

Hochberg interview w Bloomberg - 5 25 10
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Fred Hochberg, Chairman And President, Export-Import Bank

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FRED HOCHBERG, CHAIRMAN AND PRESIDENT OF EXPORT-IMPORT BANK, TALKS TO
STEPHEN ENGLE ABOUT U. S. -CHINA TRADE

MAY 26, 2010

SPEAKERS:

FRED HOCHBERG, CHAIRMAN AND PRESIDENT, EXPORT-IMPORT BANK
STEPHEN ENGLE, BLOOMBERG NEWS

STEPHEN ENGLE, BLOOMBERG NEWS: We'd like to bring in our guest now to discuss the U.S. efforts to boost exports, in particular to China, and that is the Chairman and President of the Export-Import Bank of the United States, Fred Hochberg. Thank you very much for your time today.

How can the Obama Administration reach this goal over the next five years of doubling exports?

FRED HOCHBERG, CHAIRMAN AND PRESIDENT, EXPORT-IMPORT BANK: Well, we're already on a good path. Exports to China in the first three months of this year are up 46 percent. In fact, the largest increase of any country in the entire world. Overall exports in the United States are up over 16 percent, and at that level we will double exports in five years. So, the President made the National Export Initiative in January, and we're actually on a very good path to reach that goal at this point.

ENGLE: China says a core issue here, the S&ED, is the relaxation of the controls on high-tech exports to China. Chen Deming, the Commerce Minister, says this will go a long ways in helping alleviate the U.S. trade deficit with China. Do you agree, or is it a very small portion of the overall trade?

HOCHBERG: It's only 3 percent of all exports, so let's put that in perspective. Two, a key issue if we're going to export high-tech products to China, we have to have intellectual property rights. So those two issues go hand-in-hand. If we're going to export more high-tech products, we'll have to have better agreements with the Chinese on intellectual property and protecting those property rights.

ENGLE: I've been living in and out of the greater China region for 20 years. IPR protection has always been a main theme. How much progress have we gotten from the Chinese?

HOCHBERG: Well, progress is measured in small steps. First of all, this is a dialogue. We didn't sign an agreement - it's a dialogue. But there was a lot more agreement; there was a very candid exchange on intellectual property, market access. Secretary Clinton, Secretary Geithner both made that point. I was with Secretary Clinton in Shanghai. We had talked about it with the American business leaders there. We

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continued that conversati on here.

Of course, on the backdrop of this is all the talk about Renminbi revaluation. Do you see the talk of the Renminbi - the undervalued Renminbi - perhaps as even attacks against U.S. exports?

HOCHBERG: Well, I think obviously Secretary Geithner has made it very clear that that's an important issue to get greater balance. I think the conversations that we had yesterday at the economic track of the Strategic Dialogue was about greater balance, understanding China is the largest developing country in the world. The United States is the largest developed country in the world. And together, China and the United States need to work together on making sure that we move to a period of greater growth and greater prosperity for both countries.

We're not going to be able to do it on our own. The idea of sort of independent action is really not going to work in the 21st century.

ENGLE: You've been at the talks. What's the tone?

HOCHBERG: The tone, actually, I thought was very candid. It was very honest. Vice Premier Wang talked about his children and the next generation. That was very heartening to the American delegation to be talking about looking at these issues in a much longer-term way than just meeting a certain trade quota for a month or a quarter or a year.

ENGLE: Now, Wang Qishan, the Vice Premier, is also pressing the United States to have the United States designate China as a market economy. Do you see this happening? And would this, perhaps, put the US at a disadvantage at a time when there are trade disputes and we, both sides, use anti-dumping regulations, if market status would perhaps limit the use of that tool?

HOCHBERG: What we really want is a level playing field. We want a level playing field so that American companies can compete head-to-head with Chinese companies, and therefore, compete for the best product, for the best order.

One of the things we're trying to do at the Export-Import Bank is also increase the role of the private sector. Ninety-four percent of the loans the Export-Import Bank makes in China are sovereign guarantees. We want to help the private sector. We met with a small company on Sunday in the beverage area to try and help private sector investment of private sector exports.

ENGLE: But how difficult is it, really, to penetrate the Chinese market, especially last year when we had these indigenous innovation policies coming out to - and some would say, protecting domestic industries here in China at the expense of imports?

HOCHBERG: China is a very difficult market, but I'm on my way to India. India is a difficult market. Vietnam is a difficult market. It is hard selling worldwide. China is difficult, but it's got a lot of competition in the field of difficulty.

ENGLE: But critical boosting U.S. exports to alleviate that trade imbalance instead of Yuan revaluation?

HOCHBERG: Well, we need to increase exports. As I said, we're up 46 percent in the first few months of this year. We want to continue on that track, and that will go a long way to remedying some of the issues of the two countries.

ENGLE: Fred Hochberg, thank you very much for your time
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HOCHBERG: Thank you.

ENGLE: - on Bloomberg Television.

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