're only 10
17 percent of the dollar value.

18 So let's try to look at, take this apart a little
19 bit. Oh, okay. So I put the drivers here first. So
20 drivers of the overall demand for our facilities are of
21 course global growth, global demand for the U.S. products.
22 Within that global growth, especially for big infrastructure
23 projects, airports, roads, power plants, things like that.
24 And of course, what you all hear all the time when you pick
25 up the paper is we, that there's a demand for aircraft

1 around the world, for aircraft made in the United States is
2 a big driver. Estates of global capital local markets is a
3 big driver.

4 The availability of, of financing for small
5 businesses is a big driver. In the last couple years, it's
6 been harder for insurance companies and small financial
7 companies to get yield on their traditional paper so they've
8 bridged out and, and come into our space a little bit which
9 is perfectly fine. Again, what we want to do is fill the
10 gap. Anything they don't want to do, we'll do with the, and
11 willing to do more. That's generally fine with us.

12 There are political and economic risks that drive
13 us. Russia and Ukraine certainly this year. All of the
14 turmoil that, you know, in several companies in Africa. In
15 the Middle East, it's certainly driving what's going on, and
16 the strength of the U.S. dollar. And you folks know as well
17 as anybody that the stronger the dollar gets, it may be very
18 good for us taking our trips aboard, we can buy more and
19 stay more nights for the same dollar, our exports become
20 increasingly expensive.

21 Foreign competition is important. Lots of
22 countries around the world are, their ECAs are bigger and do
23 a lot more than we do. Our mandate is fairly narrow
24 compared to theirs and of course, as Fred said and the
25 Governor as well alluded to, the non-OECD players, you know,

1 there's a group of countries that agree that ECAs will agree
2 to operate by certain rules, and then there are people
3 outside of that. And right now, only 30 percent of trade is
4 being done under the OECD rules, between 30 and 40 percent.
5 A ton of trades being done outside those and so they're able
6 to kind of write their own rules. And of course, the, I
7 can't give you the example but the usual, you know,
8 anecdotal story about a non-OECD country is buy some of this
9 stuff from us and we'll build you a soccer stadium, so, and
10 the OECD countries aren't, don't necessarily do that.

11 So if we take it apart a little bit, you know, the
12 last 14 years, you have the top black line is the total
13 authorizations, but you can see, you can see what have us
14 falling apart with our products here. The guarantee amount,
15 which is the blue line on top, is of course the largest that
16 we have and it had gone up and it's slowly gone down. And
17 it's where a bank will lend a company money, we'll guarantee
18 that obligation for them. Then there's insurance which has
19 kind of stayed steady. What you'll see as the real dramatic
20 number -- and the working capital, which is a lot of our
21 small business lending, has stayed pretty stable.

22 What's really gone up and been most of the peak
23 are our direct loans where we will lend and negotiate
24 directly with the company and directly lend them money. And
25 that really was driven by the fact that to a large extent,

1 banks in this country pulled back from lending to anybody
2 for a while, or you had to have a very unique relationship,
3 multi-pronged relationship with the bank in order for it to
4 do business with you, i.e., a bond mandate or a farm mandate
5 or a custody mandate. And so those people who weren't able
6 to get those direct loans came here and we did those. We
7 don't do them often. It's not one of our primary, the
8 primary things we like to do. Again, we only step in and do
9 it when no one else is willing to do it on reasonable terms
10 and conditions. So here you can see how our, our various
11 products, what they experienced over the last 14 years.

12 And here, this page what I've shown is how, how it
13 breaks out between small business which is the blue line on
14 the bottom. Again, steady, slightly increasing. As you all
15 know, not a lot of, you know, great financing options
16 available for many small businesses. The red line is
17 aircraft, you can see that kind of fluctuates a little bit,
18 other industries and then of course the total amount. And
19 this next page kind of shows the other industries. And as I
20 said, you all hear about the aircraft business a lot but we
21 do, you know, avionics, we do construction equipment, we do
22 manufacturing, we do wind equipment, mining, oil, power
23 generation, renewable. We also do services. So these are
24 all the industries that, that we handle and in the past
25 year, we've actually taken more of an industry approach in

1 our underwriting, even a geographic approach. Many of us
2 experienced that that was a more productive way and a more
3 efficient way of reaching and underwriting transactions.

4 You can see our exposure by region. Right now,
5 from largest to smallest is Latin America first is our
6 greatest exposure and that's our PEMEX relationship
7 primarily. In North America where we lent directly or the
8 beneficiaries of our loans are smaller domestic companies.
9 Middle East and North Africa, Oceania, Africa, Asia and
10 Eastern European and European countries.

11 Again, let me just say what we do in developed
12 economies primarily is level the playing field, and what we
13 do in emerging markets is fill a gap where the existence of
14 financing availability in term, you know, seven to ten
15 years, doesn't exist or the types of structure that our
16 clients need is quite different. But in general, that's not
17 a rule but in general, that tends to be the way it sorts
18 itself out.

19 So why the decline in the last couple years?
20 Several projects that are being worked on that we thought
21 were going to go to procurement in this past year have been
22 pushed out for whatever reasons. The governments have
23 pushed them out or the companies that are working on them
24 have pushed them out. The robust capital market I've
25 alluded to, you know, people can go out and get a 15 year

1 bond or a 20 year bond for a lot of the projects. People
2 are starved for yield. People are reaching in all sorts of
3 ways to get that yield for their, for their dollars so
4 borrowers are finding that.

5 The availability of financing for small companies
6 and lots of people are reaching into that category as well.
7 Economic risks and political risks, you know, we had been
8 working on some things in Ukraine and Russia and now we're
9 not so things that had been in our pipeline, you know, have
10 been put to the side. And of course, frequently with small
11 businesses but also with foreign governments, the
12 uncertainty that surrounded this institution for a big part
13 of this past year was a reason they said jeez, do we really
14 want to work with you, put all that time and effort in and
15 then have it not happen. So the uncertainty not only was
16 incredibly demoralizing to the people in the groups but it
17 also caused a lot of worry, unnecessary worry to the people
18 that, that were supposed to help the borrowers for the
19 exports.

20 Where are we going? I think that we're probably,
21 you know, this year is going to look a little bit like next
22 year if I look at the trends. The capital markets are,
23 continue to be robust but you've got Basel III coming in and
24 so banks are not going to be so interesting in doing
25 anything over five years because of Basel III but we're

1 we're working on ways to work with them around that, that
2 condition.

3 The Russian sanctions are certainly going to have
4 an impact on us, small business needs, the stability or
5 instability of certain countries in Africa we're working on.
6 We do have great, you know, we've done, we did \$2 billion of
7 authorizations this past year for African countries.
8 Granted, a lot of it was for, in airlines but Fred uses this
9 statistic I think. If you look at the whole United States,
10 1 to 2 percent of our exports go to the African, Sub-Saharan
11 Africa whereas 6 percent of Ex-Im Bank's exposure is. So
12 we're overly concentrated there versus the overall global
13 trends.

14 So of all these things, you know, and China, of
15 course, what they're doing, they're building, you know,
16 they're going to be building this development bank and
17 that's going to be a very formidable competitor for us and
18 our exporters as well. And then, of course, you've all
19 seen, as I said before, you know, the dollar's as strong as
20 it's been in 10 years and what's that going to do to the
21 price of our, the price of our exports.

22 I also thought, you know, finally what I'd show
23 you is when we go around and talk to clients, what is it
24 that they want from us or what is it that clients want. Our
25 foreign clients of course want U.S. goods to a large extent.

1 All other things being equal, they would prefer a lot of the
2 heavy equipment that's being manufactured in this country
3 both by American countries and by, you know, international
4 companies that do business here on our soil.

5 They want, borrowers, both borrowers, domestic and
6 foreign, want less politics, less of this conversation about
7 whether, you know, there's a need for Ex-Im Bank in the
8 United States or not. They want more flexibility. Our
9 hands are tied in many ways, the U.S., the content rules,
10 the shipping rules, there's some red tape in there that, you
11 know, makes us somewhat less flexible. Our borrowers want
12 us to be working together with more exporters or more ECAs
13 so you kind of do a traditional loan agreement that's
14 indicated and the borrower only has to use one loan document
15 while working together behind it. Simplified documents. A
16 lot of our borrowers would like more direct loans but as we
17 say, that's not our business. Only if other people aren't
18 willing to do it will we do it. They want us to figure out
19 ways to level the playing field with the non-OECD ECAs and
20 more support for SMEs.

21 So we have, while demand for our business is down,
22 there's a lot we can be doing to serve more and as you all
23 know, there are lots and lots and lots of small businesses
24 in this country that need and deserve our help and that's
25 what we're doing a lot of right now and in fact, the next

1 presentation, Sean's going to be showing you some of the
2 things that we're focusing on about increasing our outreach
3 because that's one thing we can be doing is increasing our
4 outreach so that more people know about us.

5 In terms of org structure, just so you get an idea
6 I've put some people's names down here. The small business
7 group, that should really be a dotted line because it
8 reports to both Fred and I but, because it's an underwriting
9 unit is the reason it reports to me. We have a
10 transportation division which, you know, varies anywhere
11 from 30 to 50 percent of our exposure in any given year. We
12 have trade finance which is where a lot of our sovereign
13 risk exposure is and our medium term. Structured and
14 Project Finance is our long-term corporate finance projects.
15 Business Credit is our working capital business.

16 We have a Business Development group, operations
17 with customer experience, Stephanie introduced herself this
18 morning. And this year, we have a new product and business
19 development senior vice-president, Bob Morin, who had been
20 running transportation for many years, has as good a
21 knowledge of what this bank is capable of as anybody and
22 he's trying to be more creative and build some things that
23 are more, really serve our customer more better and the
24 capital markets kind of being leveled between the two.

25 So that's kind of what we do, what Export Finance

1 does and kind of some of the drivers so you understand kind
2 of how the business goes and what it's done over the last 14
3 years.

4 MS. GREGOIRE: Good, Claudia. Wanda, question?

5 MS. FELTON: Thank you, Governor, and thank you,
6 Claudia. I'd just like to make one clarification. Women
7 and minority and veteran's business, support for those areas
8 and groups are special initiatives on Sub-Saharan Africa
9 renewables are Congressional mandates so I'd just like to
10 make that clear.

11 MS. SLACIK: With all of them, we want to do more
12 better.

13 MS. GREGOIRE: Any questions, you all? Steve?

14 MR. STEPHENS: A quick clarification on the
15 authorizations. Is it down in both, obviously dollar
16 amounts but also in number of loans?

17 MS. SLACIK: A little bit. A little bit. Not
18 much.

19 MR. STEPHENS: So less of the number of loans and
20 more of the dollar amounts.

21 MS. SLACIK: Yes. The dollar volume is down 20
22 percent and I think the actual number of authorizations is
23 only down 5 percent. So when I look at, Fred and I were
24 talking yesterday, when I look at our same staff, it feels
25 to me is as busy as it was 18 months ago and yet,

1 authorizations are down. The easier deals are being done so
2 the deals that come here are harder, are the harder more
3 complicated deals and they tend to be smaller. In many
4 cases they tend to be smaller but our people are working,
5 you know, really hard in any case, not 20 percent less.

6 MR. STEPHENS: Can you speak to the central
7 challenge about small exporters? Can you elaborate on just
8 banks don't want to do the smaller export transactions?

9 MS. SLACIK: Well --

10 MR. STEPHENS: Well, the central challenge it says
11 reluctance of U.S. commercial banks to finance either long-
12 term projects or small exporters, so could you elaborate on
13 those small exporters?

14 MS. SLACIK: Well, I think my, having been in the
15 business, I know a lot of banks don't want to do business
16 with small companies. They're not remunerative enough.

17 MR. STEPHENS: The big banks.

18 MS. SLACIK: Big banks, yes. Small banks, you
19 know, tend to not be able to have the volume that big banks
20 have so, and there are fewer banks in this country now than
21 there were what, you know, 10,000 banks have gone away in
22 the last 10 years so there are fewer banks that are actually
23 up and doing business with small, with small businesses.
24 There's a lot fewer community banks but I, in terms of a
25 specific bank wanting to do less, I can't, I can't speak to

1 that.

2 MR. STEPHENS: Yes. What's interesting about that
3 is the regulatory environment is more discouraging of small
4 banks doing real estate lending. Most small banks are very
5 heavy in real estate so commercial lending with government,
6 like the SBA, I think it should start seeing some kind of
7 increase because again, real estate loans was always kind of
8 the predominant lending of small banks.

9 MS. SLACIK: Okay.

10 MS. GREGOIRE: Okay, Claudia. Thank you very,
11 very much.

12 MS. SLACIK: Yes. Thank you all for joining us.

13 MS. GREGOIRE: Sean, are we ready?

14 MR. LUKE: Yes.

15 MS. GREGOIRE: Small business update.

16 MR. HOCHBERG: So, Steven, while Sean is coming
17 up, you're saying that most, that most small bank do real
18 estate loans and that's under scrutiny or their small
19 business loans are under more scrutiny?

20 MR. STEPHENS: I'm saying that most of, if you
21 look at all banks a billion dollars and under, between 50
22 and 80 percent of their loans historically have been real
23 estate loans. They like hard collateral versus CNI lending.
24 But the regulatory environment is more discouraging of
25 commercial real estate because of the risk so smaller banks,

1 for the most part, are out there trying to find ways to
2 diversify their revenue so it could be an opportunity for
3 Ex-Im.

4 MS. GREGOIRE: Sean?

5 MR. LUKE: Hello, everybody. My name is Sean
6 Luke. I'm the Director of Operations for the Small Business
7 Group. I work for the SVB of Small Business, Jim Burrows,
8 who I think most of you met at dinner last night.
9 Regretfully, he wasn't able to join us today so he asked for
10 me to step in which I'm very happy to do. What I'm hoping
11 to do over the next 10 minutes is give you an overview of
12 the Small Business Group here at Ex-Im, what we do, how we
13 do it, a few of the concerns and restrictions that we think
14 you should be aware of as our Advisory Board.

15 We're generally seen as the holder as the mandate
16 for, for small business and we accept that and that's what
17 we do but I do want to make sure that you all realize that,
18 that it is, there are many moving pieces. We're talking
19 about the way our lenders take on small business deals. A
20 lot of what we do in small, the Small Business Division
21 really focuses on the outreach and the origination so a lot
22 of, that's primarily what I'm going to talk with you all
23 today.

24 So starting off, in many ways, Ex-Im is two banks,
25 both are focused on filling segments of the trade finance

1 marketplace that are underserved by the private sector
2 financing in the United States. One is focused on financing
3 very large deals and large established businesses. On the
4 whole, those businesses know who we are and they know how to
5 find us when they need us. Demand, in general, is inversely
6 related to macroeconomic trends, very much what you just saw
7 in Claudia's presentation. When times are good, they need
8 us less.

9 But the other side, the small business side, the
10 small business marketplace is far more retail. Origination
11 is a much more labor intensive process. There are many
12 small businesses in the U.S. and most decision-makers are,
13 this is important, unfamiliar with trade finance let alone
14 Ex-Im products. That's one of the problems that we're
15 trying to solve. To most of you, this probably seems pretty
16 intuitive, that there are a lot of small businesses in the
17 U.S., but they're really hard to originate and I bring it up
18 because it's so important to understanding the essential
19 problem that we face in a small business marketplace.

20 So our task in small business, therefore, is to
21 find ways to educate and build awareness amongst those small
22 businesses. The problem looks kind of like this. Our
23 customer is really the CEO, CFO and our sales manager of the
24 firm. That firm is what we consider export ready, and that
25 is underserved by the private sector trade finance markets.

1 Most of these firms are existing exporters but many are on
2 the cusp of exporting. The fundamental issue we face is how
3 we find and educate those thousands of small business
4 decision-makers that are not only underserved in the trade
5 finance marketplace but are unaware of trade finance options
6 at Ex-Im or at all. Clearly, we do this in a number of
7 different ways.

8 Our front line of defense is the 23 regional
9 directors located in 12 export climate centers around the
10 United States. Most are co-located with Department of
11 Commerce U.S. Export System Centers. They work with our
12 federal and non-federal partners. They serve as the
13 regional face of the Bank and they interact with customers,
14 they attend events and they give presentations. When a new
15 customer calls in, these are the people who are standing by
16 to help.

17 Additionally, it's important to understand that we
18 are not doing this all on our own. Most deals that come
19 into Ex-Im are applied through our multiplier network of
20 delegated authority lenders and insurance brokers.
21 Additionally, we work with federal agency partners in trade
22 promotion as well as economic development centers that
23 provide a large amount of education and referrals for us.
24 Finally, we take part in many types of outreach events,
25 whether that's at pending trade shows or putting on our own

1 global access forums which you could think of as kind of an
2 Ex-Im roadshow to just raise awareness.

3 Additionally, we're also in the process of
4 implementing a new digital outreach strategy. The goal here
5 is to create and manage an online presence for Ex-Im Bank
6 that allows small business decision-makers to quickly
7 educate themselves on trade finance solutions while ensuring
8 those who are qualified to have a clear path to access them.
9 This means running digital marketing campaigns that increase
10 awareness and educate customers through paid and nonpaid
11 digital advertising while improving the placement of Ex-Im
12 marketing materials digitally.

13 A little bit about our products that are used by
14 small businesses. Most products utilized by small business
15 customers are export credit insurance product, the Working
16 Capital Guarantee and Global Credit Express. Depending upon
17 how they're used, there are many variations on each, and
18 this is a very simplified definition but they can generally
19 be thought of like this. Export credit insurance is an
20 insurance policy on a firm's accounts receivables. To a
21 small business, it protects against non-payment from a
22 foreign buyer and allows them to extend terms to foreign
23 buyers.

24 The Working Capital Guarantee is really an
25 insurance policy for the Bank. It protects the Bank against

1 default by the borrower to give, so that a small, it gives,
2 it gives, to a small business, it gives the Bank the
3 confidence it needs to give the small business an export-
4 related loan. And then finally, we have Global Credit
5 Express which is a direct loan from Ex-Im for up to
6 \$500,000. It can be used for any export-related purpose.

7 And then as the Advisory Board, there are two
8 housekeeping issues that you will hear about and we think
9 are really important for you to know when it relates to
10 small business. You'll hear the 20 percent mentioned.
11 Congress has a mandate that 20 percent of Ex-Im's dollar
12 value of authorizations has to be in small business. For
13 the Small Business Division, this is a top level benchmark
14 that we are expected to meet. In previous years when the
15 overall portfolio was large, this was often a difficult
16 challenge.

17 Multipliers, we cannot underestimate the
18 importance of multipliers in origination. Our daily lenders
19 and insurance brokers really own the relationships with
20 their customers. They do much of the heavy lifting when it
21 comes to both applying and managing Ex-Im products. And
22 then, and then finally, another congressional mandate which
23 we're responsible for here in Small Business is our Minority
24 Women-Owned Business portfolio. You'll often see those MWOB
25 numbers reported right next to our small business numbers.

1 Finally, since you should never leave a platform
2 without being asked what we're looking for from you all.
3 Your input, your opinions and advice. Help us be your --
4 help be our eyes and ears. Let us know your ideas. Give us
5 feedback. A lot of the additional marketing, a lot of the
6 webpage redesign, a lot of the initiatives that we are
7 currently doing originated in the Small Business Advisory
8 Committee. We are very interested in hearing your ideas.
9 We're very interested in talking that through with you and
10 if you learn something you think we should know or you
11 believe we can, we can improve, please let us know. We're
12 going to listen. So on behalf of myself and Jim Burrows,
13 who wasn't able to make it today, thanks for letting me have
14 the time, and I'm happy to take any questions.

15 MS. GREGOIRE: Bob?

16 MR. PERCIASEPE: I see their colocation with the
17 SBA and some of their activities. Do you ever interact with
18 the U.S. Department of Agriculture's financing programs at
19 all and since there's, you know, obviously quite a bit of
20 agricultural exporting in the United States.

21 MR. LUKE: We do. There's a fine line between --
22 we have a fair amount of agriculture in our portfolio. When
23 you're talking about certain types of agricultural
24 commodities, the foreign agriculture service provides a much
25 more competitive product than we do so when they, when

1 there's the opportunity to hand them off to the foreign
2 agriculture service, we do that and we work with them but on
3 the whole, the overlap between the types of customers that
4 would be attracted to our products and the types of
5 customers that would be attracted to their products isn't
6 really that strong.

7 MR. PERCIASEPE: I just note that there's a lot of
8 small businesses in agriculture.

9 MR. LUKE: Uh-huh.

10 MS. FREUND: Just for clarification, what's the
11 definition of small business that you use? And also, you
12 mentioned that the credit limit was 500,000. Is it because
13 if it goes above that, it graduates to a big business or was
14 that mandated, where does that limit come from?

15 MR. LUKE: You're referring to the Global Credit
16 Express number?

17 MS. FREUND: Yes.

18 MR. LUKE: So the way that product is designed is
19 to be pretty far down the channel to go after the small guys
20 who would only need up to \$500,000 but weren't able to find
21 that in other places in the market, so we designed this
22 product to do that. If you need more than that, there are,
23 there are avenues to do that. This is really like a very
24 low end of the market product. The definition we use for
25 small business is the same that we share with the Small

1 Business Administration. It is, in general, 500 employees
2 or less unless we're talking about particular manufacturing
3 NIC codes and then it can go up to 1,000.

4 MR. NELSON: On the Global Credit Express, is that
5 different than the direct loan?

6 MR. LUKE: It is a different product than the
7 direct loan, yes. It's handled by the Working Capital
8 Division.

9 MR. NELSON: But I notice it's not on your list of
10 products.

11 MR. LUKE: So that --

12 MR. NELSON: Is that an additional product?

13 MR. LUKE: So that is a very simplistic list of
14 products.

15 MR. NELSON: Okay.

16 MR. LUKE: And those are the products that are
17 primarily used by our small business customers.

18 MR. NELSON: Okay.

19 MR. LUKE: So it wasn't an attempt to give you an
20 overview of all the products that we do. It's really to
21 give you a basic understanding of the products that get used
22 the most by our small business customers.

23 MR. LUKE: Okay. Thank you.

24 MR. STEPHENS: So question about your relationship
25 at the agency level with the SBA. Is that collaborative,

1 competitive or just overlap?

2 MR. LUKE: It's collaborative for the most part.
3 One would be dishonest if they said there wasn't a little
4 bit of competition there just because on certain products,
5 they can be a bit interchangeable, but we talk with them and
6 work with them both here at headquarters, in the field, on
7 almost a daily basis.

8 MR. STEPHENS: I think part of the asset base of a
9 small business, certainly a receivable SBA really can't lend
10 against that. They have to take a blanket assignment
11 receivable but they can't carve that out and lend against it
12 so you would think it would be kind of a complement to each
13 other but maybe not. I don't know. I don't know enough of
14 the history about it.

15 MR. LUKE: To be honest, I don't know the details
16 well enough to, to talk with a sense of confidence but I'd
17 be happy to dig into it further if you'd like.

18 MR. HOCHBERG: Why don't I give you a quick hand.
19 I think that we look, you know, if a customer is doing very
20 little exporting, they're probably better off with the SBA
21 working capital program because it can be used for both. I
22 think as they grow and if they get close to the new ceiling
23 of \$5 million that the SBA has, they may deploy us. I mean,
24 if they're exporting to one country and just starting, the
25 SBA program could probably handle that pretty well from a

1 working capital point of view. If they need credit
2 insurance, insuring overseas receivables, something SBA does
3 not do, then we would deploy then.

4 You know, in an ideal world, you probably have,
5 you know, these agencies were formed at different times with
6 different, you know, our goal is exports and jobs. Their
7 primary goal is supporting small businesses so they overlap
8 but they're not the same. They can do military goods, we
9 can't do military goods. So there are a number of just,
10 just idiosyncrasies in the law that, so we overlap but it's
11 not a perfect overlap.

12 MR. MULVANEY: Let me add, if I could, Mr.
13 Chairman on that. It is confusing, both for external
14 stakeholders and sometimes internal USG, to differentiate
15 between SBA and Ex-Im but let me try to venture a little bit
16 of logic or explanation for it. I mean, there are two
17 different committees of jurisdiction that are the
18 authorizing committees. Ours is, you know, set up banking,
19 house financial services. SBA is a small business community
20 and so you have structures that have grown out of different
21 authorizing committees and mandates. SBA, they only do pre-
22 export finance. They don't do any post-export finance, so
23 theirs are all working capital type products. We offer
24 buyer financing. They don't do that. We offer trade credit
25 insurance. They don't do that. The details of their loans,

1 as the Chairman pointed out, they can finance military
2 exports, we can't. They don't have any content restrictions
3 while we do.

4 MR. HOCHBERG: And they can also do, actually
5 listening to Sean, they can do capital so if you need to buy
6 equipment or build a building, I tell people go to the SBA
7 for that because they can actually do real estate.

8 MR. MULVANEY: They do fixed assets.

9 MR. HOCHBERG: Right.

10 MR. MULVANEY: We only do non-fixed assets with
11 our working capital facility. So they're very different
12 products They can only do up to 5 million so we'll often
13 take the larger customers or customers at the larger end
14 because they'll grow and soon hit that cap, so there's a
15 working relationship between us and SBA that they refer
16 those customers to us when they're likely to hit that cap.
17 But hopefully, that helps explain it a little bit better.

18 MS. LOUI: And also, if I might add, I think
19 there's a larger issue here and this is that though our
20 credit insurance policy, our trade credit insurance policy,
21 we can insure the receivables and at that point, receivables
22 become collateral. So although most banks don't accept
23 international accounts receivable as collateral, when
24 they're insured by Ex-Im, they can.

25 So I think that Steve's point if I, you know,

1 which we also heard from a White House trade finance seminar
2 that we co-sponsored two years ago, is that I think it would
3 be worthwhile to take a look at how we can work further with
4 small banks servicing small customers because if the SBA is
5 not going to accept VARs for international receivables
6 unless they're insured by Ex-Im, that gives us an automatic
7 segue into tapping into that business, number one.

8 The second thing that came out, and I think it's
9 again, something the Small Business Committee could look
10 into, is whether or not there is a, we have mixed messaging.
11 According to our, many of our small community banks, 2
12 billion and less which do about 85 or 90 percent of all the
13 small business lending in the U.S., the FDIC is sending
14 signals not to have receivables on their balance sheet.
15 This will be even stricter under Basel III. Meanwhile,
16 they're hearing about the National Export Initiative from
17 Commerce and Ex-Im and the White House, so there needs to be
18 some kind of alignment in messaging from the bank regulators
19 as well as ourselves and the other institutions that are
20 financing exports.

21 MR. STEPHENS: But an example of how you bifurcate
22 the SBAs, we do quite a bit of SBA lending and we also have
23 a factoring division. So if you, most SBAs are really term
24 lending so if they take a million dollar term loan out which
25 receivables go from 500,000 to 2 million, you can't go back

1 to the SBA and say I need a working capital financing so a
2 lot of times we do a factoring. We get the receivables
3 pulled out of the pool, we'll do a factoring arrangement,
4 which you can do the same thing on foreign receivables but
5 it's a little bit more cumbersome and you have to have
6 somebody quarterback that but it can be done.

7 MS. LOUI: That's an interesting, I think it's an
8 interesting area.

9 MR. HOCHBERG: I think you could help bring that
10 perspective to us because I think that as Sean was saying,
11 as companies grow larger, they may deploy us but they
12 frequently maintain their SBA line as well so they've got
13 two different lines of credit for two different parts of
14 their business. And if they're, you know, it's one thing
15 that they're in 90 percent export, it's easy, but if they're
16 15 or 20 percent export, we have a different regulatory, you
17 know, approach than the SBA does so it does add a level of
18 complexity that we have yet to solve that we'd like to.

19 MR. GREGOIRE: So we're --

20 MR. MULVANEY: Can I add one thing, Governor,
21 quickly? One thing Sean touched on that I want to impress
22 upon you because it's sometimes confusing, but there's a
23 whole of government approach with export promotion and those
24 folks that aren't exporting and are getting ready to export,
25 that's not Ex-Im's wheelhouse. We're not trying to help

1 people prepare to export. We're helping people who are
2 already ready to export and who are exporting. The Commerce
3 Department is coming in and helping companies find markets
4 around the world. We're not doing that. You know, we're
5 helping them finance the transactions after they have a
6 foreign buyer.

7 So there's a bit of division of labor in the
8 inter-agency process which at some point, we can talk more
9 about but Sean touched a little bit on using some buzz words
10 so I just want to start to orient you to that so you didn't
11 look to Ex-Im to do some of those things that aren't in our
12 wheelhouse. Thank you, Governor.

13 MS. GREGOIRE: Thank you, Sean. Thank you very
14 much. We're running a little bit behind here so, Erin, are
15 you out there?

16 MS. GULICK: Yes.

17 MS. GREGOIRE: There you are.

18 MS. GULICK: I know you're behind so I'll try and
19 be quick.

20 MS. GREGOIRE: How long have you been employed by
21 the bank?

22 MS. GULICK: Three months, so long-time veteran.
23 I think my -- well, I'm Erin Gulick. I am the Senior Vice-
24 President for Congressional and Intergovernmental Affairs. I
25 had the opportunity to meet a lot of you already so feel

1 free to reach out to me. I'll have to give you my business
2 card because I was remiss in actually providing you with
3 contact information on a slide.

4 So I was just going to go over a couple of things
5 that I think you might find interesting or pertinent to the
6 Committee. Appropriations, as many of you know, Congress
7 passed an appropriations bill this past December which funds
8 the government for Fiscal Year 2015. As you can see on the
9 chart that the Bank was positioned to receive an increase in
10 funding for administrative expenses and although it was
11 below what the administration request was. In addition, the
12 Inspector General also saw a bit of a bump in their funding
13 as well.

14 So if you're not familiar with the budget process,
15 in February, the President generally submits his budget to
16 Congress which will be in the coming weeks. And after that,
17 Congress reviews this budget and then they go through the
18 appropriations process which in the past few years, has not
19 been particularly speedy. So it's a new Congress so it's
20 possible that they could move faster than they have in years
21 past and do some appropriations, so we'll see. I think it
22 will be interesting for everyone.

23 A couple of things that I think are just important
24 to note is reauthorization. As many of you know, we were
25 reauthorized in September until June 30th, 2015. I'll just

1 kind of go over the general structure. This is probably not
2 the best slide but I'll just highlight some of the main
3 points. So as you know, there are two bodies of Congress,
4 the House and the Senate, and the House, the House Financial
5 Services Committee has oversight over the Ex-Im Bank. In
6 the Senate, it's, their sister committee is the Senate
7 Banking Committee.

8 On the slide, I've noted who the chairman and the
9 key members are. In the House, this has stayed the same
10 since last Congress. The make-up of the committee has
11 slightly changed in that there are now eight new Republican
12 members to the committee and one new Democrat member. And
13 in the Senate, there were some major changes. Not only
14 because the Senate is now majority Republican. We also have
15 a new chair and a new ranking member. The Chairman is
16 Chairman Shelby from Alabama and the ranking member is
17 Senator Brown from Ohio. As they are just establishing
18 their committees, they are still in the process of getting
19 support staff and so they have not probably done as much as
20 the House has done on that front just because the committees
21 in the House stayed a little bit more stagnant. In the
22 Senate, there were also some changes to the committee make-
23 up. There were five new Republican senators added to the
24 committee as well as one new Democrat member.

25 So what that means for Ex-Im reauthorization is

1 that we have to do some additional educational, educational
2 outreach and we've been doing that. We're touching base
3 with a lot of the members so we can educate them as to what
4 the Bank does and how we help support jobs throughout the
5 country.

6 So generally speaking, what happens is a bill is
7 introduced, it is, a hearing is conducted in each of the
8 committees and then sometimes a mark-up occurs on said bill.
9 So other times, a mark-up doesn't occur and it could
10 potentially just go to the House or Senate floor, in either
11 case, both the House and the Senate must vote on the exact
12 same piece of legislation so the House could potentially do
13 one bill and the Senate could do another bill which then
14 requires them to do, obviously, negotiations.

15 Formally, they would do a conference but Congress
16 doesn't always do conferences and sometimes they just
17 negotiate it among the different chairs without a formal
18 conference but either way, it leads to the bill having to be
19 passed by both Chambers of Congress. And just of note, in
20 the House of Representatives, there are 61 freshman and in
21 the Senate, there are 13 new senators so as you can tell,
22 that's quite a large amount of new members of Congress so
23 again, that adds to our educational efforts that we're
24 doing.

25 In addition to our congressional outreach, we are

1 also expanding our focus on intergovernmental affairs and
2 with that, we have added a new person to our staff, Lee
3 Stewart. He's the Director of Intergovernmental Affairs,
4 and I would like him to stand up so he can make himself
5 known to you. He is going to be focusing on interacting
6 with governors and mayors throughout the country. It's my
7 understanding this was a direct result of some of the advice
8 received from this Committee and so we're hopeful that with
9 that, we can continue to help with doing our mission which
10 is job creation in the U.S.

11 So with that, our phone number is there as well as
12 the list of the members of my group and if you have any
13 questions, I'm happy to answer them.

14 MS. GREGOIRE: Before you depart today, could you
15 get us your card?

16 MS. GULICK: Yes.

17 MS. GREGOIRE: And could you get us a list of the
18 members of the House Finance Committee and the Senate
19 Banking Committee?

20 MS. GULICK: Yes. I will do that.

21 MS. GREGOIRE: That would be great.

22 MS. GULICK: Great.

23 MS. GREGOIRE: Any questions, you all?

24 MR. OJEDA: I've got a quick clarification.

25 MS. GREGOIRE: Please.

1 MR. OJEDA: The reauthorization of the Ex-Im Bank,
2 is that going to be part of the budget or it's going to be a
3 separate --

4 MS. GULICK: It's likely going to be a separate,
5 it is most likely that the authorization will occur as a
6 standalone. So it is possible that reauthorization is
7 attached to some other kind of moving vehicle but at this
8 point, I'm not really quite sure if that will happen.

9 MR. OJEDA: I understand there is a Congressman
10 out of Tennessee already trying to introduce a bill for the
11 reauthorization? Can you elaborate on that?

12 MS. GULICK: Yes, I can. Representative Steve
13 Fincher, it's our understanding, is working on a piece of
14 legislation and I think he is supposed to produce something
15 in the coming weeks but we don't have any specifics. The
16 bank has yet to actually see the legislative text so we're
17 not really quite sure how it would impact the Bank. We are
18 eager to see what the legislative text will look like as the
19 devil is in the detail.

20 MR. MULVANEY: Just one comment that listening to
21 your presentation, Erin, spurred me to make sure I add it
22 for the record. You mentioned governors, you mentioned
23 mayors. Director Loui and I had the opportunity to meet
24 with the National Association of Counties and they, of
25 course, don't want to be forgotten.

1 MS. GULICK: Yes.

2 MR. MULVANEY: And they are another important
3 intermediary in the inter-governmental work and one thing
4 that we struggled with was the name of our city/state
5 partner program leaves counties out and they actually
6 candidly were taken aback by that, and we don't want to dis-
7 include them. If we can find an inclusive term. They're
8 actually a key intermediary and partner. All the economic
9 development authorities across the country report up to the
10 county level so I, I just would throw that out for your new
11 team member to noodle a little bit going forward.

12 MS. GULICK: Thank you for adding that, Director
13 Mulvaney. That is a focus of ours and I was remiss in not
14 pointing that out, but we are certainly looking at the
15 county level as well.

16 MR. PERCIASEPE: Just out of experience of my own
17 past, at EPA, we had this same issue. We do grants for
18 sewers to counties as well as villages and, so we changed
19 our advisory committee's name to the Local Government
20 Advisory Committee. So we have normal relationships with
21 states in the normal course of matters but then we had a
22 Local Government Advisory Committee, so we started using the
23 term of art local governments. That got morphed a little
24 bit into local and tribal governments but just a --

25 MS. GULICK: And that is a good suggestion.

1 MR. PERCIASEPE: But when, you know, mayors and
2 county executives, you get a long list of, you know, village
3 councilmen so we used local governments.

4 MS. GULICK: Great. Well, thank you for having
5 me.

6 MS. GREGOIRE: Thank you, Erin. Appreciate it.
7 Jim? While you didn't happen to be with us this morning,
8 Jim, I want you to know that you and the report from this
9 last year received a number of compliments that you should
10 know were, were stated that this is a more readable, still,
11 content is great, more readable, more user friendly report
12 than what we had the year before and thank you for really
13 making it a much more appealing document for folks to use.

14 MR. CRUSE: I appreciate that. We did hit a peak
15 of 200 pages the year before. We got that one down to 160
16 and the goal this year is perhaps down to 80 or less just
17 because I do carry history with me, I'm going to start
18 distributing here. We started in 1972 with a 14-page --

19 MR. HOCHBERG: Now we're talking. Now we're
20 talking. Jim, that was bad evidence to introduce.

21 MR. CRUSE: And we had a one paragraph, two
22 paragraph half-page Advisory Committee comment. Eight years
23 later on is when it started. I'll just pass those around.
24 A little history for you in terms of it's not a model, it's
25 not a reference point but I just want you to know that we,

1 we did increase both by about 10 times over the intervening
2 25 years, and now we're hoping to sort of work our way back.
3 So we're not going to get back all in one fell swoop but
4 that's the direction we're headed.

5 I started in the middle there. Let me go back to
6 the beginning. My duty here is to, to play the voice of the
7 Mission Impossible tape and to give you your assignment and
8 if you are willing to accept it, to tell you how dangerous
9 it is. Basically, I left on your individual seats a couple
10 of pages, one of which gives the timeframe we get to follow
11 this year and the assignment.

12 The assignment is the same as it's been since the
13 beginning which is basically two-fold. One, you are to
14 comment upon the report. Not to edit it, not to contribute
15 to it but to comment, and where did that come from? It
16 comes from the fact that although the report was started in
17 1972, the Advisory Committee did not come into play with it
18 until 1983 or '84 and that happened because in 1983, the
19 charter of the Bank, in one of these reauthorization phases,
20 added into the objectives of the Bank the goal of being
21 competitive. Until that time, that was not an official goal
22 of the Bank. The Bank was to facilitate exports, to break
23 even, to a variety of other aspects but competitiveness was
24 not there.

25 When they added that, remember, this is 1983 when

1 one had a Democratic Congress and a Republican Executive,
2 and so in the typical way that they all trust each other,
3 the Congress decided that they weren't sure that if they
4 were to get reports on this they would get a full and
5 thorough report, so they assigned to the Advisory Committee
6 of the Bank the function of basically saying does the report
7 that the Bank generated really reflect what's going on in
8 the Bank's competitiveness program, et cetera.

9 So really, your function is to put a stamp of
10 integrity and credibility on the output of what we do, all
11 right? That is the formal function. You will do a check
12 and balance to the assignment that we have to do the report.
13 Congress passed one in the '70s, said do the report and then
14 another one in the '80s saying just to make sure that you
15 give us a full report, we're going to have someone looking
16 over your shoulder, and that's your job, okay?

17 Now, the second aspect of that job is to comment
18 in terms of what we could do for next year's that would be
19 particularly useful and in that, you have, over the years,
20 made many such comments and as I will point out in a second,
21 we have a bit of see-saw in that flashback. But let me go
22 first to the fact that the timeline shows you that in March,
23 you will have what we call an organizing session about the
24 report where the chair will go about assigning who is going
25 to be the lead unless you've already done that. And then in

1 May, you will get the report in its full blossom, hopefully,
2 much less, and then it is a serious 10-day sprint to come up
3 with the report.

4 Now, that all leads to the fact that this year,
5 we're trying to come up with the final report earlier than
6 the deadline of June 30th because June 30th this year
7 happens to coincide with a couple of other events and we
8 really did think it would be better if we could get this out
9 a little earlier. It might be useful in those last minute
10 discussions that people are having. So therefore, we're
11 going to try to get this out around the middle of June.
12 Therefore, we've moved up a little bit and your deadlines
13 are a little tighter than they normally are, okay? So if
14 you had any ideas of taking vacation between like May, not
15 if you really want to contribute to this, all right?

16 Now, what kind of things can you do? Let me just
17 give you a little historic perspective. Besides such as
18 helping the reauthorization, over the years, the Advisory
19 Committee has been the source of the creation of the
20 city/state program. That happened in the early '80s and in
21 the late '80s, it was two Advisory Committee members, the
22 chairman, who is from United Technologies, who was the
23 Chairman from United Technologies, and the labor
24 representative at that time which happened to be one of the
25 major union heads, got together and resolved the content

1 issue. Okay.

2 So the Advisory Committee is not just comments,
3 not just suggestions. It can be a source of making program
4 changes but for the past few years, we focused on trying to
5 get straight what's happening in the export credit world
6 since the financial crisis, and there has been a lot of
7 change. And the key things from last year's report included
8 the notation that most of the growth was coming from what we
9 call the unregulated or non-OECD part of the world.

10 We divided the world sort of like Caesar did in
11 golf, into three parts, okay. One part is the OECD that
12 we're a part of, the regulated part. Another part is the
13 Chinese and others who are not in the OECD but are fully
14 export credit, and then there's the countries like Japan and
15 Korea who are part of the OECD arrangement but are in
16 programs that are not part and are not regulated. So we
17 have the regulated, non-regulated and the non-OECD. And the
18 other two were where all the growth was. And in fact, by
19 now, they are accounting for the majority of the activity
20 and clearly indicating that what the Bank is involved in is
21 a less relevant, less substantive part of the question of
22 competitiveness. So that issue is going to be a core of
23 what we address next year, and the other issue that you
24 brought up that we're certainly going to be focusing on this
25 year is risk where we have, are now conducting a survey and

1 reporting on that survey in the report.

2 So the last thing is in your suggestions. I know
3 people like to be listened to even though more than half of
4 the people here weren't here last year. Let me just note
5 that, go through some of the suggestions you made and tell
6 you what we're doing with it.

7 You had questioned the use of grading which those
8 of you who have been here realize the A, B, C, D, just like
9 school, has always been sort of a backscratcher. It's
10 really hard to be graded, okay, so we're going to do away
11 with grading this year, okay? Now, that is exactly a
12 reversal of the Advisory Committee of 10 years ago,
13 suggestion to use grades, okay, so we're going to try to
14 come up with something that doesn't go back to where we were
15 10 years ago but rather, try to come up with some ways of
16 integrating more distinctions within generally competitive,
17 highly competitive, very competitive. Those are pretty
18 broad categories you don't see much movement in, so we're
19 going to try to come up with some innovative ways to show
20 those differences.

21 You had also suggested that we highlight the non-
22 OECD unregulated, and you will find that is the focal point
23 of our looking forward chapter this year. Now, how much we
24 find out of fact versus how much we find out of allegation,
25 that I can't assure you, but we will try to develop that in

1 an extensive manner.

2 You had said to shorten it. Well, you saw. We're
3 going to shorten it. We're not going to get to 14 pages
4 now, I guarantee you that but we will, we will find --

5 MR. HOCHBERG: It's a high bar, Jim.

6 MR. CRUSE: It's a low bar, Chairman. It's a low
7 bar. It's the impossible bar, okay. I want you to know
8 that it was once possible, all right? Now, a couple of
9 other aspects. You suggested that we track success rate of
10 transactions with small business. A major problem with that
11 is we, most transactions in the short term, we, they don't
12 really come as applications. They just get done because of
13 their part of master policy and stuff. And the other
14 problem is that most of the larger transactions don't come
15 in until they've actually been won so therefore, the success
16 rate is very high, all right? So but we are trying to do
17 more. I don't know if anybody's told you we do have a new
18 computer system, new information system which is a little
19 bit difficult to do many things right now and so I wouldn't
20 want to promise what we can do that requires IT, okay?

21 But anyway, you can see that we are paying
22 attention to the suggestions, both big suggestions and
23 operational suggestions. The task is still significant
24 because what you have is a very influx world between the
25 financial crisis and quantitative easing, the banks are like

1 yo-yos in terms of are they full or are they not, and trying
2 to get all that money that they now have into economic
3 activity lists is shown to be a somewhat difficult task and
4 that's where we play a role.

5 You also have an increasing dollar and you have
6 business of a commodity cycle that's gone the other
7 direction, so you have a very complex world in terms of
8 trying to gauge okay, how, out of all of that, are things
9 that we can control and we can effect and we can improve.
10 That is your assignment. And we will be giving you a lot of
11 information to comment upon and we appreciate your time and
12 effort and advice. Any questions I can answer, I'd be glad
13 to do so.

14 MS. GREGOIRE: So, Jim, in trying to reduce it
15 half the size that it is already and enhance its visual --

16 MR. HOCHBERG: Punch.

17 MS. GREGOIRE: -- punch, we also talked about, you
18 know, a couple page, whatever that would be left with some
19 numbers. Are you also going to be doing that?

20 MR. CRUSE: Well, it's going to be part of the
21 process. I guarantee you I don't do that type of stuff but
22 Brad and his group, you're going to hear from him next, they
23 get to do it.

24 MS. GREGOIRE: You're going to be doing that,
25 Brad?

1 MR. CARROLL: Apparently.

2 MS. GREGOIRE: I'm just trying to see how the
3 system works. He passes it to you, and you're going to take
4 it and not pass it?

5 MR. CARROLL: It's not that clean but we will work
6 together as a team to get it done and make sure that what we
7 come up with actually corresponds to the facts.

8 MS. GREGOIRE: Well said.

9 MR. CRUSE: And a two-pager or another handout.
10 It's really, that's why I say I don't -- I'll work hard on
11 the substance but I have never been known for format, okay?
12 I mean, because I can't touch a computer without it breaking
13 but so we'll give that to the professionals and they will,
14 and they have spent a lot of time, and we have the whole
15 communications group engaged in it. So you're getting two
16 groups for one, all right? We're having a fire sale this
17 year. You will get the results of both kinds of expertise
18 in this product.

19 MS. GREGOIRE: So those of you who weren't here
20 last year, you may think of this as, you know, just a non-
21 substantive conversation but it actually is. What the
22 concern of our committee last year was the Bank is doing
23 really good work and why is it they don't know it, and some
24 of the responsibility lies here. If you don't find the
25 means to communicate it, then you can't expect them to know

1 the good work that's being done here. So it wasn't to take
2 away from the substance. It was, in fact, to do the
3 opposite. It's to say, yes, this bank is doing its job.
4 Yes, small businesses are being able to create new jobs
5 across America and do it in a way that they'll actually read
6 it and understand it.

7 So that's, really what our modus operandi here is
8 not to make a pretty document, who gives a rats, but to make
9 a document that will really tell our story so that people
10 will read it and understand it. Is that -- I don't want to
11 make light of this subject because we didn't take, last
12 year, right Luis, it wasn't a light subject at all. It was
13 how do we get somebody to read the doggone thing.

14 MR. UBINAS: Right. We talked a little bit about
15 the OECD documents which are very widely read and its subtle
16 things that don't feel substantive that end up having power.
17 The color of the paper, the quality of the paper, the number
18 of pictures, the graphic nature of the charts, the volume of
19 text relative to the volume of numbers and their comparison
20 to the number of pictures. It doesn't seem substantive but
21 unfortunately, it's what gets people to read the material.

22 MS. GREGOIRE: And, Jim, I'm sorry about the
23 whiplash between grades and no grades but we're in no more,
24 no less a reflection of the K through 12 system and our
25 higher education system here, and they're struggling more

1 than you are to be perfectly honest with you. How do you
2 communicate it? How do you communicate it in a meaningful
3 way?

4 MR. NELSON: When did the grades come in, about 10
5 years ago?

6 MR. CRUSE: About 10 years ago. And really, we've
7 been everywhere with this effort. We once created a V chart
8 where we compared okay, what did the people put the greatest
9 weight on and what was that grade? And then you give --
10 anyway. This has been a constant struggle of how to
11 communicate in a way that makes sufficient differentiation
12 clear what is a fairly amorphous qualitative subject. So
13 the struggle of quantifying the qualitative is one that is
14 without end, and I don't mean to be whiplashed, I'm just
15 saying that the efforts are continuing. We're not going to
16 go back where we were.

17 MS. GREGOIRE: Good. Sean?

18 MR. MULVANEY: One question, and this might be in
19 Mr. Chairman's, you know, portfolio. When I read the
20 report, I see in the very back there's a list of annexes.
21 And in the annexes, it has a lot of what are, I would
22 characterize, reports to Congress on different issues and
23 I'm wondering if all of those, if this document has to carry
24 all of those and it's --

25 MR. CRUSE: It won't be half the size I'll

1 guarantee you.

2 MR. MULVANEY: Right. But it's just a place to
3 look at where, I mean, these are maybe reports that have to
4 go to Congress but they don't have to be in this document.

5 MS. GREGOIRE: Right.

6 MR. OH: Exactly.

7 MS. GREGOIRE: Right.

8 MR. OH: You worked on the Hill. You know better
9 than anyone sitting here, you know, if it's, if it's
10 attractive, as Luis said, and you can give it, I mean, this
11 report, our annual report is, without question, the most, it
12 jumps out at you but I even sit with members of the Congress
13 the last two weeks and they'll look at it because it's just,
14 if this is too much for them, they don't have time to read
15 this, you know, they just don't have the time. So you did a
16 great job on this and also preparing the pocket card that
17 essentially fits in a member's pocket that takes even this
18 and reduces it another level because when Erin and I were
19 meeting with members of Congress, they looked and they said
20 I'll take the pocket, here, you read this.

21 MR. MULVANEY: One other last comment I would make
22 is last year, you did a paragraph dedicated to Latin America
23 with some members on China in Latin America. I thought that
24 was very impactful. It dimensionalized the competition in a
25 region, and I would just encourage you to continue to think

1 in those terms. Maybe you can contextualize it to Africa in
2 this, in this year's go around.

3 MR. CRUSE: I think we're going to try to do the
4 whole world this time.

5 MR. MULVANEY: Okay. Because I think at least for
6 me, it's always a big impression when I read through Trade
7 Finance Magazine and I see the activity in sectors and in
8 regions. It starts to get, you know, at a 5 or 10,000 foot
9 level where the rubber hits the road instead of the 35,000
10 foot level as an aggregate total of official export credit
11 from the United States versus others. Just a thought.

12 MS. FELTON: Governor Gregoire, I don't know if I
13 missed this in your earlier comments where you were going
14 through the recommendations but, and if I did, I apologize,
15 but this, on this page, the number 7 where we have an annex,
16 when Sean just mentioned the annexes, where we have an annex
17 that shows authorizations by number and amount by
18 congressional district and state, I think that is an
19 important one to include and would be good, useful given the
20 given the benefit of it.

21 MR. CRUSE: And that's what I meant by saying we
22 have information issues.

23 MS. GREGOIRE: Right. Good. Thanks, Jim. Brad.

24 MR. CARROLL: I'll see if my Power Point
25 presentation is ready to go. Let me just start if I could.

1 Let's see if this is -- here we go. So thank you, first of
2 all, thank you for agreeing to serve on the Advisory
3 Committee. This is my, this will be -- I joined the Bank in
4 May so this will be my first full tenured Advisory
5 Committee. I think the first Competitiveness Report came
6 out maybe my first month here but Michelle Braun and my team
7 did a great job of shuffling that through the final process.
8 I look forward to working with it, the whole team through
9 that as well as getting your thoughts and feedback and what
10 we can do as a communications team to improve our outreach
11 to the effort.

12 First of all, that's me. That's my contact
13 information. I come from, originally from the Hill. I used
14 to work for Senator Debbie Stabenow from Michigan for five
15 years. I joined the Obama administration, worked at FEMA
16 doing disaster response and recovery for two-and-a-half
17 years. I worked at the Department of Commerce and then a
18 brief stint at the White House doing domestic policy work,
19 energy, environment, healthcare, immigration, a whole gamut
20 of different policies before coming over to the Bank where I
21 was once again excited to focus on one thing and that was
22 helping customers export their products and create jobs
23 overseas.

24 So real quick, who we are, Office of
25 Communications, because that means different things

1 depending on where you're at. We sort of fall into four
2 tranches. We have a public relations team that works on
3 media relations and earned media that we think of as sort of
4 the press team.

5 We have a public affairs team that works with
6 external affair stakeholder groups, outreach. This team
7 also puts together well, the annual report is a full team
8 effort but this team is responsible for it, it's what you
9 see in front of you, as well as puts on the annual
10 conference which I will get to at the end of the
11 presentation which is at the end of April.

12 Then we have a small marketing division that
13 creates marketing materials in collateral. The one-pagers,
14 the pamphlets, the flyers that we use for our customers and
15 our stakeholders and we're going through, currently, an
16 audit of all those different marketing materials, going
17 through the Bank seeing what people like, what customers
18 respond to, what they're missing, what they need to make
19 sure we can call down all these materials we have and make
20 sure they're useful for our customers. And then web/new
21 media. So exim.gov, look and feel, we're responsible for
22 the information technology unit here at the Bank. And then
23 we're working to expand our new media presence at the
24 moment.

25 The challenge we face, small business exporters

1 are leaving sales on the table because they aren't able to
2 access private sector financing and they don't, no actions
3 there to fill the gap. That's what our team focuses on all
4 the time, that's what keeps me up at night. Someone's
5 losing sales, someone's not creating jobs because they don't
6 know Ex-Im exists and they got turned away from their bank.
7 And their bank may not be as responsive as Amegy and be a
8 great partner for us to point them to Ex-Im but we want to
9 make sure that people know we're here.

10 So we're working on many different ways to raise
11 awareness. Obviously, new media/Twitter, LinkedIn, YouTube,
12 we're in the process of hiring a digital content person to
13 make sure because these aren't, these are just messaging
14 channels. These are channels to get our messaging out but
15 not an end all be all. Just because you're on Twitter
16 doesn't mean you're actually getting a new message out.
17 Just because you're tweeting doesn't mean you're tweeting
18 information that's helpful for customers.

19 So we're working on all these channels to make
20 sure that we're getting the information out that our
21 customers need and drive the potential customers to us, and
22 we're working very close with small business unit. And I'm
23 sorry I missed Sean Luke's presentation earlier but we work
24 extremely closely with them to make sure that we're getting
25 our word out to small businesses. I just want to get that

1 little bird to fly in there. And then as I spoke about our
2 marketing audit which I mean by enhancing our collateral and
3 then improving relationships with small business
4 organizations.

5 We have really good relationships with the NAMs of
6 the world, the National Association of Manufacturers, with
7 the U.S. Chamber, but how do we expand those relationships
8 outside those traditional business groups. So whether it's
9 the Wind Energy Association, whether it's a better working
10 relationship with labor whether it's those more industry-
11 focused organizations to sort of expand our outreach.

12 The one thing to close on, focus in on one issue
13 for today is earned media. So when we talk about earned
14 media, we're talking about pitching stories to reporters,
15 we're talking about trying to get reporters to write our
16 stories because it's free marketing, it's free advertising.
17 And again, that's our challenge and what's the solution when
18 it comes to earned media? It's using target earned media to
19 raise awareness of Ex-Im Bank's products and services. And
20 how do we do that? By telling the stories of Ex-Im's
21 customers.

22 I know the Chairman -- because obviously, telling
23 our customers stories, we tell Ex-Im stories. The Chairman
24 focused on the annual report earlier, so I'll embarrass Mary
25 again if I could. We went to visit Mary as the Chairman

1 referenced which creates a great story in the Chicago
2 Tribune, talking about Mary's great business, how she uses
3 Ex-Im's products and services, and the hope is that many
4 people in the Chicagoland area read that story. They don't
5 need to know exactly what our insurance does. All they need
6 to know is Mary exported, she grew her business by exporting
7 and maybe they see themselves in Mary and will come to Ex-Im
8 Bank. So and obviously, there's a lot, many people around
9 this table, Gabriel as well as Don, that whether it's Dallas
10 or Bakersfield, L.A. Times, so we're trying to do more and
11 more of that.

12 And then where do we tell those stories? We have
13 regional media which is local news, local radio like Chicago
14 Tribune, Dallas Morning News, things like that.
15 Constituents and media outlets. So media outlets and target
16 groups that share common interests. Enterprising Women,
17 Black Enterprise. They just had great articles in both
18 Black Enterprise and Enterprising Women which has a reach of
19 10 million. Trade Media Publications. Director Mulvaney
20 was just talking about Trade Finance Magazine which believe
21 it or not, is something not everyone reads but that's a
22 great way to reach Director Mulvaney's constituency.

23 So really, and then obviously, national media
24 which frankly, tends to cover the day-to-day political
25 fights back and forth. We work with those folks all the

1 time, especially when it comes to small business, small
2 business part of the Washington Post, Wall Street Journal,
3 New York Times, and then we have to respond to others about
4 what we do but we're really focused on getting, getting more
5 business for the Bank.

6 So these are some of the questions that I'm really
7 interested in gauging you guys on as the year goes across,
8 as the year goes along. What is your story? I know a lot
9 of people's stories here but you guys also hear a lot of
10 stories that we don't hear. Customer stories, how people
11 improve their businesses using the Bank's products and
12 services. What do you read? Where do you get your
13 information? How basically you probably, you know, watch
14 the local news every once in a while, maybe you read the New
15 York Times but where's the, is it Manufacturing Monthly, is
16 it Trade Daily, is it Textile News Today? Where are those
17 things because frankly, we just don't have the resources to
18 do the research to find out what our customers are reading
19 so we're continuing to work with small business to see where
20 those stories are but to get that feedback from you guys
21 would be invaluable.

22 And then also, and I've asked many of you too,
23 where did your first hear about the Bank. That's something,
24 you know, I'll hopefully build upon as well because that's
25 critical for us. And then what happens when customers find

1 us? Maybe they read the story about Mary's great company
2 and they come to us but they need tools. Help customers
3 identify their solutions in a clear and effective manner.

4 We went through, this is not my team that was
5 responsible for this but the team did a great job of
6 improving the contact center at 1-800-565-EXIM. You can get
7 a hold of them now through phone, e-mail you'll get a two
8 day turnaround, and then soon there will be online chat
9 available. I think we're looking at beginning of February
10 so you can chat with a human being online about whatever
11 your issue is. And then exim.gov which we're definitely
12 responsible for which has gone through a little bit of an
13 evolution which is another thing I want to touch on today
14 really quickly. The evolution that's happened is we're
15 doing an entire refresh.

16 So what we realized was when people came to
17 exim.gov when I first got here, it was a little complicated.
18 So the reality is, as any organization needs to, our website
19 needs to serve diverse audience, right, so we have customers
20 both new and old, small and large, stakeholders and then
21 there are brokers and bankers and non-profits, members and
22 their staff and foreign buyers and the media and Ex-Im
23 staff. So it's not a challenge unique to Ex-Im but we
24 really had to prioritize those audiences and say okay, who
25 is really our top, top of the list.

1 So this is our, this is the mission statement I
2 originally got here. As you can see, there's a lot of
3 different links, there's a lot of places to get facts. You
4 can search about twice on here. If you're a small business
5 owner, there's apply on line, there's women, there's women
6 owning your own business, there's small business person,
7 there's global access for small business, you can get some
8 facts and it's the 80th anniversary of the Bank. So there's
9 a lot of stuff there and you don't quite know where to go
10 with yourself.

11 So it was going to be a year-long process to
12 totally redo the website. That was just too long. We had
13 too many small businesses that were confused when they came
14 to the Bank. So the team took it upon themselves and said
15 okay, you know what, we don't need to do a whole
16 reorganization of the website but we can at least improve
17 the front page of the website in the meantime as we're going
18 through the whole reorg.

19 So this is where we're at at the moment. You have
20 three big buttons. You got rid of all the stuff on the top
21 that says what do you want to do here, do you want to get
22 financing, do you want protect against risk or you need
23 foreign buyer financing. So that was our middle of the road
24 fix. It's a lot cleaner. We collapsed everything on the
25 sides. Hopefully, it's a little less confusing as you, as

1 you get there.

2 So we are continuing to work. This is, basically,
3 this was putting another coat of paint on the old coffin.
4 At the same time, we're going through and totally working
5 with our IT, partners in IT totally going through and
6 reorganizing the website, how it works, where people can get
7 information, ease of use, and the target date for that is
8 the end of April. But I just wanted to give you guys a
9 quick preview of where we're going after the homepage which
10 is much, much cleaner.

11 So basically, you have four or five calls to
12 action there and that will, you can actually scroll through
13 those at the top. Now, the purpose of this is that if
14 you're a small business and we've decided that you are a
15 target customer, you come here, this will, immediately the
16 information that you need as a small business owner.
17 Everyone else is one click away. There's actually a bar up
18 top that says get started, what do we do, what do we serve,
19 exporters. If you click on that, information will come
20 down. So if you're a member of Congress, your information
21 is one click away. If you're a small business owner, your
22 information is right there on top.

23 So we'll continue to do that and I'd love to get,
24 solicit everyone's feedback too as sort of this process goes
25 along, and then these are actually some internal pages too.

1 So each page -- we actually got good feedback from our
2 brokers for instance. Our brokers realized that thanks to
3 our Stephanie Thum and our customer management, our brokers
4 realized they have to open probably 10 to 15 tabs on their
5 web browser to get all the information that they needed from
6 the website so they would come, do a back and forth, open
7 them all up. So our team, the Bank put together, so the
8 brokers page will be if you're a broker, here's all those
9 10, 15 tabs but in one nice easy page for use and you can
10 open up the page. So this will be an ongoing process but
11 this is really sort of imbedded in everything we do as the
12 Bank is trying to make customers, everything more customer-
13 centric and customer focused.

14 And then the last but not least, our annual
15 conference, I'd like to make a quick pitch to this. This
16 brings, for those that are not familiar, it brings over
17 1,000 brokers, non-profit partners, exporters, lenders --

18 MR. HOCHBERG: Buyers.

19 MR. CARROLL: -- buyers to Washington, D.C. to
20 talk about exporting, talk about creating jobs. And then
21 this year, even more focused on how those exporters can use
22 Ex-Im products and services to expand exports overseas. So
23 you can register at exim.gov for the moment. Our speakers
24 so far, confirmed speakers, Christine Lagarde, Doug
25 Oberhelman and David Rubenstein, and then many more to come

1 as well, and then one more considered registered.

2 And then the last thing I'll mention before
3 opening up to questions is when we announced the new
4 Advisory Committee, we put out a question list to announce
5 the new Advisory Committee which means that if your name
6 wasn't already out on the media associated with Ex-Im Bank,
7 your name is now out in the media associated with Ex-Im Bank
8 so you may get, as Gabriel mentioned before, you may get
9 calls from the media.

10 MR. OJEDA: I already did.

11 MR. CARROLL: Right.

12 MR. OJEDA: No. I have an interview in two weeks
13 with the Dallas Business Journal.

14 MR. CARROLL: Perfect. Perfect. So as I --
15 that's great. I mean, as I, I hope the presentation
16 conveyed, our customers and our stakeholders talking about
17 the Bank and what we do in media helps us get, helps us get
18 more customers, it helps us explain more clearly to our
19 stakeholders what we do and it's a force multiplying effect.
20 That said, not everyone is as schooled with the media as
21 Gabriel is soon becoming, but feel free to reach out to me
22 if I can be a resource to you. If you're a large
23 organization and you have a PR team, feel free to have them
24 reach out and I'll connect them with our team as well. We
25 are happy to provide any help or guidance that you may need.

1 And then feel free to let us know too because we
2 want to see those articles and amplify them as well because
3 the Dallas Business Daily story, we'd like to send that to
4 Dallas local TV and let them know that someone in their area
5 is being interviewed because still, most Americans get their
6 news from local television, believe it or not, so that's
7 still one of our main targets as well so. I'm sorry for
8 talking at you so much. I'm happy to take questions or
9 ideas or comments or anything along those lines.

10 MS. HOWE: I just wanted to say once you get done
11 with that website, we'd like to borrow you.

12 MR. CARROLL: This is, it's a, we have a small but
13 very capable team. As the Chairman said when I joined the
14 Bank, I found a great parade and got in front of it so I'm
15 very happy with that and the team that I've been able to
16 join is grateful. It's a great job.

17 MS. GREGOIRE: Can I ask, do any of you have to
18 leave real quick here because we want a photo that we can
19 get out, speaking of Brad's territory? So can we go ahead
20 and be briefed on our ethics and see if we have any public
21 comment and then take the pic or are we going to lose some,
22 one more? We're okay. Okay. Well --

23 MR. PERCIASEPE: You know, I can't remember. It
24 might have been you, Governor, that mentioned getting a
25 handle on where the jobs are being created in the United

1 States by the, by the work, and we saw the charts earlier
2 that showed, you know, the percent going to small businesses
3 and the percent going to, you know, aviation, and you point
4 out correctly that a lot of the jobs in that clump are
5 downstream in the supply chain.

6 And having a website that not only is, is set up
7 to make it easier for customers to access the Bank but also
8 is educating people because you can, you know, by zip code
9 or by state or somebody said congressional districts, that
10 may just be too granular but, you know, where jobs are being
11 created or where there are companies located that are
12 providing products or components that are going upstream
13 into the assembly plants that are eventually being exported,
14 and I don't know where, if that data exists or not but I can
15 tell you from my perspective, from a communications
16 perspective and particularly with Congress, that would be
17 one of the most powerful things we could possibly try to
18 figure out how to get out there and easily accessible.
19 Here's my zip code, you know, where's this stuff working,
20 who in my neighborhood is, you know, benefitting from these,
21 from these programs. So I know we can have a long
22 conversation on that. I know we have no time but I throw
23 this out there probably in a completely dimensionless way.
24 MR. CARROLL: Yeah. We do, I think we do an okay
25 job with expanding or explaining where our, where our

1 customers are at. We encourage, we keep talking to our
2 customers as well, what they can do to show us where their
3 supply came for that.

4 MR. PERCIASEPE: My thing is we show that we're
5 providing funding for export of aviation. As you pointed
6 out, many times, totally correctly, when we help a
7 significant product that's manufactured, assembled, whatever
8 you want to call it, in the United States to go to another
9 country, there are many, many pieces of that that were
10 manufactured someplace, not where it was assembled. That's,
11 they're not customers of ours. They're not getting direct
12 loans or authorizations from us but they're benefitting
13 directly from us because they're providing something to
14 somebody who is providing a product to somebody who is
15 getting.

16 MS. GREGOIRE: Right.

17 MR. PERCIASEPE: You know, it's like a tertiary
18 thing, and I think we need to figure out a way to get that
19 data and make it accessible to people. I mean, you know, if
20 you can't go to Congress and say, you know, in your, even if
21 it's just your state, there's, you know, 5,000 people who
22 worked on projects in the last two years on things that, you
23 know, I know I'm saying something we all know but I'm just
24 pointing this out from a communications perspective.

25 MR. CARROLL: No. Absolutely. It's been, it's

1 been impossible, to date, to find that data but the
2 Department of Commerce actually put out somewhat helpful
3 data. It talks about exports by state, how many jobs that
4 creates so that's a little bit too high level. We need to
5 be somewhere in the middle but I think we're happy to dig
6 through any data set we can recover because you're
7 absolutely right.

8 MS. KAVIA: I just wanted to say, Bob, your point
9 on, you know, collecting data on jobs. One of the things
10 that, what we find is the SBA will e-mail us a survey every
11 quarter saying, you know, how many jobs did you create, did
12 you get a loan. And it's just a, you know, very easy one-
13 pager, takes five, six minutes to complete. Sometimes it's
14 not applicable but at least it's counting jobs and it's
15 counting jobs at the very granular level which is at the
16 company, where are you exporting to, and I think if Ex-Im
17 was to take on that kind of initiative, there would be many
18 exporters that wouldn't mind filling out a one-page survey
19 to say how many jobs have you created and then who's your
20 supply chain. And for us, power generation sites, we have
21 suppliers in Texas and Ohio and upstate New York and would
22 be happy to write that in if that helps nationwide.

23 MR. PERCIASEPE: You could do a couple of big
24 examples. If you can't do the full census, maybe you could
25 get like the top 10, you know.

1 MR. HOCHBERG: Well, no. Actually, where we'd
2 want to get to, you know, go rent a car and stay in the
3 hotel. As soon as you check out, in about 10 minutes you
4 have an e-mail in your inbox saying tell us what, how we
5 did. So that's the place we want to get to in our small
6 business area in particular where it's very transactional.
7 We're going through a process that, you know, once we get
8 the contact center up, fully up, online task, the next phase
9 is to do that kind of customer feedback on a regular basis.
10 We have to go through an OMB process, believe it or not,
11 because any time you ask the public to complete any
12 information, we actually, there's a review process about
13 paperwork reduction so that we don't burn --

14 MR. PERCIASEPE: OMB.

15 MR. HOCHBERG: -- don't burn citizens so we will -
16 - but my point is that's on the docket to go through that.
17 She's not in the room right now but Stephanie Thum, who
18 works for Claudia Slacik, is our VP of Customer Experience
19 and that's the next, that's the next phase.

20 MS. GREGOIRE: And what we found, last year we
21 talked about this considerably, what we found is we do an
22 annual survey and the response rate to the annual survey is
23 diminishing.

24 MR. HOCHBERG: Because it's so long ago.

25 MS. GREGOIRE: Because it's so long ago when the

1 transaction or the contact took place, but that's why the
2 private sector has gone to, as Fred puts it, you know,
3 before you're done, you practically have the survey so you
4 fill it out right away because you're either really happy,
5 really mad or really something and you want to respond and
6 so that's what they're trying to do. And back to your
7 point, Bob, you know, just if I think in my little state, it
8 would be fascinating to say big bold Boeing, okay, and then
9 show 7,000 dots that actually benefitted because they got
10 some sort of loan to a customer through Ex-Im. And that
11 actually wouldn't tell the whole story because it's all
12 across the country, but there had to be 7,000 plus in our
13 state.

14 MR. PERCIASEPE: Yeah, but maybe we could just do
15 a couple of illustrative things to --

16 MS. GREGOIRE: Yes.

17 MR. PERCIASEPE: -- demonstrate the point --

18 MS. GREGOIRE: Something to communicate.

19 MR. PERCIASEPE: -- on something that's really
20 obvious. You know, an airplane obviously would be one of
21 those things. I, you see them all the time. But there may
22 be a number of those that you could do where you have like
23 five examples, that you just have that on the website or
24 something so you could see the expanse around the country of
25 small businesses that are providing even though they're not

1 getting financing from us.

2 MR. MULVANEY: Okay. Let me just add on to that.

3 MS. GREGOIRE: Directly. They're not getting it
4 directly.

5 MR. MULVANEY: I think, Mr. Chairman, of an
6 aircraft and all of the suppliers into that, but then a
7 project finance deal or one borrower, you know, PEMEX. You
8 might be able to have ERS as a database see the suppliers
9 because for disbursement, people do need to document who the
10 U.S. exporter is so maybe there's an IT solution that
11 Michelle Kuester can kind of work on in that vein.

12 MR. CARROLL: The one other thing I would say too
13 is, and PEMEX notwithstanding and, you know, obviously,
14 Sydney's company notwithstanding, it's always we found, when
15 we're talking to the public to use a product that people see
16 and can use every day. That's why James Pickles is always
17 such a great example. We have ice cream in Philadelphia.
18 It's, I now describe the fish market example. A lot of, I
19 marry the ice, where the fish sit on top of the ice at Whole
20 Foods and those machines that make that ice. So it's a lot,
21 it's easier when it's a tangible item that we're helping to
22 export.

23 MS. GREGOIRE: Well, and as you just articulated,
24 I don't think folks, particularly in Congress, understand
25 that you don't have to be the Boeing Company to have

1 suppliers, right? Every small business has suppliers that
2 are indirectly benefitting so the reach is pretty dramatic
3 when you think of it in those terms. Great.

4 MR. CARROLL: Thank you.

5 MS. GREGOIRE: I won't see you until March so on
6 Sunday, watch Madam Secretary and see if you don't see
7 yourself in the mirror.

8 MR. CARROLL: Every time, every time I turn on the
9 TV.

10 MS. GREGOIRE: So I don't want to get too far out
11 of whack here with respect to public comment. Is there any
12 public comment before we hear about our ethics? Seeing
13 none, can we be advised how we don't get ourselves in
14 trouble?

15 MS. COLEMAN: Good afternoon.

16 MR. HOCHBERG: You need to turn that on.

17 MS. COLEMAN: Okay. Good afternoon. I'm Victoria
18 Coleman. I'm from the Office of the General Counsel and on
19 behalf of my office, I'd like to thank you for your service.
20 We appreciate the work that you do here and because you're
21 volunteers, you are not employees of the United States
22 Government. So that means that you don't have to fill out a
23 financial disclosure report, you're not remitted at any of
24 the assets that you may own and you're not subject to the
25 broader ethics rules that apply to federal employees.

1 But your position is one of public trust so what
2 you want to make sure is that you don't give the appearance
3 of using your public office for private gain. And what that
4 means is that you don't want to make it seem that you're
5 using your position for the benefit of yourself or for
6 someone else you may know and I have a few examples of that.

7 One is that you don't use nonpublic information
8 for your own benefit or for someone else. So basically,
9 it's insider trading. And you cannot use your position to
10 gain any special access for yourself or for anyone else you
11 know. So if you are a Bank customer and you have an
12 application pending, you can't call and ask someone to
13 expedite your application or say I know someone at this
14 company who has an application pending and I'm a member of
15 the Advisory Committee and can you please fast track this.
16 That would not be appropriate basically, but you may make
17 use of any other process that's available to any member of
18 the public. And if you're giving interviews or if you're
19 speaking in your personal or professional capacity, you want
20 to make sure that your comments are not being used in such a
21 way to imply that the Bank is endorsing whatever product or
22 opinion you're offering.

23 Many of you have asked about how your service on
24 the Advisory Committee can impact your ability to engage in
25 political advocacy and I wanted to just give you a couple of

1 bullet points about what you may and may not do and also
2 preface that by saying if you ever have any questions,
3 please feel free to contact me, Andrea Bernardo is here,
4 she's the Assistant General Counsel for Administration, and
5 you met Erin Gulick from Congressional Affairs and also Brad
6 Carroll, and we're all available to help you.

7 Now, you may engage in political advocacy in your
8 personal and professional capacity so as long as you're
9 speaking on behalf of yourself personally or in your
10 capacity as a business owner, you can go ahead and advocate
11 for reauthorization or for any other political issue or
12 candidate. You can also accept speaking engagements in
13 which you discuss these kinds of issues.

14 What you cannot do is you can't call any members
15 of Ex-Im staff and ask for direction as to how you might
16 engage in that advocacy. And make sure that when you're
17 speaking that you don't use your title in your comments and
18 say well, I'm a member of, I'm a member of the Advisory
19 Committee and I'm advocating for the reauthorization of the
20 Bank. You can say that in terms of I'm a member of the
21 public or as an owner, I am advocating on behalf of the
22 bank.

23 MR. HOCHBERG: Can I ask you a question?

24 MS. COLEMAN: Yes.

25 MR. HOCHBERG: I think you just -- I thought an

1 Advisory Committee, if they have a question how they can,
2 what they can say and how they an advocate, they can get
3 advice. If it's they're soliciting it versus we're asking
4 it. Am I -- would you clarify that?

5 MS. COLEMAN: Yes. It's actually a matter of
6 fiscal law, and I tried to make this with the least amount
7 of legalese as possible. So the agency cannot use any
8 appropriated funds to engage in political advocacy or
9 lobbying so that means that staff cannot direct anybody on
10 what they should or should not say. Now, if you have a
11 question from a member of Congress and they're asking you to
12 clarify some information, you can contact Congressional
13 Affairs and they can guide you in that sense but it would be
14 inappropriate for you to call Gaurab or, you know, anyone
15 else at the bank and say well, I'm attending an event and I
16 would like to advocate on behalf of reauthorization, what
17 would you recommend that I say. That's not permitted. So
18 we can provide you with ethics advice and advice about how
19 to navigate your political advocacy but we cannot direct
20 you.

21 MS. GREGOIRE: But you could give them
22 information. Like if someone just needed data or
23 information about the Bank.

24 MS. COLEMAN: Right. If you had a question.
25 Sometimes congressional members will ask about the

1 Competitiveness Report or something specific about our
2 products and that would be a factual type issue so, yes.
3 That would be appropriate.

4 MS. KAVIA: I have a question about the not
5 identifying yourself because in the think tank world now, we
6 like to identify absolutely everything for purposes of
7 transparency so if you write an op-ed, you would say, you
8 know, by the way, I'm on the Advisory Committee. Is that
9 okay or you're not supposed to at all? I'm a bit confused
10 how to meet their guidelines and meet your guidelines.

11 MS. COLEMAN: Understood. Now, your membership on
12 the Committee can be one part of a biographical sketch about
13 yourself so if you need to produce an introductory paragraph
14 in preface to an article or if you're speaking and you tell
15 them about yourself, generally, that will be one part of
16 your life that you mention. The difference is if you were
17 to say I'm a member of the Advisory Committee and I'm here
18 advocating for the reauthorization of the Bank because it's
19 a great agency, they're, you know, helpful and creating
20 jobs. Those are the kinds of distinctions that we're happy
21 to help you with because there are a lot of gray areas. So
22 if at any time you have any questions, please feel free to
23 all us.

24 MS. GREGOIRE: I want these folks to feel
25 comfortable. What I have done over the course of the last

1 year is I've gone out and introduced myself as Former
2 Governor, current Chair of the Export-Import Bank here today
3 to speak to you as a private citizen.

4 MS. COLEMAN: Yes. So you make the comment that
5 you're speaking in your personal professional --

6 MS. GREGOIRE: Right.

7 MS. COLEMAN: -- capacity, not as a member of the
8 Advisory Committee.

9 MR. PERCIASEPE: But it's not secret that we're --

10 MS. COLEMAN: No because it's public, and you will
11 be contacted because we publicize the names of the members
12 on the Committee so it will depend on what you're being
13 asked and in what capacity. Are there any other questions?
14 No? Okay. Well, thank you again for your service and
15 please feel free to contact us with any questions. Thank
16 you.

17 MS. GREGOIRE: Great. Thank you. Are you all
18 good, you all, on the ethics issue? The last thing you want
19 to have happen to you is to be stymied from doing what you
20 think you could do as a private citizen. You can. You just
21 have to do it in a way that doesn't try and use your
22 position inappropriately here, but I'm a disclosure person.
23 You can't come into state government unless you, in my state
24 at least, you have to disclose everything, so I'm a
25 disclosure person, but then I always simply say I'm here

1 today in my private capacity and I want to talk to you about
2 whatever the heck I want to talk about. So I want you to
3 feel okay about this because the last thing you want to be
4 is muzzled. Are you good, you all?

5 MR. STEPHENS: Those of us, clarify that for a
6 moment. So as business owners are as in a professional
7 world, you can basically talk about your good experience,
8 obviously, with Ex-Im and say hey, this is what, this is the
9 positive effect it's had in my position as a business owner
10 or a banker and whatever and that's totally okay, right?

11 MS. COLEMAN: I would just -- oh, I'm sorry.

12 MS. KAVIA: Sorry. I just want to clarify. You
13 said an introductory paragraph. When I give a bio, when I
14 go on speaking engagements, they say what is your bio and if
15 I had in there currently Ex-Im Advisory Council member,
16 would that be something that you would not want to see
17 there?

18 MS. COLEMAN: No. That would be appropriate
19 because it is just one, one part of your biographical
20 sketch. It's when you identify yourself only as a member of
21 the Advisory Committee. But I will say, just to echo what
22 Chairman Gregoire said, is that you do have a constitutional
23 right to free speech and your position on the Advisory
24 Committee doesn't change that. We just need to make sure
25 that we don't engage in any ethics violations that would

1 draw negative attention to us and so that's why, you know,
2 we're happy to help you and if there are ever any questions,
3 even if you think it's a silly question, please feel free to
4 call any time.

5 MS. FELTON: There was a question about writing a
6 research piece and identifying yourself as a member of the
7 Ex-Im Advisory Committee. What if someone wrote an op-ed?
8 You often see in the Wall Street Journal so-and-so's
9 affiliation, and that is the thing that gives them the
10 credibility to write whatever it is. Can someone do that?

11 MS. COLEMAN: Exactly. And it would be
12 appropriate to write an op-ed.

13 MS. FELTON: Where it says Luis, member of Ex-Im
14 Bank's Advisory Committee.

15 MS. COLEMAN: Well, if he were writing in his
16 capacity as an Ex-Im Advisory Committee member, he would
17 want to work with communications about that. When it comes
18 to you, you know, if it was Mr. Ubinas let's say, we'll use
19 you as our example, you may want to write an op-ed or you
20 may have a business article that you're writing and you
21 would identify yourself describing all of the things that
22 make you who you are, and that's why people respect your
23 opinion is because of your professional experiences and
24 affiliations, and so your position here is one part of that
25 and that would be appropriate but what you have to make sure

1 you don't do is make it seem as though you're speaking on
2 behalf of the Bank. Is that a helpful distinction?

3 MR. WHITE: I think we're going to get rather
4 granular with all of this. If I'm sitting down, talking
5 with my Congressman, which I've done in the past, it's been
6 on the basis of my experience and when the discussion has
7 gone up to the large users, I've said I have no knowledge of
8 that. I'm not, my business experience has no relationship
9 to Ex-Im's policy that way. Am I to continue, more or less,
10 on that front where I stay within my home knowledge of the
11 business as relating, not relating to what I might learn
12 within this group?

13 MS. COLEMAN: I think that it's probably best to,
14 you know, there are so many nuances and so many gray areas
15 that if you come across a situation like this, I would
16 recommend that you contact us and we can talk about it more
17 specifically to your situation.

18 MR. WHITE: Okay.

19 MS. COLEMAN: You know, in the legal world, there
20 are not always bright lines.

21 MS. GREGOIRE: Again, I think I don't want to
22 discourage you in any way from talking to members of
23 Congress, okay, so I think you go there and as a matter of
24 full disclosure, again, I'm a believer in full disclosure,
25 you know, I'm the da, da, da, da, da, whatever I am, I

1 happen to be serving on the Export Advisory Bank Committee
2 right now but I'm here today to talk to you in my personal
3 capacity. You are covered then. You've made it clear. I'm
4 here in my personal capacity. The last thing, the last
5 thing this ethics briefing is to do is to discourage you
6 from not being willing to speak up so when in doubt, call
7 Gaurab would be my advice to you, okay, when in doubt but
8 don't let anything stymie you. Just keep identifying
9 yourself, disclosure again, but identifying yourself is I'm
10 speaking not on behalf of the Bank. I'm speaking on behalf
11 of myself and my personal experience with the Bank.

12 MR. BANSAL: And, Governor, I'll be happy to, you
13 know, I think it goes without saying for all the
14 presentations, particularly this one, I'm happy to forward
15 your inquiry to General Counsel, or Mr. Brad Carroll, to
16 Congressional Affairs. That's my job. You can feel
17 perfectly safe e-mailing me. I will direct it and make sure
18 you get the input you need.

19 MS. LOUI: I'd like to say something more
20 proactive. Recognizing that most of or all the members of
21 our Advisory Committee are all extremely busy people and
22 they are doing this on a volunteer basis, can't we come up
23 with four or five scenarios that the OGC could identify the
24 most common identifiable and rather than saying what we
25 can't do, let's say how they should be identified. If you

1 go to speak before Congress or a legislator, here's a way to
2 identify. One way to identify yourself, if you're going to
3 do a byline article, here's the way to identify yourself,
4 and again, the four or five most common scenarios and then
5 you don't have to spend your time engaging in, you know,
6 it's an hour here, it's an hour there but it's your time and
7 as a small business person, I appreciate how valuable that
8 is.

9 MR. STEPHENS: So a simple way to clarify that is
10 so Jay was saying a month ago, I would talk to a
11 Congressperson about my experience as a business owner,
12 small business owner. Now that he is on the Advisory
13 Committee, can he say the same thing he said two months ago
14 as long as he just says I'm speaking to you as a small
15 business owner. Not personally but as a small business
16 owner. That's the clarification that I --

17 MS. COLEMAN: That would be perfectly appropriate
18 because you would go and you would say I'm a small business
19 owner, I've used these services, it's helped me in these
20 ways, I'm advocating for the Bank in that capacity. I'm not
21 here asking you for your vote to reauthorize the Bank in my
22 capacity as an Advisory Committee member. Does that help?

23 MR. STEPHENS: Yes.

24 MS. COLEMAN: Okay. Any other questions? Okay.
25 Thank you.

1 MS. GREGOIRE: Thank you so much. Those of us who
2 serve in government, this is very frustrating. Very
3 frustrating because all too often, folks in your positions,
4 I guess I'd say mine, in our position just say God, I'm not
5 willing to do it, I'm not willing to risk it, I don't want
6 to da, I don't want to da. And what I think Pat's trying to
7 say, and I am absolutely trying to say, is have the exact
8 opposite reaction which is I'm going to go do it. Now, how
9 do I do it right, right? You cannot let this grind you
10 down. So I've just passed around the contact for Erin and
11 some of the folks in her shop, and the committees that Fred
12 typically testifies before in the House and the Senate are
13 what you --

14 MR. HOCHBERG: Not too typically I hope.

15 MS. GREGOIRE: -- you have before you. If you
16 have any additional questions about any other committees or
17 any other things like that, please feel free to get a hold
18 of Gaurab. Let him be your funnel, if you will, through to
19 the bank folks. And again, a week from today, 5:00 a week
20 from today to Gaurab, your preferences with regard to
21 subcommittees and if you'd like to serve as chair, chair of
22 what, okay? And with that, Mr. Chair, would you like to -

23 MR. HOCHBERG: I just, I'll close with one last --
24 obviously, thank you all again for your time and attention.
25 Thank you for, you all have busy schedules, for coming in,

1 giving us your perspective and expertise and your common
2 sense. I made a bunch of notes today of things we can
3 improve and I think the Competitiveness Report is the most
4 obvious one that we can really benefit and what I, you know,
5 one thing I felt last night and at this meeting, we have a
6 lot of new members, probably more new members at this
7 meeting than at any other one we've had and I think we're
8 going to just, we're going to have a lot of great input from
9 you. And lastly, I want you all to have a good time. So
10 hopefully, this will also be fun. You get to both meet each
11 other on the Committee, meet some people on staff, and this
12 will be a rich experience over the next year.

13 MS. GREGOIRE: Thank you, Mr. Chair.

14 MR. HOCHBERG: We're going to take a fast picture.

15 MS. GREGOIRE: Yes. We're going to take a fast
16 picture, and I hope this hasn't been overload. I hope
17 you're excited. Thank you for serving. The meeting is
18 adjourned.

19 (Whereupon, at 3:17 p.m., the meeting was
20 concluded.)

21

22

23

24

25

Digitally signed by Josephine Hayes

ELECTRONIC CERTIFICATE

DEPOSITION SERVICES, INC., hereby certifies that the attached pages represent an accurate transcript of the electronic sound recording of the proceedings before the Export-Import Bank of the United States Meeting of the Board of Directors on January 15, 2015.

Josephine Hayes

January 21, 2015

Transcriber

Date

EXPORT-IMPORT BANK OF THE UNITED STATES

ADVISORY COMMITTEE MEETING

Wednesday, March 18, 2015

11:08 A.M.

Export-Import Bank
811 Vermont Avenue, N.W.
Washington, D.C. 20571

PRESENT:

COMMITTEE MEMBERS:

Christine Gregoire, Chairperson
Bob Perciasepe, Center for Climate and Energy Solutions
Caroline Freund, Peterson Institute for International
Economics
Don Nelson, Ramsgate Engineering, Inc.
Gabriel Ojeda, American Concrete Pumping Association
Gwynne Shotwell, SpaceX
Jay White, Morrison Textile Machinery Company
Jenny Fulton, Miss Jenny's Pickles
Kusum Kavia, Combustion Associates, Inc.
Luis Ubinas, Ford Foundation
Mary Howe, Howe Corporation
Owen Herrnsstadt, International Association of Machinists and
Aerospace Workers
Steve Stephens, Amegy Bank
Sydney Thwaites, Lubricating Specialties Company
Tom Kiernan, American Wind Energy Association

Deposition Services, Inc.

12321 Middlebrook Road, Suite 210
Germantown, MD 20874

Tel: (301) 881-3344 Fax: (301) 881-3338

info@DepositionServices.com www.DepositionServices.com

ALSO PRESENT:

Fred P. Hochberg, Chairman and President, Export-Import Bank of the United States

Wanda Felton, Vice Chair and First Vice President, Export-Import Bank of the United States

Sean Mulvaney, Member of the Board of Directors, Export-Import Bank of the United States

Patricia Loui, Member of the Board of Directors, Export-Import Bank of the United States

Brad Carroll, Senior Vice President Office of Communications, Export-Import Bank of the United States

Claudia Slacik, Chief Banking Officer and the Senior Vice President, Export-Import Bank of the United States

Erin Gulick, Senior Vice President for Congressional and Intergovernmental Affairs, Export-Import Bank of the United States

Gaurab Bansal, Deputy Chief of Staff, Export-Import Bank of the United States

Isabel Galdiz, Vice President for International Relations, Export-Import Bank of the United States

James Burrows, Senior Vice President, Small Business, Export-Import Bank of the United States

Jim Cruse, Senior Vice President, Policy and Planning, Export-Import Bank of the United States

Julie Kalishman, Policy Analyst, Export-Import Bank of the United States

Niki Shepperd, Director of Events, Export-Import Bank of the United States

Stephanie Thum, Vice President of Customer Experience, Export-Import Bank of the United States

GUEST SPEAKER:

Jason Furman, Chairman of the Council of Economic Advisers, Executive Office of the President

P R O C E E D I N G S

MS. GREGOIRE: Good morning, everyone.

UNIDENTIFIED SPEAKERS: Good morning.

MS. GREGOIRE: Okay. Let's try that one more time. Good morning, everyone.

UNIDENTIFIED SPEAKERS: Good morning.

MS. GREGOIRE: And a little bit better. So I want to thank you all for coming today and all of you as well. Thank you very much. Good to see you, my friend.

MR. HOCHBERG: Thank you. Thank you.

MS. GREGOIRE: Yes. Keep up the great work. And I don't know if you all know the good news about Pat, but congratulations are in order, nominated again by the White House to continue in service. Thank you. Congratulations.

MS. LOUI: Thank you. Thank you very much.

MS. GREGOIRE: Yes. Yes. So we're here. We're going to get some updates from staff today, to hear from our very distinguished speaker, Jason Furman, whom Fred will introduce in just a second, and to begin our process of generating some ideas and some follow-through from last year's ideas for the mission of the work at Ex-Im.

I'm going to hold off some introductions of some staff that are going to be speaking with us today, but in -- we're going to hear from a wide range of folks about, really kind of an update of where things are. This afternoon we're

1 going to talk a little bit about the subcommittees, and the
2 report out on the subcommittees is really for the rest of us
3 to get a say in what they're doing. So they're going to
4 give us kind of what they thought about today and what their
5 thoughts are in terms of where they need to go, and it's our
6 opportunity to give them some input about where they, they
7 might want to be thinking. Throughout the day, we really
8 want to make sure this is an engaged; so if you have a
9 thought, you have a question, you want to say something,
10 please, feel free to do so.

11 You all know it's a pivotal movement in the
12 history of the Bank as it's trying to support small
13 businesses, particularly throughout the country, but it's
14 also facing a superchallenge in terms of reauthorization in
15 the coming weeks on the Hill. So I want to remind everybody
16 just how important the work of this committee is to get us
17 -- to make sure that we are serving the small businesses
18 across the country and that we are, in fact, getting the
19 word out about the good work of what Ex-Im is all about and
20 making sure that everybody knows it and takes advantage of
21 it.

22 I also want everyone to realize that at the end of
23 the day we will be open for public comment. So we want the
24 input of anybody here, also, to be part and parcel of the
25 agenda for the Advisory Committee over the coming months, so

1 looking forward to hearing from each of you sharing ideas.
2 We're going to delay Fred's comments, kind of an update from
3 the chair, because we need to immediately go to our very
4 distinguished guest. And so with that, I'll ask Fred to do
5 the introduction.

6 MR. HOCHBERG: Well, welcome, everybody, and thank
7 you, and Jason, thank you for agreeing to come on short
8 notice. I met Jason when he was at the NAC. I think I
9 actually met Jason's mother before I met Jason, in fact.
10 Both of us have the, both the privilege and the burden of
11 having very -- very powerful and very respected, very
12 accomplished parents.

13 He was at the NAC for a number of years. He now
14 chairs the Council of Economic Advisers in terms of
15 providing an economic outlook for the Administration and
16 perspective on that, been very integral in the work on the
17 President's trade agenda, which includes not just Ex-Im,
18 obviously, but Trans-Pacific Partnership, TPA, and the
19 entire, sort of, job growth and how we increase more jobs,
20 more labor participation.

21 He had the most spectacular profile in the
22 Washington Post in case you missed it. I mean, I would have
23 almost thought his mother had to write it. It was such a
24 good profile, and I'll only just read you one quote from it.
25 His roommate at Harvard said: Jason was the first person I

1 met at Harvard, and I literally almost turned around and
2 went home. He remains one of the smartest people I've ever
3 come across. And his roommate was Matt Damon. So he may
4 show up in another Matt Damon movie for all we know. I have
5 no idea, maybe about liquidity.

6 So with that, let me turn it over to Jason Furman,
7 who's going to share some insights, and then we'll have a
8 little Q and A from the Advisory Committee. And, Jason,
9 just so you understand, this Advisory Committee is convened
10 annually. We've been doing this 30-plus years. I'll have
11 someone in Policy remind me precisely how many years. We
12 produce a report that goes to Congress every June on how
13 Ex-Im Bank, as a competitive tool for American exporters,
14 compares with the export credit agencies and support that
15 other countries provide their exporters.

16 So the committee here meets from different
17 disciplines -- the academy, small business, environment,
18 labor, and so forth -- to review the results of the survey,
19 prepare a letter to Congress that opines on essentially the
20 validity of that data. So that's who's assembled here; plus
21 many of our employees are, and it's an open meeting.

22 MR. FURMAN: Great.

23 MR. HOCHBERG: So thank you.

24 MR. FURMAN: Great, thanks, and I think I was with
25 this committee maybe --

1 MR. HOCHBERG: Yes.

2 MR. FURMAN: -- two or three years ago and very
3 glad to be back. I'm very glad for the work that you do.
4 You know how important Ex-Im is to the President, to his
5 overall strategy for expanding exports, and how supportive
6 we are of reauthorizing it. You know, at no cost to the
7 taxpayer, we get something that is very beneficial for the
8 U.S. economy, and so if you do benefit per dollar of cost,
9 it comes out to roughly infinity by my calculations, which
10 is pretty good.

11 You know, in terms of the big picture, where the
12 economy is and then how trade fits into that, you've seen
13 the growth rate accelerate. In the last two years, the
14 economy has grown at a 2.7 percent annual rate as compared
15 to the first three and a half years of the recovery, where
16 it grew at a 2.1 percent annual rate. The improvement in
17 the job market has been even more striking. We've seen over
18 200,000 jobs a month every month for the last 12 months. We
19 haven't seen that happen since the 1970s. The pace of job
20 growth declined, and the unemployment rate is the fastest
21 it's been since the 1980s, and overall, this caps 60
22 consecutive months of job growth, which is something we've
23 never before seen in our country.

24 I was with this Administration from day one, and
25 on day one it looked a whole lot scarier than what it looks

1 right now, and what's interesting was, in some ways, on --
2 at the beginning of 2009, it actually looked worse than the
3 Great Depression. The stock market had fallen by the same
4 amount, house prices had fallen by even more, and the
5 general loss to wealth, as a share of the economy, was much
6 larger, but of relevance to this group, international trade
7 at the onset of this recession contracted even more than it
8 did at the onset of the Great Depression. The difference is
9 that this time it's rebounded, and in the Great Depression
10 it just spiraled further and further down.

11 There's a number of reasons for that rebound. We
12 didn't have a competitive way for protectionism around the
13 world, but one of the reasons for the contraction was a big
14 contraction in credit for our exporters and the ability to
15 get trade finance. And so having institutions in place like
16 Ex-Im really made a difference, too, in helping us rebound,
17 and if you look at our growth over the course of this whole
18 recovery, one-third of it has come from exports when exports
19 represent only about 13 percent of our GDP. So they've
20 played a disproportionate role. That's not surprising with
21 those things like housing when you had such a big bubble in
22 overbuilding. We always knew that wasn't going to be the
23 main driver, you know, at least initially, of our recovery;
24 that there are a lot of areas where we needed to make more
25 adjustment. So we always needed exports, especially at a

1 time like this.

2 We're now in a place where we're exporting \$2.3
3 trillion of goods and services. That's the highest amount
4 we ever have in this country, and we're very focused on
5 continuing to build on that and continuing to build on that
6 because there's 11 million jobs tied to these exports, jobs
7 in export-intensive industries pay up to 18 percent more
8 than jobs in regular industries, and so having more exports
9 means having more of these higher-paying jobs. Having more
10 of these higher-paying jobs is how we can address the
11 biggest outstanding economic challenge we still have, which
12 is that the growth of wages and incomes isn't up to what we
13 think it should be.

14 You know, in that regard, reauthorizing Ex-Im is
15 very important, and another big thing that the
16 Administration is focused on is getting trade promotion
17 authority so that we can negotiate on the Trans-Pacific
18 Partnership -- or complete the negotiation on the
19 Trans-Pacific Partnership and also on TTIP with our partners
20 in the European Union. These are trade agreements that
21 would bring together 70 percent of the global economy.

22 When it comes to TPP, it's very asymmetric. The
23 United States has average tariffs of 1.4 percent. The other
24 countries in that, on average, have much higher tariffs than
25 that. They have many higher non-tariff barriers. We

1 essentially don't have them in the United States. We have a
2 very open, transparent, level playing field and a
3 transparent legal system. That's not true of many of the
4 other countries, and then a number of other standards in
5 issues like labor, environment, state-owned enterprises,
6 governance of the Internet, a whole bunch of ways in which
7 we're pursuing a high-quality trade agreement that's
8 designed to take standards and have more of a race to the
9 top rather than a race to the bottom.

10 You know, as an economist, I evaluate things, you
11 know, not just with an up-or-down vote, but try to
12 understand the trade-offs and the choices. Here the
13 alternative is the United States doesn't enter into the TPP;
14 China accelerates its economic -- its trade agreements, and
15 its trade agreements don't have any of those labor
16 standards, they don't have any of those environmental
17 standards, and they don't have the United States in them.
18 That would lead to diversion of trade from the United
19 States; more of our business is actually forced to move
20 overseas in order to access that market because it would be
21 the only way they could be there, because it would still be
22 protected by the tariffs and non-tariff barriers; and it
23 would also have repercussions for our national security. So
24 that's one of the reasons why, you know, TPP, as a
25 stand-alone item, is a big plus compared to the alternative;

1 you know, it's an even bigger plus because that would mean
2 the United States falling behind in all of these regards.

3 This is just one part of our overall economic
4 strategy. It's complemented by -- to take advantage of
5 export opportunities that would be afforded to us by these
6 trade agreements, that are afforded to us by you, we also
7 need to strengthen ourselves here in the United States. So
8 we need better infrastructure, better roads and bridges,
9 better ports. The President has proposed a substantial
10 increase in investment in those areas. We need a business
11 tax system that creates more of an incentive to operate in
12 the United States, so lowering the rate, broadening the
13 base, and reforming the international system to make the
14 United States more globally competitive but also to make
15 sure that we're not eroding our tax base, improving our
16 education and training, better matching people to jobs,
17 stressing areas like manufacturing, as the President is
18 going to be doing later today in Cleveland, Ohio. All of
19 these domestic parts of the economic agenda are, I think,
20 essential to the international part of the economic agenda
21 because, you know, the best that we can do is put ourselves
22 on a level playing field, whether it's with the export
23 finance agencies of other countries or the trading rules of
24 other countries. To succeed on that playing field, we then
25 need to make sure we're fielding the best possible team, and

1 infrastructure, business tax reform, education, all of that
2 is about fielding that best possible team.

3 This is a, sort of a 10,000-foot overview of, you
4 know, where we are in the economy, where we are on the
5 agenda. I think we have a lot to be excited about in our
6 future. The amount of innovation and technology in the
7 United States, the -- that you see in areas like energy, the
8 Internet, health care, advanced materials, I think, is
9 really exciting. The fact that cost, health cost growth is
10 the slowest in 50 years is actually a competitiveness issue
11 because it's putting us in a better position to hire people,
12 compete and, you know, and to export. And, you know, if we
13 can make sure that we get our -- take advantage of some of
14 those opportunities economically that I was talking about,
15 don't get pulled back into, you know, brinkmanship or
16 unnecessary austerity or some of the things that slowed our
17 economy earlier, I think we could have another great year in
18 the economy and another great, you know, several years, and
19 that's something all of you can help with.

20 So that just puts down a whole bunch of different
21 topics on the table and thought maybe from there we could
22 open it up to which of those you wanted to talk about.

23 MS. GREGOIRE: Questions, please.

24 MS. SHOTWELL: Actually, I have a question.

25 MR. FURMAN: Yeah.

1 MS. GREGOIRE: Please. Go ahead.

2 MS. SHOTWELL: So obviously the United States
3 economy being strong is awesome for all of us, but there
4 actually is a downside. I work for a company called SpaceX,
5 and by numbers of launches, we are by far a larger exporter,
6 and we used to be very competitive against Arianespace, but
7 with the falling euro, we've lost about a 45 percent price
8 differential with them.

9 MR. HOCHBERG: Why don't you put your mic on.

10 MS. GREGOIRE: Mic on.

11 MS. SHOTWELL: Oh, I'm sorry. There?

12 MR. HOCHBERG: Yes.

13 MS. SHOTWELL: There we go. So with the falling
14 euro, we've lost our price -- or our competitive advantage.
15 Do you --

16 MR. FURMAN: Right.

17 MS. SHOTWELL: -- how do you deal with that? I
18 mean, obviously we want a strong economy, we want more jobs,
19 but now all of a sudden our prices are no longer competitive
20 overseas.

21 MR. FURMAN: Yeah. How you deal with that is that
22 the Treasury secretary speaks to our policy on the dollar.
23 So you can take that up with him, you know, but you're
24 right. You know, the United States has, in a sense, a
25 high-class problem --

1 MS. SHOTWELL: Yes, exactly.

2 MR. FURMAN: -- in that if you look, you know, one
3 way an economist measures recovery is how long does it take
4 you to get back to the peak you had before the recession.
5 In the United States, that was the fourth quarter of 2007.
6 We got there in four and a half years. Normally after a
7 crisis like this it takes you eight years. We were one of
8 pretty much the first two countries that had a crisis to get
9 back to its peak, and a lot of the other ones, you know,
10 Italy, Spain, Ireland, you know, haven't even gotten back
11 there, you know, still aren't there yet. And so, you know,
12 when you see those types of relative movements in economies,
13 they manifest themselves in a number of ways, and a, you
14 know, weaker global demand is a headwind for exports.

15 You know, we can do everything we can on our
16 exports, but the most important determinant is what the
17 growth is in the rest of the world. And, you know, one
18 thing we're working with our partners in the rest of the
19 world is to make sure they're really focused on their growth
20 and using tools like fiscal policy, for example, which can
21 increase demand, don't have some of the side effects along
22 the lines of what you were saying, and making sure that's
23 really important.

24 The OECD this morning just upgraded their outlook
25 for growth in Europe and Japan, and so that could have some

1 benefits, you know, in this regard and certainly would help
2 our exporters, but you know, we can do a lot of things here,
3 but you know, a bunch of this is the choices they're making.

4 MS. SHOTWELL: So France used to win a lot of
5 deals, even though they were more expensive, because Coface
6 was very aggressive. Now with France being very
7 competitive, the Arianespace vehicle is being very
8 competitive. They don't really -- I don't even think they
9 need Coface anymore, but now, I would say that from my
10 perspective on launch, it's going to be one of the ways that
11 we can remain competitive, is through export financing. So
12 it's another plus for the Bank in this particular moment in
13 time.

14 MS. GREGOIRE: Tom.

15 MR. FURMAN: That's a good answer to any question.

16 MS. GREGOIRE: Tom.

17 MR. KIERNAN: First, Jason, thank you very much
18 for joining us this morning, wonderful to hear your remarks.
19 Would love any thoughts or counsel you would have, given
20 this extraordinary progress over the last six years that the
21 Administration has led -- and, at the same time, the
22 Administration has done an extraordinary job on climate and
23 on the environmental front with folks like Bob Perciasepe
24 and others doing great, great work -- your thoughts, your
25 advice to Ex-Im Bank, which has obviously been doing some,

1 making some significant progress, as well, on its
2 environmental approach, but counsel, thoughts you would have
3 how the Bank can keep moving forward on exports and on
4 climate and the environment.

5 MR. FURMAN: Right. Look, climate is part of
6 everything we do in this Administration. It's not, you
7 know, just a thing the EPA is doing over there. It's
8 something DOT has to think about and, you know, we think
9 about in broader economic policies and, really, every agency
10 does, including Ex-Im, and we really appreciate the ways in
11 which you've done that.

12 You know, there's great opportunities in a lot of
13 the green technologies, and the United States, you know, is
14 in a great position in a number of them. We're trying to,
15 again, create that type of level playing field through the
16 WTO agreement on environmental goods, but that agreement
17 doesn't guarantee anything for the United States. It just
18 guarantees us a fair shot. We then need to be the ones that
19 succeed with that fair shot. So it's analogous in this
20 issue to the same broader narrative I was saying before.

21 There's also something, you know, one of the --
22 it's actually one of the big contributions Paul Krugman made
23 to economics, was understanding in trade the role that
24 increasing returns to scale played. And so unlike the
25 classical trade models that we had, you know, 150 years ago,

1 it turns out being a first mover can matter a lot, being in
2 something early, because it means it ends up being located
3 here rather than somewhere else; then you take advantage of
4 it, and it tends to perpetuate itself.

5 And we're still at the early stages of a lot of
6 these technologies, and that's why, you know, both the
7 domestic investments to support, you know, tax reform, which
8 I was talking about before, it's important that that
9 supports wind and solar because that will help -- you know,
10 when we're using it here, it also helps tie you to producing
11 it. We had some tax incentives for manufacturing as well,
12 trade agreement, level playing field, all of that. So I
13 think it all fits together, and then there's obviously a set
14 of particular issues, you know, that you've grappled with,
15 and -- you know, things like coal-financed power plants
16 where, you know, there's a different set of considerations.

17 MR. KIERNAN: Uh-huh. Thank --

18 MS. GREGOIRE: Owen.

19 MR. KIERNAN: -- thank you.

20 MS. GREGOIRE: Oh, did you want to follow up on
21 that, Tom?

22 MR. KIERNAN: No, that's okay.

23 MS. GREGOIRE: Owen.

24 MR. HERRNSTADT: Yeah, thank you. Thanks,
25 Governor. Thanks. Thanks for being here. We, coming from

1 a labor union, we obviously have had differences in terms of
2 trade agreements and trade policy. That's no secret. You
3 mentioned the issue of labor standards in the TPP. We
4 haven't seen the actual language on that, but in the past,
5 our skepticism has been sort of well-earned because we've
6 heard about labor standards and trade agreements and then
7 we've seen our members lose jobs because of NAFTA.
8 Actually, companies have said, we're closing down here and
9 moving to Mexico because of NAFTA. We've seen aerospace go
10 up, employment go up in Mexico, go down in the U.S., for
11 example, as well as other things. We heard it in terms of
12 Korea, and EPI has done some work on several thousand job
13 and job opportunities that have been lost since the Korean
14 agreement went into effect. The Colombia trade agreement
15 with the labor action plan, we still see, you know, some
16 murders continuing in Colombia.

17 So I'm just wondering -- and we have yet to see
18 the actual text of the labor chapter. I don't think that's
19 been made public. We haven't really viewed it -- but I'm
20 just wondering if you, or maybe it's a better question for
21 USTR, obviously, can expound a little bit on how the labor
22 chapter in the TPP will be different from the labor chapter
23 in the Peru --

24 MR. FURMAN: Uh-huh.

25 MR. HERRNSTADT: -- Colombia, South Korea, Panama

1 model.

2 MR. FURMAN: Uh-huh. That's a perfectly fair
3 question. Partly it's USTR, but partly what they tell you
4 is that they're in the middle of a fluid negotiation. It
5 will basically take that as the floor and move up from there
6 in terms of adding things relative to what was in Peru,
7 et cetera, and what had been agreed between the Bush
8 Administration, Sandy Levin, and others. So you're going to
9 see something that builds on that, that does more. We're
10 very committed to following through, but I did want to
11 address your issue about, you know, production moving
12 overseas.

13 We did an analysis of -- it's internal; we haven't
14 released it -- but we're working on an analysis that when
15 another country enters a free trade agreement with China,
16 you see a lot of American production move to that country,
17 because now they can take advantage of that as a way to
18 access the Chinese market which otherwise can be difficult
19 to access.

20 When we enter a free trade agreement with a
21 country, two things happen. One is it facilitates
22 investment there, but the second is you have less need to
23 locate there because you can now access that market without
24 a lot of the tariff and non-tariff barriers that were
25 otherwise preventing you. So you actually don't need as

1 much to go there, and as a result, you know, we have -- we
2 don't think we have seen, you know, in the data we've looked
3 at, a big response and shift to outsourcing as a result of
4 our FTAs. We think we actually see more of one when China
5 enters into an FTA, and that's part of why we're trying to
6 do this. But, you know, but I respect and appreciate, you
7 know, the concerns you have, and you know, they're ones,
8 while we continue to have differences, that we're trying to
9 take as seriously as possible.

10 MS. GREGOIRE: Do you have time for one more
11 question?

12 MR. FURMAN: Sure.

13 MS. GREGOIRE: Caroline.

14 MS. FREUND: In response -- thank you for the
15 presentation; it was very interesting -- in response to
16 Gwynne's question, you didn't mention the possibility of
17 currency manipulation agreement in the TPP, which there's a
18 lot of talk about, and I was just wondering what your
19 thoughts on that are, given especially that currencies can
20 move so quickly, if it would be dangerous to have such an
21 agreement because it could provoke contingency protection,
22 which --

23 MR. FURMAN: Right.

24 MS. FREUND: -- isn't always good, and could have
25 our partners retaliate, which would hurt exports. So it

1 kind of opens this black box that isn't even clear is
2 consistent with WTO --

3 MR. FURMAN: Uh-huh.

4 MS. FREUND: -- law. So I was just wondering if
5 you could comment on that.

6 MR. FURMAN: I was wondering if you had a
7 perspective on that.

8 MS. FREUND: Don't do it.

9 MR. FURMAN: Okay, a little ambiguous. Yeah, we
10 take the currency issue very seriously. It's something
11 that, for example, in our bilateral engagement with China,
12 it's always been at the top of our list. It's something
13 that we pursue in the G-7, where we, you know, had some
14 success in dealing with steps Japan had been taking
15 initially, in the G-20, and other fora.

16 So our debate isn't over the importance of
17 currency. Countries should be moving towards
18 market-determined exchange rates. They shouldn't be
19 manipulating on their currency. That's something that does
20 happen, something that we have tried to push back on and try
21 with a lot of success to push back on, not all the way
22 there, need to keep it up, but have been successful in those
23 other fora.

24 So the question is not whether we care about
25 currency but what the right way to address it is, and we

1 think there are a lot of tools and places we can right now.
2 We don't think TPP is a feasible place to address it or
3 necessarily the right place to address it for a number of
4 the reasons that you enumerated in your question. So --

5 MS. GREGOIRE: Mr. Furman, thank you very much.

6 MR. FURMAN: Okay.

7 MS. GREGOIRE: We know how precious your time is.
8 We appreciate very much your coming and briefing us today.

9 MR. FURMAN: Thank you.

10 MS. GREGOIRE: We're going to delay Fred's report
11 while he walks Mr. Furman out. Instead, we're going to go
12 ahead with Brad Carroll on kind of an update on
13 communications. Brad.

14 MR. CARROLL: Yes, thank you. I'd like to confirm
15 that I'm in no way replacing the chairman's opening remarks,
16 so -- but I'll take the opportunity to go before him. So I
17 thought I'd actually give, take the opportunity to give the
18 committee sort of a rundown on our annual conference since
19 that is coming up so, so quickly here, and for the members
20 of the committee that haven't been to the annual conference
21 before and even for the folks that have been, I'll give you
22 a rundown of what to expect and sort of who you'll see
23 upcoming.

24 First of all, I presented to you in January, but
25 if you don't remember, my name is Brad Carroll. I'm a

1 senior vice president of Communications at the Bank, and
2 there's my contact info. Feel free, again, to abuse it
3 early and often.

4 So the annual conference -- the annual conference
5 is really an opportunity for over 1200 participants to come
6 together, to hear from government leaders about global
7 trends, challenges out there for exporters, and then also to
8 learn more about the Bank, our products and services. So
9 who are those 1200 people in the room? Well, you have U.S.
10 exporters, obviously. You have buyers from as many as 40
11 countries, policy makers, business leaders, state and local
12 government representatives, and some people who actually
13 fall into some or all five of those categories. So I would
14 encourage you, if you haven't, to register now. You can go
15 to exim.gov and get all that info right there. Encourage
16 anyone that you think may also be interested to register
17 now.

18 We've also come up with a topic or a tag line for
19 this year's, this year's conference, and it's really about
20 what we do, which is reducing risk while unleashing
21 opportunities for U.S. exporters and our customers out
22 there.

23 So just to go over quickly the agenda, as this is
24 a draft agenda and will continue to evolve, but on day one
25 we'll have some preliminary sessions. The first one will be

1 about global challenges and trends, and that panel will
2 feature Dr. Mo Ibrahim, who made his money in
3 telecommunications and actually started a foundation
4 afterwards, the Mo Ibrahim Foundation, focusing on
5 governance in Africa; Andrea Mitchell, the chief
6 international correspondent for NBC News, who was actually
7 just in Israel, covering the elections -- somehow she still
8 travels the world on a daily business, even though she's
9 done it for decades now; Yousef Otaiba, the ambassador for
10 the United Arab Emirates, obviously a key trading partner
11 for the United States in a growth market in the Middle East;
12 Darren Walker, the current President of the Ford Foundation,
13 I think who we could probably turn over to Luis to talk even
14 more about, but the Ford Foundation, obviously a global,
15 recognizable foundation that has a lot of reach. So that's
16 our panelists for that panel, and that will all be moderated
17 by Gillian Tett, who's the managing, U.S. managing director
18 for the Financial Times.

19 The second panel on that day will be prospects for
20 growth in 2016, trying to give some exporters there some
21 context in what people see upcoming. And on that panel we
22 have Jacqueline Hinman, the CEO of CH2M Hill; Joe Kaeser
23 from Siemens; Jim McNerney from Boeing; and Secretary Penny
24 Pritzker. And moderating that panel will be -- there's that
25 panel -- oh, apparently Steve Rattner's picture doesn't want

1 to load, but Steve Rattner, who's currently the chairman of
2 the Willet Advisors, former member of the Administration,
3 Department of Treasury, and worked on the President's auto
4 task force. So that's the global trends, and then the
5 keynote remarks on our first day will be by Christine
6 Lagarde, managing director of the IMF.

7 We also have our award ceremony, where we
8 recognize some of the U.S. exporters in small businesses
9 that we work with here at Ex-Im Bank -- there's the shot of
10 all the winners from last year -- and then also breakout
11 sessions, where I like to think the real work gets done,
12 providing -- some of the feedback we got last year from the
13 annual conference -- we do a survey; we encourage everyone
14 to fill it out; we'll be bothering everyone at the
15 conference to fill out the survey -- was that people,
16 participants wanted more, sort of Ex-Im 101 information,
17 more information about our services and how they could
18 access our services and how we work. So in that, we have
19 some more practical panel sessions than we did last year.
20 So you can choose from one of these breakout sessions to go
21 to in Session 1 or Session 2. These are moving around a
22 little bit, but feel free, if you have any questions about
23 any of these, I'm happy to, happy to answer those.

24 And then -- so day two is actually, we're still
25 coming together. We have, hopefully, some one-on-one

1 interviews with possibly legislators, news makers. We have
2 an energy panel that's coming together in a really
3 interesting way, as was just referenced a little bit with
4 Jason. We have, you know, energy prices continuing to go --
5 well, oil continues to go down. What's that mean for
6 exporters? What's that mean for alternative energy as well?
7 And then we have Susan Rice, who's actually recently just
8 confirmed as a keynote to remarks, the White House's
9 national security advisor as well.

10 So, again, I said -- I gave a little bit of a
11 preview of who comes to the annual conference and what it's
12 about, but it's also important to remember that some deals
13 get done there too. The reality is it's a big networking
14 session as well. There's a lot of bankers, U.S. exporters,
15 Ex-Im staff, and one of the things I would encourage the
16 Advisory Committee to do, as well, is, as you go about your
17 work, it's also a great opportunity to talk to all those
18 Bank stakeholders and get sort of their feedback.

19 I will be running around the annual conference,
20 trying to figure out more from our stakeholders how we can
21 do a better job of engaging them, what they need from us,
22 how we can be better marketers to them and to their
23 customers, and I would encourage you, as that pertains to
24 your different subcommittees, to do the same. And as far as
25 the deals getting done, too, we have an exhibit hall with

1 30-plus exhibitors that are also looking at helping folks
2 export as well.

3 Again, this is my contact info. The other thing I
4 would say is, I would touch on briefly that I mentioned in
5 my presentation in January is, as we get closer to
6 reauthorization -- obviously, June 30th is on a few
7 calendars around the Bank -- the media interest in the Bank
8 will continue to ramp up. It's sort of -- through September
9 of last year, it was at a crescendo; then it sort of dialed
10 down a little bit. And so because of that, as I sort of
11 mentioned in January, your phones may continue or begin to,
12 if they haven't already rang with interest in talking to you
13 about reauthorization, about the Bank in general. Feel
14 free, again, I would just reiterate, use me as a resource.
15 I'm happy to provide any, any information or feedback or
16 anything along those lines. So feel free, again, to use my
17 -- use and abuse my contact information early and often.

18 With that, that's sort of the brief rundown of the
19 annual conference. I'm happy to answer any questions,
20 either this or outside, anything else in our purview area.

21 MS. GREGOIRE: So thank you and great lineup,
22 really --

23 MR. CARROLL: Yes. No, and --

24 MS. GREGOIRE: -- looks really good.

25 MR. CARROLL: -- I would say, you know, this is,

1 90 percent of this comes from the chairman, and really,
2 the --

3 MS. GREGOIRE: Okay. Great lineup.

4 MR. CARROLL: No, no. I would just say, it's a --
5 not that the chairman needs validators, obviously -- I think
6 it's a great testimony to the chairman and the work of the
7 Bank that this many folks are not only willing but eager to
8 come and talk, talk on stage, representing the Bank and the
9 work we do. So thank you.

10 MS. GREGOIRE: So I'm going to open it up for
11 questions, but can I ask how much outreach has gone to
12 members on the Hill to get them there or have someone come?

13 MR. CARROLL: Yeah. So that -- Erin will be up
14 later, and I think she can probably address that better than
15 I can. We are still sort of, we want to finalize this and
16 blast it out. The members obviously know when it is, and I
17 think Erin will continue that outreach.

18 The, the one thing -- actually, to go back to the
19 day-two panel that we're working on right now, it's a
20 possible panel with a couple members of Congress to talk
21 about, obviously, again, not to jump into Erin's plate or
22 Erin's purview, but to talk about -- there's a couple bills
23 in the House; there's a possibility we'll be able to put
24 some bills in the Senate then -- to talk about where those
25 are in support for the Bank on the Hill. So that'll be

1 another way to engage them. It's often difficult to get
2 members to come to our venue, to be blunt, but we'll work on
3 that more this year as well.

4 MS. GREGOIRE: Speaking of venue, are you going to
5 hold it in the great state of Washington this year?

6 MR. CARROLL: Unfortunately, we're going to, we're
7 going to do it in D.C. this year. I'm pressing next year to
8 do it in my home state of Michigan, you know, but we'll --

9 MS. GREGOIRE: Where is --

10 MR. CARROLL: -- we'll split somewhere in the
11 middle maybe.

12 MS. GREGOIRE: Where is it going to be held?

13 MR. CARROLL: Oh, it's at the Omni Shoreham in --

14 MS. GREGOIRE: Got it.

15 MR. CARROLL: -- in Northwest, so the same
16 location as last year.

17 MS. GREGOIRE: Okay. Questions, you-all?

18 (No audible response.)

19 MS. GREGOIRE: Great. Thanks, Brad.

20 MR. CARROLL: Thank you. Thank you.

21 MS. GREGOIRE: Appreciate it very much. With
22 that, Mr. Chairman.

23 MR. HOCHBERG: Great. Well, actually, I will tell
24 you, we did one year, after my first year, try to move the
25 conference closer to Capitol Hill to make it easier for

1 members to come, and the upcharge was \$250,000. So I just
2 decided that was a little too much money to make it more
3 convenient, and then they might not come.

4 MS. GREGOIRE: Right.

5 MR. CARROLL: I would say that, to the chairman's
6 point too, we, we are proper stewards of the taxpayer dollar
7 in all of this as well. So --

8 MR. HOCHBERG: Right. We keep, the whole
9 conference runs -- the total cost is under half a million
10 dollars, which is a new federal guideline, and we've
11 actually, virtually 90-odd percent or more has been paid for
12 by registration fees. So there are many years we've
13 actually, quote/unquote, turned a profit, or negative
14 subsidy, on our conference.

15 And let me just say that Brad has done a really, a
16 particularly spectacular job on the small business front.
17 He's really made and is continuing, working with Jim Burrows
18 and others, to really make the, our communications effort
19 very much targeted to that key audience because, again,
20 that's 90 percent of our customers. So we've been
21 increasingly deploying more and more tools and more and more
22 resources towards making sure that that's our prime audience
23 there.

24 MR. CARROLL: Thank you, sir.

25 MR. HOCHBERG: And I would also probably point out

1 that, you know, we have both, both our keynote luncheon
2 speakers on Saturday, Saturday -- Thursday and Friday, we
3 have two women speaking. I think it's the only conference
4 I've seen where we have -- both keynotes are actually women
5 speakers this year.

6 Let me just thank you generally. Now I'll welcome
7 you to our second meeting of the Advisory Committee. We
8 had, as you know, our first meeting in January to get us
9 going. This becomes a very critical meeting, and then the
10 next meeting, which is in late May, is when we begin to
11 finalize the sort of formal work of the committee in terms
12 of your input/perspective on our Competitiveness Report and
13 survey. So these become very critical times in terms of
14 getting the work done on this committee.

15 You've gotten already an update from Brad. You'll
16 be hearing from other key members of staff in terms of where
17 things look at this point. We're obviously going to be
18 looking for your very active engagement, which is something,
19 at least I have found in past committees, is never a
20 problem, encouraging active engagement. And I want to just
21 take a moment, Steve Stephens and T.J. hosted a dinner, and
22 Claudia Slacik and I and Pat Crilley attended in Houston
23 just about six, eight, nine days ago, and that was really
24 very valuable for us that we were able to meet with a number
25 of business leaders, exporters, potential exporters in

1 Houston, and in fact, I met Sydney at a similar such dinner
2 last March.

3 So I encourage all members of the committee, in
4 addition to your work here and your work on the
5 subcommittee, but in your own home communities finding ways
6 that we can supplement your work, or you're very plugged
7 into your local businesses or local communities. I'm going
8 to actually be out in Chicago. I hope to see Mary Howe at
9 the Economic Club in Chicago on April 1st. So I would like
10 to both encourage you and we may even badger you to help us
11 find ways. In fact, I met Gabriel when I was on -- this
12 summer when I was visiting a lot of small businesses. I
13 always seem to go to places in summer like Texas, Arizona,
14 and then in February I was in, you know, Wisconsin, Iowa,
15 Michigan.

16 MR. OJEDA: You've got it backwards.

17 MR. HOCHBERG: I've got it totally backwards. We
18 went from Michigan, where it was a negative nine, to Toledo,
19 where it was negative 11. So -- but this is really a way
20 for you to learn the Bank more, learn some of the -- meet
21 with some of the people here so that, one, you can have a
22 richer and greater understanding and, also, serve, in part,
23 as ambassadors to the Bank. I mean, you know, when Gwynne
24 talked about the work with SpaceX and talked with Jason
25 about, you know, the terms of how we can better deploy, you

1 know, we really see ourselves as partners for exporters,
2 when needed, to make sure they can be more successful.

3 And so what we want to do is, as I said, engage
4 locally. We want to find better ways -- I stopped in at the
5 Small Business Committee this morning -- in terms of how we
6 can better serve the small business community, how we can
7 re-tool our products, and probably when -- Erin and Matt and
8 I and others have traveled around the country. We keep
9 hearing from customers, and frequently, every time we meet
10 one of them we find another way that we can fine-tune our
11 product or make them more aware of what services we can
12 provide them.

13 This Competitiveness Report that we're going to be
14 producing, that you're going to be reviewing, and that
15 you're going to hear shortly from Julie and Isabel is going
16 to be particularly critical this year. It comes out in
17 mid-June. The authorization expires at the end of June. So
18 there'll be a lot of attention, once again, on the report as
19 a tool, and it helps expand people's understanding of
20 exactly what we do and what we don't do. There's a lot of
21 rumors out there, and one of the things we're trying to do
22 in our period now is to separate the truth from the untruth,
23 separate what we do versus what we do not do.

24 I'm going to be attending next week a -- actually
25 it's now, just to confuse everybody, it's called a G-12

1 meeting. It's started as the G-7; then they added the
2 BRICs, which made it 11, and then a few of us instigated to
3 add Korea because they do so much export finance. The
4 Korean export credit agencies, they have two of them, they
5 do about five times the amount that we do, about a hundred
6 billion dollars a year. Last I checked, that economy was
7 just a little bit smaller than the U.S. economy, and yet
8 they do five times the footprint we have.

9 One thing I can say about our Competitiveness
10 Report, we discussed it a little bit when I stopped in at
11 the meeting today, we are trying to -- and communications
12 are under Brad's leadership, and Policy is making a more and
13 more readable and more and more usable format, because what
14 we want is we want policy makers to read it, we want
15 journalists to read it. We had a much better uptake of that
16 this past year than in previous years, but I tell you, one
17 group that reads it cover to cover, page by page, word by
18 word is all 60 of our competitors. They eagerly await our
19 -- we're the most open and transparent export credit agency.
20 They not only learn about us, I think they learn about
21 themselves because they see it clearly articulated. So that
22 is going to be very key.

23 As Brad mentioned, our annual conference is April
24 23rd and 24th, and I encourage the Advisory Committee, if
25 you can make your way to Washington, we'd love to have you

1 attend the conference. Again, I think it's a good way of --
2 well, for the business people, it's a really good way of
3 expanding your business. You know, in addition to small
4 businesses and banks, there are also customers and
5 distributors and contacts to meet there, and I think it also
6 can amplify your understanding of what the Bank does, if you
7 have not been.

8 Have any of the Advisory Committee not been to a
9 meeting yet? Okay. Well, you're in for a, you're in for an
10 interesting time. I encourage you to come.

11 So really, thank you again for giving up your
12 precious time to come here and provide input and insight,
13 and I'm looking forward to this meeting and working with the
14 committee. So let me turn it -- I'll open it up for
15 questions, then turn it back over to our Chair.

16 MS. GREGOIRE: No questions of Fred? Not even
17 some good guff? Please. Don.

18 MR. NELSON: Yeah. Was there a vote yesterday in
19 the House on the reauthorization?

20 MR. HOCHBERG: Erin, do you want to just quickly
21 field that?

22 MS. GULICK: Okay. Sure, yeah.

23 MR. HOCHBERG: Just, yes, just come up to the mic,
24 just --

25 MS. GULICK: Sure.

1 MR. HOCHBERG: If it wasn't, it wasn't.

2 MS. GULICK: Yes, exactly. The long and the short
3 of it, yes and no. So they -- the Democrats decided to try
4 and add the House Bill, the House Democratic Bill H.R. 1031
5 to a rule that would allow a vote to come up on the
6 Export-Import Bank. It did not pass. So, so it never
7 actually moved forward. I think the intention was to show
8 that there is broad support by the Democrats to take this
9 issue up, and I imagine we'll probably see further
10 activities along those lines.

11 This is very frequent in Congress, where the
12 minority party will often kind of push for a vote on items
13 that they think is important to have a vote on. It's often
14 done in a way to kind of show, to force the other side to
15 vote on something that they kind of want to vote on but they
16 don't want to vote on. So it's to put them in a tricky
17 situation. So that's kind of what happened yesterday.
18 So --

19 MS. GREGOIRE: Erin, was it a strictly partisan
20 vote?

21 MS. GULICK: I have to double-check what the vote
22 was. I think it was -- it was just in the Rules Committee,
23 and the Rules Committee is dominated by the majority party.
24 So, yeah, I think it was on party lines, but I have to
25 confirm. I'll double-check, and I'll report that this

1 afternoon when I talk to you further about what's going on.

2 So --

3 MS. GREGOIRE: Okay.

4 MR. NELSON: Thank you.

5 MS. GULICK: Great.

6 MS. GREGOIRE: Any other questions of Fred?

7 MS. KAVIA: If I could, please, Governor?

8 MS. GREGOIRE: Oh, yes, please.

9 MS. KAVIA: Okay. And maybe it's for the chairman
10 but also for Brad. You know, he mentioned in his
11 presentation 20 countries being available at the annual
12 conference. Is there a list of these countries on the
13 website or -- as business owners, we'd like to know which
14 countries are participating.

15 MR. CARROLL: So that was just, that was past
16 participants. So as more people come and register, we'll
17 have an idea of, better idea of who's coming, but I can
18 certainly look over that list and -- we don't usually
19 release the entire participant list until the actual
20 conference. We'll actually have -- excuse me. We'll also
21 have a conference app available, actually, that people can
22 opt in and have their information sort of in the app. So
23 you'll be able to look in the app and see everyone who
24 actually, who's at the conference as well. But I'll
25 definitely take that for, to see if we can make that

1 available before the conference.

2 MS. KAVIA: I know in the past, when we've looked
3 at attending conferences, it's always been the
4 attractiveness of who's attending --

5 MR. CARROLL: Right.

6 MS. KAVIA: -- and having even just the countries
7 listed --

8 MR. CARROLL: Uh-huh.

9 MS. KAVIA: -- you know, like you have --

10 MR. CARROLL: Representatives from -- yes, right.

11 MS. KAVIA: Absolutely.

12 MR. CARROLL: Right. Right, right, right.

13 MS. KAVIA: That would be very helpful.

14 MR. CARROLL: That's a great idea.

15 MR. HOCHBERG: You know, in some conferences, we
16 can look at -- I was just listening to you, Kusum -- is, you
17 know, I've been to -- different badges indicate buyers or
18 exporters and so forth. So we might be able to code them in
19 some way so if you saw a certain badge coming down the hall,
20 you knew that was someone from, that was someone you might
21 want to particularly sidle up to.

22 MS. KAVIA: Yes.

23 MR. CARROLL: Great. Perfect.

24 MS. GREGOIRE: Okay. All right. So with that,
25 let's go ahead, and Claudia, update on the banking

1 portfolio. Good morning.

2 MS. SLACIK: Good morning. So I'm going to walk
3 through some numbers, give you guys a little update on -- a
4 little update on how we've been doing since we saw you last,
5 and some trends. And because you're going to be so focused
6 in the next few months on the Competitiveness Report, which
7 is really focused on the larger business, I thought I'd
8 focus a little bit more on what the teams are doing on small
9 business and let you know how that business is progressing
10 and what we're doing to expand the awareness of the Bank in
11 that regard.

12 Again, just a reminder -- I know most of you are
13 aware of this -- but a reminder of what our mission is, how
14 we do it, what the provisos are, and the special
15 initiatives. I just put this up here, you know. We're all
16 about jobs. A lot of our competitors, as you'll see in the
17 Competitiveness Report, are about, you know, protecting
18 their national champions. We're not. We're about creating
19 jobs. We do have this interesting little thing that we do
20 want to be paid back, which we're very, very mindful of.
21 And, again, our special initiatives that either are our own
22 or are imposed on us by Congress are small business,
23 sub-Saharan Africa, renewables, women and minority business,
24 and veteran-owned businesses. So, again, that's just a
25 reminder.

1 Again, a reminder, you know, those that were here
2 for the last meeting remember this chart. It's kind of our,
3 what we've been doing and the demand for our business and
4 our products since the beginning of the century.

5 And, again, also a reminder, we're a demand-driven
6 organization. We don't go out and market. We go out and we
7 let people be aware of what we're doing. We expand the
8 awareness of what we do. This is really based on people who
9 understand us and their need for us. So, as you can see --
10 again, just a reminder -- the peak need for us in the last,
11 well, since forever, actually, was in 2012 when the
12 financial crisis was at its worst. Not only did capital
13 markets, were they dried up, but banks also pulled back.
14 Even with our guarantees, banks pulled back from injecting
15 liquidity into the marketplace, and so we were doing more
16 direct lending than we'd ever done before.

17 Now, without giving you exact numbers, I'll tell
18 you that the trend has continued into the, you know, the
19 first six months of this year. Demand is down. I don't
20 want to say soft. I don't want to put any pejorative remark
21 on it because it just means, by and large, that the need for
22 us has gone down, and so that's continued into the first
23 quarter or the first half of this year.

24 That being said, we're still doing -- these are
25 still the industries that we cover, you know, aircraft

1 avionics, right down; the regions that we cover. This is
2 kind of in descending order where our largest exposures are,
3 and instead of talking direct numbers, what I'll tell you is
4 the industries that we've approved deals for and that we
5 have in the pipeline right now continue to be, you know,
6 airlines, locomotives, and helicopters. We're doing bridges
7 in Gabon. We're doing mining around the world, looking at a
8 big project in, a refining project in Egypt, doing telecoms.
9 Satellites continue to be a focus for us these days. In
10 fact, there's a big satellite conference going on in the
11 city right now, and a lot of those executives are coming
12 into the Bank, talking about them. We had a meeting
13 yesterday. We were talking, one, about the difference
14 between Ariane SA and SpaceX and all the great enthusiasm
15 that's being expected when you can actually land that thing
16 on the barge --

17 MS. SHOTWELL: Right.

18 MS. SLACIK: -- gently, right?

19 MS. SHOTWELL: Right.

20 MS. SLACIK: Gently.

21 MS. SHOTWELL: There's a difference between land
22 and crash.

23 MS. SLACIK: Exactly, but they found it. They
24 found the barge, so -- which was very exciting. So those
25 are the industries we've, we've focused on, and we've been

1 doing deals with borrowers in Turkey, Vietnam, China,
2 Mexico, Israel, Indonesia, United Arab Emirates, Cameroon,
3 Zambia, India, Nigeria, and Norway. So the business has, is
4 holding up, but it's at a reduced level, and some industries
5 that had normally been very big business for us in the last
6 few years, of course, are softer because of what's been
7 going on in some of the markets worldwide.

8 To talk for a minute about what's, what's been
9 driving the softness, and all you really have to do is look
10 at today's paper, and on almost every, you know, each of the
11 front page -- the front page of each of the sections you see
12 reasons why the demand for our business is softer, whether
13 it's the euro, whether it's, you know, Mexico getting an
14 advantage with the trade pact in the auto industry and so
15 business is being pulled out of the southern part of the
16 United States and going to Mexico. And, of course, the big
17 topic du jour right now is the China Bank, you know, which
18 is similar to our IMF and World Bank.

19 The most interesting article, I think -- and I
20 brought copies for you all, and this really, it's a
21 fascinating article and will, I think, is kind of a preview
22 of what's going to be going on in the next, the next couple
23 years -- is this article from the FT, which is called, it's
24 China: With Friends Like These. It not only talks about
25 what is expected from the China Development Bank and the

1 partners, you know, that were announced yesterday, which
2 everyone could have expected -- I don't think anybody's
3 surprised that the UK and Germany and Italy joined this;
4 there's nothing to be lost by them doing that -- what it
5 talks about is what's going to happen to China in the next
6 year or two with the price of oil being down and all those
7 countries that they lent money to that are now unable to pay
8 them back, not that that's going to hurt the Chinese economy
9 all that much, but what's it going to do to their
10 relationships with these countries? And you can see there
11 are stunning numbers in here about the money that's been
12 lent to them for not, you know, long periods of time, at
13 incredibly low interest rates, but you know, some of these
14 countries that are talked about, Sri Lanka being the largest
15 one that just had a change in regime, and this guy is
16 saying, I didn't make that deal, I don't have to pay that
17 back, and by the way, we're not a colony of China, and just
18 because we owe them so much doesn't mean we're a colony of
19 them.

20 Anyway, I brought some copies of it because I
21 really do think this is the most interesting article that's
22 come out in the last few weeks about the changing
23 geopolitical nature of what's going on with what China's
24 done. I'm sure Caroline can talk a little bit more about
25 that, if she wants, at lunch. Caroline did a great job

1 making a presentation to the bankers at Ex-Im here a few
2 weeks ago where she talked about the changing -- what's
3 going on with the price of oil and with the dollar and how
4 we expect some of those things to be affecting not only our
5 business but trade business and things that are going on
6 around, around the world right now. So thanks again for
7 that. That was a great presentation, a lot of great
8 feedback, and you helped a lot of people think about some of
9 the dynamics that are going on.

10 But besides the front page, you know, again, what
11 drives, what generally drives our demand for our business
12 and why is demand so soft? As I said, the strong dollar;
13 the price of oil is certainly impacting things. Where we
14 had -- there were projects that were, were being scaled up
15 in a lot of the less-developed countries. They're now being
16 shelved or put on delay because the oil revenues of those
17 countries are getting, has gone down and they're trying to
18 sort out what's going to happen next.

19 The global demand for U.S. products, especially
20 infrastructure projects and aircraft. Aircraft has remained
21 steady, by and large. And helicopters and locomotives, that
22 demand, as I said, has stayed relatively, relatively flat,
23 but there are slowdowns, you know, in Africa, for sure, with
24 the more oil-producing countries. Again, there was a big
25 article in the paper today, talking about Nigeria. They

1 just kind of put everything on hold right now, and we
2 certainly, we're looking at a number of projects there. The
3 EU, you know, the austerity measures, they've put a lot of
4 projects on hold, and of course, what we, you know, we're
5 tracking all the time, which is in Russia and the Ukraine,
6 is impacting the demand for our projects.

7 Political and economic risks. Any of those carry
8 through, right through, you know, Argentina, Brazil, you
9 know, all regions.

10 The competition from non-OECD players. Fred talks
11 about this all the time when we go out and call on people
12 around the country and around the world, where, you know,
13 the Competitiveness Report, you'll see that a dozen years
14 ago a hundred percent of trade or nearly a hundred percent
15 of trade we've done under our agreements, the formal
16 international agreements, and now only 30, what do you say,
17 34 or 35 percent is done under these agreements, and how do
18 you, how do you maneuver in that kind of environment where
19 we are not all playing by the same rules?

20 Another interesting fact, just to remind you of,
21 that Fred talks about quite frequently is we did -- China
22 did in the last two years what we did in the last 80 years.
23 700 billion worth of support for trade is what Ex-Im did in
24 the last 80 years, and that's, you know, give or take, you
25 know, 10 or 20 billion dollars, that's what China did in the

1 last two years. That's -- that, you know, that makes people
2 stop in their tracks.

3 The state of the global capital markets and
4 particularly the U.S. capital markets. You all know, we
5 have the widest, deepest, most liquid capital markets in the
6 world, and so those, those capital markets are very liquid
7 right now, especially liquid. So people who might be
8 needing us haven't needed us so much and are -- and so in
9 terms of where we're needed to level the playing field, that
10 demand seems to have stayed up, but where we're filling a
11 gap in financing need, that's, the demand has become softer
12 there.

13 The availability of financing for small
14 businesses. That's still an area that's been neglected, and
15 demand has, you know, is pretty good there, but of course,
16 even particularly with those companies, they are
17 increasingly skittish about Ex-Im because of the uncertainty
18 in the paper. New clients are saying, why do I really want
19 to gear up and do all this work when Ex-Im might not be
20 here. Existing clients are going, oh, my God, what do we
21 do; they're trying to look for other things.

22 So the small business market, even though it's a
23 neglected sector by the traditional financial institutions,
24 you know, is a little skittish, and because financial
25 institutions are getting more and more aggressive, some of

1 those financial institutions that compete with us are going
2 more down-market, taking clients away from us, financing
3 them, which is a good thing, but you wonder about how
4 reliable they will be going forward, whereas we're, our
5 financing is very reliable and not skittish for them. You
6 wonder about some of these other sources. I'm sure many of
7 you, you know, are aware of that.

8 So, again, a chart I showed at the last, at the
9 last Advisory Committee, just to show you. The overall
10 demand for our product, you know, is the black line. The
11 one I want to focus on right now for a couple minutes is the
12 blue line on the very bottom. So you can see, even though
13 there's peaks and there's been run-ups and a descent, the
14 demand for small business has stayed relatively the same
15 and, in fact, increased over the last decade. And just to
16 remind you again, the standard -- what the standard
17 definition is of small business before I start talking about
18 it, the standard definition is 500 employees, you know,
19 mostly in manufacturing and mining, but there are
20 alternative definitions as well that, that some people go
21 by, but I'm sure you all know what a small business is.

22 Again, the green bar here is our overall
23 authorizations, and the red bar, you'll see, is small
24 business. And you'll see, even though the dollar amount
25 kind of varies, our, the amount of our portfolio dedicated

1 to small business is, was 25 percent this past year and it's
2 remained relatively constant, which is a good thing but it's
3 also a challenge for us because we all know that that market
4 needs us more than ever, and so, you know, we're constantly
5 trying to figure, figure that out.

6 Again, before I talk about that, what we're doing
7 about expanding awareness, just to show you what our, the
8 products are and how it breaks down, what we do for small
9 business is a couple things: we either guarantee the
10 receivable from a foreign buyer or we lend them money,
11 again, for working capital so they can go out and buy the
12 inventory to build the products for export, and that's kind
13 of how it breaks down. So the trade-credit insurance is, by
14 and large, the most in-demand product here, and we have a
15 very well-oiled machine that does that for the small
16 businesses.

17 The fundamental problem with growing this is the
18 lack of awareness with businesses, small businesses, and
19 it's finding those businesses that our folks can really
20 educate them about what the good is of our products and how
21 they can help them grow their businesses. So we've been
22 spending a lot of time trying to figure out who those
23 businesses are.

24 So you'll see here, the universe is about, you
25 know, two million businesses. Then there are the U.S. small

1 businesses that are actually exporters, and that breaks down
2 to about 350,000 businesses. The U.S. small businesses that
3 are underserved by the trade finance market that really
4 aren't called on, we estimate between 25,000 and 50,000, and
5 only 5,000 of those are our clients. So we can be doing a
6 lot better job expanding awareness and educating companies,
7 small businesses around the country about the benefits of
8 using the products that Ex-Im has to offer.

9 So what Jim -- Jim Burrows is our senior vice
10 president, and many of you know him, in charge of Small
11 Business. He's an expert marketing guy, and what he is
12 doing is figuring out ways to expand awareness through
13 digital marketing campaigns, upgrading the collateral on the
14 website that's, that's available when companies come into
15 our website and try to, you know, navigate them, navigate
16 around that website to find out information. It hasn't been
17 the easiest website to navigate around.

18 We brought in a CRM system, for those of you who
19 are familiar with sales forces, which is really the best way
20 to track existing clients and to bring in new clients.
21 We've just built up a really great contact center for small
22 businesses. Large businesses can as well. They don't
23 really avail themselves. They don't need to call into our
24 contact center so much except if they have a complaint, but
25 generally, they have one of our phone numbers to complain

1 about. This is really where people call in for information
2 and complain about what we can be doing better. Those tend
3 to be fairly small these days, but a very, very good contact
4 center has been built up.

5 We've done a lot better partner marketing, and
6 then what we've really done now is we've kind of gotten, you
7 know, marketing and product people together to figure out,
8 as you all know, are we, are we making what the customers
9 want to buy and are we selling what we have. And so we're
10 doing a better job of integrating those things right now in
11 terms of product development, and I think we can do a better
12 job there. In fact, we are.

13 So that's kind of what we're doing in small
14 business. Again, business all over is a little bit, you
15 know, down right now for a lot of reasons other than the
16 reauthorization, but that certainly is making more people
17 skittish about us than we would have hoped at this point in
18 the year.

19 Anything I'm forgetting, Fred?

20 MR. HOCHBERG: No. I would say the only thing is,
21 you know, we're, just to emphasize, you know, we're happy
22 when the private sector comes in and doesn't need to use us,
23 you know, and hopefully we -- and particularly, we've seen
24 sometimes, when companies are no longer small, they become
25 more attractive; or, when they've built up a three- or

1 five-year track record, they become more attractive to the
2 private sector without us.

3 And we're going to find from time to time in
4 different markets, you know, people may come, you know,
5 we're -- what we do with our customers is we date them; we
6 don't get married, you know. They date for a while, then
7 they find somebody else they like a little bit better, that
8 may not work, they come back to us, and we don't get -- and
9 our feelings don't get hurt when they, when they find
10 somebody else to date at the same time, and that's a good
11 thing, you know, because partly what, I think, Claudia was
12 emphasizing, what we've seen is the banks, the commercial
13 markets can be a little mercurial. They can kind of
14 abruptly pull out.

15 You know, Pat and I were just talking yesterday.
16 She was in Thailand and met with Thai Airlines, and last
17 year, the day of the coup, we approved a half a billion
18 dollar loan for them to purchase three Boeing aircraft, and
19 I, you know, I questioned whether a commercial bank would
20 have had the courage to do that on that day. We felt
21 comfortable with it. We felt -- we checked with our safe
22 department, but my point is, that banks sometimes -- and
23 that's just the nature of the commercial markets -- can be a
24 little quirky or move kind of quickly or abruptly, and
25 certainly so that when I ran my business, the bank I dealt

1 with got taken over and they just canceled every commitment
2 they made.

3 So that's why we're there. We're the backstop.
4 So when we lose customers, it's a good thing, but we welcome
5 them back with open arms if they need us.

6 MS. SLACIK: Right. We're reliable.

7 MR. HOCHBERG: Yes.

8 MS. SLACIK: We are very reliable.

9 MS. GREGOIRE: So --

10 MR. HOCHBERG: Oh, sorry.

11 MS. GREGOIRE: -- Claudia, thank you for your
12 presentation.

13 MS. SLACIK: Uh-huh.

14 MS. GREGOIRE: We talked a little bit about, in
15 our subcommittee group this morning, about engagement and --

16 MS. SLACIK: That dating versus marriage thing,
17 engagement?

18 MS. GREGOIRE: Right -- and, in particular, with
19 small business, and we talked about, with limited resources,
20 how do you target. And I don't want to compound the problem
21 here, but what we found in our state, when you had chart
22 about where's the universe --

23 MS. SLACIK: Uh-huh.

24 MS. GREGOIRE: -- and then what we found in our
25 state is too many small businesses that had not thought

1 about exporting --

2 MR. HOCHBERG: Right.

3 MS. GREGOIRE: -- that we reached out to and
4 introduced the concept to --

5 MS. SLACIK: Yeah.

6 MS. GREGOIRE: -- and then engaged it, and
7 secondly, we found small businesses who were exporting whose
8 horizons were so small that they were going to, you know,
9 Country 1 and Country 2, and we said how about Countries,
10 you know, 3, 4, and 5 --

11 MS. SLACIK: Right.

12 MS. GREGOIRE: -- and they engaged on it. So I
13 know the problem, but we've got to use --

14 MS. SLACIK: It's scary, you know. It's really
15 scary.

16 MS. GREGOIRE: -- what resources we have --

17 MS. SLACIK: Yeah.

18 MS. GREGOIRE: -- but I wouldn't want to lose the
19 opportunity that's there with those that haven't thought
20 about it or those that haven't thought about expanding.

21 MS. SLACIK: Right.

22 MS. GREGOIRE: It's a challenge, I know, with a
23 limited staff.

24 MS. SLACIK: No, it's a big education process, and
25 our, our small business people are really good at talking

1 about that. And the things that Fred does around the
2 country called GAFs, the Global Access Forums, are really
3 great forums for helping people get comfortable with it.
4 And so they can talk to each other: Hey, I've got a
5 business like yours and --

6 MS. GREGOIRE: GAF?

7 MR. HOCHBERG: Global Access Forum.

8 MS. SLACIK: -- and --

9 MS. GREGOIRE: But we call it GAF?

10 MR. HOCHBERG: Well, internally. Well, the
11 governor said, you call it a GAF? I said, Global Access
12 Forum. Well, we did not want to call them seminars. So we
13 thought GAF was better than seminar.

14 MS. SLACIK: Right.

15 MR. HOCHBERG: I'll leave the acronym to you.

16 MS. GREGOIRE: Okay.

17 MS. SLACIK: Yeah. Yeah.

18 MS. GREGOIRE: Other -- yes, please. Steve.

19 MR. STEPHENS: Hi, Claudia. So what's your kind
20 of summary analysis of why the awareness has been so small
21 over the years?

22 MS. SLACIK: We're a demand-driven organization,
23 and so I think that's been translated into we'll just sit
24 back and let people come to us, that we're not a marketing
25 organization, but there are -- but where we've come to now

1 is, we can be on the balls of our feet talking about
2 awareness and have it not be marketing, be about educating,
3 and I don't think that has been the predilection of people
4 here until very recently.

5 MS. GREGOIRE: Caroline.

6 MS. FREUND: I just wanted to highlight the
7 importance of the countercyclicality --

8 MS. SLACIK: Yeah.

9 MS. FREUND: -- of the Ex-Im Bank, that I think
10 it's hard to say that the reason the financing fell was a
11 demand shift or these other factors because exports are at
12 their highest level ever. So, so clearly it's not the case
13 that should at least move with exports, but the fact that it
14 went up so sharply in 2009 and continued to go up shows that
15 the Bank is really filling a gap when markets seize up --

16 MS. SLACIK: Yeah.

17 MS. FREUND: -- and that's critical. So that's so
18 much more important than the demand side, is this
19 countercyclicality.

20 MS. SLACIK: Demand right now, during this
21 brief --

22 MS. FREUND: Yeah, than overall export --

23 MS. SLACIK: Yeah.

24 MS. FREUND: -- you know, demand for exports, that
25 the Bank fills in when financing drops, and you don't know

1 when financing is going to drop the next time. It can
2 happen suddenly, and the fact that exports dropped, you
3 know, 15 or 20 percent in 2009 yet your financing went up is
4 just huge. So that's one point.

5 The other question I had was, these are all in
6 amounts; so if you did these figures, instead, in numbers of
7 transactions --

8 MS. SLACIK: Uh-huh.

9 MS. FREUND: -- what would they look like? Would
10 you still see a drop, or is it more level because the small
11 business has stayed flat?

12 MS. SLACIK: The volume of transactions has also
13 fallen but not nearly as much as the dollar volume, and
14 again, as a reminder, whereas 90 percent of the dollar
15 volume of our business is large business, 90 percent of our
16 transactions are small business. But has the size of --
17 have the size of those gone up and down?

18 MS. FREUND: Yeah. So if you did it in numbers,
19 if you did that same figure --

20 MS. SLACIK: They've gone down a little bit but
21 not, not as much as you might expect.

22 MS. GREGOIRE: Pat.

23 MS. LOUI: The other thing I think might be
24 mentioned is that in terms of expectations going forward, we
25 need to be aware of the purchase cycle. And I was speaking

1 with Jenny about your purchase cycle. Don't want to put
2 words in your mouth but I was surprised that even for a
3 small business, you said you were in the trade show at UA
4 and it'll be about 18 months down the line before you
5 actually close on a deal there. And another example with
6 the large business is we began talking with an Indonesian
7 telecom company, a private sector business, back in early
8 2012 -- in fact, our first trip to ASEAN together, Fred --
9 and that's, that is now just in application form.

10 So these are long-term investments, in a sense.
11 What we do in the marketing area will have long-term impact,
12 and I think that that may also -- we may want to think
13 about, in our, in the individual subcommittee reports,
14 looking at short-, mid-, and long-term recommendations
15 because, if that is the purchase life cycle, 18 months to
16 three or four years, we will not see the impact for some
17 time to come. And that's something I've had to learn in
18 government, coming from the private sector, that progress is
19 more incremental.

20 MS. FULTON: Can I add to that? Just for example,
21 you know, I met a German buyer 24 months ago. Well, we had
22 to build relationships. So before I would get a purchase
23 order, I ended up doing a show in Germany last year. We're
24 going to get our first purchase order this month. So it
25 took every bit of 18 months to get the trust, to build it,

1 plus to get the distribution --

2 MS. SLACIK: Yeah.

3 MS. FULTON: -- within that country. So it just
4 doesn't happen every month.

5 MS. LOUI: And she knows this.

6 MS. FULTON: Yes. Yes. Thank you for bringing
7 that up.

8 MS. GREGOIRE: Yes, please.

9 MR. WHITE: I want to mention, too, our Small
10 Business Committee had an animated discussion. First,
11 first, Jim's group has done a great job on, I guess, the
12 user-oriented --

13 MS. SLACIK: Yeah.

14 MR. WHITE: -- promotion. So there's a bit of a
15 pull-through marketing --

16 MS. SLACIK: Yeah.

17 MR. WHITE: -- strategy for Ex-Im, which is good,
18 but we started to talk about facing one of the other
19 dragons, which is sort of the commercial banking
20 relationship. What a small exporter is likely to have with
21 their commercial banker, it's likely to be a junior member
22 and largely unaware of --

23 MS. SLACIK: Uh-huh.

24 MR. WHITE: -- the international side, which is
25 where the Ex-Im services can be promoted.

1 MS. SLACIK: Right.

2 MR. WHITE: We don't have an answer for that, and
3 I don't know whether there is a very clear one, but I think
4 it's something our group is going to start to tackle over
5 the next year or so.

6 MS. SLACIK: Great. That's great.

7 MS. GREGOIRE: Very good point.

8 MS. SLACIK: Be very helpful.

9 MS. GREGOIRE: Yes. Sean.

10 MR. MULVANEY: One other comment about, you know,
11 what Pat said about the life cycle. You know, it's so long,
12 you need constant presencing of our mission, because it may
13 not have been 18 months ago that you needed to hear from
14 Ex-Im; it needs to be, you need to hear from us now when
15 you're cutting a deal --

16 MS. FULTON: Right.

17 MR. MULVANEY: -- and you need insurance for that.
18 So it's a constant marketing, and you know, I would contrast
19 that need with kind of how our current program works.

20 You know, right now we do Global Access events,
21 and you know, those are, you know, kind of opportunistic
22 executions when there might be a partner in a part of the
23 country that wants to do an event with us or where we can
24 set up an event and have the chairman go, and you sort of
25 need to disconnect those two things. You need a marketing

1 that isn't geared to opportunistic events. You need a
2 constant marketing strategy that isn't contingent on people
3 or the presence of a board member.

4 So, you know, it's almost a different set of
5 tactics maybe that you could recommend to the Bank that are
6 not geared to, you know, an event, you know, are geared to
7 actual dissemination of materials in terms of advertising
8 strategy --

9 MS. SLACIK: Uh-huh.

10 MR. MULVANEY: -- or -- so I just would highlight
11 that. Sometimes I feel like our current processes are too
12 linked to the political process and they actually need to be
13 delinked to the political process and become more of a
14 natural marketing process linked to the U.S. economy.

15 MS. GREGOIRE: Thanks, Sean. Yes, please. Don.

16 MR. NELSON: I was in the Middle East last week at
17 the Middle East Oil Show.

18 MS. SLACIK: The Mid-East?

19 MR. NELSON: Yes.

20 MR. HOCHBERG: Could you, yes, speak up a little
21 bit?

22 MR. NELSON: Yeah, the Middle East Oil Show.

23 MS. SLACIK: Uh-huh.

24 MS. GREGOIRE: Is that on?

25 MR. HOCHBERG: Yes. Yes.

1 MR. NELSON: It says it is.

2 MS. GREGOIRE: Oh, is that right?

3 MR. NELSON: And anyway, it seems like they're --
4 you know, due to the price of oil, a lot of the national oil
5 companies don't have a lot of money right now --

6 MS. SLACIK: Yeah.

7 MR. NELSON: -- but they do have projects they
8 would like to do. It seems like it would be nice if there
9 was some mechanism that the small businesses, like yourself,
10 could use to let them know that the Ex-Im Bank is here to
11 support us in finance.

12 You know, I had asked for a letter, you know, to
13 give to some of our good clients that do have projects, that
14 the Ex-Im Bank is here and we could possibly get the Ex-Im
15 Bank to help support us to do their project, but there is no
16 mechanism; there is nothing I can give them or show them
17 that the Ex-Im Bank is here to support the small businesses.
18 It seems like if there was some kind of a marketing tool
19 that the Ex-Im Bank could have that would help us with that,
20 it would -- it could, it could drive a lot of opportunities.

21 MS. SLACIK: I think you're right. One of our --
22 and we can do a better job with that -- but one of the
23 issues that we have, for example, giving -- giving that kind
24 of letter to one particular exporter is an issue because
25 then it feels like we're picking a winner and a loser,

1 right? So --

2 MR. NELSON: Yeah. I don't think, I don't think
3 it should be --

4 MS. SLACIK: -- so what we try to do is give it to
5 the buyer and let them know, and maybe we can do a better
6 job with things you, you're working on.

7 MR. NELSON: And I don't necessarily mean for one
8 company. I meant a tool for anyone who has a relationship
9 with the Ex-Im Bank, who has used Ex-Im Bank in the past,
10 who has a proven track record, that there is a document from
11 the Ex-Im Bank that maybe just states that --

12 MS. SLACIK: Yeah.

13 MR. NELSON: -- that we have worked with this
14 company and we are interested in helping them export more,
15 just something that's not a commitment and it's not just for
16 one company, but I think it would be a valuable marketing
17 tool for users of the Bank.

18 MS. GREGOIRE: Jay, could you -- very good issue
19 -- can you take that up in your subcommittee and toss around
20 the concerns and how, what recommendation we might make
21 along that line? Thanks, Don. Other questions, you-all?

22 MR. STEPHENS: I would just say, just real
23 quickly, I think that the letter from your bank, saying that
24 we financed this using the Ex-Im Bank, would be the most
25 practical approach versus a standard letter from Ex-Im.

1 MR. NELSON: Yeah. It just seems like having the
2 United States Ex-Im Bank behind you is better than a bank
3 they've never heard of.

4 MR. STEPHENS: No, but the bank in conjunction
5 with the Ex-Im Bank --

6 MR. NELSON: Yeah.

7 MR. STEPHENS: -- so it looks like a partnership,
8 which to me sounds more --

9 MR. NELSON: Yeah.

10 MR. STEPHENS: -- practical and powerful, but --

11 MR. NELSON: Okay.

12 MS. SLACIK: We spent some time earlier this year
13 taking our standard, like, letter of interest and trying to
14 -- instead, it said, this doesn't mean this, this doesn't
15 mean this, this doesn't mean this -- we tried to make it
16 more marketing-oriented. And so I'd like to show that to
17 you and see if that helps or how we could adjust it to
18 help --

19 MR. NELSON: Okay.

20 MS. SLACIK: -- accomplish what you're doing, but
21 we took it from being a liability legalese kind of letter,
22 even though we had lawyers working on it in conjunction with
23 the bankers, and making it more, you know, user-friendly --

24 MR. NELSON: Yeah --

25 MS. SLACIK: -- enthusiastic, you know.

1 MR. NELSON: -- and I understand there are --

2 MS. GREGOIRE: And can you get it to Jay as well,
3 Claudia?

4 MS. SLACIK: Yeah. Yeah.

5 MS. GREGOIRE: Okay.

6 MR. NELSON: I understand there are a lot of legal
7 issues regarding something like that, and maybe it's not
8 possible. I'm just saying that it's something that maybe
9 the Bank could look at, just see if there's something they
10 could come up with that would be helpful.

11 MR. HOCHBERG: No, I think Claudia agrees. It's
12 definitely possible. We, when I was -- I was pleased
13 upstairs today. Just before this meeting, we signed an MOU,
14 a similar idea, in Angola and signed in -- I met with the
15 president in June, of Angola. He signed it. It was signed
16 at the Africa Leaders Conference the President held in
17 August, and they cut a purchase order yesterday and partly,
18 and they said, point blank, it's -- I wrote it down because
19 he said, you know, he said, quote, you know, he said, the
20 only reason we made this -- you know, without Ex-Im, we
21 would not have been able to make this purchase; Angola is
22 not the kind of country that, and there's \$350,000 million,
23 we'll be seeing an application for it. But we want to make
24 sure we arm exporters.

25 One of the reasons Claudia and I were in Houston

1 with, and met with Amegy Bank just last week was to make
2 sure that the oil and gas industry, in particular,
3 understands that. We met with a dozen customers in those
4 two days. So we just need to broaden that, but that's
5 exactly -- this is kind of what Caroline said, you know. At
6 moments of extreme stress is when -- that really is the
7 driver of our business more than overall exports.

8 MS. GREGOIRE: Other questions or comments,
9 you-all?

10 (No audible response.)

11 MS. GREGOIRE: Thank you, Claudia, very much, as
12 always.

13 MS. SLACIK: Yep.

14 MS. GREGOIRE: Gaurab, where are we going?

15 MS. SLACIK: Again, read this article. I think
16 you'll find it very interesting.

17 MR. BANSAL: So we'll break for lunch just right
18 next door, where we started in the morning --

19 MS. GREGOIRE: Okay.

20 MR. BANSAL: -- and members of the public, we will
21 be back at 1 o'clock.

22 MR. HOCHBERG: 1 o'clock?

23 MS. GREGOIRE: Thank you, all.

24 (Whereupon, at 12:32 p.m., a luncheon recess was
25 taken.)

1 MS. GREGOIRE: We're going to go ahead and get
2 started. I've been asked to talk about basketball.

3 UNIDENTIFIED SPEAKER: It's a good sport.

4 MS. GREGOIRE: I can't really talk about
5 basketball because we lost our professional team, the
6 University of Washington sucks; however, we do have Gonzaga
7 in. I was asked to talk about Wisconsin. Owen, would you
8 like to talk about Wisconsin?

9 MR. HERRNSTADT: I really don't find it necessary.
10 I think as long as you raised the point, I think that pretty
11 much does that, does the trick. And the only reason why I
12 raised the issue of Wisconsin and the N-C-double-A
13 basketball tournament was just so that we, we live in the
14 present and we live in the future and we forget about the
15 past, we forget about the Super Bowl, we forget about the
16 Packers, and we're ready to move on.

17 MS. GREGOIRE: Okay. So in keeping with that, I
18 will see you all at some point in my life, I hope, in the
19 future, and we'll be back next year. With that,
20 Competitiveness Report, Isabel and Julie both, please.

21 MS. GALDIZ: Thank you. Thank you, Governor
22 Gregoire, and thank you to the Advisory Committee for taking
23 such a thoughtful interest in this report. Our update could
24 be very short, just telling you we're still drafting, but we
25 will take a few minutes with you today to update you.

1 Jim Cruse, my boss, at the last meeting, gave a
2 presentation on the history of the Competitiveness Report,
3 and so we don't need to go into any more details on that.
4 My name is Isabel Galdiz, for those of you that are new to
5 the committee. I'm the vice president of the International
6 Relations Division. Julie Kalishman joined that division
7 last year. Julie's here. She'll provide an update on where
8 we are in the process shortly. Julie came as a person who
9 would now be directly responsible to you, to the
10 communications office, our chairman's office, and will be
11 working collaboratively with the teams to ensure we get the
12 best report we can.

13 It's important for you to know that we haven't had
14 this type of support in the past to produce this report
15 previously. As the chairman knows, we've always been proud
16 of this report, but we now have resources. We have Julie,
17 and we have true commitment from the chairman, the
18 communications team, Congressional Affairs, the business
19 units to help us. They've given us contacts for the survey.
20 They've given us help with the data. They've given us
21 anecdotal information. All of this color, all of these
22 perspectives are slowly making their way into this report,
23 but your perspectives, not only are they mandated from
24 Congress, but they're coming from the outside. So we, you
25 know, love each other on the inside, but the view from the

1 outside is the most important to us, especially this year.

2 So I want you to know that we're here and for you
3 to please reach out to us and tell us when you run into a
4 situation where another ECA has the upper hand. Even after
5 this process concludes, we'll be back next year. So we
6 really -- this is an open invitation to you beyond the
7 current assignment, that we want to improve. And, you know,
8 we appreciate Caroline agreeing to chair the subcommittee
9 and the service of the members on the subcommittee for the
10 Competitiveness Report. They will guide you through the
11 preparation of this statement, and we will be there to
12 support whatever they need for that process. She will, she
13 will give you an update on that shortly.

14 Director Loui has invested a significant time in
15 this report as well, and I want to recognize it. She, with
16 this pivoting to Asia, has reached out to the ASEAN Business
17 Council. They have included some questions and surveys they
18 do with their members because we want that information
19 reflected as well.

20 And really, the chairman has taken this report to
21 a different level, not only because he's put Brad Carroll
22 and the communications team on to make it glossy and make it
23 fancy and make it, not interactive yet, but lots of
24 wonderful visual tools, he is also rolling up his sleeves,
25 talking to his counterparts. You know, previously, the

1 ambassador to Korea is coming. What data do we need? Now
2 he's meeting with the G-11 plus Korea in Berlin next week.
3 What data can we get from them? I'm going to make a
4 presentation on unregulated financing to the other heads.
5 Maybe that will help beat the bushes, get us better data.
6 So all the way from the top down, we have true commitment to
7 the report, and I wanted you to be aware of that.

8 And finally, Stephanie Thum has added the customer
9 experience dimension to this report by investing her time to
10 joining focus group meetings, helping us by creating an
11 annex to this report. I think that's another important
12 perspective that has been added to this report and that you
13 have at your disposal there as well.

14 So with that, I'll turn to Julie, and she can give
15 you the current status. Thank you.

16 MS. KALISHMAN: Thank you. So writing a report
17 that compares our export credit agencies to foreign export
18 credit agencies is a big undertaking, and the statute, the
19 charter has a lot to say of what we need to include, and in
20 addition to that, it gives the Advisory Committee the role
21 of adding a statement about the report. And your statement
22 can be broad, big ideas; it could be very in the weeds. You
23 can agree with us. You can disagree with us. You could
24 say, you need to add more here. You can give us advice for
25 future reports. And we really appreciate the work you do,

1 and we take it very seriously.

2 This year's report is going to include the top
3 four recommendations already from last year's Advisory
4 Committee. We're going to really highlight unregulated
5 financing. We're moving a chapter on this emerging issue
6 from the back of the report really close to the top. We're
7 going to -- the Advisory Committee also said these grades
8 you've been using in the past don't necessarily make sense,
9 they're too narrow. So we're going to remove the grades and
10 now use qualitative descriptions of how we're competitive.

11 We are working with a designer to streamline the
12 report. We will have more digital content because, as it's
13 been mentioned, although we write the Competitiveness Report
14 once a year, the competitive issues don't go away, and so to
15 be able to update that is really important. The Advisory
16 Committee also wanted more information about transaction
17 times, and so we are including how long it takes the Bank to
18 do a transaction from beginning to the end.

19 So we've done a lot of work so far. We've sent
20 out a survey to exporters and lenders. We've led a focus
21 group of exporters and another one of lenders. We are
22 reaching out to foreign export credit agencies to get data
23 about their activity, and we're also doing our own research
24 to try and create our own database, to further track what
25 deals have taken place in 2014.

1 Next, we're all -- we're completing our drafts.
2 We're doing a lot of work, and I just want to take a second
3 to thank everyone on the policy team. A lot of them are
4 behind me, and it's really a lot of work. And our senior
5 staff at the Bank and other U.S. agencies -- Treasury,
6 Commerce, USTR, OMB, State -- will all review the, review
7 the report, and then at the beginning of May, it will come
8 to you. And I guess we'll read it and discuss it at the
9 next Advisory Committee meeting, and then pretty quickly,
10 we'd like to have a statement that we can include. And the
11 reason that we'd like this, you know, pretty quickly is
12 because with the reauthorization deadline of June 30th,
13 although that's the statutory deadline for getting the
14 report into Congress, it doesn't make a lot of sense to wait
15 that long. So we would like to get it out as soon as
16 possible so that they have all the information that they can
17 possibly have.

18 So, again, I just want to thank you guys for your
19 involvement. It really makes a huge difference one year to
20 the next, and with that, I'm happy to take any questions.

21 MS. GREGOIRE: So I want to thank you both for
22 your presentation and reiterate, Mr. Chair, the dramatic
23 improvement year over year in the report. It was really a
24 dramatic change, and it wasn't easy, I am sure. And while
25 we're not where we want to be and we've got more progress to

1 make, before we say that, I want to be clear about just how
2 well I think you-all did. So to you and Jim, thanks for an
3 excellent job in the report that was presented this past
4 year and thanks for taking up all the recommendations from
5 last year.

6 One of the things we did talk about last year, and
7 I thought I'd just ask you if you know the status of it, is
8 the annual survey of our customers. And the question that
9 we talked about last year, is there a way to survey like the
10 private sector typically surveys, which is, when I'm done
11 with my transaction, I get a survey, which will probably
12 give us a better outcome in terms of the volume as well as
13 the comments because it'll be fresh in the minds of the
14 customer, but what -- do you know the status of that?

15 UNIDENTIFIED SPEAKER: Let Stephanie. She can --

16 MR. HOCHBERG: Yes, why don't we get Stephanie.

17 MS. GREGOIRE: Oh.

18 MS. THUM: Hi, I'm Stephanie Thum. I'm the vice
19 president of Customer Experience.

20 UNIDENTIFIED SPEAKER: Do you need a microphone?

21 MS. THUM: Hi, Stephanie Thum, vice president of
22 Customer Experience. Yes, ma'am, we have deployed and
23 should be launching in mid-April a point-of-experience
24 survey that will go to our export credit insurance customers
25 at the time they accept the quote from Ex-Im Bank. That

1 should be deploying in mid-April.

2 MS. GREGOIRE: Great. Would you mind getting a
3 copy of that to us --

4 MS. THUM: Certainly.

5 MS. GREGOIRE: -- so we can get a feel for what it
6 looks like --

7 MS. THUM: Certainly. I can get that right away.

8 MS. GREGOIRE: -- and the questions that are posed
9 to them?

10 MS. THUM: Yes, ma'am, I sure can.

11 MS. GREGOIRE: Perfect.

12 MS. THUM: Okay.

13 MS. GREGOIRE: Great. Thank you, all. Questions
14 or comments? Please.

15 MR. KIERNAN: Just a quick question, and I'm sure
16 you've given a lot of thought to this, but would love to
17 hear a sentence or two on the rollout strategy, what kind of
18 Hill briefings, what kind of press, what kind of outreach to
19 all the allies you've got out there. How is that going to
20 unfold?

21 MR. CARROLL: You sure you don't want to do this,
22 Julie?

23 MS. KALISHMAN: I can.

24 MR. CARROLL: No. So part of that's in
25 development right now. So I think I'll let Erin come and

1 speak about the Hill strategy. The, our press -- the press
2 and event strategy around it, we're actually working on a
3 couple, few different opportunities in June, one that we're
4 working with a partner, sort of build our own, to do a
5 panel, a possible event here in Washington to highlight
6 competitiveness around the globe and what role Ex-Im plays
7 in that; as well as, there's actually a couple of annual
8 events that happen in D.C. around that time. The National
9 Association of Manufacturers, I believe, has their Small
10 Business Summit in June. The U.S. Chambers is doing another
11 related, sort of related event in June as well -- so making
12 sure that, depending on the timing of all those and release
13 of our reports, that all of our appropriate stakeholders
14 have, have the Competitiveness Report, have all the
15 information it provides in the top line as well. So --

16 And the other thing we're trying to do, as well,
17 is -- and this goes along with the look and the feel and
18 making it more readable -- is, as we did with the annual
19 report, having just a simple pocket card that highlights the
20 top lines of the, top lines of the, of the Competitiveness
21 Report and getting those in the hands of members on the
22 Hill, our stakeholders, academia. That's the one thing that
23 we tried to do a little bit last year as well. This one
24 definitely -- the Competitiveness Report definitely has a
25 bigger audience in academia than, say, our annual report, to

1 make sure that it goes out to all of those folks as well.

2 MR. KIERNAN: Thank you.

3 MR. WHITE: Isabel, I'd like to know what you'd
4 like to see from the small business community as far as
5 anecdotal stories of being competitive or not and how we
6 might deliver those.

7 MS. GALDIZ: Thank you. I'm just going to add a
8 point to Brad's message that he just gave before I answer
9 your question. They also tweeted the report last year,
10 which was the first time we ever did that. So I don't know
11 if you're going to do that again this year but just wanted
12 to let the Advisory Committee know that it was on -- it was
13 being tweeted.

14 MR. HOCHBERG: What was that word?

15 MS. GREGOIRE: Tweeted.

16 MR. HOCHBERG: Oh, tweeted.

17 MS. GALDIZ: Tweeted.

18 MR. HOCHBERG: I couldn't hear you.

19 MR. CARROLL: We boiled down the 200-page report
20 into six tweets, I think, or something like that.

21 MR. HOCHBERG: Right.

22 MS. GALDIZ: Incredible. So to your question, we
23 found that small businesses usually faced challenges beyond
24 those that we addressed in the Competitiveness Report. So
25 to the extent that you or other small businesses are really

1 facing ECA competition as a challenge, we'd like to hear
2 about that. The report, just, I think, by the nature of the
3 way other ECAs operate, is more focused on larger companies
4 where we tend to see ECA competition as a deciding factor,
5 where maybe small businesses work more on a negotiated sale
6 basis.

7 So we want to hear from you any stories, just like
8 we want to hear from any company, and the more, the better
9 because we understated it, because we don't have anything to
10 say. We don't think that you're impacted by foreign ECAs,
11 and maybe you are.

12 MS. GREGOIRE: Other questions or comments?
13 Caroline, any from the subcommittee yet?

14 MS. FREUND: Should I summarize now what we did in
15 the subcommittee, or we wait for that --

16 MS. GREGOIRE: Oh, why don't you roll into that
17 while they're here, so -- it'll be helpful if they're a part
18 of it, if that's all right.

19 MS. FREUND: Okay. Just to say, I mean, we
20 discussed a lot of, a lot of what was here and some of the
21 questions that have come up, and I think, overall, we were,
22 you know, pleased to hear about the effort they've made to
23 gather new data on unregulated ECA activity and that that's
24 going to come right up front in the report for people to
25 see.

1 One question that came up in the committee was
2 whether that data could be made public, because that will
3 attract academic interest. Academics love new data and, you
4 know, will, will sort of be free publicity for what's
5 happening. So that might not be possible this year; they're
6 going to see, but that was one of the discussions we had.
7 We were also pleased to hear that they are aiming to have it
8 not be, as Fred put it, a doorstopper, I think; so a thin, a
9 thin, a thin report.

10 One other issue that came up, which related to
11 stories but I guess more on the big guys, was to make it
12 more accessible. Especially on the Hill, they love the
13 personal stories. So if you can start chapters with things
14 or have in boxes things the other ECAs have done where, you
15 know, it's just so much bigger than what the Ex-Im Bank
16 does. For example, you know, in India, they come up really
17 quickly with China visits, and there's a hundred billion
18 dollars in export credits on the table and, you know,
19 infrastructure projects. So some kind of really gripping,
20 very specific stories that everybody can relate to will make
21 it much easier to read.

22 One thing that wasn't mentioned is that while the
23 report is getting thinner and glossier, the letter has
24 gotten longer. So this is -- I guess the onus is on us to
25 produce that longer letter, to really highlight, I guess,

1 what's so additive about this Bank from an economic
2 perspective, what are the distortions that it's able to fill
3 and then, of course, for those more in the media on this,
4 anything you can think of that you'd really like included in
5 that letter. And I guess a question to raise is, if the
6 Bank were to be reformed, what's on the absolutely don't-do
7 list -- I don't know if this would be a place for something
8 like that -- and what's doable, or maybe that's not
9 appropriate for the letter. I'm not sure.

10 So why don't I -- oh, and just one more thing for
11 the letter, that I think the other thing is, from an
12 economics perspective, it's what distortion is this bank
13 coming in to alleviate but also what's the right
14 counterfactual. So the right counterfactual isn't a
15 perfectly competitive market. The right counterfactual out
16 there is that China, Korea, Europe have these banks; so this
17 is the world we live in. This is the, this is what it's
18 going to look like with this, with this bank, and we need it
19 to be on a level playing field.

20 MR. HOCHBERG: Yes, I think that's very helpful.
21 I think that the -- and you also succinctly -- and the fact
22 that the letter has gotten longer, I think, is a perfectly
23 good thing because I think it really shows that the
24 committee -- and that's why Congress chartered it, is, we
25 did the Competitiveness Report many years ago, and then

1 later on Congress wanted an outside committee to review the
2 data, give a perspective.

3 The reason you've been selected for the committee
4 -- and we have as many users, probably more users on this
5 committee today than we've had in the past -- is so that we
6 have, people who are actually using the Bank are able to
7 actually comment on it and amplify it by people in labor and
8 the environmental community and so forth, but is -- I think
9 that the public and Congress is very much looking for that
10 view, looking for that informed view inside the Bank and how
11 it fits in the larger scheme.

12 MS. GREGOIRE: So one of the things we talked
13 about last year was the issue that you raised --

14 MR. HOCHBERG: Oh, sorry.

15 MS. GREGOIRE: -- which is how do we reflect
16 what's going on with the non-regulated, but the other thing
17 we talked about is how do we reflect to them what's going on
18 with the regulated, because they're not playing by the same
19 rules, and our letter kind of made that clear. Is that
20 going to be part of the report?

21 MS. KALISHMAN: Yes. We'll definitely have data
22 from ECAs that finance both under the arrangement as well as
23 outside of it and give some descriptions, when their
24 financing outside of it, as to where, what type of sectors,
25 or examples of how that's going on. It definitely --

1 MS. GREGOIRE: Good.

2 MS. KALISHMAN: -- varies by export credit
3 agencies. It's --

4 MS. GREGOIRE: Sure.

5 MS. KALISHMAN: -- obviously not a blanket.

6 MS. GREGOIRE: Yes, great. The other thing we
7 talked about -- and I still don't know how to get at it, but
8 it seems to me it's becoming more and more important that we
9 get at it, and Congress isn't getting at it by its
10 legislation -- so this morning, when we talked about 25
11 percent of the volume is actually small business and the
12 rest is large business, you can look at it like that or you
13 can look at it of really what's going on inside large
14 business that's getting help from Ex-Im. And if you look
15 behind that curtain, you will see suppliers, thousands of
16 suppliers, and of those thousands of suppliers, 95 percent
17 of them are small businesses, but there's no way that
18 Congress has allowed us to report directly to them.

19 So we talked last year about isn't there some way
20 that we can, and that's not that easy to track. I mean, I
21 get all that, but you can see the importance of it because,
22 once you put that up on the chart, that chart flips
23 dramatically. So it's Caterpillar, it's Boeing, it's all
24 those companies that, yes, they get the loan, but it's the,
25 in my little state, 7,000 suppliers that are benefiting from

1 it, and in my state that's almost all small business. Is
2 there a way to reflect this?

3 MS. KALISHMAN: I mean, you're absolutely right,
4 and that's something that we're going to work on. It's,
5 it's not necessarily one for one with how we're competing
6 with other ECAs. So it's something that we have to
7 incorporate when we give stakeholder views from information
8 we get from the survey or focus groups or from our customer
9 service. That's definitely where we would fit something,
10 those kinds of concerns in.

11 MS. GREGOIRE: Caroline.

12 MS. FREUND: I was just going to say that you can
13 actually -- I'm not sure, again, if this report is the place
14 or they would have the time now for precisely that, but
15 Bloomberg actually allows you to do that. So I've done that
16 with the Apple data to see who their suppliers are. So for
17 Apple, for example, from the inputs that come from outside
18 the company itself, 62 percent comes from Taiwan, which is
19 Foxconn, which, you know, builds the iPads in China; another
20 15 percent comes from other U.S. companies, but you can
21 actually trace it out. So that's actually an interesting
22 idea to do that. For the bigger companies, you can do it
23 using Bloomberg data.

24 MS. GREGOIRE: Really good. I was --

25 MS. FELTON: You can trace --

1 MS. GREGOIRE: -- totally unaware of that.

2 MS. FELTON: I'm sorry. You can trace the actual
3 suppliers?

4 MS. GREGOIRE: Well --

5 MS. FREUND: What I don't know is the really small
6 businesses, how much you pick up of them because I didn't --
7 my RA did this for me, but you certainly can pick up a lot
8 of the suppliers.

9 MS. GREGOIRE: So it would be nice if we could do
10 something on this this year, because I do think this is an
11 important issue this year. Owen.

12 MR. HERRNSTADT: Yeah, thanks. Thanks, Governor.
13 In the past, well, in the past Competitiveness Report, did a
14 really splendid job and I commend you and Jim and everybody
15 for talking about the competitive mission of the Bank being
16 tied to supporting exports through U.S. jobs, which is not
17 the same mission that other export credit agencies have. So
18 we have a different mission here. Congress has done that
19 for a specific public policy reason, and I really commend
20 you guys on that.

21 You mentioned this kind of briefly, Julie, and I
22 think it's a gray area, if you can focus on it to any great
23 extent, talking about, in addition to export credit agency
24 support in other countries, what else are they doing to
25 support exports. You can even say what are they doing --

1 and we talked about this in past Advisory Committee meetings
2 -- what are they doing to support jobs through exports, and
3 you don't have to get into a subsidy issue and a WTO issue,
4 but we know, for example, that Europe, an awful lot is being
5 done in China, although it's not transparent at all. A huge
6 amount, a huge amount is being done on that.

7 The argument is, is that if you were to do away
8 with export credit agencies in the U.S. and in Europe and
9 elsewhere, it still leaves U.S. exporters in an incredible
10 disadvantage because the only thing we have is the U.S.
11 Export-Import Bank while other countries have many other
12 avenues and forums for supporting their exports and domestic
13 jobs.

14 MS. FELTON: I'd like to --

15 MS. GREGOIRE: Good.

16 MS. FELTON: I'd like to echo that. Earlier today
17 Fred mentioned that Korea had two export credit agencies
18 that had done five times as much financing as we did. In
19 the same vein, to leave out the other, you know, China
20 Development Bank and other institutions that provide some
21 form of competitive and subsidy financing that, to their
22 businesses, that put them, in fact, on a much more
23 competitive position vis-à-vis U.S. companies is a really,
24 really big factor that would not get captured just in the
25 ECA financing.

1 I recall your examples, Fred, of, you know, Patton
2 and Cisco in Reuters and --

3 MR. HOCHBERG: Right.

4 MS. FELTON: -- China Development Bank providing
5 \$30 billion of financing, which is as much as we've ever
6 done in one year. Our highest year was \$32 billion, and it
7 was to one company --

8 MR. HOCHBERG: Right.

9 MS. FELTON: -- which had gone on and, you know,
10 surpassed Nokia, Siemens, and Cisco's golden years in that
11 sector, in that industry. So that's a really, really
12 important fact, and to the extent that we can incorporate
13 that, that would be very useful.

14 In addition, it relates to one of our other
15 mandates in sub-Saharan Africa, where we don't have an
16 abundance of competition this year and where that type of
17 financing activity has been very, very important in terms of
18 creating more competitive dynamics, you know, in Africa,
19 where we have a mandate. And I don't know how -- and I know
20 that we only assume here -- but there might be a reason to
21 mention that in the Competitiveness Report because it's a
22 congressional mandate --

23 MR. HOCHBERG: Right.

24 MS. FELTON: -- and we have no other avenue to
25 discuss our competitiveness in Africa this year.

1 MS. GREGOIRE: Good.

2 MR. STEPHENS: A quick question. So when we make
3 an Ex-Im transaction to a large corporate business, does the
4 documentation require evidence of the POs that go to small
5 business? Can you track that as part of the --

6 MR. HOCHBERG: The supply chain?

7 MR. STEPHENS: -- Ex-Im long process?

8 MR. HOCHBERG: Well, on some transactions, if
9 there's a -- it's easier on a project because sometimes a
10 project will list some of the direct suppliers and sometimes
11 they are listed in there, small businesses. So that gets
12 picked up. You know, when we did the project in Saudi
13 Arabia, in Sadara, there were 600,000 million dollars' worth
14 of direct small business suppliers that we could track.
15 Sometimes the indirect ones, which are, you know, supplying
16 to a larger entity, are harder for us to identify because,
17 you know, we have to pierce sort of the corporate purchasing
18 network to get that.

19 We have some good estimates on that. I mean, the
20 rough, I would say roughly -- and it's an estimate; it will
21 vary year to year -- but it's probably between 10 and 15
22 percent, so -- additional. So if we did -- the year we did
23 \$5 billion on export credit, I think it was, when we totaled
24 up the indirect, it was about 5.9 billion. So it was
25 another, almost 15 percent additional that was through the

1 supply chain.

2 MR. STEPHENS: But you could require the larger
3 companies to go two levels down in their documentation; so
4 rather than have an estimate, you actually have documented
5 evidence of the cascading influence as part of your report
6 in the future. I think you're going to have to go that
7 route, to some extent.

8 MS. FELTON: I think that would be useful --

9 MR. HOCHBERG: Yes.

10 MS. FELTON: -- but in addition, in this
11 year-of-reauthorization challenge, why not ask them --
12 they've got such a big interest in sort of looking at what
13 we did for them this year and saying how much of that, how
14 many suppliers were small businesses just this year, as a
15 way to get at it, back into it. They've got an interest in
16 doing that, I think.

17 MR. HOCHBERG: Right.

18 MS. GREGOIRE: And they can do it in a heartbeat.

19 MS. FELTON: And they don't have to name the
20 names. I mean, I've understood from talking to NAM and
21 others that they've been surveying, you know, canvassing
22 their membership to find out about their willingness to do
23 that, and they've all cited competitive reasons for not
24 wanting, you know, corporate secrets, right, but we don't
25 have to have them name them.

1 MS. FULTON: I was just sitting here thinking, you
2 could do it with the Dow Jones 30 stocks, just as an
3 example, to figure out how many suppliers get through them,
4 because I would think competitiveness would be an issue. So
5 you need something that everybody's used to, just a thought.

6 MS. GREGOIRE: I do know at least one company, and
7 I do know they can tell you --

8 MS. FELTON: In every state.

9 MS. GREGOIRE: -- in every state, by number, by
10 name, by you name it, how much they weigh, how tall they
11 are, their head circumference. They can tell you it all, I
12 can assure you of that, and they can do it like that. So
13 it's -- that's out there if that's a tool we could use. I
14 mean, I -- we'd have to think that through a little bit to
15 ask if that's an appropriate tool, but that surely is there.

16 MR. HOCHBERG: You guys want to comment?

17 MS. GREGOIRE: Sean.

18 MR. HOCHBERG: Oh.

19 MS. GREGOIRE: I'm sorry?

20 MR. HOCHBERG: No. I didn't know if they --

21 MR. MULVANEY: I was going to -- maybe this is now
22 the appropriate time for me to mention what I mentioned to
23 you over lunch. There sometimes -- one of the things I've
24 appreciated over time is some of you are new to the foreign
25 ECA world and you're trying to wrap your mind around the

1 Competitiveness Report, and it's written in ECA speak, as
2 Fred noted earlier on, and it's looking at, you know,
3 lending and premium and project finance, and it's --
4 sometimes it's hard to contextualize how that is tilting the
5 playing field against U.S. exporters, you know, what the
6 activities of foreign ECAs are doing. So this year one of
7 the things that I did to try to help you contextualize what
8 foreign ECAs are doing is, you know, I worked with a couple
9 of folks in the library and then I got some articles from
10 some outside sources and I created two volumes of media
11 clippings.

12 So one volume is media clippings, roughly about 80
13 or 90 clippings diced by region. So you can see across six
14 regions of the world a smattering, anecdotal evidence of
15 foreign ECAs supporting foreign exporters and how the
16 competition is playing out. Lots of people wear regional
17 caps in Washington, and I feel like a document like this can
18 help speak to them, you know, when their focus is just a
19 region.

20 And then another document is more of a
21 sector-by-sector approach, and this has about 160 articles,
22 you know, that range across 17 different industrial sectors
23 where you can see who's playing in what space, because not
24 everybody plays in every space; they tend to focus on where
25 maybe producers in their countries have a comparative

1 advantage or some other advantage they're trying to create.

2 So I think that, hopefully, you know, these will
3 be helpful to you to kind of contextualize how competition
4 is playing out. The articles in each volume are mutually
5 exclusive. They're not repeated in both. You know, what I
6 tried to do is give you a kind of table of contents, you
7 know, by sector or by region on the front and, you know, a
8 list of ECA acronyms on the second page and translate it
9 into country. It's either G-6 or, you know, the BRIC
10 countries or other major ECAs. And then within the article
11 index, as you go through it, when you read through the
12 different articles and the different sectors, on each line
13 after the headline of the article I put in parentheses the
14 foreign ECA that's present there. Sometimes it's in the
15 headline of the article; sometimes it's buried somewhere in
16 the article, but at least then you'll be able to kind of --
17 I don't expect you to read all these things, but you might
18 read those that are of interest to you, and you can kind of
19 just go down and spot, you know, EEC versus Coface versus
20 SACE, you know, where they're exercising.

21 You know, one sector, Tom, I was looking at you,
22 that I didn't get enough time to capture in this was wind.
23 So, Madam Chair, I may follow up with you with a digital
24 copy that includes an additional chapter on wind.

25 MS. GREGOIRE: Great.

1 MR. MULVANEY: And I have enough, enough copies of
2 the regional to hand out to everybody here today. The
3 sector-by sector, the printshop downstairs was trying to
4 finish 15 copies before the end of our meeting --

5 MR. HOCHBERG: Great.

6 MR. MULVANEY: -- and if they do, I'll be able to
7 hand you physically one before you leave, but if not, I'll
8 have to follow up with you. Anyway, I just wanted to offer
9 that for the record.

10 MR. HOCHBERG: That's great.

11 MS. GREGOIRE: Amazing amount of work. Thank you.
12 Thank you.

13 UNIDENTIFIED SPEAKER: A lot of work.

14 MS. GREGOIRE: Well done. Here they come --

15 MR. HOCHBERG: Uh-oh.

16 MS. GREGOIRE: -- on key. Well done.

17 MR. MULVANEY: How's that? That's great, and
18 actually, let me take a moment to recognize that the library
19 was just essential to this task at Ex-Im. So I greatly
20 appreciate the library's contribution.

21 MR. HOCHBERG: Thank you.

22 UNIDENTIFIED SPEAKER: Thank you.

23 MS. GREGOIRE: Thank you. Thank you. Before we
24 close on this aspect, any comments you want to make about
25 what you've heard here? Any questions you have of us?

1 MS. GALDIZ: We look forward to working with the
2 subcommittee and especially to the points Owen raised, you
3 know, together, to see what would make sense to include.
4 Those are messages we'd clearly like to include, but we just
5 don't know how to get our arms around the other policy
6 instruments that governments have that impact our
7 competitiveness. So thanks for that idea.

8 MS. GREGOIRE: Thank you, folks, very, very much.
9 Gaurab.

10 MR. BANSAL: Yeah. If I could, can I add just one
11 quick note here?

12 MS. GREGOIRE: Yeah.

13 MR. BANSAL: Just to put a finer -- and forgive me
14 if you've covered this -- but this is a very intense period
15 of time from the May due date to the turnaround with the
16 statement. So I just want to remind everyone that, you
17 know, you'll be seeing a lot of e-mails. The draft report
18 will come, and we all know how busy you guys are. It's
19 greatly appreciative if you can get through it as quickly as
20 possible. Caroline will be sort of dragging that process
21 with the subcommittee, but just, it requires a quick
22 turnaround. It's a big burst, but just don't be surprised
23 when that happens.

24 MS. FREUND: Just a question on that. So will
25 everybody send comments to me after they read it?

1 MR. BANSAL: I think we can talk offline about
2 what makes sense process-wise, but that's how it went last
3 year.

4 MS. GREGOIRE: But I do want to talk about how it
5 worked last year because I think it's a bit insightful,
6 which is everybody had their input, right, but then we were
7 under a gun, and so at that point we had to reduce it. So
8 it was Caroline and her subcommittee and me doing the final,
9 final finals, and if you're not comfortable with that, go
10 ahead and say, include me, which is fine, but at that point
11 in time, it requires -- you have no idea the pressure
12 because these folks have got to get it to the printer and
13 the printer needs advance notice and so on. So it will be
14 an intense time for us. Is that helpful?

15 (No audible response.)

16 MS. GREGOIRE: Okay. Thanks very much. Jay, do
17 you want to go next?

18 MR. WHITE: Thank you. Small Business had an
19 intensive 50-minute session, I think we all agree. It's
20 really something to go ahead and meet the staff members
21 related to small business and for us to get all acquainted.

22 We then launched into a somewhat view of the
23 initiatives to make small business awareness, you know,
24 improve. Generally, they took the form of an enhanced
25 digital profile. I was very happy to hear that the web

1 design is well along. We're looking forward to seeing how
2 that's moving. There's a presence on LinkedIn and other
3 sites that should bear some fruit, but overall, I was very,
4 very happy to hear the staff had a target of increasing from
5 5 or 600 new sorts of contacts to somewhere in the
6 neighborhood of 1400 or more, if I can paraphrase the term
7 customer in terms of companies.

8 We then asked them: What do you consider success?
9 What is the access you're looking for? Success is going to
10 be measured by the staff as qualified customers being
11 delivered material about Ex-Im products that lead to a
12 handoff to the field offices, and we feel that that's a very
13 good metric that we want to go forward on. There was a
14 little bit of discussion how the new CRM might feed up to
15 measuring how we're performing there. So we kind of got the
16 bases done of, you know, what are we doing, how are they
17 going to market today, and then we got into a very animated
18 discussion about some of the, I guess, less comfortable
19 areas such as medium-term program, what's happening there,
20 is that supporting, is that supporting the small business
21 community the way that we want, is it something that we can
22 push.

23 We talked a lot about associations and the need to
24 develop a very extensive list of real-user associations that
25 we can reach out and touch and get to the membership in a

1 hurry, and with the seasonality of the Advisory Board kind
2 of mismatched with the trade association seasons, it's
3 something we're going to have to make sure that we hand off
4 to the next group. And I say that from personal experience,
5 trying to get my trade association to put an Ex-Im
6 presentation on the annual meeting. They're having the
7 annual meeting, you know, in March and April because they
8 all want to be in Florida. It's a little hard to get into
9 their agendas when you're sitting down in January. So we
10 talked about expanding that list and doing what we can
11 there.

12 We then got into a little bit of the issue I think
13 I spoke to earlier which is more the fact that the effort of
14 the committee right now seems to be on pull-through, where
15 we're talking about user awareness of Ex-Im products as
16 opposed to some of our membership experience being faced
17 with an export situation, business situation, finance
18 situation, they go to their commercial banker. The small
19 business commercial bankers are largely divorced from the
20 international side of the banking business model, and how do
21 we try to associate that closer, to try to get these younger
22 folks that are out there doing the small accounts to
23 understand there's something out there? That's just a fresh
24 field for us to plow as we move around more in the meeting.
25 So that's pretty much our report.

1 MS. GREGOIRE: Great. Comments? Caroline.

2 MS. FREUND: I have a question about -- and you
3 may not know the answer, but maybe someone does -- about the
4 foreign ECAs and how they work with small businesses. So
5 there's always the story that Europe, and even Germany, has
6 a lot of small businesses that are exporters and to a larger
7 extent than the U.S., and do those small businesses work
8 with their export credit agencies, and if so, how do they
9 get information? Are there lessons to be learned from how
10 those agencies are reaching the small businesses?

11 MS. GREGOIRE: Fred, do you have a comment on
12 that?

13 MR. HOCHBERG: I'm sorry. I was -- say that
14 again. I was just commenting. I'm writing down notes from
15 Jay. I'm one speaker behind.

16 MS. GREGOIRE: So how are competitors, for
17 example, in Germany, how do they reach out to their
18 customers and get the word out?

19 MS. FREUND: The small businesses.

20 MS. GREGOIRE: Small business, yes.

21 MR. HOCHBERG: I would say the people who do it
22 the best, who we're sort of taking a page out of is the
23 Canadians. They've got a much -- first, partly Canada,
24 their export credit agency, unlike ours, has no qualms about
25 competing with the private sector. You know, they have one

1 goal: we want to maximize Canadian engagement and whatever
2 it takes we'll do and, if it competes, so be it. And
3 they've had a very robust -- they have a very, full
4 advertising program and a much more extensive network. So
5 partly, we've learned from that, and we're adding -- and I
6 see Jim is out of the room -- but we're experimenting with a
7 whole bunch of armed, lined bannerettes to try and draw
8 greater awareness.

9 France -- oh, there he is; I'll let Jim jump in --
10 and then France recently, when I was at the meeting last
11 fall, they have established 20 regional offices in France
12 that are populated or manned by small business exports to
13 try and reach into more communities.

14 So those are some of the techniques, but I would
15 say most of the other countries, certainly up to now, it's
16 purely been lip service. You know, they see it as -- the
17 only reason they do it is because it's a political thing to
18 do. They don't really, haven't really fully internalized
19 that this is a real part of the market that doesn't have as
20 many options. But, Jim, do you want to jump in for a sec?

21 MR. BURROWS: I'll just add to what the chairman
22 said. The chairman actually sent me up to Canada to visit
23 the -- I'm sorry. The chairman actually sent me up -- and
24 Stephanie Thum is our director of Client Experience -- about
25 a year ago to talk to the Canadian ECA, to learn best

1 practices. Some of those best practices were the digital
2 campaigns, outreach, advertising. They do a lot of outreach
3 in the form of print and digital, and we kind of took a page
4 out of their book, and that's what we're implementing now.
5 And the Advisory Committee last year, subcommittee, actually
6 gave us that recommendation. So we're moving forward on
7 that.

8 The European ECAs have called us quite
9 extensively. Everybody's trying to get to SMEs, and we've
10 shared the digital -- the work that we've learned from the
11 Canadian ECA, but we're all struggling: How do we get to
12 the -- how do we get to the end user? How do we get the
13 word out? How do we build awareness? I think digital is
14 the right way to go. Early indications are it's working.

15 Mr. White talked about, where are we advertising
16 on the digital realm? We're on wallstreetjournal.com, CBS,
17 Bloomberg, LinkedIn. LinkedIn is pulling quite well. In
18 fact, our ad agency last week informed us that we have had
19 the most successful lead generation campaign to date, which
20 is pretty exciting considering the private sector is usually
21 light-years ahead.

22 So we are doing all the right things, which will
23 hopefully bear fruit. We're early on. We started the
24 digital campaigns in January. So we're about three months
25 in, but early indications, it's working, but really, where

1 the rubber hits the road is authorizations at the end of the
2 day, and we'll constantly be monitoring and reporting in on
3 what the results are.

4 MR. STEPHENS: Let me make a comment about small
5 business lending by banks. You know, I think -- well,
6 because we're a regional middle-tier bank, but you know, as
7 the years have gone by, the large banks, they really want to
8 underwrite small business based upon the personal credit
9 profile of the owner. That's really their goal, and they
10 keep moving up kind of the dollar amount, but 10 years ago
11 it was 250,000; it's probably, maybe 2 million. They really
12 want their underwrite to kind of fear Isaac, you know,
13 profile business owners. So getting into something that's
14 complicated like Ex-Im, I don't think you're going to see
15 that.

16 On the European side -- actually, my
17 brother-in-law was a small business owner in France. He
18 just sold it. He says actually small business owners are
19 looked down upon in generally the European community as
20 taking advantage of employees and things like that. So --
21 and the banks really want to buy government bonds. They
22 don't want to really spend, you know, a lot of time lending
23 money to small business.

24 So there really is an opportunity for Ex-Im Bank
25 to say, hey, we're the sweet spot in small business, but

1 you're not going to see, I think, the big banks change their
2 mind, and there really are no big examples, I don't think,
3 in Europe. The German banks -- well, the German small
4 businesses, they don't borrow money. They're so
5 conservative. So the German banks go buy, you know, U.S.
6 government bonds. That's what they did back in the last
7 crisis. So --

8 MR. HOCHBERG: Well, I think, to amplify your
9 point -- I mean, I've heard this more anecdotally, you know
10 -- in the United States, if you leave a large company and
11 start your own business, you're celebrated. If you leave a
12 large company in Germany and parts of Europe, you're sort of
13 looked as sort of being almost a trader to your company by
14 leaving them. So it's a -- we have a very different view of
15 free enterprise and starting your own business and being a
16 small business owner.

17 I also just -- actually, he's in the back of the
18 room, he's not on the agenda, Lee Stewart, who's talking to
19 Erin. Lee, why don't you stand up for one second. Lee just
20 joined us in January, and he is in charge of
21 intergovernmental affairs, which is a fancy word for dealing
22 with mayors, governors, and county executives. And since we
23 don't have offices, like the SBA does, around the country,
24 one of the -- the primary reason Lee was added to our team
25 is -- and we've already started -- is to really work with

1 mayors and governors and county executives, because they
2 have the responsibility to really increase economic activity
3 and jobs in their region.

4 So I think that Lee is working. We're going to be
5 doing a number of events with different mayors who have that
6 kind of convening power, as well as -- and supplementing
7 what Jim is doing on his team, is connecting with different
8 local chambers, business organizations, regional
9 manufacturing associations; when I was in North Carolina,
10 you know, visited the North Carolina Manufacturing Alliance
11 -- so really linking up with a number of those kinds of
12 units to really spread the word and do it on a sort of
13 sectoral basis frequently, as well as sort of a localized
14 basis.

15 MS. GREGOIRE: In light of that comment and in
16 light of Jay's comment, I'm going to ask Jenny to go next
17 because there's a direct connection between the work that
18 you've outlined and the work that her subcommittee has.

19 MS. FULTON: Yeah, we talked about the
20 overlapping; so it's a perfect segue into what we met with
21 this morning. We're in the middle -- I guess the
22 recommendation was a two-year plan. So we're just starting
23 that. We met with Bank senior executives today, Lee being
24 one and Brad and Catrell. They've done a fabulous job in
25 listening, and the same with Jim and what they're doing with

1 the digital marketing and the campaigning. We're just
2 starting to see it because it just started.

3 We've got new branding coming out. We've got a
4 new website that's coming out, be rolled out, I think,
5 mid-April, May -- correct me if I'm wrong, Lee, on that --
6 but they also have started doing the Global Access meetings
7 across the country, where Fred gets in, the, or excuse me,
8 chairman gets in and talks to the local leaders as well as
9 the business owners. So they've got that going.

10 There's also an interview process starting next
11 week, which I think is perfect, and it's going to be called
12 the Technical -- they're going to have a dedicated person
13 just for technical content. And so that's going to have a
14 huge impact on the Bank because it is -- you know, people
15 get information now; they don't wait, and so they're going
16 to have a dedicated individual here with the Bank that's
17 doing all of that.

18 So I just applaud them for listening, but again,
19 it was a two-year plan from our committee; then I sent on
20 the list, did a great job, the governor did, in making these
21 recommendations that we're following. So I will report back
22 to you, but right now I want to just tell you that they're
23 doing everything in the right direction. So thank you --

24 MS. GREGOIRE: Good.

25 MS. FULTON: -- and I'll take questions.

1 MS. GREGOIRE: Questions or comments for Public
2 Engagement?

3 (No audible response.)

4 MS. GREGOIRE: With that, Luis.

5 MR. UBINAS: So we met for the first time this
6 morning, so we're just getting started. The committee is
7 Tom, Bob, and myself, so a very deep, deep experience in
8 environment and renewables. We're very fortunate to have
9 that. You couldn't ask for better.

10 We had a very good, deep update on the Bank's
11 relationships with the environmental community, and as with
12 every complex organization, with complex relationships, this
13 isn't a simple one. We've had issues over funding coal,
14 issues over funding natural gas and projects, and other
15 kinds of concerns on the part of the environmental
16 community.

17 Our focus this year, building on the focus of the
18 last two years -- two years ago there were questions around
19 coal, last year questions around renewables -- this year
20 what I think our focus is going to be, and this is still
21 early days, is one step above those specific vertical
22 sectors to the horizontal question of how we build
23 relationships with the environmental community in the way
24 that we have to build relationships with other kinds of
25 communities and finding structural ways to hear from them

1 and to learn from them but to also have them understand what
2 we do and the spirit of what we do and why we do it here.

3 Tom, Bob, anything to add to that?

4 MR. PERCIASEPE: I would just add, as a general
5 matter -- and I think this is probably obvious to anybody
6 that does anything in the world these days -- is that the
7 more up-front we can get communications on projects or the
8 process, you know, the better, within all the boundaries of
9 confidentiality and everything else that we have to deal
10 with. So I think that should be a part of how we structure
11 this approach, and I think there's a lot of opportunity to
12 do that.

13 MR. KIERNAN: Concur with that and the only thing
14 I would add, we did ask and look forward to getting from
15 staff an update on progress made from last year's
16 recommendations to see the momentum that has occurred and
17 thus what momentum we want to build on this coming year. I
18 think that year-to-year accountability and building momentum
19 is obviously helpful, important, all the good work that
20 you're doing in this direction, Fred.

21 MR. UBINAS: Our goal as a committee, just to
22 Tom's point, is to leave something behind that's actionable.
23 As Jenny said, the Public Engagement Committee from last
24 year saw itself as a two-year effort, and she's taken the
25 helm this year, and we tried to be as actionable and

1 specific as possible. And so the aspiration here is you
2 would leave behind a small number of deeply actionable
3 recommendations.

4 MS. GREGOIRE: Good. Questions, comments?

5 (No audible response.)

6 MS. GREGOIRE: Well, all great, I think. Don't
7 you? Great start by the --

8 MR. HOCHBERG: Spectacular start --

9 MS. GREGOIRE: -- subcommittees.

10 MR. HOCHBERG: -- and I think by maintaining some
11 of the momentum from last year, we don't just start from
12 scratch, but we sort of continue a lot of that.

13 MS. GREGOIRE: Absolutely. Okay. With that,
14 Erin, do you want to come forward and tell us how great
15 things are?

16 MR. CARROLL: I'm jumping in front of Erin really
17 quickly just to explain her slides you'll see. So --
18 actually, I'm sorry. Let me pull up Erin's slides real
19 quick, yeah. So Erin's giving you a little bit of a preview
20 here. Erin's slide deck looks a little different than the
21 other slide decks you've seen, you've seen today so far.

22 So when we were going through the preview we
23 showed you last week, or last meeting of the website, as we
24 were going through that process, it also made sense to sort
25 of update the look and feel of a lot of the other things

1 we're doing. So we're going through that process a little
2 bit. So, as last time you got a preview of the website,
3 this is giving you a preview a little bit of the Ex-Im --
4 updating the look and feel to be more consistent across our,
5 across the agency.

6 So with that, I'll turn it back over to Erin but,
7 anyway, just wanted to explain a little bit of what you were
8 seeing here.

9 MS. GREGOIRE: Thank you.

10 MR. CARROLL: Oh, and I'm sorry. I was also told
11 there's coffee right there. So feel free to grab coffee.
12 That was not my doing, but I'm just announcing.

13 MS. GULICK: I just want to make sure Brad's done
14 before I try and come up here.

15 MR. CARROLL: Oh, sorry.

16 MS. GULICK: Thank you, everyone, for having me
17 here. I think most of you know me from last time, but --
18 oh, I'll turn my mic on -- Erin Gulick. I am in charge of
19 Congressional Affairs. Lee Stewart, who is standing up in
20 the back of the room, is head of our Intergovernmental
21 Affairs, and he's passing around a sheet that we distributed
22 last time, but I just thought I'd send another updated
23 around. It has our contact information as well as lists the
24 members of the Senate Banking Committee as well as the House
25 Financial Services Committee, notes their state and

1 congressional districts as well as the new members that were
2 added to the committee this Congress.

3 So just going to talk about three things today --
4 reauthorization, Board of Directors, and the
5 intergovernmental affairs activities. So in the House of
6 Representatives, earlier when I spoke, I did not have all
7 the information about the activities that happened yesterday
8 in the House, and I just wanted to clarify.

9 So yesterday Representative Alcee Hastings of
10 Florida had introduced an amendment to the rule so they
11 could get on the EPA bill, and that amendment did fail, 238
12 to 181, and it was on party lines. That was an amendment to
13 bring up H.R. 1031, which was introduced by House Financial
14 Services Ranking Member Maxine Waters. She's a Democrat
15 from California. I'm only highlighting some of the major
16 aspects of the bill, and then -- so there's the Democratic
17 bill, which has 189 Democratic cosponsors, which is, I
18 think, pretty much every Democratic member in the House of
19 Representatives. It would reauthorize the Bank through 2022
20 with an increased exposure cap of 160 billion. It does put
21 some parameters on the way in which we get to that cap,
22 primarily in that we have to keep a default rate below two
23 percent, and then it also has a handful of other reforms,
24 some of which were taken, in a way, from the Fincher bill
25 but significantly modified.

1 So Representative Steve Fincher, Republican, from
2 Tennessee, he introduced the first bill, which is where a
3 lot of the bills kind of drew their inspiration. It has 58
4 Republican cosponsors. It would reauthorize the Bank with
5 significant reforms through 2019 and a lower cap of 130
6 billion. A number of other reforms that Representative
7 Fincher put in his bill are frankly just not really
8 workable. They would put some increased challenges in some
9 of the ways that we operate, for example, by requiring
10 companies to demonstrate that they have not been able to
11 receive private sector financing. That would be extremely
12 challenging, particularly for small businesses.

13 The Waters bill has some reforms in it as well,
14 but they are not nearly as challenging as some that were
15 presented in the Fincher bill. And if you want a more
16 detailed analysis of that, I'm happy to talk more later
17 about that, if you'd like. But, generally, we see both
18 bills as positive because together that's about 247 members
19 of the House of Representatives, or 57 percent of the House,
20 that is supportive of reauthorization, and I think that is
21 our number one takeaway, is that we have significant support
22 for reauthorization. The manner in which we are
23 reauthorized, I think, is, is the question.

24 In the Senate we have two senators that are
25 currently in negotiation, Senator Mark Kirk and Senator

1 Heidi Heitkamp. They're leading a bipartisan group of
2 senators, which also includes Senator Graham, Senator Blunt,
3 Senator Manchin, and Senator Donnelly, three Republicans and
4 three Democrats. We are very hopeful that they will be able
5 to conclude their negotiations in the near future.

6 I will, of course, let people know, and I'm sure
7 you will read in the paper once those negotiations conclude,
8 but I don't have too many details, and I'm not sure what
9 details they really want public. So I'm not really at
10 liberty to say what's in the bill because I don't
11 specifically know what's in it because it's been an evolving
12 process with them. They have definitely had several
13 different iterations of the legislation; so we haven't seen
14 a revised draft just yet, but we think this is very positive
15 because six senators on a bill is pretty promising.
16 Senators generally don't cosponsor that many bills, and so
17 any time, I feel, you get more than two senators on a bill,
18 it's a very positive thing. So the fact that we can
19 introduce a bill with six people on it is, I think, a very
20 strong showing of support. Also, I will point out that
21 Senator Kirk and Senator Heitkamp are the chair and ranking
22 of the subcommittee on the Senate Banking Committee that
23 oversees Ex-Im Bank.

24 Board of Directors. As you likely know, we have a
25 five-member board: a chairman, two Democrats, and two

1 Republicans. Three of the Board of Director positions are
2 up for nomination. Director Loui, as we heard earlier, was
3 re-nominated earlier this -- no, that was last week. March
4 12th was last week. So last week she was re-nominated. We
5 still have two positions that need to be nominated; these
6 are for the two Republican positions on the board. This is
7 important because the Board of Directors requires three
8 board members to have a quorum and the quorum is required in
9 order to approve transactions over \$10 million. So we are
10 monitoring the situation and are hopeful that two Republican
11 nominees will be put forward in the near future and that we
12 can move this process along, but we need to have at least
13 one member confirmed by July 20th in order to maintain our
14 quorum.

15 Intergovernmental Affairs. National Governors
16 Association had their annual conference this past February.
17 The chairman had the opportunity to participate in some of
18 the meetings as well as meet with a number of the governors
19 that were in town. Governor Inslee and Governor Bentley --
20 that's Governor Inslee of Washington and Governor Bentley of
21 Alabama -- are leading a letter of supporting Ex-Im
22 reauthorization. The letter is in progress, and I think
23 they are hoping to close it in the coming weeks, but I think
24 they have a significant number of governors on that letter
25 and, I think, an additional commitment from other governors

1 who are going to send their own letter.

2 The U.S. Conference of Mayors also had their
3 annual conference. It was in January, and the chairman was,
4 again, able to address the mayors as a part of the
5 conference and also participate in some of the other
6 activities that occurred during the course of that
7 conference. He also had the ability to meet with a number
8 of mayors, and that was very positive for us. And a couple
9 of weeks ago, 160 mayors sent a letter of support to House
10 and Senate leadership in support of the Bank, in addition to
11 the leadership team of the U.S. Conference of Mayors sending
12 a separate letter in addition to those two letters. And
13 then this past week the National Conference of State
14 Legislators also sent a letter to House and Senate
15 leadership, saying that they are supportive of the
16 reauthorization of the Bank.

17 So, overall, we feel this is extremely positive,
18 and we are continuing to engage with these groups as well as
19 mayors, governors, and members of Congress. The chairman
20 has been doing a number of trips. Last week we were in
21 Mobile, Jackson and then, the week before, in Tulsa. So we
22 had some really, really positive conversations with a
23 variety of different Republican members, and the chairman
24 will continue to travel in the forthcoming weeks.

25 That is it for me. You have my contact

1 information. I'm generally available, but I'm happy to
2 answer any questions that you might have.

3 MR. THWAITES: If the issue comes down to reforms,
4 does the Bank have a set of reforms that may be more
5 acceptable than others or are we just kind of leaving that
6 to those who are drafting the bills and kind of being silent
7 on which reform may be palatable to the Bank?

8 MS. GULICK: I think that's a good question. I'd
9 say that in the 2012 reauthorization, we had about a dozen,
10 two dozen reforms. We implemented every single one of them,
11 and we feel that we do a really good job of that. Clearly,
12 it is the desire of many members of Congress to have
13 reforms. We have been given the opportunity to provide
14 technical feedback, and we are providing feedback, but I
15 think we don't really have the choice to say which reforms
16 we like and don't like. I think we will do what Congress
17 believes we should do and just do our best to make sure that
18 what is being proposed is not harming U.S. companies and
19 manufacturers who are trying to export their goods. So --

20 MS. GREGOIRE: So, Sydney, you raise a good point.
21 I'm not constrained as she is. Here's the, all personal,
22 here's my concern: You can not reauthorize us, you can
23 starve us to death, or you can reform us to death, and
24 you-all will get the same outcome. So I think it's
25 incumbent on us to look behind the reforms to see if, in

1 fact, they're intended to accomplish a more competitive,
2 streamline, effective, efficient Ex-Im or to kill it. And
3 as customers, this idea that you have to prove that you got
4 turned down by a commercial bank, even I -- and I'm not a
5 customer -- can figure out that that is not trying to
6 accomplish something that will help small business but, in
7 fact, will hurt small business. And I don't know if the
8 author knows that or not. I'm not saying that. I'm just
9 saying you have the knowledge and the insight that's really
10 important to advance forward about what these reforms will
11 actually do in terms of either helping or hurting small
12 business.

13 And so my point to you, Erin, is that, is that if
14 you can keep us informed about amendments -- so I'm not
15 asking you to value, no value judgment -- just tell us what
16 they are, then we can engage them -- and you don't have to
17 tell us whether you want us to or not; I mean, you can be
18 clean as a whistle -- but let us engage on those and add to
19 the conversation about what the ultimate impact is of that.

20 MR. THWAITES: That was where my question was
21 going. Thank you.

22 MS. GREGOIRE: Yes. Okay. Gwynne.

23 MS. SHOTWELL: I had a question on the Board of
24 Directors --

25 MS. GULICK: Uh-huh.

1 MS. SHOTWELL: -- and the requirements for a
2 quorum over 10 million. So could the three of you, do the
3 three of you count, Fred, since you're on the Board of
4 Directors?

5 MR. HOCHBERG: Well, currently we have four
6 directors. Wanda is the Vice Chair, Sean Mulvaney, Pat
7 Loui, and myself.

8 MS. SHOTWELL: Okay.

9 MR. HOCHBERG: Sean and Pat's term expires on July
10 20th. So --

11 MS. LOUI: Cold stop.

12 MR. HOCHBERG: Cold stop. Actually, to be
13 technical, their term expired January 20th. They're in
14 what's considered an extension period, and it is confusing.
15 Depending on when different agencies were chartered and who
16 the chairman was at the time, sometimes on some -- like, SEC
17 has different rules; the FTC has different rules --
18 sometimes people serve until they're replaced. In our case,
19 they serve and then they have a six-month extension for
20 continuity but no more than six months.

21 So Pat has been nominated. If her nomination is
22 not voted on by July 20th and no other Republicans are
23 nominated, then we fall to two people on the Board and are
24 not able to conduct business over \$10 million.

25 MS. GREGOIRE: Excuse me. There are four ways to

1 get us.

2 MS. LOUI: Yes. Yes.

3 MS. GREGOIRE: I stand corrected.

4 MS. LOUI: There'd still be four.

5 MS. SHOTWELL: Is there any indication that the
6 two Republicans will be nominated, or is this really a
7 blocking maneuver?

8 MR. HOCHBERG: Director Mulvaney, do you want to
9 respond?

10 MR. MULVANEY: You know, I don't really know the
11 answer to that question, and it's really all above my pay
12 grade, you know. At this point, really it is between the
13 White House and the Senate Majority Leader's Office.

14 MS. GULICK: Typically, what happens is Senator
15 McConnell, as the Republican leader in the Senate, will put
16 forth two candidates to the White House for consideration
17 and then the White House will do their vetting and then they
18 will put forward the nominees back to the Senate.

19 MS. SHOTWELL: And have they gone to the White
20 House?

21 MS. GULICK: It's my understanding that the White
22 House has not received any candidates from Senator
23 McConnell's office.

24 MS. SHOTWELL: All right. Thank you.

25 MR. PERCIASEPE: Is this another part --

1 MS. GREGOIRE: Bob.

2 MR. PERCIASEPE: I'm just commenting, Chair, on
3 the starving concept. This is the non-financial starving
4 but --

5 MS. GREGOIRE: Yes.

6 MR. PERCIASEPE: -- could be similarly situated --

7 MS. GREGOIRE: Right.

8 MR. PERCIASEPE: -- but it's not like most of the
9 federal agencies that don't have anybody confirmed except
10 the Canada agency.

11 MS. GREGOIRE: Right.

12 MR. PERCIASEPE: Sorry, I forgot to use the
13 microphone. I was just curious on the follow-up to the
14 question on -- I had a similar question on the reforms and
15 whether or not the two bills that are out there that have,
16 as you pointed out, the majority of the House of
17 Representatives on them and, you know, it seems like a good
18 group on the Senate side, but the two bills that are out
19 there, is there any convergence on reform measures in there?
20 You know, this would not have to require anybody having an
21 opinion. This is just a fact. Is there, like, reform
22 measures that are on both of those that seem, like, doable?
23 MS. GULICK: There are, like, one or two sections
24 where they use identical language, but then there's about
25 probably a little over a dozen that they have similar titles

1 but different intents. So, for example, there is a
2 provision relating to -- well, even with the extension,
3 like. So they both extend us but just for different time
4 periods. Another example is they both codify the chief risk
5 officer position but they do it in different ways and have
6 different duties and responsibilities assigned to that
7 position. They also both have employee financial
8 disclosures, which I will note the Bank already does, but
9 they, again, do it in different ways.

10 So, in many ways, there are convergences but the
11 substance is different, and for the Bank and in practical
12 terms, the substance obviously makes a difference.

13 MR. PERCIASEPE: Yeah.

14 MS. GULICK: The bipartisan Senate bill, I think,
15 is considering a number of the same provisions that were put
16 forth in the Fincher and the Waters text. They, too, are
17 taking a slightly different approach on some of the
18 substance of the language as well, but I think they all kind
19 of get at similar ideas to the extent that I think there is
20 enough in that perfect circle that we can move forward. So
21 I think, generally, we view this positively in that there's
22 enough overlap that I think it provides a significant path
23 forward.

24 MS. GREGOIRE: Can you hang tough for one sec?

25 MS. GULICK: Yeah.

1 MS. GREGOIRE: Are there any members of the public
2 who want to come forward and make comment, because we have a
3 specific time and I don't want to miss the time? Any public
4 comments at all?

5 (No audible response.)

6 MS. GREGOIRE: Okay. Go ahead. Somebody had a
7 question.

8 MR. NELSON: Oh, I was going to say, I read that
9 Fincher bill last night, and it seems to me that there's no
10 way the Bank could really function with the terms of that
11 bill. Do they realize that? I mean, it's really, really
12 written to kill the Bank, in my opinion. You know, they put
13 the cap on the Bank. So a bank that doesn't have any money
14 to lend, you know, how do you operate? I mean, there were
15 so many things, not just that. There was a list of things
16 that were not workable from, you know, I'm not part of the
17 Bank, but when I read that, it's like, well, how would the
18 Bank even operate? So hopefully, the Fincher bill doesn't
19 pass the way it's written. Hopefully, the Senate and the
20 House can negotiate something a lot better than what they've
21 got so far.

22 MS. GULICK: I think the Fincher bill did a really
23 good job of moving the conversation forward. It really put
24 a lot of momentum behind the discussion as to what reforms
25 are workable, what aren't and was a good idea starter. I

1 think it does present significant challenges if it were to
2 be implemented, and we have shared our concerns with the
3 Fincher office as well as the Senate offices, who have asked
4 for technical feedback on certain provisions relating to the
5 Fincher bill, because, yes, there are definite challenges
6 and certain provisions that we would find very hard to do.
7 But that being said, I think it was, it was very good of him
8 to at least get the conversation started and to get 57 other
9 Republicans to publicly support the reauthorization of the
10 Bank.

11 MS. GREGOIRE: If I can say -- reinforce what Erin
12 has said but say it in a little bit different way. I
13 cheered when this happened, and I hadn't read it and I
14 didn't care what it said because what it did is it made
15 clear that if you can get it up for a vote on the House,
16 we've got enough votes to get it passed. Now, that was a
17 good message to the speaker, that there are enough votes.

18 So the ramifications of him just putting this out
19 are significant, irrespective of the content. Now it's our
20 job to try and get folks to understand. Some of it is
21 troublesome. I personally have really high hopes in the
22 Senate, but I'm also very concerned about coal in the
23 Senate, which can be a deal breaker as well, and there's so
24 little attention paid to what's going on in the Senate, but
25 behind the scenes, I know that is a huge issue. Do either

1 of you want to comment on that?

2 MS. GULICK: Yes. That's a really great point,
3 Governor Gregoire.

4 MS. GREGOIRE: And that's all I have to say.

5 MS. GULICK: Coal is a challenging issue in the
6 Senate. I think over the past years environmental
7 regulations in general have been under significant
8 discussion in a variety of different formats in the Senate,
9 and I think this is also one of, one of those challenges. I
10 think a group of senators is trying to find a way to move
11 forward on that. I don't know if they will be able to find
12 that, but I'm hopeful that they will be able to find
13 something that they can feel comfortable with.

14 That being said, obviously our position is that we
15 still do not support the continuation of the high-carbon --
16 the supplemental high-carbon intensity guidelines that the
17 board approved a couple of years ago. We've continued to
18 express our concern with the continuation of that policy,
19 and I think it's just kind of like the other reforms: it's
20 up to the legislators to decide how they feel they can move
21 forward on those, but it is certainly a major discussion
22 within the Democratic caucus.

23 MR. NELSON: So do you think neglect is another
24 strategy?

25 MS. GULICK: I'm sorry?

1 MR. NELSON: Do you think neglect is another
2 strategy?

3 MS. GULICK: It's certainly a possibility. I
4 think, given the number of people who have expressed support
5 for the bill, I certainly hope that they will not allow it
6 to be neglected. I think -- obviously, it's March 18th, or
7 the 19th, and you know, there are, I think, 11 legislative
8 workweeks left in the House and, I think, 12 in the Senate.
9 So there is certainly a limited time to get stuff done. We
10 are eager to see action being taken.

11 The activities yesterday in the House, I think,
12 are a good indicator that members are starting to have that
13 sense of urgency that we feel is needed, and I think we will
14 probably continue to see that activity play out a little bit
15 further as the time draws closer, but I think,
16 unfortunately, I think this Congress is going to continue to
17 have challenges, just like we saw with the DHS vote that
18 took place a couple of weeks ago. I think they're just
19 trying to work out how they're going to move forward on a
20 variety of paths, and we are just one of those items for
21 discussion.

22 MR. NELSON: So then what happens if they don't
23 bring it up for a vote?

24 MS. GULICK: Well, if, come June 30th, we have not
25 been voted on, then we can no longer do new transactions as

1 of July 1st.

2 MR. NELSON: And who can, I guess, prevent it from
3 coming up for a vote? Is that McCarthy?

4 MS. GULICK: Well, it depends. House and Senate
5 procedures are different. Generally, there's a couple paths
6 to the floor. In the House the most common way to get to
7 the floor is going through committee, so in this case, House
8 Financial Services Committee, and Chairman Hensarling would
9 have to want to bring it up in committee. Then you
10 typically would do a hearing and then a markup, and then it
11 moves to the House floor.

12 That's not the case in every piece of legislation.
13 Sometimes when the speaker or House leadership feels that
14 there is enough support from within their caucus to move a
15 bill onto the floor and bypass the committee -- that does
16 happen and more frequently than not; so that wouldn't be an
17 uncommon thing to happen --

18 MS. GREGOIRE: That's what happened last time.

19 MS. GULICK: Yeah -- and then once it moves to the
20 floor, it typically, there's, in the House, what's -- you
21 have the Rules Committee which then kind of dictates the
22 parameters of debate and the number of amendments that can
23 be brought up and the time period for debating a bill, and
24 then it's voted on on the House floor.

25 So in the House it would be either through the

1 chairman or the speaker driving that, but generally, it is
2 both -- typically, both of those positions act in a way that
3 tries to best reflect the will and desire of their caucus.
4 So that then requires them to hear from their caucus members
5 that there is a significant desire to move this, and this
6 certainly did happen in a number of instances.

7 And then the Senate's -- the Senate is a different
8 thing. Similarly, it can either go through a committee or
9 just go straight to the floor, but again, it's going to be a
10 matter of whether or not the leadership feels that there is
11 a significant majority of their caucus that wants to move
12 the legislation forward --

13 MR. NELSON: I was just going to --

14 MS. GULICK: -- and it could -- sorry.

15 MR. NELSON: I was just going to say, when I met
16 with McCarthy three weeks ago, he said that he would not
17 push it through, that it would have to come through
18 committee. So then, I guess, that brings it to Hensarling,
19 chairman of the committee. So --

20 MS. GREGOIRE: But --

21 MR. NELSON: -- it sounds like we have some work
22 to do on --

23 MS. GULICK: Yeah.

24 MR. NELSON: -- Hensarling and McCarthy.

25 MS. GULICK: And an --

1 MS. GREGOIRE: But can I just offer --

2 MS. GULICK: Uh-huh.

3 MS. GREGOIRE: -- that the system here is so
4 complicated. There are other ways you can do this. You can
5 find some bill and get attached to that bill, and there is
6 talk about that. So it isn't a finely tuned, well-oiled
7 machine here that has a set of rules that they live by.

8 MR. NELSON: Okay.

9 MS. GULICK: Right.

10 MS. GREGOIRE: Luis, then Owen, then Bob.

11 MR. UBINAS: So I'll just make a point I've made
12 before. I think we have to be very careful with the use of
13 the term reform.

14 MS. GREGOIRE: With what?

15 MR. UBINAS: With the use of the term reform. A
16 lot of what's being talked about here isn't in the category
17 of reform. Putting a cap, for example, on the size of the
18 Bank isn't a reform. It's a decision, and it may be a good
19 decision or a bad decision, but it's not a reform. Shifting
20 the emphasis from large business to small business is a
21 strategic decision, not necessarily a reform. The issue
22 with talking about it as a reform, especially internally, is
23 that it communicates, the way reform is understood, that
24 there's something broken or wrong; that the people who work
25 at the organization, it needs to be reformed, part of an

1 institution requiring reform.

2 Reform means something and words mean something,
3 and when we see the words and we see the ideas, it puts us
4 on the defensive in a way that, I think, doesn't help. Now,
5 we may have to use that language externally in certain
6 places, but I think we should be careful internally using
7 that language because much of what's being discussed are
8 substantive, reasonable-to-discuss, strategic questions that
9 are not reforms.

10 MR. STEPHENS: Yeah. That's very well said, and
11 as somebody that's new to the committee, I really have no
12 understanding or appreciation of the 12, still call it
13 reform, but changes that were proposed the last
14 reauthorization. It would be great for us to have an
15 understanding of what those were and what was the logic
16 behind it, but every organization changes, every
17 organization evolves, every organization has initiatives
18 that don't include the word reform. And so as I sit here
19 and listen to this, I wonder, well, why don't we -- we've
20 already talked about the things we want to do strategically;
21 why don't we really wrap that around, hey, we want to be
22 better than what we have been, and there's nothing that you
23 got to be apologetic about for that, and what is that, and
24 to be kind of bold about it, and you don't have to use the
25 word reform. But I don't know really, when I have, when I

1 write my letters, well, listen we need some reform, what
2 would that be? I'm kind of ignorant of that. I don't
3 really know, honestly, how to speak to it. So it would be
4 helpful if we had some --

5 MS. GREGOIRE: So, Scott, last year --

6 MR. HOCHBERG: Let me -- oh.

7 MS. GREGOIRE: -- you put together a sheet that
8 had the reforms that they had asked be put in place and, as
9 I recall, the dates and so on at which they had been
10 implemented.

11 MR. HOCHBERG: Yes. I think Lee is going to go
12 get that. We have it.

13 MS. GREGOIRE: Okay.

14 MS. GULICK: Yeah.

15 MR. HOCHBERG: We have it. We'll hand it out.
16 It's a two-pager.

17 MS. GULICK: We have it. Lee will go, bring some.

18 MS. GREGOIRE: Owen.

19 MR. HERRNSTADT: Yeah, I wanted to really pick up
20 on what Luis said. I had a similar issue about what's
21 reform and what isn't. So if so-called reform is that the
22 Bank leads the way in negotiating the end or the elimination
23 of export credit agencies, that's not really a reform.
24 That's really killing export credit agencies and starting
25 off here at home on it.

1 I just came from a meeting with several hundred of
2 our members, and you know, the Bank was one of the big
3 issues that we raised because they see it as an export
4 issue, as an issue that helps, that helps drive their own
5 jobs. And I've said this before, but for our members, for
6 real people that are out there, it just, it's mind-boggling
7 that we're even in this discussion at all because here we
8 have the Bank, which helps jobs and helps exporters and
9 helps the U.S. economy, and then we get involved still in
10 this ideological debate that I'm afraid is really fueling a
11 lot of this.

12 And, you know, for our members, look, we -- you
13 heard my questions for Mr. Furman -- obviously we oppose the
14 fast track, we oppose the TPP, and we oppose the current
15 trade policy, but for goodness sake, this is one issue where
16 we agree with so many businesses and so many business
17 groups. And in this day and age, when you get such an
18 agreement between labor and business groups and our members
19 understand this and it is just absolutely -- well, it plays
20 into the worst fears of cynicism and of really disengagement
21 about what goes on in Washington when we see this morass,
22 which, quite honestly, you know, I'm with you, Don, first,
23 it's impossible to explain what's going on because it really
24 just doesn't make sense on it, and it's just really, really
25 troubling. It's really troubling.

1 MR. HOCHBERG: I think part of the, if I can, I'll
2 just comment, I think that the -- you know, in other issues
3 we've seen in Washington, whether you like the health care
4 law or the highway bill or so forth, they tend to be
5 different stakeholders who like it to move in one direction
6 or another. The reforms that have been suggested have not
7 come from exporters, have not come from their customers,
8 have not come from the banks, and have not come from
9 brokers. So they have come from members of Congress, you
10 know. In other words, so the reforms are not like users are
11 saying, this isn't working; you need to reform, to work
12 better for me. And there have been some on governance
13 issues, that some board members have felt that their needs
14 to be a change in some of the governance issues, but -- so
15 the reforms have not come from the typical places where
16 people say, well, a piece of legislation is up, we'd like to
17 see it work better for X or Y than it does today.

18 MS. GREGOIRE: Bob. So I come from a state that
19 doesn't have the same problems that we're seeing here, but
20 whenever you get into something that's a little bit
21 controversial, you see the exact same thing, you-all. I
22 mean, it's no different than the state legislature. I would
23 go in as governor and be frustrated because they'd be
24 calling for reform. So I'd bring them in, and I'd say,
25 well, what do you mean by reform, I am happy to help you

1 achieve it, what do you mean, and the answer always was,
2 don't know but, unless we get it, we're not voting on a
3 budget.

4 MR. HOCHBERG: That sounds really familiar.

5 MS. GREGOIRE: So, I mean, so it's impossible to
6 explain it. It is what it is, and so I, as frustrating as
7 this is, because it's just as mind-boggling to me as well,
8 we just have to hang in there and sort out fact from fiction
9 and sort out, particularly when it comes to reform, those
10 which are, as folks who are familiar with the Bank and
11 customers of the Bank, that yeah, that's fine, we ought to
12 be doing that, that's good, that's important, from those
13 that that's, you're going to kill the Bank; if that's your
14 intention, mission accomplished, but in terms of us, you're
15 going to kill us while you kill the Bank. So I just think
16 we just have to hang in there through all this frustration
17 and do everything we can to sort out fact from fiction and
18 get those who are users to get to Congress.

19 The other thing I will share with you, in a
20 legislative arena, get lobbyists and so on and so forth, and
21 they come and there's some deference, depending on who they
22 are and how they say it and so on and so forth; get someone
23 like you to come, who's a real-life, on-the-ground, human
24 being user, everybody stops, everybody listens, and then
25 when you say, and oh, by the way, I'm from state X and there

1 are how many other of me out there, now we're beginning to
2 touch them really where it hurts, without pause.

3 That's what really is impactful, when they know
4 what the consequences of their action or inaction are and
5 when they know who is impacted and that those represent
6 real-life human beings and businesses and people whose
7 livelihoods depend on it. That's what moves them, and
8 that's why you all and your associates are so critical to
9 this. You can't rely on big business, big organizations,
10 you know, big lobbyists. That is not going to move these
11 guys. What's going to move them are people like you, who
12 have the experience, whom they can identify with in their
13 own home state: You are one of how many, and now I get how
14 devastating this can be. That's what will make things
15 happen up there, and until and unless they hear that and get
16 it, we're going to be in this very frustrating dilemma. May
17 the force be with you, my dear.

18 MS. GULICK: Thank you. Thank you. Yes, that was
19 well said. Members do like to hear from their constituents,
20 and oh, Lee and James were kind enough to pass around our
21 reform fact sheet. So you can see what exactly we did, and
22 I will try and kind of send some greater information to the
23 Advisory Committee on the legislation that's out there as
24 well. So -- and in the meantime, if you have any questions,
25 please feel free to ask.

1 MS. GREGOIRE: Yes, I think it will be very
2 important to keep us --

3 MS. GULICK: Uh-huh.

4 MS. GREGOIRE: -- up to date on the facts --

5 MS. GULICK: Uh-huh.

6 MS. GREGOIRE: -- of what's going on.

7 MS. GULICK: Yeah, definitely.

8 MS. GREGOIRE: Thanks, Erin, very much.

9 MS. GULICK: All right.

10 MS. GREGOIRE: Oh, Caroline.

11 MS. FREUND: I just wanted to ask a question about
12 the reform sheet. So did the reforms from the previous time
13 save money or cost money if you tallied it up?

14 MS. GREGOIRE: You know, I don't, I don't know the
15 answer.

16 MR. SCHLOEGEL: The answer is yes.

17 MS. GULICK: Yeah, yes to both, yeah. No. Yeah,
18 I'm not really sure, sorry.

19 MS. GREGOIRE: Okay. Any other questions,
20 comments for the good of the order, you-all?

21 MS. FULTON: Yeah. May I?

22 MS. GREGOIRE: Yes, yes, please.

23 MS. FULTON: Just so you'll know, when you come to
24 Washington as an Advisory Board member, reach out to your
25 congressmen, reach out to your senators. They will see you.

1 Gaurab did a fantastic job getting me really quick
2 information that pertained to North Carolina; as well as,
3 the USGLC will get you that information, and like the
4 governor said, if you make it personal -- to North Carolina,
5 they had no idea that, if Senator Tillis didn't get on board
6 and understand this, that he would put 16,000 people out of
7 work in North Carolina. Well, if you look at our largest
8 county in North Carolina, there's only two employers that
9 employ over 16,000 people. So he was going to affect the
10 entire state.

11 So the resources are there. You just have to ask
12 for it, and you probably might not have known, you can get
13 them within 24 hours. Gaurab's great. So thank you. So
14 it's there, just ask.

15 MS. GULICK: To that point, we do have a
16 congressional map on the website. If you just go to
17 exim.gov, you'll see the state. You can click on the state,
18 but then you can also narrow it down by your congressional
19 district, either by, if you happen to know your current
20 congressional district, which many people don't, but they do
21 know their representative, you can also search by your
22 representative, as well, on that -- details the export
23 information that we've done, I think, for the last five
24 years. So --

25 MS. GREGOIRE: Thank you.

1 MS. GULICK: Thanks.

2 MS. GREGOIRE: Mr. Chairman.

3 MR. HOCHBERG: Quickly, don't run too fast. We're
4 going to take a fast picture because we want to make sure we
5 get it in the Competitiveness Report, because if we take the
6 picture at the next meeting, we'll be close to the printing
7 deadline. So I know everybody looks spectacular for a
8 photograph today.

9 Two, the next meeting -- I just looked it up on
10 the calendar, just to remind everybody -- is May 20th. It's
11 a Wednesday, and that'll be, and then we'll be publishing
12 the report within the next few weeks of that.

13 And then, lastly, I publicly just want to
14 acknowledge -- some of you obviously heard -- Gaurab Bansal,
15 who is deputy chief of staff, who's been the key point of
16 contact for the Advisory Committee, is going to be departing
17 to the White House to be deputy Cabinet secretary. So we
18 want to just all publicly acknowledge him, and I even saw a
19 fleeting appearance by Carolyn --

20 MS. GREGOIRE: Where did she go?

21 MR. HOCHBERG: -- Schopp, who was here, who was
22 our director of Scheduling and just had a baby. Is the baby
23 next door? So we're going to take -- where are we taking
24 the picture?

25 MS. SHEPPERD: We're going to take it right here.

1 MR. HOCHBERG: Right here? Okay. So we need the
2 board members and the Advisory Committee to sort of come to
3 this end of the room. We'll take a fast picture so
4 everybody can get on their way, and then if you'd like to
5 meet Carolyn and Baby Schopp next door.


6 (Whereupon, at 2:55 p.m., the meeting was
7 concluded.)

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Digitally signed by Wendy Campos

ELECTRONIC CERTIFICATE

DEPOSITION SERVICES, INC., hereby certifies that the attached pages represent an accurate transcript of the electronic sound recording of the proceedings before the Export-Import Bank of the United States Meeting of the Board of Directors on March 18, 2015.



March 26, 2015

Transcriber

Date

EXPORT-IMPORT BANK OF THE UNITED STATES

ADVISORY COMMITTEE

Wednesday, May 20, 2015

11:18 A.M.

Export-Import Bank
811 Vermont Avenue, N.W.
Washington, D.C. 20571

PRESENT:

Fred P. Hochberg
Wanda Felton
Sean Mulvaney
Patricia Loui
Christine Gregoire
Matthew Slaughter
Steve Stephens
Gabriel Ojeda
Mary Howe
Caroline Freund
Sydney Thwaites
Celeste Drake
Bob Perciasepe
Jay White
Don Nelson
Niki Shepperd

PRESENTERS:

Jim Cruse
Julie Kalishman
Jeff Zients
Rory MacFarquhar
Erin Gulick
Stephanie Thum

Deposition Services, Inc.

12321 Middlebrook Road, Suite 210
Germantown, MD 20874

Tel: (301) 881-3344 Fax: (301) 881-3338

info@DepositionServices.com www.DepositionServices.com

P R O C E E D I N G S

MS. GREGOIRE: Good morning, everyone.

UNIDENTIFIED SPEAKERS: Good morning.

MS. GREGOIRE: Thank you all for being here.

We've got a very important, one of our most important meetings today, and Caroline is going to see us through that, along with Jim Cruse and some folks from the Bank. I think all of us were here last time except for Matt, and -- Matt Slaughter -- and the reason he was not in attendance is because, as I understand it, he was in the process and culminated in tremendous success: he is the new dean -- why don't you tell us.

MR. SLAUGHTER: Oh, that's kind, Christine. So I'm the, becoming the new dean of the business school at Dartmouth, at the Tuck School of Business. So that was in process at the last meeting, and officially it starts July 1, but there's a lot happening. So thank you for that, Governor. That's very kind.

MS. GREGOIRE: Congratulations. As I mentioned to you in the other room, you hit the right meeting.

MR. SLAUGHTER: Indeed, you're right about that.

MS. GREGOIRE: Yes. Congratulations from all of us.

MR. SLAUGHTER: Thank you.

MS. GREGOIRE: Yes. So let us begin because we've

1 got a lot of work to be done today, particularly on the
2 number one mandated responsibility of this committee, and
3 that is our comments with respect to the Competitiveness
4 Report. I hope you all have had a chance to look through
5 the report.

6 Before you is a draft letter from us, and Caroline
7 and myself have had some input into that. We want to talk
8 about that in more detail later. The subcommittee this
9 morning is going to make some recommendations on revisions
10 with respect to that letter and take your comments and
11 incorporate them as well. This, obviously, is a very
12 important part of the role of the group. So please do take
13 a chance, read through it, make sure it reflects kind of
14 your thinking, our collective thinking on what we feel about
15 the Competitiveness Report and any recommendations,
16 importantly, that we would make to the Bank for improvements
17 for the future.

18 I can tell you from my own experience last year
19 how -- or last two years, actually -- how very seriously
20 Fred and the entire team take the recommendations, and
21 without a beat, those recommendations are implemented over
22 the course of the year, and we'll talk a little bit about
23 commending them with respect to doing so. So they take it
24 very, very seriously, as do we.

25 So with that, let me turn it over to the chair and

1 ask him for an update. Mr. Fred.

2 MR. HOCHBERG: Okay. Well, once again, thank you
3 all, committee members, for taking the time out of your
4 schedules, and busy schedules, to fly in and spend this day
5 with us. And I don't want to rank order them, but yes, this
6 -- in some ways, this is the more, most critical meeting we
7 have of the year because the mandate for an advisory
8 committee is to actually make comment on the competitiveness
9 that we survey each year, and Jim will go into a lot of the
10 more detailed and finer parts of the, of the Competitiveness
11 Report, but this has a critical nature. And I tried to make
12 the rounds and see some of the subcommittees, and I would
13 say that increasingly, Policy and Planning and working with
14 our Communications Department, we've been able to really get
15 this message out much more clearly to policy makers so that
16 they can focus. What we'd like them to focus on is focus on
17 the importance of what kind of competitive environment there
18 is right now and what role we can play in being a
19 competitive tool so that U.S. companies, U.S. exporters and
20 their workers get a fair shot at selling overseas.

21 We have a particularly busy quarter ahead of us.
22 A little later Erin Gulick, who is our head of Leg. Affairs,
23 is going to talk a little bit about the legislative
24 landscape that I'm sure a number of you have read about in
25 the newspapers. It's not been a particular -- it's been a

1 particularly active and public campaign.

2 So, as I said, we're going to talk mostly about
3 the Competitiveness Report and things that we've been
4 monitoring. One of the takeaways clearly is that there is
5 not a slowdown in export credit agency support globally; in
6 fact, I would say it's accelerating. And I think one of the
7 things that's come to light for those of you who joined us
8 at the annual conference -- and Christine Lagarde made
9 mention in her keynote address, and I met with the World
10 Trade Organization, the director, just last week -- just the
11 considerable headwinds that have faced exporters in general.

12 Leading up to the financial crisis, exports were,
13 globally, globally, were running about twice the rate of
14 global GDP. So if global GDP was growing at three percent,
15 exports were growing about six percent. As a result of the
16 financial crisis, exports are now at par with global GDP, so
17 in that three percent range. So that, in some ways, has
18 made it much more competitive because you've got -- it's a
19 much more competitive field right now, and I think we've
20 seen that, and I'm anxious to hear from the businesses that
21 are in the room, their perspective on how that competition
22 has impacted their companies.

23 Additionally, I would say that what we are seeing,
24 also, and -- both in the report and I think from our
25 firsthand experience with other export credit agencies, more

1 and more countries are also relying on exports to sort of
2 pull their economies out of a slow-growth economy that
3 they've been in, and we certainly see that in Europe,
4 certainly see that in Asia, and certainly see that with a
5 number of trends, which we'll talk about a little later,
6 such as the Asian Infrastructure Bank and other things.
7 There's a greater reliance on exports as an economic driver.

8 The banking market has recovered in many ways.
9 You know, there's been lower reliance on Ex-Im in this past
10 year than even the year before, and if I look at 2012, our
11 high mark of over 36 billion, and we look at just 2014, two
12 years later, we did about 20 billion, about a 45 percent
13 reduction in use of Ex-Im, not in the small business space,
14 but in the larger infrastructure projects. So that partly
15 talks about the health of the banking system. The other
16 thing, we have things like Basel III and so forth that are
17 also factors we're trying to factor in. So there are a lot
18 more factors today than even, I would say, five -- when I
19 joined the bank six years ago and certainly five and 10
20 years ago.

21 I would say the other thing we have seen is,
22 besides just some slowdown, the areas that we have had a lot
23 of engagement with as a financing tool -- in commodities, in
24 energy, in mining -- coupled with the drop in the price of
25 oil that we've experienced in the last several months, that

1 certainly had a large impact on the kind of new projects
2 that are going out there and so somewhat of, also, a little
3 less reliance on Ex-Im in that regard.

4 Furthermore, I think we'll see in the report and
5 as Jim will talk about, there's still, you know, a great
6 deal of opaqueness that we find in some of the partners we
7 have, and we're hoping that -- you know, we're the only --
8 this is a very well-read report. It's well read by all 60
9 other export credit agencies. They're very happy to have
10 this very transparent view into how we see things, and
11 nobody else does this. We're the only export credit agency
12 that does this, and I'm proud of that, and I'm proud of our
13 country and proud of our Congress that we do that, but let's
14 make no mistake, this is a very well-read and
15 well-anticipated report every June by the other 60 export
16 credit agencies of the world.

17 One of the other big takeaways, obviously, is that
18 we continue to see that where we abide by something called
19 the OECD, Organisation for Economic Co-operation and
20 Development, to guide the term and the tenor of our loans,
21 today -- and Julie and Jim who worked on this -- you know,
22 it's down to about a third, whereas 15, 16 years ago it was
23 100 percent. That's a precipitous drop in terms of
24 rules-based financing. Rules-based financing follows
25 certain guidelines that are universal. That's a very --

1 that's a large number. I sometimes call it the Wild West,
2 where we just have work that's outside of that framework,
3 and some of that isn't exactly apples to apples; you know,
4 it's things such as untied financing.

5 I'll give you an illustration, that Brad and Erin
6 and I were visiting a U.S. exporter and talked about in
7 South Africa where, at the -- they divided a locomotive
8 order between half U.S., half Chinese, and not -- I don't
9 think it's a coincidence, but about a month or so before the
10 bids were finalized, China made a \$5 billion loan to the
11 rail authority for track improvement, signal improvement,
12 and so forth, just coincidentally, and coincidentally, six
13 or eight weeks later they got half the order for
14 locomotives. I don't think those are really unrelated.
15 They're not tied, but they're not unrelated. So there are a
16 number of complex factors that we're trying to work with.

17 So I would say that -- in summing it up, I would
18 say that the three major changes I think we see that we're
19 going to talk a little bit about today is, one, just the
20 change in the banking environment to Basel III and so forth;
21 two, that there's less financing, that's part of the OECD,
22 following that framework; and, third, which continues, and
23 that is, and particularly, I'm not trying to -- well, China
24 is just, is a very dominate player in that, and China has
25 shown, sort of, no abatement in terms of that, although we

1 are in negotiation with them on the International Working
2 Group. We're looking to find some common ground so that we
3 can all move forward, but that's, that's, that's progress
4 that's being made, but frankly, it's slow progress, and it's
5 not surprising it's slow progress. These are -- to do a
6 complex multilateral, to deal with different economies,
7 different approaches to the economy, different approaches to
8 banking is not, doesn't happen that quickly and that simply.

9 So I would just want to close with that. I mean,
10 I think that we're going to hear -- a little bit later,
11 obviously, we're going to talk about the finalized letter to
12 Congress. We're going to have -- Jeff Zients is going to
13 join us right after lunch. He's the director of the
14 National Economic Council, is going to talk about their
15 work, talk about TPA, TPP. He'll obviously talk about Ex-Im
16 at the same time and how all that fits together. And we'll
17 also, importantly -- I think Stephanie is here or she's
18 going to be joining us a little later -- we're going to be
19 looking at our customers and our customer survey that we've
20 recently done, and I think at the end of the day, while we
21 at Ex-Im are working on our reauthorization, which we'll
22 talk about, what I've said to everybody at the Bank is, the
23 best way for us to have a really good reauthorization is to
24 keep doing a really great job for our customers, and the
25 better job we do for our customers, that, one, that's how we

1 support more jobs, that's how we -- that's what we're here
2 to do, and that's the best thing each, all 450 of our
3 employees can do, is just keep doing the right thing for our
4 customers, and I think we'll have a very good outcome.

5 So I just want to thank you all, and I will only
6 share one last thing. I had a hearing yesterday, a very
7 good hearing, by Congressman Poe of Houston, Texas, who had
8 a hearing in the House Financial Affairs -- Financial
9 Affairs?

10 MR. NELSON: Foreign Affairs.

11 MR. HOCHBERG: Foreign Affairs, sorry. Foreign
12 Affairs, excuse me -- Foreign Affairs Committee, and I got a
13 question about our Advisory Committee by, it was not the
14 friendliest person, and they questioned: Why do you have
15 customers on your Advisory Committee? That seems like --
16 you shouldn't have customers; that seems like they're
17 getting a special deal or so forth. And I explained how
18 that was not the case and that we have a -- we have very
19 ethical members of our Advisory Committee, we have a high
20 ethical standard, that our general counsel and Andrea
21 Bernardo goes through an ethics briefing, and the
22 congressman went on to say how he didn't understand that
23 because he sleeps with his wife every night and they share
24 everything, and I -- he didn't understand how that wasn't
25 the case here. I refrained from picking up on that analogy,

1 but we were saved by Congressman Brad Sherman of California,
2 if anyone is here from California, and he was the next
3 congressman. He said, it makes perfect sense that at the
4 Ex-Im Advisory Committee you'd have customers. He said, I
5 can't imagine Ruth's Chris having a bunch of vegans on their
6 advisory committee, telling them how to run a better
7 restaurant team.

8 So thank you all for not being vegans when it
9 comes to Ex-Im Bank. Thank you for being very engaged
10 customers, stakeholders, and very much engaged in our work
11 throughout because that's what makes this committee rich,
12 that's what makes the input you've given us rich, and that's
13 what makes this a better report every year. So thank you
14 for that, and I'll turn it back over to Chris.

15 MS. GREGOIRE: Thank you, Mr. Chair. So with
16 that, let's go ahead and get right into it. Jim, if you
17 would please come forward, and Jim, how long have you been
18 working on the Competitiveness Report? Not this one. How
19 many years?

20 MR. CRUSE: Well, it's -- the Competitiveness
21 Report was started in the mid-'70s. I was here when it
22 started, and I was part of the first one. So that means
23 roughly 40 years I've been working on the Competitiveness
24 Report. Didn't bring my copies of the first one, which was,
25 you know, about this thick, but --

1 MR. HOCHBERG: How many pages was that first one,
2 Jim?

3 MS. KALISHMAN: Seventeen.

4 MR. CRUSE: Ten or 15 pages, okay, and the survey
5 was a good portion of that. Anyway, my name is Jim Cruse,
6 head of Policy and Planning. I have brought up with me
7 Julie Kalishman, who is actually the organizer of this
8 report, and appropriately, there's a missing chair here for
9 Isabel Galdiz, who is the vice president for International
10 Relations and the main head of putting it together. So I
11 want you to be aware of the fact that though I've been
12 involved in it for a long time, actually my engagement is
13 more at the 20,000-foot level.

14 So I'm going to go over what this particular
15 report does in the context of giving you a perspective from
16 which you can draw on the conclusions that you wish to
17 communicate to the Congress, keeping in mind that you're not
18 editing the report; what you're doing is commenting on it in
19 terms of the message that you want to send to the Congress
20 and all the readers of this report over the next year. And,
21 as the chairman noted, while there are not a whole lot of
22 readers in the United States, there are a whole lot of
23 readers in the rest of the world, and they do read this
24 report quite assiduously with their yellow pens, underlining
25 the parts that are of interest to them. Okay?

1 Okay. With this, you get your choice. All right.
2 Which will I look at? I guess I'll look at that one. This
3 is our report, and I want to call particular attention to
4 this, this clause because there's been quite a bit of
5 contention over what we have made a focal point of this
6 report for the past few years, which is the fact that we
7 have begun to look at all of the financing that official
8 entities make available to their exporters in the pursuit of
9 business overall, and this is in our charter that we're
10 supposed to do a survey and write from that survey our
11 report of what the other major export financing facilities
12 available are. It does not specify that it would only be
13 official export credit, and this is a key point.

14 I don't know how many of you are involved in
15 getting financing or giving financing directly, but the fact
16 that -- official export credit is technically credit that
17 requires, requires a certain amount of domestic content. We
18 require 85 percent. Some countries require 50. Most
19 countries require less, but to be official export credit,
20 they all require some portion of the amount be spent on
21 their sourcing. However, they can provide financing, be it
22 called investment financing or untied financing, that also
23 supports their exports.

24 The key point is that when an export credit --
25 when an official export credit agency finances exports, it's

1 not necessarily official export credit. If they do it
2 accidentally or incidentally as part of, here, we give you
3 \$10 million, it's untied, you can spend it wherever you'd
4 like, if 2 million of that or 4 million of that happens to
5 be from our country, that's nice, but that's -- and that's
6 financing exports, but that doesn't make it official export
7 credit, okay, and that's why we have included all of these
8 other sources of financing.

9 Not only do they, to some extent, finance exports,
10 but they also provide funds for a buyer and for projects, in
11 particular; for larger transactions, in particular. Having
12 access to funds which you can use for a variety of purposes
13 -- buying the cement for the roads that you have to build
14 and everything else -- makes it that much more attractive.
15 And one of the key things that we have noticed emerging is
16 that countries are, in this day, when banks are making
17 themselves sort of less available to handle the caulking
18 between the different parts of an export transaction, that
19 ECAs are stepping up and saying, we'll provide you with
20 funds which you can use wherever you'd like and we'll also
21 provide you with official export credit and everything else,
22 and when they do that, they give you what is called the
23 complete package. You can go to them, and they say, how
24 much would you like officially and then would you like
25 another 100 million to do with whatever you'd like and, by

1 the way, if you want to invest in financing, if you'll make
2 a company from our country the lead contractor on all of
3 this, we'll give you investment funds. And I think you can
4 understand how a buyer facing that type of an option would
5 find it quite attractive to take in one or more of those
6 facilities. You can get straight export credit, you can get
7 some untied, and you can get some investment financing, and
8 the latter two, while it might finance 20, 30, 40 percent of
9 domestic financing, more importantly, it gives you enormous
10 flexibility and access to funds that is not that easy to get
11 in today's world.

12 And so we feel that since all of those funds can
13 finance exports -- and, in fact, in some countries the
14 amount of exports incidentally financed in untied is higher
15 than the amount required in other countries; example: the
16 UK only requires 20 percent UK content; in other countries,
17 as much as 30 to 40 percent of their untied actually goes to
18 domestic financing -- so we feel that, on that basis, all of
19 those pieces of financing are important to be lumped
20 together, looked at as one piece, and evaluated in terms of
21 the impact on U.S. competitiveness. I make a point of this
22 because there's an increasingly debate about the
23 appropriateness of our adding these apples and oranges, and
24 we think they're all pears, to tell you the truth. Okay?
25 We think they are quite comparable, and it's the appropriate

1 way to do it.

2 After that lesson the rest of this will make a
3 little more sense because that's an important distinction,
4 that we're not just looking at where domestic sourcing is
5 required. We're also looking at financing where domestic
6 sourcing happens. Okay?

7 Now, for example, if you just look at funding
8 under the OECD arrangement -- which is that set of rules
9 which governs official export credit where a certain amount
10 of domestic content is required -- in that context, you see
11 there is almost a 20 percent reduction in the amount of
12 financing. This is all part of the fact that since the apex
13 of the crisis in 2012, where the official export credit
14 number was more like 75, okay, it's been gradually coming
15 down due to the combination of sort of a global slowdown,
16 end of the commodity cycle, et cetera, and the fact that in
17 certain industries such as aircraft and ships the commercial
18 sector has stepped up quite significantly.

19 Both of those sectors have in common that they
20 have assets that are very transportable and therefore very
21 good security, and the commercial sources have latched onto
22 that type of financing as something they will do, okay, but
23 note that this goes down but, as we look at the other parts
24 of the world, the untied support and the investment support,
25 as you'll see as we move to some of the other slides, the

1 picture is much different. And it is, as I say, important
2 that, that when we talk about export credit financing, we
3 are not just talking about official export credit.

4 Untied support is almost always used by countries
5 to accomplish a national interest, and the example that I
6 always use is that the Japanese will provide untied
7 financing to a country that is developing an iron ore mine
8 or a coal mine or something that provides resources to
9 Japan. They need the iron ore. They need the coal. Okay?
10 Now, if it happens that they get 10, 20 percent exports to
11 boot, that's great. That's not their purpose for doing it,
12 but it definitely is a probable consequence, according to
13 all their own statistics.

14 Investment support is similar. They will provide
15 investment support, and -- which is not tied -- and most of
16 the times what it does require, however, is that the lead
17 contractor of a major project be from the country providing
18 the investment support and, as you can well imagine, if you
19 have a Japanese or Korean lead contractor, that many of the
20 firms that it will feel comfortable sourcing from, using and
21 depending on will be Korean or Japanese because they know
22 them, they trust them, they know what they can do, and so
23 having a lead contractor is not a minor consideration in
24 ultimate sourcing. So these are the two other programs that
25 we have included that we think are important in the overall

1 evaluation.

2 Now, what we do not talk about much in this report
3 but we have heard so many questions about -- so at least
4 we're going to explain why we don't talk about it -- is the
5 area of short-term support. There are two major different
6 philosophies regarding the provision of what we call trade
7 financing. In Asia there are almost no private sector
8 providers of trade financing. Therefore, in Asia the
9 official entities, the official ECAs have major and, if I
10 could use the word, massive facilities that finance
11 short-term exports. Look at China, Korea, and Japan. That
12 is because in those countries they do all of the trade
13 financing. Japan and Korea, most of their biggest obligor
14 is United States, and that's cars shipped to the United
15 States.

16 Their policies require that, as an exporter, if
17 you want coverage for any of your products, you have to give
18 coverage for all of your shipments to them. So to get
19 coverage on their shipments into Africa, they have to give
20 to Sinasure or Korea coverage on their shipments into the
21 United States, which are much less risky, but that's the
22 nature of the business. So you see massive numbers there.
23 That's like 98 percent of trade finance provided in those
24 countries.

25 And then you look at Italy, the United Kingdom,

1 even Germany, given that Germany is the largest exporter in
2 the world and you see only 17 million of short-term exports
3 there. That's because in those countries there's a highly
4 developed commercial sector, where there's Euler Hermes,
5 Coface, Atradius. The leading firms in the world that are
6 providing short-term commercial export credit are European.
7 All right? Therefore, those countries have next to no
8 short-term official export credit.

9 For us to try to compare Korea, Japan, and China
10 with Italy, the UK, and Germany in the world of short-term
11 insurance, we do not consider that doable, appropriate, or
12 relevant to this issue. That's not to say that short-term
13 credit can't be a competitive tool. All right? We're
14 simply saying that for us to measure it institutionally is a
15 true, more like a zebras-and-giraffes type of situation.
16 Willing to discuss it but that's why we don't do it. Okay?

17 MR. HOCHBERG: Jim, can I ask you a question? So
18 the short-term, that was a decision we made a number of
19 years back, it was not part of the mandate, or --

20 MR. CRUSE: Right, because if you look at the
21 mandate, it talks about the programs competitive, all right,
22 and since we could look to the East and see programs that
23 were massive and competitive, we look to the West and see no
24 programs at all -- in fact, in Europe, in the European
25 Union, they have a law that prohibits the provision of

1 export credit where there's a market, commercial market
2 available, and that's why most of those countries have very
3 little short-term export credit -- and so on the basis of
4 that dichotomy, we just felt that it wasn't possible or
5 appropriate given the intention of the Congress, which has
6 always been focused on -- at that time it was more like
7 mixed credits and this type of stuff; it was all in the
8 medium and long term. Given the technical difficulty and
9 the intention, we have always excluded it, and if we tried
10 to include it, it would take us probably another 100 pages
11 to explain the zebras-and-giraffes situation and to come out
12 with any type of conclusions, but it is our decision. We
13 could reverse it if we wished. Okay?

14 Looking at some of the major points of interest
15 over the report, we will note that the survey felt that the
16 Bank was adequate in terms of its risk-taking, which -- in
17 spite of the fact that over the years one of the major
18 complaints that we have heard is that exporters feel we
19 aren't sufficiently risk-aggressive. In next year's report,
20 we probably will have the results of more surveys that we
21 have done on that and be able to comment in a little more
22 depth.

23 Interest rates, here the thinking is, while we're
24 still quite competitive, in a world in which interest rates
25 are now almost always zero or negative, the advantage that

1 we held at the apex of the financial crisis isn't as great.
2 Financing is pretty available for medium-term-type business.
3 So our advantage in that area has decreased substantially.
4 Moreover, all the other countries are turning to creating
5 their own direct credit, direct financing facilities so that
6 they will no longer be at the mercy of commercial banks in
7 the provision of interest rates for the medium and long
8 term. So a combination of the market has sort of liquefied
9 and that everybody else is getting into the game means that
10 the advantage we held a few years ago has virtually
11 vanished.

12 In terms of two things that are usually of great
13 importance, one is project finance, which in all of the
14 world has gone down considerably except if it's related to
15 shipping in some way. That's gone down and is expected to
16 stay down until some of the major infrastructure projects
17 come on stream or some of the huge projects, such as the
18 East African LNG project, et cetera, come about.

19 The one thing we wanted to note, that even though
20 our support has declined, that OECD is actually doing quite
21 a bit of business in renewable. There is a separate section
22 of the OECD rules on renewable exports, and almost every
23 country now has a special facility and special effort on
24 renewable. And you can believe it that the Danes, with
25 their wind, et cetera, and some of the others, and the

1 Spanish, with their sun facilities, have become actually
2 fairly world leaders in some of this stuff.

3 So the OECD rules can have an impact because we
4 passed about 10 years ago these rules to encourage this, and
5 whether it's correlated or accidental, the activity since
6 then has been significantly increased. So there is some
7 degree of push-pull with the OECD.

8 Now, here is the type of comparison that I've
9 alerted you to that is somewhat debatable, arguable, and
10 contentious. Here we have combined in those three countries
11 their untied facilities, their investment facilities, and
12 their official export credit facilities, and you can see on
13 that basis there has been anything but a decline in activity
14 and, on that basis, there's been roughly a 20 percent
15 increase in activity. And that's because the areas of major
16 increase in export-related, trade-related financing have
17 been in China with its standard programs, which are outside
18 of the OECD rules; and, in the Japanese and Korean, untied
19 in investment financing. Those three areas are growing.
20 Almost everything else in the world of export credit is
21 stable or shrinking. Okay?

22 Now, that gives you a sense of where the dynamics
23 are, where the competitive pressures are. For example, with
24 China -- at the meeting last week, where all of the major
25 ECAs had a roundtable and you sort of did a tour de table

1 and everybody talked about their activity, and you have 35,
2 40 medium-term ECAs up, a little down, a little equal, and
3 then you get to the Chinese. They had doubled in their
4 official export credit, and not only did they expect their
5 next year to double, they couldn't understand why everybody
6 else was so stable, because in their opinion, all of the
7 national initiatives that you hear about coming from China,
8 such as the Silk Road project and the Asian Investment Bank,
9 and all of the funds that they're pouring into these type of
10 outreach, international economic activities, are going to be
11 supported by their export credit institutions. So while the
12 rest of the world is looking on official export credit
13 that's stable to down to a little up, plus or minus five or
14 10 percent, the Chinese are looking at growth in the
15 neighborhood of 50 to 100 percent. Okay?

16 So that gives you a sense of where they see the
17 world going, and the Japanese and Koreans, who see that
18 competition most intensely, have beefed up their untied
19 investment support to do whatever they can to play in the
20 game that the Chinese are creating, and that's why I call
21 this the Asian model of providing financing through three
22 different windows, where you more or less go to a buyer and
23 say, here's your, quote, Chinese menu, like you're dining,
24 all right, pick one from, from whatever line you want and
25 mix and match it to your heart's content. And on that

1 basis, we do believe that there's a significant dynamic
2 within the world of export credit that is affecting the
3 sourcing, and it's not something that we're recommending
4 that the U.S. adopt, but most importantly, what we're saying
5 to the rest of the world is, you best take notice, these
6 ECAs have figured out a way to take advantage of their
7 comparative advantage, which is that they have access to a
8 lot of dollars in their systems and they're going to make
9 those dollars available to buyers. Other countries need to
10 look at their comparative advantage and do whatever they can
11 to hone those comparative advantages.

12 Not everybody can do everything perfectly. This
13 is not a woebegone -- is that the community where everybody,
14 that all the kids get A-pluses and stuff? This is not a
15 community where everybody can do everything perfectly. All
16 right? This is a world in which different countries have
17 different rules, different regulations, different
18 institutions, and so you have to take a look at what you can
19 do well, what you can do comparatively better than the
20 others, and make sure you do that to the best of your
21 abilities. And that's what we're putting out in this
22 report, is they developed this system, they're going
23 full-blast with their system, that's going to impact
24 everybody else, so everybody else better be honing what they
25 do well and getting ready for the wave that is going to

1 come.

2 MR. HOCHBERG: Jim, on the China, just so we
3 understand, that's both Sinosure, medium and long term, and
4 China Ex-Im --

5 MR. CRUSE: Correct.

6 MR. HOCHBERG: -- best estimate?

7 MR. CRUSE: Right, but it does not count in this
8 -- in this version we have not gotten into the China
9 Development Bank or any other Chinese institutions.

10 MR. HOCHBERG: Right, the other two that don't --

11 MR. CRUSE: Those are -- that's another level,
12 that we haven't done this. We have mentioned it --

13 MR. HOCHBERG: Right. So --

14 MR. CRUSE: -- in the report, but have not gone
15 into it in --

16 MR. HOCHBERG: Right. So these are just those two
17 institutions for the year?

18 MS. KALISHMAN: Just medium and long term.

19 MR. CRUSE: All right. Now, just to give you a
20 sense of where some of the opinions that you see in the
21 report came from, here's an overview of the survey. And in
22 2014, while the response rates generally went up except for
23 the project sponsors, the number invited went down; because
24 we got so many people who didn't respond last time, that we
25 only sent it to the people who did respond. Okay?

1 This is actually a good response rate. Most
2 surveys we're happy with much less. We actually -- we would
3 expect that any major exporter or lender should respond. I
4 cannot say that we reach that goal. There are major
5 exporters and financial institutions that do not for -- it's
6 not because they intentionally do not; it just goes to an
7 area that forgot about it, et cetera, et cetera. But in
8 spite of our efforts, including letters and calls from the
9 chairman, we do have some players who don't engage, but
10 still it's a pretty good knowledgeable base that we have
11 responding to these questions.

12 Now, this year -- is this from this draft?

13 Julie --

14 MS. KALISHMAN: Yeah.

15 MR. CRUSE: -- why don't you speak to this one.

16 MS. KALISHMAN: So this draft has been improved
17 upon since you guys got it, especially with some suggestions
18 from the chairman. We have made more terms to the glossary,
19 simplified some charts and graphs; we've even renumbered the
20 chapters -- all in an effort to make it easier to read, more
21 accessible. To complete it, we will add your statement to
22 the top. We will have designers even make it more -- make
23 all the graphics, give it more pop, and then we'll submit it
24 to Congress, and I even have a draft of the cover. So you
25 can see that we're really highlighting American workers and

1 making that the focus.

2 MR. CRUSE: Okay. So that's a summary of what you
3 have in front of you. I'd be glad to answer any questions
4 on what I talked about, on anything you saw in the report.
5 I think after lunch we're going to go into the letter you
6 would write. I believe that's the timing, but for now I
7 think it's the time for any questions that you might have
8 that Julie or I can provide some information on. So fire
9 away.

10 MS. GREGOIRE: So, Jim, thank you -- thank both of
11 you for the presentation, and thank you for your extra
12 efforts on making the document more readable, appreciate
13 that very much. At the outset you indicated that our
14 purpose here is the letter, not the document. Would you --
15 I understand your point you did in the subcommittee this
16 morning, but for the rest of the group, it would be helpful
17 if you could explain why we cannot have input or change with
18 respect to the document itself.

19 MR. CRUSE: The document itself is an official
20 U.S. government document that has gone through the
21 interagency vetting process, and so what you see is not the
22 document we started with but is the one we ended up with,
23 and therefore any changes to that document we'd have to go
24 back through that interagency process, and that is why we
25 are not opening this to further edit but, in fact, giving

1 you the freedom to write as many pages as you'd like about
2 your opinion of what it says.

3 MS. GREGOIRE: And the second thing is, can you
4 give us the time lines? You gave us the outline of we've
5 got to get our letter into you, the document has to be
6 printed, and it has to get to Congress. Can you give us the
7 time lines?

8 MS. KALISHMAN: Sure. I know we're working with
9 you guys now. We have a draft that we handed out but, I
10 believe, by the beginning of next week, to have a letter to
11 be sent to the designers, and that should give them a few
12 weeks to turn it around and then off to the printers.

13 MR. CRUSE: So, in effect, we need your input by
14 the beginning of next week.

15 MS. KALISHMAN: Yeah.

16 MS. GREGOIRE: Keep going with the deadlines?

17 MR. CRUSE: Well, because we -- although
18 officially we don't, we have until June 30th to get this
19 document to the Hill, because there are certain other events
20 occurring around June 30th, we thought it might be useful to
21 get this document out as early as possible. Therefore,
22 we're actually targeting early June for a finalization and a
23 distribution. This is the 20th of May. So if we're going
24 to make for a final distribution in the first week or so of
25 June, we obviously need to finish it quickly, get it to the

1 printer, and get it out there.

2 MS. GREGOIRE: Good. Thank you. Questions?
3 Please.

4 MR. WHITE: James, I'd like to circle back on the
5 short-term and working capital findings that you had. Is it
6 fair to say that, as opposed to the U.S. environment, where
7 there's certain criticisms about displacement of export
8 support through the commercial banking system that Ex-Im may
9 be putting into our economy, in fact our competitors demand
10 100 percent to not be commercial banks overseas?

11 MR. CRUSE: The Eastern competitors --

12 MR. WHITE: Okay.

13 MR. CRUSE: -- yes. In fact, they find it
14 insulting to put anybody in there because they say, well,
15 we've got to have complete coverage; if you give the private
16 sector the best business, you end up with us having the
17 worst business, then we cannot make a profit off of that.

18 MR. WHITE: Okay.

19 MR. CRUSE: So they very much want 100 percent of
20 the business.

21 MS. GREGOIRE: Other questions, you-all? Bob.

22 MR. PERCIASEPE: Jim, it'd be helpful for a lay
23 banker here to explain to me a little bit more, what are
24 the, what are the reasons for the growth in the -- that you
25 see for the growth in the Asian component of this? It's an

1 important aspect of, of the Competitiveness Report, but is
2 it the, the different types of financing that the U.S. or
3 OECD, Ex-Im facilities don't use, or is it they have some
4 other kind of marketing issue that I'm not picking up here?

5 MR. CRUSE: All right. I think one needs to keep
6 in mind --

7 MR. PERCIASEPE: I should say, I do understand the
8 uncertainty of this facility and how that --

9 MR. CRUSE: Right.

10 MR. PERCIASEPE: -- is a major issue, but this
11 seems to be a trend that was going on before that.

12 MR. CRUSE: There are two major dynamics at work
13 in the export credit world. When I use the word export
14 credit, I'm talking about medium and long term, in
15 particular. Trade credit is the short term. In the export
16 credit world, there are two dynamics. One is the dynamic of
17 China in the sense, for its own national reasons and part of
18 its own national initiatives and things, they have what is
19 called a going-out exercise; started in the early 2000s and
20 it includes this idea of developing exports, export markets,
21 et cetera, developing places where they can have resources.
22 They, like other countries, in spite of their size, are not
23 a resource-rich country. Therefore, they have had for some
24 odd years go-out companies and develop research, whether
25 it's oil, copper, iron ore, and they're buying land in

1 Africa for food. Okay? All of this they have a major out,
2 which means exports, invest, et cetera. That's going on for
3 their own reasons.

4 On the other half of the world, you have the
5 impact of the financial crisis in which out of that comes a
6 series of regulatory mandates and controls, from Basel III
7 to Dodd-Frank to, I forget what it is called in Europe,
8 which has the basic influence of discouraging commercial
9 financial institutions in providing long-term assets.

10 And so you have the world of ECAs sitting in
11 between a colossus developing many tools. The Chinese have
12 two to three institutions, all with untied investment and
13 official, and they have their own reasons for all this that
14 they're spreading; and then you have the Europeans faced
15 with the decline in bank asset, long-term asset provision,
16 so therefore they have to restructure their institutions.
17 So the ECAs sit here as a way to help the European countries
18 restructure their export finance support and for
19 institutions to deal with the Chinese growth. They are
20 separate dynamics. They intersect at the world of ECAs, and
21 that is creating, while not necessarily growth right now,
22 everywhere it's creating massive turmoil and creating new
23 programs and facilities and, where possible, creating those
24 types of things that compete with the Chinese. That's why
25 the Asians, in particular, are growing, because they face

1 the Chinese every day on their projects. We face them
2 episodically. The Europeans face them episodically; so they
3 don't, aren't growing in any terms, but the Asians do, and
4 so they've been very aggressive in the provision of these
5 other tools.

6 Now, the fact is that the Chinese started; these
7 people pick up. Well, what they're doing has -- it's sort
8 of like throwing a rock in a pond -- it has these circles
9 that go out and start affecting everybody else. So our
10 point is, down the road, in years to come, what China
11 started, Japan and Korea are picking up on and trying to
12 deal with is going to be rippling across the oceans and
13 hitting into other countries. We're not hit a lot right
14 now, but we do see the rock having been thrown in the pond,
15 and we do see the waves coming, and we do anticipate the
16 impact. It hits here and there, but we do see it much more
17 in the future. Does that help?

18 MR. PERCIASEPE: Yes, it does. Thank you.

19 MS. GREGOIRE: You'll be around this afternoon,
20 right, Jim?

21 MR. CRUSE: What?

22 MS. GREGOIRE: You'll be around this afternoon?

23 MR. CRUSE: Yeah.

24 MS. GREGOIRE: Okay. So I think we're going to
25 have to --

1 MR. HOCHBERG: Yes. We have that all right after
2 lunch, we do.

3 MS. GREGOIRE: -- break now, and if you could just
4 hold your questions, because we have -- we have to be back
5 in here by 12:45 because we have our guest. So let's take a
6 break, go to lunch so that we can be able to digest
7 something and get back here. Thank you, Jim. Thank you
8 very much, appreciate it.

9 (Whereupon, at 12:05 p.m., a luncheon recess was
10 taken.)

11 MS. GREGOIRE: Okay. Everyone, thanks for chowing
12 down so quickly and getting ready for our special guest.
13 Mr. Chairman, would you like to introduce our special guest?

14 MR. HOCHBERG: Certainly. Jeff is no stranger to
15 this Advisory Committee. I think this is your third -- no
16 one has addressed this group more than you have.

17 MR. ZIENTS: Oh, my goodness, what an honor.
18 Thank you.

19 MR. HOCHBERG: So back by popular demand, Jeff is,
20 and the last time he spoke to us, is director of the
21 National Economic Council, the NEC, two tours at OMB, and is
22 really the, if I have to use a sports analogy, the
23 quarterback on the Ex-Im reauthorization and TPA and all the
24 trade bills that are going through right now. So he is an
25 exceedingly busy guy, and he told me he's actually missing a

1 trade meeting at this moment because they just called one.

2 So I'm very happy that he's joined us. So I want
3 to -- and equally to that, Jeff is a good friend and a great
4 support of White House Fellows and a lot of other things.
5 So without any more further ado, let me just turn it over to
6 Jeff, and then we have some time for questions, and you've
7 got to go back, Jeff, pretty fast.

8 MR. ZIENTS: Yes. Well, thank you. It's a
9 pleasure to be back here, and I'm joined by my colleague
10 Rory MacFarquhar who is part of a team that works both for
11 the NEC and the National Security Council, Susan Rice. So
12 Rory is one of the senior folks on our international econ
13 team, and I'm going to ask him to give a little bit of a
14 perspective on where we see the economy beyond the U.S., and
15 I thought I would start with our economy here. But before I
16 do that, I want to say that both in my OMB role and in my
17 NEC role -- my old OMB role, my new NEC role, or relatively
18 new -- I have the privilege of working across the Cabinet
19 and agencies, and the Ex-Im team under Fred's leadership is
20 top of the list, with a group of other agency leadership and
21 teams, in terms of not only mapping out good strategy but
22 execution, which I think is something that sometimes is,
23 sometimes is undervalued in government, the importance of
24 execution. And Fred and his team does a great job on
25 execution, and I think Fred, having been leader here for an

1 extended period of time, sets an example for all of us to
2 put our heads down and execute. So thank you, Fred and
3 Fred's team, for all the good stuff that you do.

4 In terms of the economy, a couple weeks ago we saw
5 that 223,000 jobs were created. That's a record 62 straight
6 months of job creation driven by the private sector; 12.3
7 million jobs created in all, in total; and that -- and we're
8 at 5.4 percent unemployment rate, which is the lowest we've
9 been since 2008. So we've come a long way.

10 We have had exports at the center of that
11 recovery. About a third of the economic growth across this
12 period of recovery has been driven by exports; last year, as
13 all of you know, a record level of exports, \$2.3 trillion.
14 Exports support 11.7 million jobs here in the U.S., and very
15 importantly, because one of the pieces of economic focus
16 that's highest on the list is wages -- that's a problem that
17 predates the recession, middle-class wages being relatively
18 stagnant; it's been a decade's old problem -- and if you
19 look at companies that export, they on average pay 18
20 percent higher. So exports not only support a lot of jobs,
21 they support good-paying middle-class jobs.

22 If you think about our position in the global
23 economy, so if you were to do a look at sort of our
24 comparative strengths, I think we're in a really strong
25 position. We for a long time led the world in innovation,

1 and we continue to do so. About a third of R&D is here in
2 the U.S. About a third of patents comes from the U.S.
3 Fifteen of the top 25 research institutions in the world are
4 here in the U.S. So we have the most innovative, most
5 entrepreneurial economy.

6 Our workers are the most productive in the world.
7 I think that's sometimes underrecognized -- 40 percent more
8 productive than Germany, two to three times more productive
9 than China.

10 The -- if we were sitting here six, seven, eight
11 years ago, we'd be talking about energy as potentially a
12 source of vulnerability. It's now a source of competitive
13 advantage as we're the number one producer of oil and gas in
14 the world, and that gives our manufacturers and other
15 energy-intensive industries a real competitive advantage
16 that accrues to tens of billions of dollars annually in cost
17 advantage versus their global competitors.

18 When you think about that competitive position and
19 when you survey CEOs about where they want to invest, for a
20 period of time it wasn't the U.S. in the number one
21 position; it was China. We've regained that number one spot
22 due to all the reasons, and others, that I articulated. But
23 I think that when you think about that position and where we
24 are/our economy is, it really is a great platform for us to
25 do even more exporting, and you know, at this point 95

1 percent of world consumers live outside the borders of the
2 U.S. In Asia alone, 3.2 billion people will be joining the
3 middle class over the next decade, and that's a big, big,
4 big market opportunity.

5 We understand well that large companies export and
6 support trade. I think it's underrecognized how many small
7 businesses export. Over 300,000 small businesses export.
8 So 98 percent of exporters are small- and medium-size
9 businesses. You know, that said, only about five percent of
10 U.S. companies export, and when they do export, they tend to
11 export to only one market.

12 So there's big opportunity here to grow exports.
13 I said earlier it's really important to wage growth too, and
14 I think that's why, as I'll talk about in a minute, we are
15 so focused on what we can do to capture this opportunity,
16 the U.S.'s position in the global market and the
17 attractiveness of exports for jobs and wages, and it's why
18 the President is so focused on both trade promotion
19 authority -- which is being talked about, as we speak, on
20 the Senate floor -- and about Ex-Im reauthorization, which,
21 as you all know and we all know, is six weeks away from the
22 expiration.

23 So before I close on that piece, I want to hand it
24 over to Rory just to give a sense of how our economy fits
25 into the larger global picture. Rory.

1 MR. MACFARQUHAR: Yeah. So alongside the
2 President's efforts --

3 MR. HOCHBERG: Roy, just put your mic on.

4 MR. MACFARQUHAR: Alongside the President's
5 efforts to get trade promotion authority and to reauthorize
6 Ex-Im Bank, since the beginning a major thrust of our policy
7 has been trying to encourage demand for U.S. exports in the
8 rest of the world, and as we've seen, the recovery from the
9 financial crisis has been uneven. It has been disappointing
10 in many parts of the world, but what we're seeing now is
11 that even as some of the strongest areas of growth in the
12 early years after the recession are now starting to slow,
13 some of the laggards are, are gaining strength.

14 So specifically, China, as I'm sure many of you
15 have noticed, has been gradually decreasing its rate of
16 growth. This has been a conscious policy of the Chinese
17 authorities. They have lowered their target, and -- in an
18 effort to deal with some of the structural imbalances that
19 were generated thanks to their extremely robust response to
20 the global crisis. So now their growth is close to seven
21 percent and to double digits, as it was even a few years
22 ago, but again, this is a managed process, this is a
23 deliberate slowing, and while the global commodity markets
24 are definitely feeling the effects of diminished demand in
25 China, this should not be a negative for the United States

1 because, as they rebalance their economy towards greater
2 consumption, that is in fact a huge opportunity for the
3 United States.

4 In other parts of the emerging world, there are
5 areas of disappointment, including in Brazil, and the
6 Russian economy is definitely expected to contract this
7 year, but at the same time, what we're seeing in India is a
8 real acceleration thanks to our rising business confidence
9 around that country's reforms.

10 Then in terms of the early laggards, for a long
11 time we were looking at, well, decades of disappointment in
12 Japan and a slow recovery from the crisis in Europe, and
13 now, you know, Japan had a bit of a setback last year thanks
14 to its consumption tax increase, but this year it's growth
15 again is expected to rebound from slightly negative in 2014
16 to a solid one percent this year, and if they do undertake
17 the kinds of reforms that would be entailed by joining a
18 trade agreement like TPP, that would increase their trend
19 growth rate over a considerable period of time.

20 And in Europe what we're seeing is that finally
21 they have started to undertake very aggressive monetary
22 policy to address the declining inflation there and to
23 really restart growth, and that is beginning to pay
24 dividends. So there the euro area, which was under one
25 percent growth last year, is expected to grow close to its

1 trend rate of 1.5 percent this year, so becoming a much
2 better market for U.S. products.

3 MR. ZIENTS: Great. So just to close on the two
4 congressional priorities here, TPA is, as I said earlier,
5 being talked about on the floor as we speak. We believe
6 there's good bipartisan support in the Senate, and Leader
7 McConnell is targeting to get passage before he has the
8 Senate leave town at the end of the week. Then the House is
9 up next. We believe there's also good bipartisan support in
10 the House. So if we stay on plan, sometime in June we would
11 have TPA.

12 Concurrently USTR under the President's direction
13 is in the final rounds of negotiation on TPP, the
14 Trans-Pacific Partnership, with 11 other countries, and we
15 believe that it can be completed shortly thereafter, though,
16 like with any negotiation, the hard issues come down to be
17 the last issues. So it's not finished till it's finished.

18 The Ex-Im -- I don't feel like I'm preaching to
19 the choir; I'm preaching to the preachers -- is at the
20 center of those record export numbers and is critical going
21 forward to make sure that our countries -- our companies
22 compete on a level playing field. As you all know better
23 than I, our Ex-Im is, if anything, relatively small compared
24 to many of our competitors as a percent of our, of our
25 business economy. Ex-Im doesn't cost taxpayers anything; in

1 fact, it returns dollars to taxpayers. It supported close
2 to \$30 billion of exports last year --

3 MR. HOCHBERG: Last year, 27 and a half.

4 MR. ZIENTS: 27 and a half billion, that's pretty
5 close to 30 billion -- more than 100,000 jobs and,
6 importantly, a lot of small businesses, small businesses
7 that are in supply chains of large businesses, small
8 businesses that are into exporting for the first time,
9 which, as I said earlier, is a big part of our future growth
10 in exports.

11 So the President is very committed to the
12 long-term reauthorization of Ex-Im. He put forward a
13 six-year reauthorization, bringing the cap from 140 up to
14 160, and you know, we believe there's good bipartisan
15 support to get a long-term reauthorization of Ex-Im and are
16 encouraging the leaders on the Hill to do just that.

17 So with that, why don't I pause and see if there's
18 a couple of questions or any feedback for either one of us.

19 MS. GREGOIRE: Questions -- first of all, thank
20 you both --

21 MR. ZIENTS: Thank you.

22 MS. GREGOIRE: -- very, very much. We know, as
23 you speak, what's going on on the floor. So thank you for
24 taking time out to be with us today. We greatly appreciate
25 it.

1 MR. ZIENTS: No, it's a privilege to be here.

2 MS. GREGOIRE: Caroline.

3 MS. FREUND: You talked about -- thanks for your
4 remarks, and you talked about two great ways that American
5 businesses can access foreign markets through opening of
6 markets abroad through TPP and also through more export
7 credit through the Ex-Im Bank. I was just wondering if
8 there's any chance of tying these together to ease the
9 passage through of the Ex-Im Bank in Congress?

10 MR. ZIENTS: I think that, you know, it's really
11 up to, right now, Leader McConnell to figure out how to best
12 to get TPA done, and at the same time, Ex-Im is a priority.
13 So the mechanics on how to do that, I think, are best left
14 to the leaders, both Leader McConnell on the Senate side and
15 Boehner on the House side.

16 MS. GREGOIRE: Other questions, you-all? Please,
17 Sean.

18 MR. MULVANEY: Yes, I thought I'd ask a question
19 about -- it's sort of a trick question, and I'll tell you
20 why after I ask it -- but do you think -- how do you think
21 of Ex-Im as it relates to protecting U.S. competitiveness?
22 Is it a key initiative of ours to protect U.S.
23 competitiveness?

24 MR. ZIENTS: What's the trick?

25 MR. MULVANEY: Good, you know, you're smart: ask

1 that first before you answer. Well, it's a -- you know, the
2 chairman and I go back and forth on this. We had a debate
3 recently in a Board meeting where the chairman said our
4 charter doesn't give us a competitiveness responsibility, it
5 gives us an exports and jobs responsibility, and I think he
6 was taking the position that competitiveness, as an issue,
7 isn't in our charter. And I increasingly find that we're
8 not relevant or as relevant as we could be to a broader set
9 of American companies because they're engaging in global
10 supply chains and the U.S. content, potentially, of products
11 that they produce maybe aren't 100 financeable. We might
12 only be able to finance 70 percent of a transaction instead
13 of 85 percent of a transaction, and as a result, you know,
14 the relevancy of us, Ex-Im, as an institution, to the U.S.
15 economy, we end up occupying potentially a smaller and
16 smaller perch that we can help companies out.

17 And so you have a tension between the concept of
18 supporting U.S. competitiveness and supporting, you know --
19 we use content requirements as the surrogate for jobs, but
20 as companies have global supply chain, that means the
21 content that they have that's foreign is increasing. And so
22 if we're going to protect companies who are making things,
23 assembling things, importing products, you know, we need to
24 be more flexible on our rules, and we're kind of stuck in
25 this quandary of on one side we have labor and on the other

1 side we have U.S. exporters and Ex-Im is frozen in place,
2 not really changing its content rules all that much, even
3 though the global economy around the United States and with
4 the United States is rapidly changing. So it was sort of a
5 trick question, but at least you have the information now to
6 think through your answer.

7 MR. ZIENTS: Yeah, I think I -- I think I'll
8 respond to the question probably at a level higher than the
9 debate that it sounds like you two are or the Board's
10 engaged in, and I'll go back to what I said earlier, which
11 is, you know, not only does Ex-Im support hundreds of
12 thousands of jobs each year and 27 and a half billion
13 dollars of exports -- and many of those, small- and
14 medium-size businesses, whether, again, they're in supply
15 chains or outside of supply chains and borrowing
16 independently -- but we are not competing on our own here.
17 We're competing against other countries, and they have their
18 own versions of Ex-Im, and therefore this whole concept of
19 unilateral disarmament makes no sense.

20 So I think we are absolutely competing in a global
21 marketplace, and we have to think of Ex-Im and its role for
22 U.S. companies and do that in the context of our competitors
23 and the fact that they have their own versions of Ex-Im.

24 MS. GREGOIRE: Can I ask you to close by how
25 optimistic you are we're going to get the reauthorization

1 and, most importantly, in a timely way, and what your
2 thoughts are about a backup plan if it doesn't happen?

3 MR. ZIENTS: Yeah. I think that I, you know, I
4 think that the case is so strong, the case -- and I, you
5 know, made it a couple of times, but I'll just highlight it
6 once again -- this doesn't cost taxpayers anything. It
7 supports lots of jobs. It supports small- and medium-size
8 businesses. You know, Ex-Im is an important tool for
9 companies to export for the first time and to compete in the
10 global marketplace. There is bipartisan support in both the
11 Senate and the House.

12 You know, there is oftentimes, too often things
13 come down to deadlines, and we are six weeks away, but I've
14 got to believe that leadership and the House and Senate,
15 given the case that Ex-Im has for reauthorization, that
16 they'll figure this out.

17 MS. GREGOIRE: So I'm going to take that as you're
18 optimistic.

19 MR. ZIENTS: I believe with the bipartisan
20 support, all the good work that Ex-Im does, the exports that
21 it supports, we talked about the importance of exports to
22 the U.S. economy, how much it's contributed to our growth
23 and how export jobs tend to be well-paying jobs, that that's
24 a strong case. Thank you.

25 MS. GREGOIRE: Thank you.

1 MR. HOCHBERG: Thank you.

2 MS. GREGOIRE: So we're going to continue our
3 discussion on the, our letter that will go to Congress to
4 cover the report. Do we have any further question -- Jim is
5 not there.

6 MS. KALISHMAN: You're two minutes early, so he'll
7 be right down.

8 MS. GREGOIRE: Well, what I'm -- first, this
9 morning you had a draft of the letter, and you now were just
10 given a new draft as a result of the discussion that
11 Caroline had as chair of this subcommittee, and you probably
12 haven't had a chance to read at least No. 2, if not both.
13 So I'm going to turn it over to Caroline to kind of give you
14 a flavor of what we talked about this morning and to solicit
15 your input so that we can get a new draft put out as quickly
16 as the one that he just did for us -- amazing, I love it.

17 MS. FREUND: Yeah, we were commenting on the
18 efficiency, that we had a discussion and we have the new
19 draft just an hour later. So you can expect this
20 discussion, we'll probably have a new draft by 4:00 p.m. or
21 something. But anyway, we had a good meeting, discussing
22 the report, and we had a draft going in which made it easier
23 to think about what to put up front, what we wanted to
24 highlight, and some of the -- I think the issue that comes
25 out strongest from this excellent report, where they've

1 really gone and gathered all this new data, is the
2 ballooning of ECA financing around the world and what that
3 does to U.S. competitiveness, the level playing field, all
4 that, and we've talked about that. You know, one of the
5 numbers that Jim gave this morning was the 20 percent
6 increase in the rest of the world and we're the only country
7 talking about cutting; so the environment, it was really
8 useful to see that in the report, and we wanted to highlight
9 that.

10 The other point we want to highlight, which hasn't
11 come up as much or in the remarks just made now, is the
12 importance of the Ex-Im Bank as a way to ease conditions
13 when they get worse, so kind of as a countercyclical
14 smoother; that one of the most interesting pictures in the
15 report was this picture showing that the ECA finance
16 increased in 2009 when trade, you know, plummeted, and
17 that's because it was substituting when credit wasn't
18 available.

19 So it really is an additive. It's not a, it's not
20 a substitute for current private sector lending; it's an
21 addition and it's very important when things get worse, or
22 even now in the oil sector there are some troubles
23 financing, and Ex-Im Bank credit can be there to smooth
24 things out. So conditions would have been worse in the
25 recession without Ex-Im Bank to support exporters and jobs.

1 A third point we really wanted to highlight, and I
2 think we'd, we'd especially welcome the comments from the
3 small business group, is about small businesses and how much
4 that Ex-Im Bank supports small businesses and also what they
5 could do better, that there -- that some borrowers are
6 complaining, or users are complaining about kind of too much
7 red tape involved and what could be done to make the process
8 more streamlined. And this is another area where the Bank
9 is very additive because -- and we could highlight this --
10 that the banking sector itself isn't really there for the
11 smaller, kind of \$2 million loans that exporters need; it's
12 there for the bigger guys but not, there's a gap in the
13 banking sector.

14 Another way in which it fills in is with the new
15 regulations coming up, Basel III and such that have been
16 mentioned earlier. It can fill in during the transition to
17 these new requirements in the banking sector when there
18 might be some misalignment.

19 We really wanted to commend the team for improving
20 the readability. Of course, there's always steps further to
21 take, so we'd recommend any additional shortening every year
22 that can be done. So the report kind of grew in pages from
23 the 10 pages Jim talked about in the first report, and now
24 it's on its way back down towards that 10 pages; okay, maybe
25 not 10, but -- and then we also talked about commending for

1 achieving some of the mandated changes that it's done,
2 especially the new ECA contact center; the new data its
3 gathered; the survey on point of service, which is now
4 started and already responses are coming in; and then, in
5 the report itself, changing from these kind of letter grades
6 to the competitive/not competitive, which may be a more
7 accurate description.

8 Then one, one area, I think, where we'd like some,
9 especially, also, feedback is, the report highlights some
10 areas where the Bank is less competitive. This includes in
11 the medium-term lending, the risk premia, where the fees
12 have been somewhat higher than other, other banks; studies
13 of economic impact that have to be done occasionally that no
14 other ECAs require; the high local content, which has come
15 up, the 85 percent, and as just mentioned by Sean, this --
16 with this world of supply chains and where other ECAs aren't
17 doing this, is this putting us, putting the U.S. at a
18 competitive disadvantage? And along with that, I guess,
19 would be the U.S. flag shipping requirement, which, again,
20 in a world of supply chains where stuff is going around,
21 having to fill that out, are these things that should be
22 highlighted in the letter? And then I guess this is kind of
23 my own personal pet peeve or whatever that I'll just throw
24 out there, that all this new great data was gathered; find a
25 way to make it public and put it out there so that academic

1 researchers, think tanks, et cetera, will use it and
2 understand what's going on in the ECA world.

3 So why don't I stop there, and if I missed
4 anything, Governor, let me -- did I miss anything, you
5 think, in the comments, or anybody who was in the meeting?
6 Otherwise, I'll open it up to questions.

7 MS. GREGOIRE: (No audible response.)

8 MR. OJEDA: This is a question for Jim more than,
9 or James, more than anything. The other export credit
10 agencies, do they put out financial reports that could be
11 seen how their performance is? I don't mean a
12 competitiveness report, but financial reports.

13 MR. CRUSE: In general -- and I mean this in
14 almost total or absolute not at all --

15 MR. OJEDA: Okay.

16 MR. CRUSE: -- the ECGD puts out a variety of one.
17 It's more like an annual report than a financial report, and
18 you can find stuff on the Japanese and Korea, but it doesn't
19 include what you would consider to be necessary for a
20 financial analysis. So many of them put out some kind of
21 information that includes some financial aspects, but to be
22 able to get a comparative bottom line using standard
23 accounting methodologies --

24 MR. OJEDA: Uh-huh.

25 MR. CRUSE: -- that's the key -- no. We're the

1 only ones that come close to putting out a financial
2 statement in our annual report that you could say uses any
3 standard accounting methodology.

4 MR. OJEDA: Is there any information on loan
5 losses by other credit agencies where, where we could maybe
6 conclude that in addition to supporting exports, they're
7 also supporting or accepting more risk and higher loan
8 losses and making their subsidy of their programs greater
9 than what apparently is?

10 MR. CRUSE: The only data that we have on loan
11 losses is confidential OECD data, but I will tell you that
12 that data does not indicate that countries are running in
13 the red on a net claims versus recoveries basis.

14 MR. OJEDA: Okay.

15 MR. CRUSE: All right? So there would be nothing
16 in anything we've seen to indicate that somebody's taking an
17 excessive line risk. Now, granted, we don't have Chinese
18 data. This is just talking about the members of the OECD.

19 MR. OJEDA: Okay. On the same subject, well, the
20 -- on the content of, on the report, you mentioned that the
21 content is, like, less than in the U.S., 50 to 80 percent or
22 30 to 80 percent, I don't remember the numbers. Is it
23 possible to put examples of what countries are actually
24 doing in -- related to content?

25 MR. CRUSE: Oh, yeah. We know exactly what

1 everybody else is doing in content, and I was being fuzzy on
2 intention. We're at 85. The Germans and the French have a
3 very weak line at 50 --

4 MR. OJEDA: Uh-huh.

5 MR. CRUSE: -- and almost everybody else runs
6 between 20 and 40, all right, with a lot of grounds for
7 exceptions and one-off, thises and thats. The big issue
8 really is that no matter what your level is, those countries
9 that have internal delegated authority to vary depending
10 upon the needs of a case are the ones that have the most
11 aggressive content policies, and that's what we have
12 absolutely the least of, never mind what our number is.
13 Even if our number was 50 percent, it wouldn't be as good as
14 anybody else's 50 percent because, I guarantee you, we would
15 have absolutely no discretion about how to apply that in
16 terms of 52, 48, et cetera.

17 MR. OJEDA: That's all.

18 MS. GREGOIRE: Please.

19 MR. STEPHENS: Make a couple comments. One is --

20 MS. GREGOIRE: I'm sorry.

21 MR. STEPHENS: Oh, I'm sorry.

22 MS. GREGOIRE: Jay.

23 MR. STEPHENS: Jay, go ahead.

24 MS. GREGOIRE: Go ahead, and Jay, can I ask you if
25 you would comment -- Steve had brought this up in our

1 earlier meeting with Caroline this morning about the
2 emphasis on making it easier for small businesses. Is that
3 a reflection of what your subcommittee has been talking
4 about as well?

5 MR. WHITE: Our subcommittee hasn't been dealing
6 -- has been dealing much more with the marketing aspects --

7 MS. GREGOIRE: Okay.

8 MR. WHITE: -- rather than the, than execution as
9 aspects --

10 MS. GREGOIRE: Okay.

11 MR. WHITE: -- but -- well, I really applaud the
12 shuffle that's been made on the draft here to highlight the
13 fact that there's not enough non-OECD activity, but Jim, I
14 was wondering if -- James, I was wondering if you could go
15 so far from looking at the findings to characterize the, our
16 lack of competitiveness as disproportionately affecting the
17 small business community?

18 MR. CRUSE: I can't, I can't run that gamut too
19 easily and quickly. The issues facing the small business
20 are, are not, for the most part, competitive issues, and I
21 don't say that just based on our information. Every survey
22 that I have seen in the past 20 or 30 years on the needs of
23 small business, potential exporters, financing has ranked
24 out of the top five or 10. Okay? On that basis, it is hard
25 to conclude that whatever our status is, is a critical

1 impediment to theirs. Now, that's not to say that in some
2 cases or in many cases it isn't. I'm just trying to say
3 that it's not a direct correlation between our standing and
4 a comparatively heavier impact on small business, because
5 that's the question you asked.

6 MR. WHITE: That is.

7 MR. CRUSE: And so I can't get to that from what I
8 see.

9 MR. WHITE: Okay. I have to respect that.

10 MS. GREGOIRE: Okay. Steve and then Don.

11 MR. STEPHENS: Yes, just a couple comments -- one,
12 the summary, revised summary, very well written, and just
13 from a banking perspective, Governor, when you made the
14 comment about the Ex-Im Bank serving the role as a stopgap
15 lender, we're living that in Texas because, you know, one
16 element of Dodd-Frank was to basically forecast a stressed
17 environment for the U.S. banking industry, and so since
18 Dodd-Frank came out, really the first stress test in the
19 early stages is what's happened with the oil prices going
20 from, from 100 to 50. So -- and what that's really meant in
21 a practical sense is probably half of our Ex-Im clients are
22 energy-related and, because they have kind of Ex-Im
23 structures, our flexibility to support them is so much
24 better than others who are starting to experience some
25 stress. So if you need really an exhibit to the role as

1 kind of a, you know, a lender in less, you know, more
2 uncertain economic times, it really is happening in our
3 state at that point.

4 The second comment was about finding ways to get
5 feedback from small business, which we've got that channel
6 now, but also the banking industry itself, to find out how
7 the banking industry can be really, I think, improved as a
8 better partner for the Ex-Im Bank and really understanding
9 how to deliver Ex-Im Bank services, really, in a more
10 user-friendly way for small business, because you can
11 understand the complexities and the high-risk profile for
12 large borrowers, but for small-, medium-size companies with,
13 let's say, 10 million, 10 million and under in exposure,
14 there should be really an easier way to administer the Ex-Im
15 Bank facilities, and that's, I think, part of the issue
16 we've got to address. But having that feedback that you've
17 mentioned here, I think, is a very positive step.

18 MS. GREGOIRE: Good. Don.

19 MR. NELSON: Yeah, Jim, I'd like to commend you
20 guys on this, this new Competitiveness Report. It is much
21 more concise and easier to read than the previous one. A
22 question on the content -- who sets that content? Is that
23 Congress or the Bank itself? Where does that come from?

24 MR. CRUSE: Well, it takes a village to get a
25 content policy, I can guarantee you that. It is our own

1 policy, greatly affected by the views of Congress and of the
2 stakeholders -- stakeholders, I believe. I can simply say
3 that it is a -- it is a consensus? No. It is a position
4 that we have arrived at over the years. The last time we
5 changed it was 1987. So I hope that gives you an indication
6 that it's not --

7 MR. NELSON: Doesn't change often.

8 MR. CRUSE: And there's reason for that.

9 MS. FREUND: Did it go up or down in '87?

10 MR. CRUSE: It was at 100.

11 MR. NELSON: Wow.

12 MR. CRUSE: Okay? So it went down, all the way to
13 85.

14 MR. NELSON: So the other question I have, how do
15 the other countries get a copy of our report? Is that sent
16 to them, or they just get a bootleg copy or --

17 MR. CRUSE: No. It's on the --

18 MS. KALISHMAN: It's online.

19 MR. CRUSE: -- it's on the Internet. So it's --

20 MR. NELSON: Oh, it is? Okay. So they just go
21 and get it?

22 MR. CRUSE: And we used to send it to them --

23 MR. NELSON: Okay.

24 MR. CRUSE: -- mainly because -- keep in mind,
25 there's a lot of data you see here about other countries.

1 We get that from them.

2 MR. NELSON: Yeah.

3 MR. CRUSE: All right? So it's part of a general
4 understanding: we'll ask for your data; they'll give it to
5 us in a very forthright manner on the basis that we use it
6 in a way that when they see it, they can get something out
7 of it also, and they do. They get something out of the
8 comparative figures that we develop.

9 MR. NELSON: Well, I would just comment that based
10 on the report, it seems like the growth of the other ECAs,
11 particularly China, that when Congress reads the report, if
12 they read it, would see that American jobs are at risk here
13 of the U.S. not having an ECA at all. So it seems like this
14 would be very helpful if you can actually get them to read
15 it.

16 MR. CRUSE: Yeah.

17 MR. NELSON: So thank you.

18 MR. CRUSE: Well, we're trying here.

19 MS. GREGOIRE: Okay. Matt, then Bob, then
20 Celeste.

21 MR. SLAUGHTER: Thank you, Governor. I just had
22 three brief comments on which to echo what was just said.
23 My friendly amendment to Don is most members aren't going to
24 read the report, and yet I commend you, Jim, and all your
25 colleagues that put together this very outstanding report.

1 Figure 1, I think is part, in some ways, the most compelling
2 figure just because -- I'm just struck on the parallel with
3 trade policy negotiations. I think some people look at the
4 good yeoman work of Mike Froman and folks at USTR and they
5 say, well, we've got 20 free-trade agreements with other
6 countries, and yet that's not the relevant comparison. It's
7 how many we have compared to other countries around the
8 world, and we are lagging on, in terms of how many FTAs
9 we're negotiating and signing.

10 Figure 1 is just striking in terms of the level of
11 all-in kind of financing, and I like the dynamic -- and
12 thank you for the data effort to collect this -- on export
13 finance versus untied versus investment support. It's just
14 striking the extent to which other countries -- China is an
15 outlier like they are on a lot of things -- but it's many,
16 many other countries, how aggressive they are. So I think
17 it's a terrific report, and if anything, you've got a couple
18 of really nice figures that, I think, encapsulate what, I
19 think, is the key message.

20 My second related comment, I thank Caroline and
21 whoever else was quick with the pen in revising this letter.
22 I think the revision is excellent. I'm not sure by what
23 process we collectively write it going forward. I mean, I'm
24 new to this, but I just think the additional language
25 stressing the international gap that's opening up in terms

1 of this, no disrespect to Fred and all the great colleagues
2 here, but how different we are compared to other countries.
3 It's just striking how fast that's changing.

4 And my third comment is actually picking up on
5 Caroline's point. I would -- I know that there's the
6 immediate issue of what happens between now and June 30th,
7 but I think data access is potentially a low-frequency way
8 to help garner an awareness of what the Ex-Im Bank does. I
9 think to the extent that information can be put in the
10 public domain that scholars at places like Peterson or
11 people in academics can look at to better understand some of
12 the small business issues -- Jay asked an excellent
13 question, and the reality is, kind of from a geek-academic
14 perspective, we don't quite have the data to answer it, but
15 you're collecting some of the data that I suspect is going
16 to be some of the best data in the world to answer these
17 kinds of important policy and economic questions.

18 The parallel I'll give is, you know, we can go a
19 few blocks over to the BEA and their offices, and the BEA
20 has long collected legally mandated surveys on
21 U.S.-headquartered multinationals through U.S. operations
22 and their 400 affiliates, and kind of over the many years,
23 by hook and crook, some academics and folks in policy places
24 realized the BEA puts that information in the public domain
25 for academics and others to come do research on.

1 We're the only country in the world that has that
2 kind of legally mandated high-quality surveys, and that gets
3 -- not that we're doing, making much progress on
4 international tax reform and things like that, but there's
5 now a body of research, of an awareness of how these
6 companies actually operate that, I think, informs the policy
7 conversations, whether or not we're making policy progress.
8 I think there's great potential with Ex-Im to kind of be in
9 that position, and that might require some additional time
10 and resources, but the ability to have people better
11 understand what gets done -- because there'll be some work
12 that's done in case studies as well -- could be, I think,
13 really important.

14 MS. GREGOIRE: Good.

15 MR. CRUSE: Just on that last point --

16 MR. SLAUGHTER: Yeah.

17 MR. CRUSE: -- we have undertaken several
18 initiatives, trying to get more of the data in the public
19 domain, and we've got several efforts right now. I'm
20 working with Caroline on one and trying to make another one
21 available. So it's something we've recognized just recently
22 and have started to do everything we can to increase the
23 availability of data, to make it available for academics and
24 others to do the special research that would come up with
25 some insights.

1 MR. SLAUGHTER: So that's great and maybe we can
2 talk offline about that, but I'm thinking, for example, at
3 the Summer Institute of the NBER, the National Bureau of
4 Economic Research, every year -- if you all came and talked
5 about it to some of the research programs for which this
6 would be relevant, like the entrepreneurship group there,
7 you'd have a bunch of people, that some of them would be
8 really keen to understand more and start poking around in a
9 way that would be useful.

10 MR. HOCHBERG: That's a great idea --

11 MS. GREGOIRE: Yes.

12 MR. HOCHBERG: -- because, if I can just jump in,
13 you know, I'm very confident we're going to do well on this
14 reauthorization, but we're going to be continually in this
15 sort of rear guard unless we get greater understanding, and
16 one way to do that is, you're right, since we have the data
17 and with, I'll say, two academics on our committee, you can
18 help us rethink through how we get that out there so we get
19 more papers written and more articles written and therefore
20 enhance understanding in a better way.

21 MS. FREUND: And rigorous analysis about --

22 MR. HOCHBERG: Yes.

23 MS. FREUND: -- the additive nature of the Bank.

24 MR. HOCHBERG: Yes.

25 MR. SLAUGHTER: Yeah, that'll be great. That'd

1 be, that'd be -- many things that we could do for which a
2 lot of scholars will be real excited.

3 MS. GREGOIRE: Bob.

4 MR. PERCIASEPE: Three quick observations: first,
5 I really like the restructuring and the redraft with the
6 second paragraph. It's pretty powerful where it talks
7 about, you know, our -- which used to be at the end of the
8 other draft -- the Asian export agencies are using the
9 uncertainty to win business. I think that's a powerful
10 thing. And then the comparison of the, the amount of
11 financing China's done in the last couple years compared to
12 the entire history of the Ex-Im Bank, I think, is a pretty,
13 pretty powerful thing, and have it up front is a good thing.

14 On the -- the other two points are, you know, on
15 the last page, in the paragraph before the conclusion, where
16 it says, the vast majority of the Bank's transactions were
17 small business, and per our many conversations in the couple
18 of meetings I've been to about the fact that even when it's
19 not a small business, many of the supply chains are small
20 business, should we add something that the majority of the
21 Bank's -- or maybe this is already included in this
22 statement -- the Bank's transactions are small business and
23 even more when you consider the supply chain of the other
24 financings, or something like that?

25 And then the last one is really a style thing. At

1 the very last sentence, where we talk about we're united in
2 our assessment of the competitive disadvantage faced by
3 Ex-Im, I wonder if switching, and then therefore the
4 businesses. I wonder if that should be, we are united in
5 our assessment of the competitive disadvantages of thousands
6 of American businesses that rely, or that are affected by
7 the disadvantages the Ex-Im Bank faces and the ongoing
8 uncertainty around the congressional reauthorization; in
9 other words, lead with the uncertainty being the businesses,
10 not the Bank, but then obviously they have that problem
11 because of the Bank and its uncertainty. It's just, says
12 the same thing, but it's just --

13 MS. GREGOIRE: No, no, well said, well said.

14 MR. PERCIASEPE: -- just a minor style thing.

15 MS. GREGOIRE: No, good. Celeste.

16 MS. DRAKE: Sure.

17 MS. GREGOIRE: Oh, I'm sorry. Celeste and then
18 Jay.

19 MR. PERCIASEPE: You got to get in line.

20 MS. DRAKE: So I had a number of comments to the
21 letter, but I think, you know, in a number of places, it
22 seems to imply that perhaps there's a greater agreement that
23 the Bank is weak and disadvantaged and all of these things
24 than it really is. You know, as folks know really well by
25 now, Owen and I strongly agree that the domestic content

1 requirements and the U.S. flag shipping requirements and all
2 of these things are actually strengths for the Bank because
3 they build political support for the Bank and they ensure
4 that we're not just lending for the sake of lending, because
5 the private sector can do that, but we're lending with a
6 goal that we have, which is to create U.S. jobs. And when
7 we impose rules like this, there's a specific purpose, and
8 it's to create U.S. jobs, and if other banks want to create
9 other jobs elsewhere, that's an absolutely fantastic thing
10 to do, but it's not necessarily the job of the U.S.
11 government.

12 So when we say on the first page, in the third
13 paragraph, putting U.S. exporters at an even greater
14 competitive disadvantage, I mean, that assumes that we're
15 already at a great competitive disadvantage, and I'm not
16 sure that, that we all have consensus on that. I certainly
17 don't.

18 Similarly, on the second page, in the first
19 paragraph --

20 MS. GREGOIRE: Where's that? Where's that? I'm
21 sorry.

22 MS. FULTON: Third paragraph on the first page --

23 MS. DRAKE: Third paragraph, the --

24 MS. FULTON: -- under Introduction.

25 MS. DRAKE: -- third line from the bottom.

1 MS. FREUND: So it's just even greater that you
2 would oppose? The uncertainty, putting in the competitive
3 is fine; it's just the even greater?

4 MS. DRAKE: Yes. Yeah. And similarly, in the --
5 turning the page, so that first partial paragraph at the top
6 about commercial liquidity can be impacted by crises, by
7 banking reforms, I mean, I -- I mean, perhaps this wasn't
8 even intended, but I think all of us recognize that banking
9 reforms, you know, there's no liquidity at all when you have
10 a banking crisis and run on banks and bank closures. So
11 banking reforms are actually designed to ensure liquidity by
12 keeping the financial system stable. So perhaps there's a
13 different way to write --

14 MS. FREUND: To write it, yeah.

15 MS. DRAKE: -- perhaps banks getting used to new
16 regulations or --

17 MS. FREUND: Adjusting during the transition.

18 MS. DRAKE: Yes, I think that might be a more
19 positive way to say it. And then I guess I would just want
20 to know more about what is meant, the beginning of the first
21 paragraph, about the flexibility required to respond rapidly
22 and responsibly. Like, again, is that somehow getting at
23 being more flexible about the domestic content requirements
24 and shipping requirements or things like that?

25 And the next section down --

1 MS. GREGOIRE: Where's that?

2 MS. FREUND: No, that, that wasn't referring to
3 that.

4 MS. DRAKE: Okay. It's just a little unclear, I
5 think.

6 MS. FREUND: Okay.

7 MS. GREGOIRE: That's intended to talk about the
8 ability to get, particularly for small businesses, right,
9 the -- address their concern in a much more timely,
10 efficient way. That's what we're trying to get at there.
11 So that -- maybe that wasn't artfully stated, but that's
12 what the subject is.

13 MS. DRAKE: Yeah. Yeah. Some of these are just
14 questions about what --

15 MS. FREUND: Yeah.

16 MS. GREGOIRE: Yes.

17 MS. DRAKE: -- what we're referring to. So,
18 again, in the same page, the second to the last paragraph,
19 U.S. export financing is much more similar to country -- I'm
20 wondering if we're talking about similar by --

21 MS. FREUND: Size.

22 MS. DRAKE: Okay. That was my question: Was it
23 type? Was it size?

24 MS. FREUND: It's from that Figure 1 that Matt
25 likes.

1 MS. DRAKE: Okay. So I might specify --

2 MS. FREUND: In size.

3 MS. DRAKE: -- in size. And then in the last
4 paragraph there, the second sentence, while Ex-Im remains
5 competitive in some areas, in the first draft, it said many,
6 and now it says some. I preferred many. I don't -- you
7 know, that's another question.

8 On the top of the next page, that first partial
9 paragraph, I would just sort of rework that to state it
10 differently so that we can say, you know, the reason that
11 Ex-Im is subject to these unique requirements is for the
12 purpose of creating jobs, rather than -- this seems to paint
13 it solely as a negative, and I think it can be stated in a
14 way that perhaps addresses everyone's concerns, those who
15 support those provisions and those who don't support them as
16 much or at all.

17 In the next paragraph, I wondered -- I wanted to
18 raise and see if this is a view on the Board, something
19 about these 18 new reforms, including reporting
20 requirements. When I was up on the Hill last year, talking
21 about reauthorization, every single bill that I saw said,
22 and let's have Ex-Im write another report and another report
23 and another report. And I think everyone's trying to sort
24 of say, well, there are critics, so let's address the
25 critics by requiring more reports, that somehow that will

1 alleviate their concerns, and as an advisory group, do we
2 want to say at some point enough with the reports or merge
3 the reports or --

4 MS. FREUND: Yeah, that's a good idea.

5 MS. GREGOIRE: Yes.

6 MS. FREUND: Very good.

7 MS. DRAKE: -- you know, we're not against
8 transparency, we're not against --

9 MS. FREUND: Yeah.

10 MS. DRAKE: -- accountability, but we don't want
11 folks wasting our time.

12 MS. GREGOIRE: I'm not convinced they know what's
13 being produced now. It's --

14 MS. DRAKE: Right.

15 MS. GREGOIRE: -- kind of whatever it is, do more.

16 MS. DRAKE: If they read this, they might not have
17 as many questions.

18 MS. GREGOIRE: Correct.

19 MS. DRAKE: And then I think on the -- I have a
20 similar question that Bob raised about the very final
21 sentence, we're united in our assessment that the
22 competitive disadvantage faced. Again, you know, we're
23 saying there, further exacerbated. I might just say -- that
24 sort of implies there's a lot of existing competitive
25 disadvantages, and I might just say it's dwarfed by the

1 uncertainty. That, to me, is the biggest competitive
2 disadvantage, is the fact that we don't know for sure that
3 the Bank is going to be here in a year. So I would focus on
4 that. Those are my comments.

5 MR. PERCIASEPE: A few.

6 MS. GREGOIRE: Other than that, do you like the
7 titles?

8 MS. DRAKE: The titles, the font is terrific.

9 MS. GREGOIRE: Jay.

10 MR. WHITE: I have one, I have one very
11 proofreadery comment, page 3, second paragraph, very last
12 sentence, should Congress choose to require further reforms
13 the Bank's next reauthorization, they air, E-R-R, please --

14 MS. FREUND: Where?

15 MR. WHITE: -- on the side of making --

16 MS. GREGOIRE: Where is it?

17 MR. NELSON: It's A-I-R, spelled A-I-R.

18 MS. DRAKE: It says A-I-R, but it should say
19 E-R-R.

20 MS. FREUND: No, I know, but which page is this?

21 MS. GREGOIRE: But where is it?

22 MS. DRAKE: Page 3.

23 MR. NELSON: Page 3.

24 MS. FREUND: Oh, I see.

25 MR. OJEDA: Of the original or the new original?

1 UNIDENTIFIED SPEAKER: Edit has been made.

2 MS. FREUND: The new one.

3 MR. WHITE: The edited one I'm looking at.

4 MR. OJEDA: Okay.

5 MR. NELSON: That's in the new draft.

6 MR. OJEDA: Okay. Which paragraph?

7 MR. NELSON: It's already been fixed.

8 MS. FREUND: It's okay. We got it.

9 UNIDENTIFIED SPEAKER: Don, it's in the new one?

10 MR. PERCIASEPE: No. It's at the, it's at the --
11 it's in the second paragraph on the third page in the new
12 one --

13 UNIDENTIFIED SPEAKER: We made the edit.

14 MR. PERCIASEPE: -- right there. There it is.
15 I'm looking at --

16 MS. GREGOIRE: We got it.

17 MR. PERCIASEPE: -- they air, as in like Air
18 Jordan, you know, on the side of making Ex-Im --

19 MS. GREGOIRE: Other comments or questions? This
20 is good stuff, you-all.

21 MS. FREUND: Yeah.

22 MS. GREGOIRE: Please.

23 MR. NELSON: A question for Celeste, on that first
24 page, you had referenced a comment about at an even greater
25 disadvantage --

1 MS. DRAKE: Uh-huh.

2 MR. NELSON: -- what was that? What was your
3 comment on that again?

4 MS. DRAKE: Just that I don't think that we're at
5 a great competitive disadvantage. To say even greater, I
6 think, overstates the concerns about what exists. So I
7 would just tone that down a bit, was my comment.

8 MR. NELSON: I would almost, you know -- I think
9 that we, our ECA is at a disadvantage, or at least the small
10 businesses are, from the perspective that the other ECAs
11 have so many more options to provide finance, you know, and
12 some of them are non-OECD. They have, you know, they --
13 they, I guess, don't follow the rules exactly.

14 So I think that just out of the gate, you know, if
15 you want to set it side by side, we're already at a
16 disadvantage, at least from where I sit. I don't know if
17 anyone else agrees with that, but I certainly don't think
18 it's a totally level playing field with U.S. Ex-Im Bank
19 compared to China's ECAs. So I think without Ex-Im Bank we
20 are at a much greater disadvantage.

21 MS. DRAKE: Absolutely, I think without the Ex-Im
22 Bank we would be at a huge disadvantage. I think my comment
23 was around, I think that sometimes the discussions here have
24 been of the nature that, well, our greatest disadvantage is
25 that we require folks to produce in the United States to get

1 higher levels of funding and, if we just got rid of that, we
2 could do all kinds of lending, and I think that's absolutely
3 true. I don't know that that lending would have the
4 political support, you know, be focused on creating U.S.
5 jobs. So I am for, you know, a little bit more balanced
6 discussion of that kind of thing. I think it's clear that
7 other ECAs are doing things that Ex-Im is not, but they have
8 different goals.

9 MR. NELSON: But it puts us exporters at a
10 disadvantage.

11 MS. GREGOIRE: I don't see that as referencing the
12 flagging and the content --

13 MS. FREUND: Yeah.

14 MS. DRAKE: Uh-huh.

15 MS. GREGOIRE: -- I don't see that. I see that
16 you do, but does it do it injustice to this if it simply
17 said, uncertainty puts U.S. exporters at a significant
18 competitive disadvantage?

19 MS. DRAKE: Oh, yeah, that would be fine with me.

20 MS. GREGOIRE: Does that --

21 MR. NELSON: That's good, yeah.

22 MS. GREGOIRE: Is that okay?

23 MR. NELSON: Yeah.

24 MS. GREGOIRE: So, Caroline --

25 MS. FREUND: Yeah, that's what I had -- I just

1 want to point out that that sentence is about the expanding
2 of the others --

3 MS. GREGOIRE: Right.

4 MS. FREUND: -- and just holding --

5 MS. GREGOIRE: That's how I read it.

6 MS. FREUND: -- and just -- because it says, at a
7 time when operating in a limited capacity, with the threat
8 of closure looming, as compared with other ECAs that are
9 expanding, the uncertainty puts it at a greater
10 disadvantage. So the initial disadvantage is because others
11 are expanding and this isn't --

12 MS. GREGOIRE: That's how I read it.

13 MS. FREUND: -- but then actually closure is a
14 greater disadvantage to just being flat. So there's nothing
15 about content in that sentence.

16 MS. DRAKE: No, I understand that. I think it
17 perhaps, from my perspective, the uncertainty is the biggest
18 deal. It would create the, a great competitive
19 disadvantage. So rather than -- that should, to me, that
20 should be the focus rather than whatever other disadvantages
21 exist.

22 MS. GREGOIRE: So if we simply said that --

23 MS. DRAKE: That's --

24 MS. GREGOIRE: -- either at a significant or a
25 great competitive or whatever --

1 MS. FREUND: Is fine.

2 MS. GREGOIRE: -- does that do an injustice to the
3 point that the paragraph is trying to make, because I read
4 it as you do?

5 MS. FREUND: Well, I think the point the paragraph
6 was trying to make was that just being flat is already a
7 disadvantage, so uncertainty is greater. So I think it's a
8 bit stronger that way, but if -- I mean, I don't know what
9 the rest of the --

10 MS. GREGOIRE: How about we restructure it
11 consistent with that --

12 MS. FREUND: To make it very strong and clear.

13 MS. GREGOIRE: -- so it's clear what it's
14 referencing. It's not referencing the other things that you
15 have articulated.

16 MS. DRAKE: That's fine, and if there's no, if
17 there's no one else that shared my concern on that at all,
18 I'm happy to concede. I just wanted to raise the issue.

19 MS. GREGOIRE: Jenny.

20 MS. FULTON: Yeah. The only thing I was going to
21 add is, you know, we're very small, and you know, we use the
22 credit insurance. There is not another bank in North
23 Carolina that I have found -- and I've talked to a lot of --
24 that will do credit insurance for me on a foreign purchase
25 order. So, to me, it's devastating. So, I think, use the

1 strongest words you possibly can.

2 MS. GREGOIRE: Got it.

3 MS. FULTON: That's just my opinion.

4 MS. GREGOIRE: Got it.

5 MR. STEPHENS: But to that point, though, you need
6 to make the, I think, emphasize the point, it's not
7 either/or. The Ex-Im Bank --

8 MS. FULTON: No. It's --

9 MR. STEPHENS: -- and the U.S. banking system --

10 MS. FREUND: It's additive.

11 MR. STEPHENS: -- are more interconnected,
12 interdependent than what a lot of Congress believe --

13 UNIDENTIFIED SPEAKER: Absolutely.

14 MS. FULTON: Exactly.

15 MS. DRAKE: Yeah.

16 MR. STEPHENS: -- and so now there's -- that's a
17 problem with the banking industry not really embracing Ex-Im
18 as much as it should, but that's a, that's another topic.
19 But I just want to, since I'm new on this whole
20 subcommittee, I'm not really sure -- it sounds to me like
21 you want to address all these issues but, by the same token,
22 you know, you want some, a quick summary for these staffers
23 to say, hey, there's enough, there's a message here that
24 makes me want to dig deeper, versus answer every question in
25 three pages.

1 So how can you put this, our, our letter together
2 in a way that really mentions what we think is the most
3 critical and really encourages the reader to go further into
4 the package versus there's so much here, I'm done at page 2,
5 because you think about all these staffers and all these
6 congressmen -- they got to get this stuff in sound bites,
7 you got to have some takeaways, and if you want to, you
8 know, teach them how to make the watch, you've lost them. I
9 mean, so -- so you have to really try to blend that as best
10 you can. I'm not so sure that, you know, we're doing as
11 good of a job -- well, it's better, obviously, than it has
12 been in the past, but our letter should be more of a
13 stimulus to say, God, this, I wasn't aware of this, this
14 clarifies a couple main points, I'm going to read further.

15 MS. GREGOIRE: So, Jay, let me hone it back to
16 you. I'm all for encouraging them to read the report. I am
17 not the least bit optimistic that it would. So how I have
18 come to -- I'm sorry to say that -- but I have come to view,
19 what we do here is what they can't do. So we're not
20 constrained by the report in our comments, and somebody has
21 to say it concisely and bluntly. We're getting royally
22 messed over out there because of what's not happening.
23 Okay?

24 MR. STEPHENS: Great.

25 MS. GREGOIRE: Two, China is eating our lunch,

1 just in case you didn't notice. I mean, that's --

2 MR. STEPHENS: Yeah, and that's one paragraph --
3 no. That's one sentence, actually --

4 MS. GREGOIRE: Yes, but my point is --

5 MR. STEPHENS: -- and you can stop there.

6 MS. GREGOIRE: -- that's the kind of thing that I
7 think they will read and will get their attention.

8 MR. STEPHENS: Right, but to say that in one page
9 -- that's all I'm saying. How can you condense that down
10 to, like, wow, I didn't know this?

11 MS. DRAKE: So are you saying that there should be
12 like a --

13 MS. GREGOIRE: Bullet points?

14 MS. DRAKE: Or something that says, bottom line,
15 and says three sentences at the top so in case they don't
16 have time for the full four pages? Like --

17 MR. STEPHENS: I'm just saying, you know, there
18 are a lot of smart people that are reading this but they're
19 all overwhelmed with information. So it's not a matter of
20 intellect, just amount of --

21 UNIDENTIFIED SPEAKER: Time.

22 MR. STEPHENS: -- just bandwidth to read it and
23 understand it. So how do you that effectively?

24 MR. SLAUGHTER: So you're saying an executive
25 summary in the letter?

1 MR. STEPHENS: Yeah. Yeah.

2 MR. SLAUGHTER: No, it's not -- but it's not a bad
3 idea, actually. I mean --

4 MR. STEPHENS: Uh-huh.

5 MS. GREGOIRE: Or maybe there are ways we bold
6 things --

7 MR. WHITE: Put it on the cover.

8 MS. GREGOIRE: -- you know, so that, for
9 example --

10 MR. STEPHENS: Yeah.

11 MS. GREGOIRE: -- our recommendations, you know,
12 okay, fine, I care about them but they won't, that's nice
13 and so on, but the kinds of things that we really want said,
14 we find a way to bold it, we find a way to caption it, we
15 find a way to, you know, use different font, or you know,
16 one sentence has different font that we want to stand out.
17 We didn't say, China's eating our lunch, but something
18 that's a little more --

19 MR. STEPHENS: Yeah.

20 MS. GREGOIRE: -- professional.

21 MS. FREUND: Well, like newspapers do with --

22 MS. GREGOIRE: Yes.

23 MS. FREUND: -- a sentence taken out and then
24 bigger fonts.

25 MS. GREGOIRE: Yes. Let's do something like that.

1 MR. PERCIASEPE: I thought having some of that in
2 the second paragraph, as compared to way in the back of the
3 first draft, was a good -- and I mentioned that earlier.
4 But I think you could do what Steve is mentioning by simply
5 having, you know, key points, you know, in the letter and
6 then boom, boom, boom, boom, and then the letter. I think
7 you bold it or whatever --

8 MS. GREGOIRE: Yes.

9 MR. PERCIASEPE: -- I don't think that's an
10 unusual format.

11 MS. GREGOIRE: Let's work on it.

12 MR. STEPHENS: That's a great idea.

13 MS. GREGOIRE: Jay.

14 MR. WHITE: Yeah. I'm competing in Asia all the
15 time, and there's no doubt, one of the findings here is that
16 if you expected to crack the report open, figure out this is
17 OECD against OECD and sort of the same old same old, that
18 isn't it. The goalposts are way over here now, and if we
19 don't tell them that, we're missing something in the
20 Competitiveness Report. That's, that's what we're supposed
21 to tell them here and entice them to dig deeper.

22 I agree with hitting them harder with, you know,
23 three or four bullet points, but I think if we, if we talk
24 about relative competitiveness in the sense of we're
25 relatively -- if we soft-pedal it too much, we're doing

1 ourselves a disservice here, because that's exactly what the
2 findings are saying, is, you know, let's pay attention to
3 the environment that this agency is working in today. We
4 got to do that.

5 MR. STEPHENS: Well, just to kind of add to that,
6 just to me, part of the challenge is Hensarling and some of
7 these others, and I've been to a number of free enterprise
8 think tank, this is the way we see the world, and it doesn't
9 work in the U.S., so it's not -- it's definitely not going
10 to work in the whole world, you know, the principles of free
11 enterprise, of creative instruction. So where do you say
12 that, okay, I understand ideologically what that really
13 means in the books but it doesn't, didn't really happen
14 during the Great Depression and it doesn't really happen in
15 China?

16 So, you know, to say you can't really use free
17 enterprise principles as kind of our foundation, I don't
18 know how you -- that kind of gets a little bit more
19 complicated, but that's really the thing that you're
20 fighting, is that ideology of, you know, just let the strong
21 survive. And this one's kind of goofy, but you're not going
22 to win those folks over, but somehow to say, hey, it is
23 unfair the way the Chinese are doing it and the Koreans and
24 -- but, you know, sometimes to win doesn't mean being fair.
25 So how do we win in kind of this new economic environment,

1 and that's what the Ex-Im Bank, you know, primary role is.
2 It's the lender of -- it's not the lender. It's a safety
3 net, like it was when it was created in the Great
4 Depression, and hey, here's what's happening in Texas and,
5 oh, by the way, there is opportunity to be more relevant to
6 small business and we're going to do that and this is how we
7 started doing it. And, I mean, there are other points to
8 it, but if you can just -- and maybe that's just too
9 elementary to get their attention, but I think those are
10 the, the major issues from what I think is what you're
11 fighting. So --

12 MR. THWAITES: Yeah, I understand the point,
13 Steve. I'm just not sure that we can use the letter to get
14 to that -- that's an ideology you're trying to fight.
15 You're never going to -- we're never going to win that
16 argument. So I don't know if our letter should really be,
17 that should be our focus, to change ideology.

18 I think we use the facts that are evident in the
19 report to make the points very strong, and I think we do
20 that here. I mean, I think I'm open to the bolding and
21 bullet points and making it as strong as we can. We can't
22 water down the language to, to the personal goals of any of
23 our organizations, if it's labor or if its manufacturing, if
24 it's any. I think we need to be strong despite maybe some
25 of the language being a little harsh in some areas that

1 don't have the benefit to, to our individual constituents.
2 I think, like you said, Governor, we got to, we got to have
3 the writing in bold on the wall and these are -- this is
4 what's going on and here's the problem, and I think, I think
5 we do a decent job of that.

6 MS. GREGOIRE: My sense of this is, if we think
7 our letter has a chance at changing opinions, I would --
8 I'll argue that point with us. I don't think it does, but
9 there are enough on the fence, thoughtful people who don't
10 know and don't understand, and that's who we're trying to
11 get the facts, the truth, the information to, and the best
12 way we can do that is -- and I don't know it -- is what
13 we're trying to accomplish here with the letter.

14 MR. STEPHENS: Okay. So to that point, so if
15 somebody -- and since I'm relatively new to all of this, so
16 I know some, some of this, but also I'm naive in some
17 respects -- so when somebody in my circle says, hey, tell me
18 about this Ex-Im Bank, what's going on, and I don't have two
19 hours, I have maybe 10 minutes, what do I send them? And I
20 think you could use this if you had a good summary --

21 MR. HOCHBERG: Let me cut to the chase for a
22 second. We just haven't -- LazyGram gave me this idea, and
23 we've been running with it. It's called the pocket card.
24 It's about this size because it's a real male thing. It
25 fits in a man's suit pocket. That's why it's called -- and

1 every member of Congress likes that. We have one on Ex-Im,
2 and we're going to create one on this report. So at the end
3 of the day, we've got from 160 pages to 100. Then we're
4 going to get that 100 down to, like, three because, as
5 someone earlier said, the only thing a member of Congress
6 will read is something, that bulleting.

7 MR. STEPHENS: Right.

8 MR. HOCHBERG: So, yes, we will produce that as --
9 that's the other piece of collateral that will go with the
10 report. So there'll be a -- so, I mean, maybe it's a
11 three-fold that fits in your pocket, and then there'll be
12 the report.

13 MS. GREGOIRE: And remember, the perspective that
14 you all have is, in my opinion, what the letter is intended
15 to convey. You are people who have used the Bank. You are
16 people who understand the Bank. You are people who have
17 interests associated with whether the Bank continues or not.
18 So your collective perspectives on how is it doing, what are
19 its threats, you know, that's what I think is really
20 important for us to convey and convey in a succinct,
21 straightforward way, professionally, as we possibly can.

22 MR. NELSON: I think it looks good. I like it. I
23 like it, and I think if they were really interested in it,
24 they'll read three or four pages; and, if they're not
25 interested, they're not going to read anything.

1 MS. GREGOIRE: Well, I do think the staff will.

2 UNIDENTIFIED SPEAKER: Yeah.

3 MR. NELSON: What's that?

4 MS. GREGOIRE: I do -- importantly, on the Hill,
5 you got to get the staff -- right, Scott?

6 MR. SCHLOEGEL: That's right.

7 MS. GREGOIRE: To read something. Now, I'm a
8 little reluctant to believe they're going to read this.
9 Shame on them if they don't, okay, but I'm a little
10 reluctant to believe they're all going to read this. If
11 they don't read these four pages, can them.

12 MR. NELSON: That's exactly my point. I agree.
13 They will read the three or four pages, and if they don't,
14 they don't care.

15 MS. GREGOIRE: Well, this has, I think, been very
16 helpful. Thank you, Caroline and to the members of that
17 subcommittee. This has been a terrific conversation. Thank
18 you, each and every one of you. Thank you two for all your
19 hard work in twenty -- how many reports now?

20 UNIDENTIFIED SPEAKER: Thirty.

21 MR. CRUSE: Forty-some.

22 MS. GREGOIRE: Forty-some. Forty-some.

23 MR. CRUSE: But Jack Benny stopped counting at 39,
24 so I will.

25 MS. GREGOIRE: Okay. With that, do we have --

1 MR. HOCHBERG: I just saw Erin walk in.

2 MS. GREGOIRE: Erin, are you here? I don't -- oh,
3 yes, here you are. Erin's going to give us all the great
4 news from the Hill about how they're going to read every
5 last word of all 100 pages.

6 MR. PERCIASEPE: They're fast-tracking it right
7 now.

8 MS. GREGOIRE: Exactly.

9 MS. GULICK: Hello. Great. So I'm just going to
10 -- you've obviously heard from Jeff Zients earlier. So
11 reauthorization is still going on. So just quickly, this is
12 a little bit of a high-level repeat. June 30th is fast
13 approaching us. The House and Senate are in their final
14 legislative week before they go for the Memorial Day recess.
15 They have that for a week, and then they come back for the
16 month of June. There are exactly four legislative workweeks
17 past this week before our authorization expires on the 30th.
18 Technically, June 26 will be the last day that the House and
19 Senate will be, are scheduled to be in session. So, really,
20 we're looking at June 26 as our date.

21 In the House the number of cosponsors have
22 increased in both the Fincher bill and the Waters bill.
23 They obviously still have their differences, but generally,
24 there are a lot of points where there is some overlap,
25 though some of the provisions are more challenging than

1 others. In the Senate there are also two bills. There is
2 the bipartisan Kirk-Heitkamp bill and the Shaheen bill,
3 which has a handful of Democratic senators on it as well.

4 So right now we have been having a number of
5 hearings. Just on Tuesday the chairman had the pleasure of
6 testifying before the House Foreign Affairs Committee,
7 Subcommittee on Terrorism, Nonproliferation, and Trade.
8 It's chaired by Chairman Ted Poe. He's a Republican from
9 the Houston area. That was a pretty friendly hearing, and
10 the chairman had the ability to really make the case for the
11 Bank and our reauthorization. In addition to that, we also,
12 the -- sorry. The committee also invited two Ex-Im Bank
13 customers to testify on a second panel. One was Susan Jaime
14 of Ferra International in San Antonio, Texas, and the second
15 was Carly, I forget her last name, of Resin Technology in --

16 MR. HOCHBERG: Right, Resin Technology and Ferra
17 Coffee.

18 MS. GULICK: -- in Groton, Massachusetts. So they
19 both did a very good job of underscoring the work that we do
20 with them. This was the third appearance of the chairman in
21 the House.

22 We had two previous hearings before a joint
23 subcommittee on the House Financial Services and the House
24 Oversight Subcommittee, one on April 19th and one on April
25 30th, and the -- on June 3rd the chairman will be testifying

1 again before the full committee of the House Financial
2 Services. So we don't really know much about that hearing
3 just yet, not quite sure who else will be at this hearing,
4 but we're just told the topic is generally talking about the
5 Export-Import Bank activities and any activities that we do
6 to not crowd out the private sector and such.

7 And then on Thursday, June 4th, we are -- the
8 chairman is testifying again before the Senate Banking
9 Committee. So the first week of June will be very busy for
10 us. The topic of the Senate Banking Committee will be just
11 talking about reauthorization and the reforms that we did in
12 2012. Also, that same week, on that Tuesday, June 2nd, a
13 handful of, I think, think tanks are going to be invited to
14 testify before the Senate Banking Committee, so -- but I am
15 not aware of who those members will be. I don't know if
16 official invitations have gone out -- so lots of activity,
17 at least at the hearing level, in terms of actual action on
18 reauthorization.

19 We've seen a lot of activity this week. The
20 Senate is, as you know, is discussing the trade promotion
21 authority bill, and I think there have been a handful of
22 senators who have gone down to the Senate floor to voice
23 their support for the Export-Import Bank. We're not really
24 quite sure what that means for us and what happens next.
25 So, like many other people, we are watching the Senate floor

1 to see what happens.

2 So I would say those are the primary things, and
3 then our Board of Directors, as you all know, we have three
4 positions that need to be nominated and confirmed. Director
5 Loui was re-nominated, and we're still waiting for two
6 additional candidates to be nominated. July 20th becomes a
7 date of concern because after July 20th we won't have a
8 quorum on our Board. So we are eagerly anticipating the
9 movement of, of any nominations there. The first week of
10 July is a district work period in the House and the Senate,
11 so then that leaves three legislative weeks in July.

12 So I would say that's it. So right now we're just
13 kind of -- there is a lot of movement and activity, and you
14 know, in the House, you know, we have 250 members who are
15 vocally supportive or, at least, publicly in the sense that
16 they are cosponsoring, but we're confident that there are
17 far more than the 250 who have just signed their names to
18 bills based on the discussions that we've had with various
19 members.

20 So, as you know, there are 435 members of the
21 House. You need 218 to pass a piece of legislation, and 250
22 is more than 218. So we would argue that is, in fact, the
23 majority of the House. In addition to that, in the Senate
24 we have a lot of very vocal supporters; so -- from both
25 sides of the aisle -- and so I think we remain confident

1 that we will get reauthorized, and we just don't have a
2 hundred percent clarity on the exact path, but I'm sure
3 we'll get there. So I will open it to questions.

4 MS. GREGOIRE: So can I ask you, Fred -- I don't
5 want to think negatively, because I, that is not what I
6 think -- but if per chance by June 30 they have done
7 nothing, or let me restate this, they haven't got a bill on
8 the President's desk, then what?

9 MR. HOCHBERG: Well, what I -- we had an all-hands
10 meeting in this very room about 24 hours ago with all of our
11 employees. I mean, if for some reason they have not come to
12 a, found common ground by June 30th, one, we are
13 appropriated through the end of the year; so we keep
14 operating, we keep fulfilling loans and approvals we've
15 made. We have to continue doing that because the, if the
16 Board's approved it, we keep doing it. That's an approval.
17 That's a commitment. We would be unable to write new
18 transactions at that point, but some people, for example,
19 have a working capital loan that may go on until September
20 or October. So those are still in effect. It would just
21 mean we, you know, if you had a working capital loan that
22 expired on July 30th, we could, we'd keep it through July
23 30th, but we can't go beyond that.

24 MS. GREGOIRE: And when you say end of the year,
25 you mean calendar or budget?

1 MR. HOCHBERG: Budget year. I mean, we, like
2 every federal agency is, is appropriated until September
3 30th, you know, State, Commerce, Defense. Everybody's, you
4 know, no one is, there is nobody who is appropriated any --
5 so my point is, we're at no disadvantage in that regard. So
6 we're still fully funded in terms of all of our staff and
7 all of our operations.

8 I was asked afterwards, you know -- one, I concur
9 with Erin, I believe we're going to get this done, and
10 there's been more activity of late. If -- and it's happened
11 in the past -- if this ever happened, you know, there's --
12 Congress goes back on July 7th or 8th, you know, and so it's
13 not, it's not now or never.

14 Now, I still believe we're going to get this done,
15 and I also believe it's far better never to close than to
16 close and reopen. You know, if I think about the companies
17 that are represented here, you've got -- you know, it's not
18 like you're going to experience a layoff tomorrow, you know,
19 because you've got orders that are going out two, three,
20 four, five, six months, depending on the time frame, and
21 commitments, but it does impact the next round of sales, the
22 next round of orders, and it has that impact. So that's the
23 reason it's important that we don't have a hiccup because,
24 also, the market will not, doesn't forget that in terms of
25 our --

1 MS. GREGOIRE: That's what I was trying to --

2 MR. HOCHBERG: -- in terms of our reliability.

3 MS. GREGOIRE: -- make sure we all understood,
4 that as far as we're concerned, the deadline is June 30, and
5 it would be just terrible if they didn't get it done by
6 then, but if they don't get it done by then, we keep
7 fighting, is my point.

8 MR. HOCHBERG: Yes.

9 MS. GREGOIRE: We keep -- because we will not
10 reconvene again until September. So I just wanted to be
11 clear with all of you, if by June 30 we are not
12 reauthorized, don't pack up and go home. Keep fighting and
13 get the September meeting on your calendars --

14 MR. HOCHBERG: Right.

15 MS. GREGOIRE: -- because we're coming back and
16 we're going to keep fighting.

17 MR. HOCHBERG: Right.

18 MS. GREGOIRE: Please.

19 MR. NELSON: A question for Erin, the Board of
20 Director vacancies --

21 MS. GULICK: Uh-huh.

22 MR. NELSON: -- who actually nominates them?

23 MS. GULICK: Well, the President nominates them,
24 but for the candidates, for the Republican positions,
25 Senator McConnell puts forward the candidates for

1 consideration to the White House, and then the White House
2 vets them, and assuming they would approve, then they would
3 then officially nominate them.

4 MR. NELSON: So do we know if McConnell has
5 submitted names?

6 MS. GULICK: I don't know, actually.

7 MR. HOCHBERG: It is our understanding -- that's
8 the best I have -- names are being considered and vetted
9 right now, but that's the -- I'm not shared any more
10 information than that.

11 MR. NELSON: Okay. And the date that you wouldn't
12 have a quorum is when?

13 MS. GULICK: Well, after July 20th, so July 21st.

14 MR. NELSON: July 20th, okay.

15 MS. GREGOIRE: Bob.

16 MR. PERCIASEPE: Thank you. Thanks for that
17 presentation, Erin, and this is a question probably for you
18 and Fred and whether or not you've gotten any signals at all
19 from leadership in the House and Senate that they are going
20 to manage their, their flock in a way that might get this
21 done by the end of June, or are they still just holding
22 their fire, watching the different bills and how that
23 progresses?

24 MS. GULICK: Well, Senator McConnell in
25 yesterday's paper was quoted as saying that, you know, he

1 believes we deserve to have a vote, so he's committed to
2 that. So -- he was quoted, I think, in two different
3 sources as saying that, so -- but I would say that's pretty
4 consistent from what we've heard from them, is that they do
5 believe we deserve to at least receive a vote. Whether or
6 not he supports it himself is a different question. So --
7 and then Speaker Boehner had made a similar statement, I
8 guess, a couple weeks ago --

9 MR. PERCIASEPE: About having a vote.

10 MS. GULICK: -- two or three weeks ago in the
11 paper about saying that, it was something to the effect of
12 if the, you know, he would prefer that Chairman Hensarling
13 take action but, if not, it's possible that something would
14 happen in the Senate and they would have to look at that.
15 So --

16 MR. NELSON: So there's been some indication that
17 they've nominated --

18 MS. GULICK: There's been some, like, public
19 indication --

20 MR. NELSON: Okay.

21 MS. GULICK: -- to that extent.

22 MR. NELSON: That's good.

23 MS. GREGOIRE: And, you know, if we can get a
24 vote, we win.

25 MR. PERCIASEPE: Yeah, and --

1 MS. GREGOIRE: That's our challenge, to get a
2 vote.

3 MR. PERCIASEPE: Right, exactly, and that -- so I
4 was going to bring up what you brought up also, Governor,
5 and that is that you don't stop until appropriations cease
6 to exist, and that would be through the end of the year.
7 But that's another danger thing to watch because, you know,
8 there's the annual reauthorization through the
9 appropriations process, which meant there's a number of
10 places around the federal government that are stuck in that
11 little whirlpool of uncertainty. So --

12 MS. GREGOIRE: Yes. I mean --

13 MR. PERCIASEPE: -- it's not a solution, but it's
14 a --

15 MS. GREGOIRE: No, it's not, and the -- you know,
16 we said it last year; we're going to say it again this year.
17 We need to stop saying it every year that this lack of
18 clarity is hurting our competitiveness.

19 MR. PERCIASEPE: Makes it impossible.

20 MS. GREGOIRE: Yes. You know, three months, six
21 months, one year doesn't hack it.

22 MR. OJEDA: Any efforts to consolidate bills?

23 MS. GULICK: I mean, there's the bipartisan bill
24 in the House, which -- I mean, in the Senate --

25 MR. OJEDA: Right.

1 MS. GULICK: -- which could be viewed as a bit of
2 a consolidation between the Fincher and the Waters bill. In
3 the House, though, I'm not aware of any official efforts to,
4 to do that.

5 MR. OJEDA: So if they bring one to vote, which of
6 the two?

7 MS. GULICK: You know, I think I'll leave that to
8 them to decide, but my guess is, because the vast majority
9 of members in the House are on the Democratic bill and there
10 are a significant number of Republicans on the Republican
11 bill, that they would need to have a discussion as to how
12 they want to move that forward. Alternatively -- and then
13 the Senate will also need to have a similar discussion on
14 what they want to do, but I'm not sure.

15 MS. GREGOIRE: But see, you make a very telling
16 point about how much work there is to be done.

17 MR. OJEDA: Yeah, uh-huh.

18 MS. GREGOIRE: Right, because one bill passed out
19 of the Senate, one bill passed out of the House; then how do
20 you get those two together and get them passed as one to get
21 to his desk? So, I mean, there's a lot of work to be done.

22 MR. SLAUGHTER: Sorry, could I just -- on that,
23 are any of these bills out of committees yet, or are they
24 still in committees?

25 MS. GULICK: They're all in committee.

1 MR. SLAUGHTER: Yeah. So -- okay.

2 MS. GREGOIRE: The other avenue is to hang it.
3 Are there any prospects of hanging it?

4 MS. GULICK: Having it go as an amendment to
5 something?

6 MS. GREGOIRE: Yes.

7 MS. GULICK: Yeah. I think there are some options
8 available for that. Actually, Senator Cantwell of
9 Washington state has offered the Kirk-Heitkamp bill as an
10 amendment to the trade promotion authority bill being
11 discussed in the Senate, and as you may have read in the
12 papers, she's having discussions with leadership on how they
13 want to proceed with that. So -- but you know Senator
14 Cantwell quite well. So, yeah, so unclear how they're
15 moving forward on TPA, and -- but yes, so theoretically that
16 is an option, and there are --

17 MS. GREGOIRE: And frankly, at this juncture, to
18 get around the problems that I just mentioned, that might be
19 the best option, wouldn't you say?

20 MR. HOCHBERG: I have no opinion on the matter.

21 MS. GREGOIRE: Oh, sorry. Sorry, that's right. I
22 apologize. I apologize. So speaking for myself --

23 MS. GULICK: I think, just to that point,
24 Governor, I think any time you do that there are always
25 additional hurdles that need to be overcome, and I think --

1 MS. GREGOIRE: No, I know, but --

2 MS. GULICK: -- that's kind of what we're seeing
3 play out on the Senate floor right now. So --

4 MS. GREGOIRE: That's what I'm --

5 MR. PERCIASEPE: It's been a long time since
6 there's been a traditional conference committee to solve,
7 you know --

8 MS. GREGOIRE: Correct.

9 MR. PERCIASEPE: -- you know, counting on that to
10 happen is --

11 MS. GREGOIRE: Correct.

12 MR. PERCIASEPE: -- tough.

13 MS. GREGOIRE: Yes.

14 MR. STEPHENS: You know, for whatever it's worth,
15 Bob, two weeks ago I was at a fund-raiser for Boehner. He
16 was in Houston, and all the Texas delegation was there.
17 Somebody asked him the question about Ex-Im, and he made a
18 derogatory comment about the Texas Tea Party and said, hey,
19 you know, when you got 85 percent of the House and 75
20 percent of the Senate, you're okay, don't worry. And then
21 that's when Ted Poe came up to me and asked me a lot of
22 questions, and I don't know if that was part of why he
23 wanted to speak with you, but I can imagine Boehner making
24 that bald of a statement among a fairly conservative group.
25 So hopefully that's encouraging, but -- and I'm happy to

1 follow up with a letter to him, if you've got something in
2 terms of anything that would help him, but he probably has
3 all he needs, so I don't know.

4 MS. GULICK: He's very educated.

5 MR. STEPHENS: Pardon me?

6 MS. GULICK: He's well educated, I think, on --

7 MR. STEPHENS: Yeah, I think so.

8 MS. GULICK: -- the Ex-Im Bank, but with specific
9 respect to Chairman Poe, since you brought him up, I would
10 just point out that he did not vote for the 2012
11 reauthorization and then he hosted a very good hearing on
12 Tuesday, which gave a very good --

13 MR. STEPHENS: Yeah.

14 MS. GULICK: -- I'd say, good perspective of what
15 we do at the Bank. So we thought that as a really good
16 change and that he's now supportive of the Bank. So I think
17 that's a really positive sign of all the reforms that we did
18 in fact do from the last reauthorization and all the ones
19 that we continue to do beyond what we're required to do.
20 So --

21 MS. GREGOIRE: So, Erin, just get a note out to us
22 as when the signing is going to happen so we can all be
23 there for it.

24 MS. GULICK: Yeah. Yes.

25 MS. GREGOIRE: Thank you for your hard work.

1 MS. GULICK: Great. Thank you.

2 MS. GREGOIRE: Appreciate it. Stephanie.

3 MS. THUM: Good afternoon. I'm Stephanie Thum and
4 I'm the vice president of Customer Experience at the Bank.
5 So by now, given the previous discussions with previous
6 presenters, we all have a pretty good idea of what's on the
7 mind of our friends in Congress, and if you've picked up a
8 newspaper lately, you understand what the media has to say
9 about Ex-Im Bank, but the lens and view and scope that I'm
10 here to share with you today is that of our customers, and
11 quite frankly, it doesn't make it into the dialogue enough.
12 So I'm very happy to be able to share some high-level early
13 findings from a recent survey that we've done with our small
14 business customers who use our export credit insurance
15 product.

16 What I'll share with you today are preliminary
17 findings --

18 UNIDENTIFIED SPEAKER: Stephanie, turn it around.

19 MS. THUM: Sorry.

20 UNIDENTIFIED SPEAKER: Thank you.

21 MS. THUM: Preliminary -- okay, there we go. What
22 I'll share with you today are some preliminary findings from
23 this survey. I'm going to show you lots of numbers, but
24 what I hope you'll walk away with is not a number but a
25 voice, the voice of 574 customers who took time out of their

1 day to respond to our survey, to let us know how we're doing
2 as an institution but also to let us know what the impact
3 that Ex-Im Bank has had on their small business.

4 So what I want to do is just start with some
5 high-level background information about this year's survey
6 as compared to last year's survey. This year we had greater
7 participation among our customers. We had a greater
8 response rate, and we like that because it signals engaged
9 customers. We also like it because a 25.8 percent response
10 rate is well above the industry standard for electronic
11 surveys.

12 We also like that we have numerous notable
13 improvements over the 2014 survey, and I'm going to share
14 with you some high-level findings from that in just a
15 moment, but one of the first things that I want to share
16 with you, one of the first pieces of data, because I know
17 it's on your mind because it's in the context of the
18 Competitiveness Report, is small businesses' use of other
19 export credit agencies. We've heard the Advisory
20 Committee's recommendations in the past to make sure that
21 we're doing a good job of taking a look at small businesses'
22 use of other export credit agencies.

23 Over the past four years or so, we conducted three
24 different surveys, and we found that relatively few small
25 businesses are using other export credit agencies. What

1 we're finding, though, for those who do have a point of
2 reference, is that Ex-Im Bank is very strong in terms of
3 overall satisfaction with the Bank overall, as well as high
4 levels of satisfaction among our customers with respect to
5 the products and services that we do compared to other ECAs.
6 So we were very happy with last year's results for our
7 survey, but this year, as we see improvements, we're always
8 happy to see that as well. So I put some comparisons there
9 for your review.

10 So let's take a look at customers' export growth
11 over the past five years because that's what we're here to
12 do. We're here to help customers grow their exports toward
13 the creation of U.S. jobs. We were very happy to see that
14 more customers this year reported that their exports have
15 grown and fewer said that their exports had decreased, and
16 what we really like is that for almost half of our customers
17 who reported growth, their exports have grown by as much as
18 24 percent, and for 10 percent of those customers, their
19 exports have grown by more than a hundred percent. And we
20 really like that because that's why we're here: to help
21 small businesses grow toward the creation of U.S. jobs.

22 So let's take a look further at that. How have we
23 been doing at helping small businesses to add or support
24 staff? After all, they are the ones employing people. We
25 hear a lot of opinions as to how Ex-Im Bank supports

1 employment, but let's hear straight from our customers, the
2 people who are actually employing people. It's on this
3 slide.

4 So for this year's survey, significantly more
5 customers told us that Ex-Im Bank helped to expand exports,
6 significantly more said that Ex-Im Bank had a positive
7 impact on employment at their small business, and
8 significantly more said that without Ex-Im Bank they would
9 not have realized this many export opportunities. Again, we
10 were very happy with what we saw in last year's survey, but
11 we really like seeing in these preliminary findings added
12 emphasis and added engagement on the part of our customers.

13 We also see that we made a jump in terms of
14 overall satisfaction with Ex-Im Bank. Our customers gave us
15 higher scores this year, better results, and we didn't think
16 we had much higher to go with respect to the question of
17 would you recommend, which may be a question that some of
18 you ask for your own businesses, would you recommend Ex-Im
19 Bank to another exporter? We did really well last year with
20 95 percent of our customers saying yes. This year 97.5
21 percent said yes.

22 So, as you can see, we have a lot of improvements
23 across the board in terms of how we have -- how our
24 customers feel that we have impacted their business, but
25 let's not forget that Ex-Im Bank has a strategic goal: to

1 improve the ease of doing business for customers. So not
2 only did we ask questions about how we impacted their
3 business as small businesses, but we asked, how are we doing
4 toward this goal that we have as an organization to improve
5 the ease of doing business?

6 As an institution, Ex-Im Bank ascribes to what we
7 call an industry standard customer effort score question,
8 and that is, we ask every customer for every survey or every
9 interview that we do -- and we also do this as part of many
10 of our roundtables -- how much effort do you personally have
11 to put forth to complete your transaction with Ex-Im Bank?
12 We also ask questions about their expectations versus actual
13 experiences: How were our verbal communications, our
14 written communications? How about the processing time --
15 that's something we pay a lot of attention to internally --
16 and how about the cost? What we saw were moderate to
17 significant improvements across the board.

18 We also ask about their ease of interaction with
19 Ex-Im Bank: Did you find our staff accessible and
20 knowledgeable? Were we willing to help? How about claims
21 processing? And we saw again, with staff willingness to
22 help, an increase in our scores that we're very happy with.
23 So toward our strategic goals, we're finding that we're
24 doing pretty well toward making improvements that our
25 customers want, need, and expect.

1 There is additional survey work going on at the
2 Bank, and I want to recognize my colleague John Trammell.
3 He helps me to keep the trains moving on all of this survey
4 work that we're doing. So thanks, John. Right now we have
5 in development an experience survey for our brokers, and I
6 need to send a shout out to our brokers because without them
7 I don't think that we would have as much success in the
8 survey results that I just shared with you as we did. We
9 need our brokers. We leverage our brokers, as much as we
10 can, to reach small businesses. So we need to make sure
11 that we're meeting their needs and expectations, as well,
12 because we need them. So we're developing a survey right
13 now to ask our brokers: How are we doing in working with
14 you? Are we arming you with the right material and access
15 that you need to represent us?

16 We are also going to this year, for this broker
17 experience survey, find out what we need to do to reengage
18 some brokers that came to see us for initial training and
19 then we might not have seen much of since then. We want to
20 engage more of those brokers and find out what we need to do
21 to better arm them with what they need.

22 It was mentioned earlier that we have the
23 point-of-experience survey that's now launched. This was a
24 recommendation that I believe that the committee made. It
25 deployed April 18th. What this is, is a survey that

1 automatically kicks out to our ESS and express insurance
2 customers at the point in time when they accept a quote from
3 us for a policy. It's a very quick and easy survey, about
4 three questions long, and it helps us to identify early pain
5 points in the customer's journey with our organization.

6 So, again, we ask the customer effort score
7 question: How much effort did you have to personally put
8 forth to complete your transaction? Did you accomplish what
9 you set out to do? And so far the results are trickling in.
10 It's been very slow as we've started, but we are definitely
11 launched now. I think we have 13 responses in as of today.
12 So it's there, and for our customers who wish to take it, we
13 absolutely ask that they please feel free to do so. And at
14 that -- with that, that's all I have. I'll be happy to take
15 any questions.

16 MR. SLAUGHTER: Well done.

17 MS. THUM: Thank you.

18 UNIDENTIFIED SPEAKER: Very good.

19 MS. THUM: Thank you.

20 MS. FREUND: Exciting.

21 MS. THUM: Yes.

22 MR. NELSON: Quick point in nomenclature --
23 brokers, are these your delegated authority banks?

24 MS. THUM: These would be our insurance brokers.

25 The --

1 MR. NELSON: Okay.

2 MS. THUM: -- delegated authority banks would be
3 separate. We maintain close connections with our delegated
4 authority banks through other mechanisms. We interview them
5 regularly. We also involve them in our total enterprise
6 modernization project, which is a project that we have as a
7 bank to streamline our systems, to make it so that things
8 are easier for our banks to do business with us through the
9 working capital program, for example. So we have other
10 feedback mechanisms that we use with the delegated authority
11 banks.

12 Yes.

13 MR. SLAUGHTER: Just a quick comment and question.
14 The comment, Stephanie, you and your colleagues, this is
15 great stuff. It's really important, I think, just to
16 understand better how the Bank functions from the
17 perspective of the customers. My question is, what do you
18 know about the people that don't reply to this survey?

19 MS. THUM: Well, as a matter of -- you know, it's
20 an industry standard that we talk about pretty frequently,
21 and that is, there's a success bias built into every single
22 survey --

23 MR. SLAUGHTER: Sure.

24 MS. THUM: -- that you put out.

25 MR. SLAUGHTER: Yep.

1 MS. THUM: We have made an effort last year to
2 reach out to customers who were former customers, to ask
3 them what's going on. We had roughly a 10 percent response
4 rate for that survey, and the results really didn't shed as
5 much light on that as we would have wished, but we did make
6 an attempt to go out and cultivate that data and that
7 information. We just really didn't get that great of a
8 response.

9 MR. SLAUGHTER: And a quick follow-up, do you know
10 who they are, though? I mean, you kind of --

11 MS. THUM: Sure, yes.

12 MR. SLAUGHTER: -- I guess you know the customer
13 base; so you could do some kind of statistical things --

14 MS. THUM: Yes.

15 MR. SLAUGHTER: -- to kind of compare the
16 non-responders to the responders to kind of get a sense of
17 how representative or unrepresentative they are and things
18 you can see.

19 MS. THUM: The responders and the non-responders
20 or the former customers?

21 MR. SLAUGHTER: I guess, both, right. But I'll
22 make a general comment and I'll be quiet --

23 MS. THUM: Okay.

24 MR. SLAUGHTER: -- this is a great example, I
25 think, of something we talked about earlier. If you all

1 were open to kind of working with outside folks that think
2 about surveys that do policy and academic research, this is
3 just amazingly rich ground. I'd like the BEA, again, to
4 invite academics who've worked on these things to partner
5 with --

6 MS. THUM: Uh-huh.

7 MR. SLAUGHTER: -- folks to kind of think about
8 what questions to ask and how to look at it.

9 MS. THUM: I thank you for raising that. That's a
10 point that I wanted to make for the purposes of this
11 discussion as well. This is not information that we pulled
12 out of any of our own databases, this customer satisfaction
13 data. We did contract with a third-party research firm --

14 MR. SLAUGHTER: Oh, okay, interesting.

15 MS. THUM: -- to conduct this survey.

16 MR. SLAUGHTER: Yeah.

17 MS. THUM: With respect to the broker survey, they
18 are working with us on the developmental steps from the
19 ground up. We did a survey a couple of years ago of our
20 brokers. We are actually going to rebuild that survey to
21 make sure that we're asking the right questions.

22 MR. SLAUGHTER: Great. Okay. Thank you.

23 MS. THUM: So, yes, we are indeed working with an
24 external party.

25 MS. GREGOIRE: And you guys have implemented the

1 real-time survey?

2 MS. THUM: Yes, ma'am. That is the
3 point-of-experience survey. That is the survey that kicks
4 out at the point of time in the customer's journey with us
5 when they accept a quote for an ESS or express policy. It
6 automatically kicks out to them, and we really like how this
7 pilot has gone, and we're considering now possibly
8 integrating it into another process within the Bank, and
9 we're just tossing around the idea right now of doing a
10 similar survey on our claims submission process, so more to
11 come on that.

12 And another note that I want to make is, with
13 respect to the large survey that I just told you about, we
14 are going to be publishing the results of that survey.
15 These were high-level preliminary findings. The full report
16 is due from our external vendor by the close of business on
17 Friday, and we do intend to publish these results, much like
18 we did last year. So, yes, ma'am, to your question and that
19 led me to the, to the follow-on thought.

20 MS. GREGOIRE: And preliminary results on the
21 real-time, or what do you call it? I'm sorry.

22 MS. THUM: The point-of-experience. It's --

23 MS. GREGOIRE: Point-of-experience.

24 MS. THUM: Yes. The preliminary results on that,
25 we have gotten no negative scores out of the 13 that have

1 responded so far. They've all been extremely satisfied to
2 very satisfied. I've been very pleased with the customer
3 effort score question. It asks: On a scale of one to five,
4 how much effort did you personally have to put forth? The
5 higher the score, the worse we feel, because if you had to
6 put a five down for that, that means you had to put forth a
7 lot of effort. We've had no fours or fives. We had threes,
8 twos, and ones. And we really have to also attribute some
9 of that success to our brokers as well, because they are out
10 there, helping us to explain expectations.

11 Yes.

12 MS. GREGOIRE: So this point-of-experience survey
13 is the one that we recommended last year in the hopes that,
14 you know, people would be more willing to respond when it
15 was fresh than if it was an annual survey and they maybe
16 done it nine months before and so on, but it serves multiple
17 purposes, and thank you and congratulations on the, yes, the
18 quick input, well, wherever I'm going, quick implementation
19 of that based on the recommendation --

20 MS. THUM: Thank you.

21 MS. GREGOIRE: -- of the group last year. So --

22 MS. THUM: Thank you. We also have to thank our,
23 our IT team, our Ex-Im online team, because we collaborated
24 very closely with them, as well as the folks from our Export
25 Credit Insurance Division, who helped us to figure out,

1 okay, what's going to be the best point in time to ask this
2 question and how do we attach it to our information systems
3 infrastructure so that it gets to the right people. So it
4 was a collaborative process.

5 MS. GREGOIRE: Good on you-all.

6 MS. THUM: Thank you. Anything else?

7 MS. GREGOIRE: Other comments or questions,
8 you-all?

9 MS. THUM: Yes, sir.

10 MR. OJEDA: Yeah, if I may.

11 MS. GREGOIRE: Gabriel.

12 MS. THUM: Gabriel.

13 MR. OJEDA: Two questions, very related. You said
14 that you were going to publish the results. Who reads it?
15 And the second one is, are there other government agencies
16 that are looking at their performance in a similar matter or
17 in a similar way, and how do we compare with other agencies?

18 MS. THUM: Okay. The first question is, who reads
19 the results? Well, we know that other government agencies
20 are looking at our results; particularly, the trade-related
21 agencies are looking at our results. BusinessUSA is another
22 example.

23 Other agencies -- well, let's talk about that for
24 just a moment. Right now I sit on the President's
25 cross-agency task force for customer service. There's a

1 management goal that the President has toward customer
2 service, and I sit on the advisory board for that community
3 of practice. There are roughly 15 agencies that are working
4 to do some of the same things that we're working to do right
5 now, but in terms of small agencies, we're clearly in the
6 lead.

7 With Chairman Hochberg's creation of my particular
8 position, we are actually only one of four agencies that has
9 a role like this in the federal government: the VA; well,
10 GSA now has a hybrid role of a customer officer; the Federal
11 Student Financial Aid; and us. There are really only four
12 that are taking charge on that right now, but there is a
13 presidential executive order toward customer service and the
14 management goal that is out there that a lot of agencies are
15 looking to put effort behind and are putting effort behind
16 through various projects. They're working on mindset
17 changes. Right now happens to be Customer Experience Month
18 on DigitalGov.gov. There is a digital-user summit tomorrow
19 at GSA, and I'm going to be on a keynote panel for that. So
20 there's a lot of discussion going on in the federal
21 government with respect to customer experience and a lot of
22 effort being put forth toward this new management discipline
23 of the government.

24 MR. OJEDA: Can your results be used to further
25 bolster the position of the Ex-Im Bank and maybe change the

1 opinion of some of those naysayers out there?

2 MS. THUM: The information is there for our
3 Communication Department, and our communication does do
4 that. I also think it's very important to make note of the
5 fact that not only do we take a look at how we are impacting
6 small business but we're trying to use the survey results to
7 make our organization better from a process perspective. So
8 there is the overarching perspective of our customers with
9 respect to the impact, but we also want to make sure that
10 we're making the agency a better place toward our strategic
11 goals.

12 MR. OJEDA: Okay.

13 MS. THUM: Does that answer the question?

14 MR. OJEDA: Yep, perfect.

15 MS. THUM: Okay.

16 MR. STEPHENS: A couple of things, I do think it's
17 a great, great effort. The next phase is which kind of
18 constituents can you reach out to, you know, the banks, a
19 broker community, some of your clients, and get kind of a
20 group discussion about really kind of what the pain points
21 are, because, like in banking, we never wow anybody; we just
22 try not to make them mad --

23 MS. THUM: Right.

24 MR. STEPHENS: -- and so -- and there's always
25 some opportunity for improvement --

1 MS. THUM: Uh-huh.

2 MR. STEPHENS: -- and -- because it's very
3 documentation-intensive -- and so what are, what are those
4 specifics of where you can kind of improve from, what is
5 your baseline --

6 MS. THUM: Yes.

7 MR. STEPHENS: -- and sometimes you only can get
8 that by just sitting down and having a dialogue with kind of
9 the like-minded constituents. And so --

10 MS. THUM: Yeah, absolutely. We held a roundtable
11 with our Working Capital Guarantee Program lenders, actually
12 a couple of different roundtables with those lenders at our
13 annual conference. One was very process-oriented.
14 Michelle, anyone who, or Candice -- okay. Through our total
15 enterprise modernization team, we sat down to take a look at
16 a new system that we're actually testing at the moment to
17 streamline the application process for our working capital
18 program. So we sat down to talk with our lenders about
19 that.

20 We also sat down with our Working Capital
21 Guarantee Program lenders to talk about the program overall
22 at the annual conference. We had, I think, eight of them in
23 the room to share with us their perspectives, and they
24 talked about the reauthorization and they talked about the
25 process. So we sit down with them pretty regularly. The

1 chairman also has an executive banker's roundtable a couple
2 of times a year. So we're in the process of that.

3 There is something that we do want to do with our
4 Ex-Im online team that we've started with our exporters at
5 the moment with respect specifically to navigating Ex-Im
6 online. We're starting a quarterly gathering,
7 teleconference gathering, with the exporters who are using
8 Ex-Im online to figure out -- to just ask them
9 qualitatively, show us the pain points that you're
10 experiencing in our system. We would like to do that with
11 the bankers as well, something similar.

12 MS. GREGOIRE: Thank you, and I --

13 MS. THUM: Thank you.

14 MS. GREGOIRE: -- I want to comment, if I can --

15 MS. THUM: Yes, ma'am.

16 MS. GREGOIRE: -- that I think you have a
17 wonderful presentation style --

18 MS. THUM: Oh, thank you.

19 MS. GREGOIRE: -- and you're attitude about
20 bringing a voice to us of the customer is just a welcome
21 message and reminder of what this is all about. So I want
22 to thank you for a job well done.

23 MS. THUM: Oh, wow, thank you. I'm very
24 complimentary, flattered. Thank you.

25 MS. GREGOIRE: Thank you. Also, we have

1 subcommittee updates. So, Caroline, where do we go from
2 here?

3 MS. FREUND: I guess now we can just talk about
4 the process. I think the process is we'll get a draft to
5 you by the end of the day today just with a few of the
6 comments from the room added to the draft here, we'll send
7 it around, and then any additional comments back to me by
8 Friday, and then we'll hopefully have a draft that's for the
9 report by after the Memorial Day weekend. Does that sound
10 good with everybody?

11 MS. KALISHMAN: Great. Great.

12 MS. GREGOIRE: So you get -- we get one more round
13 of comment to you and then we're done; then we trust
14 Caroline. Okay?

15 UNIDENTIFIED SPEAKER: Okay.

16 MS. GREGOIRE: Perfect. Good show. Thank you.
17 How about -- oh, Luis wasn't here. Bob, did you have a
18 committee with you and Celeste?

19 MR. PERCIASEPE: We did. I don't think we had a
20 chair of it, though.

21 MS. GREGOIRE: Do you have anything to report?

22 MR. PERCIASEPE: I'm happy to act in lieu of
23 anybody who was a chair, but we had a good discussion on
24 building a process for the chair and yourself to be engaged
25 with the environmental community. We talked about

1 broadening the kind of folks that have been at recent
2 meetings in the last couple years and maybe
3 institutionalizing it a little bit more, couple of times a
4 year with you and the chair and maybe some in-between work,
5 you know, keying issues up so then when the meetings -- when
6 we have the meetings, there's actually some substance that
7 can be dug into.

8 So I think, I think we got a handle on that. It's
9 going -- we're working on getting the recommendations
10 together. Some of us are doing a little bit of checking
11 around with other people on the outside about how they think
12 about that. And we also talked about the idea -- I think
13 this, this might have been Celeste's idea -- to also maybe,
14 when we have some of these meetings with outside advocates,
15 not all of them because we want to make sure they have
16 access to the chair, but also there may be some sessions we
17 want to have with some of the companies, particularly
18 companies that are in the renewable energy or low-carbon
19 energy or sustainability industries and businesses that
20 might -- it might be an interesting way to further engage
21 the outside community and with the businesses that are
22 serviced by the Bank.

23 So those are the ideas. We'll try to put -- we're
24 working on getting the recommendations together. You know,
25 Tom is not here because he's at the Wind Energy Annual

1 Conference, I think in Orlando, and we had other conflicts
2 today. So --

3 We also talked about, broadly, ideas of how to
4 find a way -- and this, we have to figure out lanes on this
5 and where the Bank can be and can't be -- but how do we, how
6 do we try to become more competitive out there and financing
7 for some of these kinds of projects, where there's many
8 billions of dollars of this kind of work going on around the
9 world, other Ex-Im banks are funding more than we are, and
10 so how can we -- you know, obviously we're stuck in the same
11 stuff we've been talking about all day, you know,
12 uncertainty and everything else, but putting that aside for
13 a moment, assuming, like I do, like you, that'll get, we'll
14 get through that, you know, what other tools might we have
15 to reach out to partners or others to try to help further
16 that.

17 So those -- that was, I think, the summary of the
18 conversation. If anybody else was at the meeting, wants to
19 say anything --

20 MS. GREGOIRE: Okay.

21 MR. PERCIASEPE: I don't think I was the only
22 committee member there, but --

23 MS. GREGOIRE: Any questions or comments on that
24 one?

25 (No audible response.)

1 MS. GREGOIRE: So Jay.

2 MR. WHITE: The small business committee met with
3 staff and necessarily, because of the amount of effort
4 that's been expended on their digital enhancements of the
5 marketing effort. First they showed us some of the video
6 that they've developed, product-centric on small businesses
7 using the credit insurance, as an example, to promote and
8 build their business and add jobs.

9 They're two-minute videos. They're very well
10 produced. We did like the content quite a bit, and those
11 are accessed through different layers of social media.
12 There's Facebook. There's others, other search engines that
13 can direct to the Ex-Im videos that are for these products.
14 We asked them if they were actually promoting these videos
15 through Google search terms and all this, and it looks like
16 this is getting done. So we're quite satisfied that there's
17 a concerted effort out there, not just to create product,
18 but drive users to the websites. So we're quite, quite
19 happy about that.

20 We did talk a little bit about what would be the,
21 other than the top of the funnel, trying to get as many
22 users exposed to the Ex-Im products, what would be the next
23 layer in terms of giving them some sort of decision
24 education as to whether they've got the right products or
25 they're thinking about the right products. And we talked

1 with them briefly about how they might develop sort of a
2 decision tree click-through where they could say, well, this
3 is my situation, in other words, kind of boil it down:
4 instead of them playing a working capital video, not knowing
5 whether that's really what they want, that they start with
6 something like, this is my situation, and they move through.
7 And going further, even if it is not an Ex-Im product where
8 they end up but if they get redirected to another export
9 promotion group or commercial bank or whatever it is, that
10 that -- that's still a win.

11 We were also very happy that all these
12 click-throughs to the videos will create feedback on their
13 customer relationship management software. All their CRM
14 will show that there was a hit, the usual things in filling
15 out forms and all that, but it looked very, very good.

16 We went a little further, that we were, we're kind
17 of wondering -- and this is kind of a larger Ex-Im marketing
18 problem to the, to the small business community -- is, so
19 much of the effort seems to be centered around using or
20 presenting Ex-Im as a last resort instead of a proactive,
21 instead of defensive, export marketing effort for the small
22 business community, and I don't think we really developed
23 that idea just yet, but I think it creates quite a bit of
24 discussion for some of our future meetings. That's kind of
25 where we ended up.

1 MS. GREGOIRE: Good. Questions or comments,
2 you-all?

3 (No audible response.)

4 MS. GREGOIRE: Jenny.

5 MS. FULTON: Yes, ma'am. We had a great
6 submeeting with Brad and Lee. They did a fantastic job.
7 You know, we're kind of overseeing our recommendations from
8 past, and so what feels really good to me is, if you haven't
9 looked at the Ex-Im website lately, it re-launched on
10 Saturday, please look at it. It does not look like a
11 governmental website. It's fantastic. So I commend them.

12 Sydney was with me, and we talked about, they are
13 still in the process of trying to find that right digital
14 person to hire. We had two great candidates that got away
15 at the last minute. So we're still in the process of
16 finding that, which is going to add a huge value to the
17 social media aspect, which we've taken leaps and bounds and
18 doing LinkedIn and doing Twitter and social ads through the
19 Wall Street Journal as well as CBS News and found out that
20 Twitter and LinkedIn is working for the Bank. And I think
21 we've come a long way and we've got a long way to go but
22 we're really moving in the right steps.

23 The other things that we enjoyed learning today is
24 that they've done an internal audit on the Bank's
25 relationships as far as partnerships, and so they went to

1 the next level. Once they did the internal audit, they
2 said, okay, well, who in the Bank is going to be responsible
3 for managing that relationship and maturing that
4 relationship, and so they got some true ownership within the
5 Bank in different departments. And that feels good, too,
6 because -- like, we were talking about having brokers as
7 well as customers. Well, brokers, you know, are your first
8 line of contact, typically, sometimes with your customers,
9 but if that broker leaves, you've got to make sure you know
10 who your customers are. So by doing this internal audit, I
11 think it's going to really enhance what's going on within
12 the Bank. So I commend them on that.

13 And there's just really structured relationships
14 that are going on to where they're doing global access to
15 where, you know, maybe we're targeting NAM, the
16 manufacturing association, but then we're going to go into
17 specific industries and really do some webinars and casting
18 to really focus on that. And, you know, I think we're in
19 the right direction, and it feels really good.

20 MS. GREGOIRE: Yes.

21 MS. FULTON: So I want to, you know, commend the
22 Bank and commend Brad and Lee, who's working on that
23 department, because they're doing great jobs. That's what
24 we came up with, and we're just watching them and enjoying
25 it, so thanks.

1 MS. GREGOIRE: Questions or comments, you-all?

2 UNIDENTIFIED SPEAKER: Great.

3 MS. GREGOIRE: Okay. Public comments? Any public
4 comments?

5 (No audible response.)

6 MS. GREGOIRE: Mr. Chair, do you want to make a --
7 no. So I'm going to ask you for your final comments, Fred,
8 but before I do, our next meeting is September --

9 MR. OJEDA: 16th.

10 MS. GREGOIRE: What is it? I'm sorry.

11 MR. OJEDA: 16th.

12 MS. GREGOIRE: 16?

13 MR. OJEDA: I think so.

14 MS. GREGOIRE: September 16, and that's our last
15 meeting of the year. So at that point the subcommittees
16 need to have their reports ready, in final form, actually,
17 for purposes of coming before the whole, and in those
18 subcommittee reports, you would include whatever new
19 recommendations you wanted to make as well as comments on
20 recommendations that were made last year and whether they
21 were completed or not and, if not, why not, or maybe you
22 decided you don't think they should do one of them, then say
23 that as well, but -- so a report, very short but, basically,
24 again, another way in which we can help the Bank in our
25 respective subcommittees do as good a job as possible, and

1 where they've done good things, like Jenny was just
2 referring to and Jay as well, please make sure you include
3 those comments in your report as well, about the things that
4 they are doing that have accomplished, not just the
5 recommendations, but that you've been made aware of and you
6 agree as a committee that those are good things and good
7 direction for the Bank to be taking.

8 From my perspective -- and I've only been here two
9 -- no. This is my third year, isn't it? Oh, sorry, sorry.
10 Sorry, three --

11 MR. MULVANEY: Time flies when you're having fun.

12 MS. GREGOIRE: Yes, right, exactly, sorry. Third
13 year -- I just want to commend you-all because I thought the
14 conversation with respect to the Competitiveness Report was
15 very robust and very helpful, very constructive, very
16 respectful, and that's really what we're about. In times
17 past people have been a bit reticent, and that didn't help
18 anybody. So a big thanks to each and every one of you for
19 coming, for engaging, for helping make the Bank better and
20 to see the Bank through what are very challenging times
21 right now. So with that, Mr. Chair.

22 MR. HOCHBERG: Well, I was, and my notes I wrote a
23 few hours ago, was exactly along the same lines. I mean, we
24 all get called on at times to serve on committees of one
25 sort or another, but I -- and I know the staff does who

1 worked on this -- really appreciate the fact that you, you
2 know, read the report, wrestle with it, deal with the
3 content, and focused on, one, putting on an accurate report
4 that, you know, that reflects your comments and giving us
5 improvements. And, you know, this report is a big step
6 ahead of last year. Last year was a giant step ahead of the
7 previous year, and this gives us a very good tool. So --
8 and I likewise appreciate everybody really treating this
9 very seriously, and I hope that you all feel some degree of
10 satisfaction that, you know, not just sitting in a seat,
11 occupying a chair, but were actually, need and use your
12 engagement very thoroughly.

13 And I also just want to, in addition, just comment
14 for Caroline and -- Caroline or Caroline, do you prefer?

15 MS. FREUND: Actually, Caroline. It's spelled
16 Caroline. So it's very, very --

17 MR. HOCHBERG: Oh, that's what threw me, yes,
18 because we have a Carolyn, and I deal -- we work at the
19 White House with a Caroline, so I'm totally --

20 MS. FREUND: Yeah. I actually don't even hear
21 what people say because I'm so used to being called both,
22 but my parents --

23 MR. HOCHBERG: Is it spelled with a y or --

24 MS. FREUND: No, with an i. That's the confusion.
25 My dad's from Europe, and that's the way you spell --

1 MR. HOCHBERG: Caroline.

2 MS. FREUND: -- Caroline in French. So --

3 MR. HOCHBERG: So back to --

4 MR. MULVANEY: Caroline.

5 MS. FREUND: Exactly. If you can say it that way,
6 that's the --

7 MR. HOCHBERG: What's that?

8 MR. MULVANEY: I just said it in French, Caroline.

9 MR. HOCHBERG: Ah. Where's Manana? And I want to
10 also -- one of the things that makes this committee very
11 robust, as our Chairperson said, is, one, we have a lot of
12 business owners, we have a lot of different points of view
13 that are very helpful, and I know that it's been mentioned
14 last year, but I think with both Caroline and Matt, thinking
15 about how we get this data out there, because long term, it
16 is rich data, we could get some better ideas on how to keep
17 collecting it and improving it, and the more faculty and
18 academics and think tanks that then wrestle with the data,
19 we'll get more of a better discussion out in the general
20 public, which, you know, we're -- this institution is 81
21 years old. It's going to be here a long time, and so
22 getting that more out there, I think, only to our benefit.

23 So everyone's been very helpful, but I think
24 that's one of the takeaways I'd like us to get from this
25 year, that we work with you maybe to accomplish goal, to

1 think through how, Julie and Jim, how we sort of get this so
2 that we can start as we think about next year's and also how
3 we make more of this, the data sets available, because
4 having been a dean for five years, you know, faculty are
5 always looking for that data that they can then slice, dice,
6 and analyze in different ways. So I appreciate that
7 particular extra from the new dean.

8 MR. MULVANEY: You know, I'd love to make a
9 comment on that, if I could, Mr. Chairman, because I totally
10 agree with you and I feel like -- a few weeks ago the
11 Financial Times had an op-ed in support of Ex-Im, and a few
12 days later Simon Evenett from Switzerland chimed in and sort
13 of dressed down the Financial Times on their support for
14 Ex-Im, and it was an example of what I think is a great
15 academic. Simon Evenett does really good work on
16 protectionism, trends and protectionism, you know, around
17 the world, but I feel like folks like Simon need to keep in
18 mind and understand this data, that we're there to
19 neutralize foreign export credit subsidies, and we actually
20 need academics like Simon Evenett on our side.

21 So I think having academics talk about the need to
22 constrain the use of official export credits would be very
23 constructive, and maybe having some conversations about, you
24 know, what the WTO could do to monitor the use of official
25 export credits, you know, maybe what the G-20, you know,

1 could do to monitor the use of official export credits, and
2 maybe it may take several years to get there, but I feel
3 like it starts with academic research. That can actually
4 have a very positive impact on the development of
5 international economic policy.

6 MR. HOCHBERG: So, yes, I would just again thank
7 everybody. We will reconvene in September. We'll be in
8 touch with you before, and a particular shout out, I was
9 going to say, to sort of Mary, Gabriel, Don, who -- and
10 Sydney -- who I had the opportunity of meeting along the way
11 as I meet with business owners around the country and -- so
12 that we get really the voice of actual users here. This is
13 not just a theoretical approach. This is actually people
14 using the program and wanting to find ways to make it work
15 for them better.

16 MS. GREGOIRE: Great. Thank you, Mr. Chair.
17 Anything else for the good of the order?

18 (No audible response.)

19 MS. GREGOIRE: Thank you, all. Safe travels.
20 I'll see you in September at which time we'll celebrate.

21 (Whereupon, at 2:53 p.m., the meeting was
22 concluded.)

23

24

25

Digitally signed by Wendy Campos

ELECTRONIC CERTIFICATE

DEPOSITION SERVICES, INC., hereby certifies that the attached pages represent an accurate transcript of the electronic sound recording of the proceedings before the Export-Import Bank of the United States Meeting of the Advisory Committee on May 20, 2015.



Transcriber

May 28, 2015

Date