

EXPORT-IMPORT BANK OF THE UNITED STATES

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ADVISORY COMMITTEE AND SUB-SAHARAN AFRICA ADVISORY COMMITTEE

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JOINT MEETING

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TUESDAY,  
APRIL 14, 2020

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The Advisory Committee and Sub-Saharan Africa Advisory Committee jointly convened via teleconference at 1:30pm, Stevan Pearce, Advisory Committee Chair, presiding.

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FLORIZELLE LISER

JAMES O'BRIEN

EJIKE OKPA

MATTHEW STEWART

PAUL SULLIVAN

JOHN WORKS

ALSO PRESENT

JAMES BURROWS, Senior Vice President, Office of Small Business, EXIM

LUKE LINDBERG, Senior Vice President, Office of External Engagement,  
EXIM

STEPHEN RENNA, Chief Banking Officer, EXIM

DAVID SENA, Senior Vice President, Office of Board Authorized Finance,  
EXIM

C-O-N-T-E-N-T-S

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

1:30 p.m.

LUKE LINDBERG: Good afternoon, and welcome to the Joint meeting of the Advisory and Sub-Saharan Africa Advisory Committees of the Export-Import Bank of the United States. My name is Luke Lindberg, Senior Vice President for External Engagement here at EXIM.

I'd like to welcome everyone to this call and take a moment to remind folks to please mute your cell phones or phones or computer audio when you're not actively speaking. This is particularly applicable for our committee members and EXIM staff who are on the call. We have over 30 presenters and panelists today, and our hope is to maintain call quality and everybody's ability to understand one another and hear the content. Thank you in advance for adhering to those rules.

From a content perspective, the focus of today's meeting is to hear from our Advisory Committee members-both the Advisory Committee and the Sub-Saharan Africa Advisory Committee members on EXIM's response to the COVID-19 pandemic. We also will have a chance to address a few housekeeping items during our time together. Today's meeting is intended to last for 90 minutes. To ensure transparency, I'd like to begin the meeting by going through a quick roll call of members of both the Advisory Committee and the Sub-Saharan Africa Advisory Committee so folks are aware of who is present, and I will begin with the Advisory Committee first, please just signify your attendance by saying yea or, if you're not there a nay. Alex Sanchez?

ALEJANDRO SANCHEZ: Yes, I'm here. Good afternoon, everyone.

LUKE LINDBERG: Brad Markell? Christopher Smith? Deborah Wince-Smith?

DEBORAH WINCE-SMITH: Yes, good afternoon. I'm present.

LUKE LINDBERG: Thank you, Deborah. Gary Black? Gary, I know you're on, we spoke before, so we'll count you as yes. Harvey Tettlebaum?

HARVEY TETTLEBAUM: I'm on.

LUKE LINDBERG: Great, welcome Harvey. Joanne Young? All right, Kathie Leonard? Kathie, I know you're on as well, we spoke before, so we'll count you. Larry Goodman is not here with us today. Maria Cino?

MARIA CINO: Yea.

LUKE LINDBERG: Thank you Maria. Owen Herrnstadt? Rich Powell?

RICHARD POWELL: Yes.

LUKE LINDBERG: Hey, Dick, we're golden? Okay, hi Rich.

RICHARD POWELL: Here, thank you.

LUKE LINDBERG: Thank you, Dick. Robert Dinerstein?

ROBERT DINERSTEIN: I'm present.

LUKE LINDBERG: Thank you, Robert. Rodney Ferguson?

RODNEY FERGUSON: Yes, I'm here.

LUKE LINDBERG: Welcome, Rodney. Chairman Steve Pearce?

STEVAN PEARCE: I'm here.

LUKE LINDBERG: Thank you, Chairman. TJ Raguso?

THOMAS RAGUSO: I'm here.

LUKE LINDBERG: All right, welcome. From the Sub-Saharan Africa Advisory Committee: Chairman Dan Runde?

DANIEL RUNDE: I'm here.

LUKE LINDBERG: Thank you, Chairman. Gary Blumenthal? Commissioner Doug Goehring?

DOUGLAS GOEHRING: Here.

LUKE LINDBERG: Alright, Matthew Kavanaugh?

MATTHEW KAVANAUGH: I'm on.

LUKE LINDBERG: Kusum Kavia?

KUSUM KAVIA: I'm here.

LUKE LINDBERG: Alright, welcome. Flori Liser?

FLORIZELLE LISER: Luke, I'm here.

LUKE LINDBERG: Hi Flori, welcome. James O'Brien? Ejike Opka?

EJIKE OPKA: Present.

LUKE LINDBERG: Hi Eijke, EE welcome. Matthew Stewart?

MATTHEW STEWART: Yes, I'm here.

LUKE LINDBERG: Thank you. Paul Sullivan?

PAUL SULLIVAN: I'm here.

LUKE LINDBERG. Thanks, Paul. And John Works?

PAUL SULLIVAN: Yeah, can you hear me? Can you hear me?

LUKE LINDBERG: Yes, I can Paul.

JOHN WORKS: Yes, John Works is here.

LUKE LINDBERG: Alright, that concludes our roll call. Thank you everyone. It is now my pleasure to turn today's meeting over to Chairman Steve Pearce for introductory remarks.

OWEN HERRNSTADT: Hey, excuse me. This Owen Herrnstadt. I'm here as well.

LUKE LINDBERG: Hi Owen, thank you.

GARY BLUMENTHAL: And this Gary Blumenthal. I'm here as well.

SPENCER BACHUS, III: And this is Congressman Bachus, and I think Director Pryor is also on.

LUKE LINDBERG: Yes, thank you Director Bachus and Director Pryor, welcome. Okay, Chairman Pearce, would you like to start?

STEVAN PEARCE: Thank you very much, Luke, I appreciate that roll call, and thanks every one of the members of both committees for being on the call, especially glad to be joined today by Daniel Runde, Chair of the Sub-Saharan Africa Advisory Committee, and also welcome both the chair of the committee. Kimberly Reed is doing a tremendous job as EXIM Director and navigating these troubled times.

My comments come always from the perspective of a businessperson, but also from the perspective of small business, and nothing is more important to any business at any time than certainty and predictability; given that, then you can you can calculate any rate of return you want, you can calculate projected expenses, but you've got to be kind of certain that the market conditions are going to fall within your projections, and that the payment is going to fall within the projected payment period, and also the amount, and that's what I want to address most today: that these are unprecedented times in this country, but also in the world. The market is unstable. It that does not lend itself to aggressive investments. It does not allow or it does not lend itself to expansion and reaching new market shares.

And that's where the EXIM Bank comes in and I just want to congratulate the 400 members of the agency. I think that several things fell into place that were extremely critical. That reauthorization had been languishing for several years, and not only

did President Trump get it reauthorized, but he got the 7-year reauthorization, so that predictability is allowing us to establish a sound footing, which then you all will be able to pass on to others, that pass on to the businesses that are looking to you all for any level certainly. And so that fortuitous event of the reauthorization being put into place before this crisis hit. But then the leadership of Chairman Reed got everybody thinking about those comments made during the reauthorization hearing and during her confirmation, that there was a dramatic desire of Capitol Hill to see the Bank perform in different ways, at least publicly. Maybe it was operating perfectly before but there was a lot of scratchiness coming from many members of Congress.

And so the reauthorization happened, and then under the steady leadership, but then the performance of the 400 employees, the 400 associates of the Bank began to really play out, and a month or two ago, we had the suggestions on what we should be doing, what the Bank should be doing in response to this crisis. I thought they were simple. I thought they were direct, and basically, they put EXIM in a position to lead the world economy, figuratively, through this very difficult time. It is also fortuitous that the reauthorization occurred, and we've had a very sound response from EXIM to the very unstable conditions in the world, because China is trying to change the narrative on the disease and I don't want to get into too much of a discussion on that, but they're changing the narrative so it's that, they're being, they're presenting themselves as the savior of the world and therefore trying to establish even deeper ties, and if we

did not have the reauthorization, if we didn't have the strong performance of the individuals at the Bank, if we didn't have the strong leadership, then their efforts would be much more successful than they're going to be.

And so, all of these introductory comments are made to say that we've engaged in the crisis in a significant way. We have established good footing. The Congress has given us the predictability, and so we should move forward in these very troubled times to give that reassurance and that certainty to the businesses who would at this time expand, if given any certainty, and so as I see these reforms that you put into place, they're going to calm the fears of the ones in Congress who felt like that the mission was too narrow. They're going to fill a need for the businesses who are looking for the certainty, but mostly they're going to help provide jobs through this coming period. And, so for me kicking off this joint committee of the Advisory Committee and the Sub-Saharan and Advisory Committee I just, I'm enthused with the opportunities that we've given ourselves moving to this period, so Chairman Reed. Thank you very much for your leadership. And I would recognize you at this point for remarks.

KIMBERLY REED: Thank you very much, Chairman Pearce, and members of the committees, I really appreciate your support and all you're doing to ensure that EXIM is able to function and flourish, and I just want to be sure everyone on the call--because this a public meeting--knows that this is now week five that our 400-person agency has been successfully telecommuting. We are open for business while we're protecting our workforce and wanting to do all we can within our

ability to help America at this very intense time when it comes to job creation and supporting our exporters as well as helping combat this horrible COVID virus. So, I want to just say that we have been hard at work. We have been focused on COVID for a while now. I want to let the Advisory Boards know that we created a COVID-19 task force, which is chaired by Chief of Staff David Fogel and our Chief Management Officer Adam Martinez. We have great staff working on that to ensure that our operations are proceeding in a very smooth way and we continue to act as a whole government as well on this outbreak.

As you may have seen in various press releases, we have put forth several temporary relief measures for US exporters and financial institutions, and we'll be hearing shortly from our team on the details of those, but just know that we have taken measures to provide temporary support in a variety of ways, and just this morning, we had a Board meeting—and I want to also recognize Director Bachus and Director Pryor—we had a board meeting to consider temporary actions to address the urgent undersupply of COVID-19 response of medical equipment and supplies within our own country. It's a fine balance that we need to strike because we do want to be helping all of our businesses and exporters, but we also need to be focused on all we can to protect our homeland at the same time. So, this temporary action that we took today, you should have received the press release on that, but we really want to hear from you as well.

As Spencer Bachus has noted in past Advisory Board meeting, EXIM has played an important role throughout trouble times in our in our in our nation's history, including after World War II, and this our

moment to be helpful, and you will help us think as broad as we can. In addition to the action we took today to ensure that we are not exporting COVID-19 related medical equipment on a temporary basis, know that we also wanted to help our friends and neighbors around the world where it's appropriate. So the President of the United States on Friday evening issued a memorandum where he directs the President of EXIM, along with the Secretary of State and the Administrator of the USAID, in consultation with several other cabinet secretaries and the head of DFC, to use available authorities to support the recovery of the Italian economy, as appropriate and consistent with the policy limitation set out in the memo. And one of my colleagues, Rick Angiuoni, I had him translate a quote I did in a release on Saturday into Italian because we want to let the Italian people also know that we want to be supportive, and I was so pleased to hear back from Admiral James Foggo, who is the commander of the Allied Joint Force Command in Naples, and he conveyed to me that he spoke with Lieutenant General Antonio Portalano, who is leading the fight against the coronavirus for the Italian forces and very much appreciates America's support.

So, for all of those small businesses who are thinking about exporting, and all of our current customers of all sizes who export, we want to be helpful to you and get your goods and services where they need to be and support your jobs when we can. So, with that I would like to turn it over to our Chief Banking Officer, Stephen Renna, and his colleagues to provide some additional brief updates, and thank you again to our Board.

STEPHEN RENNA: Thank you very much, Chairman Reed. What I would like to do for the Advisory Committee, and very briefly, because I know you're largely connected with our overall COVID response, but I'd like to just give you a synopsis of what we have done to date in order to help our existing EXIM clients, as well as try to provide liquidity for deals going forward, and I would ask David Sena, our Senior Vice President for our Office of Board Authorized Finance, their medium and long-term portfolio, to give you a sense of how our portfolio is doing, what the stress points are, and ask the same thing of Jim Burrows, our Senior Vice President for our Office of Small Business.

So, of course, as you all know, our goal, as Chairman Pearce identified, is to prevent this liquidity crisis for US exporters from becoming a solvency crisis. We want to keep our exporters and the supply chain community and foreign buyers, you know, in a liquid state so they can function through this virus period shut down. So, we have two general categories of relief. The first are measures to provide immediate liquidity relief to our existing client base, and the second measure is to provide additional liquidity needed to enable exporters and their foreign buyers to proceed with export transactions through the COVID crisis and during the period of economic re-engagement. Of course, as you're all aware, these are temporary modifications to our practices, and to our products. They have different terms in how long they're lasting, but essentially measures addressing immediate liquidity relief are slated for varying short-term periods, with the option to extend if needed, and for measures addressing prospective

transactions, they will be available for one year beginning on May 1st.

So, for the immediate relief measures that we provide, essentially the goal is to give existing clients more time to make payments and wait less time to receive any claim payment that they have. In our short-term portfolio, we have essentially two products: our working capital loan guarantee, where we guarantee loans that banks make to exporters in order to provide them with the working capital funding they need in order to fill export orders; and our export credit insurance, which basically provides the exporter with insurance in the event that the foreign buyer does not pay for its goods that it ships. In these two categories, we generally have a menu of extensions and other relief, so extensions of default periods and of renewal periods, more time for claim filing, streamlining of claims filing process, waivers on certain compliance that can't be done if you have to observe social distancing, you can't travel, and general overall flexibility in our documentation requirements and in our claims analysis. So basically, we're trying to make it easier for our existing clients to function within our product.

In the medium- and long-term sector, where we have our loan guarantees and direct lending, our EXIM underwriters and our asset managers have been in contact with all of our existing EXIM clients. We are talking with them about their liquidity stress circumstances or informing them that we're ready to work with them. We have already made, on a number of financings in our portfolio, accommodations, generally along the lines of forbearance, deferral of having to make

certain payments, we're working with the guaranteed bank to make sure that the structure that we're working out works for them and everybody is in agreement. This has been extremely important because it's giving that relief that our clients need during this period where they're facing this enormous liquidity stress.

In addition, obviously, to our existing clients and how they're holding up under their existing financings with us, we want to make sure that liquidity is available for any export transactions that can or possibly could go forward during the period of the coronavirus shutdown and during the period of economic re-engagement. What we're experiencing, obviously, is that the private sector lending community has basically retrenched from the marketplace. They have left companies without sources of liquidity and financing. This is where we need to try to fill the breach as much as possible until the private sector banks can re-engage.

So, as you're aware, there are four products that we put out, or sort of modified our existing products, essentially, to provide this liquidity source for transactions that are either in place right now, trying to go forward, or in the immediate future. I'm just going to briefly go through what they are, and we can talk about them in more detail if you want, but the first is essentially a bridge financing structure. We don't typically provide bridge financing, but obviously when you have a situation where there's a long-term financing needed and that is not available to foreign buyers right now, of US exports, we can provide bridge financing until that foreign buyer can arrange for his own private financing. Also, there are a number of large

capital goods that are purchased by foreign buyers of US exporters that comprise a significant part of the EXIM portfolio. And these goods such as satellites, aircraft, turbines, locomotives, are manufactured when a foreign buyer first places the order for these products. There's a long manufacturing process that goes on and the exporter requires that the foreign buyer makes progress payment along different stages of the manufacturing process. These payments are usually made by foreign buyers based on their short-term lending facilities that they have in normal times with liquidity. These have either been drawn down and no longer available, or they cannot get any of these types of financing. So, we will provide financing necessary for these foreign buyers to make these "pre-delivery," what we call "pre-delivery, pre-export" financing payments, so any orders that are in place can continue to go on in the manufacturing process.

The last two products are, one is a supply chain financing guarantee. This a product that you don't normally see in normal liquid times and certainly when you have very flush liquidity times as we've experienced up until the COVID-19 crisis, you have a lot of liquidity available. So suppliers who are supplying exporters that have received working capital loans from banks that we are providing a guarantee to, normally can get paid within a 30-, 60-, or 90-day payment period, and because they have products that they're selling and other orders that are getting filled, access to banks for short-term credit. There's not much of a need for suppliers to be able to have to use EXIM to provide any assistance to them to get payment on the accounts receivable, but now that the liquidity markets have seized up and these suppliers are

also no longer having revenue come in from new orders, they need to be paid by their exporters, who they provide goods and materials to, as soon as possible. Yet they are under 60-, 90-day terms where they have to wait and/or you have an exporter that is stressed from liquidity circumstances itself. So, the supply chain financing is a structure in which the suppliers can present their accounts receivable, that they have from the exporter, directly to the bank and get paid on those accounts receivable at a discounted basis.

Our guarantee coverage that we provide for the working capital loan would also extend to the lender vis-à-vis these presentations of accounts receivable by the suppliers. This a product that a number of major banks are talking to us about that can provide immediate and immediate future assistance to the supply chain of exporters. The last product is our working capital loan guarantee, which, what we've done there is we have broadened the borrower's base of eligible collateral, against which they can use to borrow working capital. Right now, we limit the eligible capital to the exporters' accounts receivable and export-related inventory for broadening that base to include any potential inventory that could be exported, and also to include purchase orders, so broadening the base that's available for them to borrow against.

The last thing I'll say with respect to working capital loans and supply chain finance is that lenders are urging us to provide a guarantee beyond our 90% guarantee coverage. They've asked us for a hundred percent guarantee coverage and our discussions with other agencies such as Commerce, State, Treasury, OMB, a 100% guarantee

coverage overall generally is not something that other agencies are comfortable doing. However, we are looking to increase the liability coverage to 95%, which we're very close to having buy-in from all relevant agencies that have a stake in what we do. We hope to iron that out in the near future so we can go out into the marketplace with additional liability coverage for working capital loans and supply chain finance.

So, with that I will, I'll stop at this point and turn it over to David Sena to give a brief update on the status of our portfolio in the medium- and long- term.

DAVID SENA: Thank you Steve. This David Sena, Senior Vice President, Office of Board Authorized Finance. I'd like to just talk briefly about the portfolio and as well as new interest in EXIM Bank's medium- and long-term programs. Overall, the portfolio, a little bit less than 50 billion, is stable and this really does reflect that it's a seasoned, mature portfolio with a short-weighted average life. As Steve mentioned, where current transactions have some short-term needs, we are working with them to provide some relief to get them to weather through this current crisis. But again, we're at a very, at this point today, our portfolio is stable. Let me briefly turn to, interested in new deals. We've seen a significant uptick in medium-term applications over the past month, nearly a 50% increase in recent applications. We've also seen a significant uptick in long-term applications over the past month. This is really also coupled with letters of interest, which has also more than doubled in the past month as well. We've, on the two initiatives that Steve talked about

related to medium- and long-term, the bridge financing and the pre-delivery, we've started working groups to work on implementing the new programs inside EXIM Bank, and we've received significant interest outside to use this program. Let me turn it over to Jim Burrows, but I'll be on the line to answer any questions if necessary. Thank you.

JAMES BURROWS: Thank you, David. Good afternoon. My name is Jim Burrows. I'm the Senior Vice President in the Office of Small Business. We all recognize that the COVID-19 pandemic around the world has left many in difficult situations, especially America's small business communities that are struggling to keep their business going. During these challenging times, we're committed to our mission of supporting US jobs through exports. As Chairman Reed mentioned, EXIM's open and operational, and we continue to do everything we can to support America's businesses and workers. As Chairman Reed also mentioned, since we are teleworking, all of our employees are working remote, from their home locations. We have roughly 80 hard-working staffers dedicated to assisting small businesses here in the US.

We have three main operating objectives in the Office of Small Business. We want to make sure our products meet our client needs. The agency is always looking for ways to improve our existing products, and Mr. Renna outlined two of the programs that we updated the Board on the March 25th meeting around supply chain finance guarantee program and the working capital guarantee program. The good news is one of the relief measures that we made on the working capital guarantee program is to allow all inventory, all exported-related inventory - even though it may not be flagged for exports - but if

it's eligible and could be exported into their borrowing base. We were notified by one of our lenders this morning that one of their exporters, their export business had dried up, they're converting their facilities to produce hand sanitizer, and so we will allow their inventory, that will be used for domestic use temporarily, to be included in their borrowing base to allow them some additional liquidity.

The agency is also coordinating, is always looking for ways to include, to find better clients, especially as it relates to better data sources and leveraging our employees, our multiplier networks, and using the latest technology, especially social media at this time. On March 31<sup>st</sup>, the Office of Small Business' Elizabeth Thomas updated the Board about new digital outreach strategies that were launched in November at the direction of Chairman Reed. These programs aligned extremely well with external partners whose members can benefit from EXIM services and also direct customer outreach. Particularly given this time of COVID-19, digital outreach allows us to stay connected with small businesses and provide much-needed support during and allow them to stay safe and healthy without having to interact with the staffers.

Third, we want to make sure that we have the best transaction experience for our customers. As Steve Renna had mentioned earlier, EXIM extended relief measures including waivers, deadline extensions streamline processing, flexibilities for customers, initially for a 30-day period on March 12<sup>th</sup>. Last Friday, we extended that through May 31<sup>st</sup> and will possibly extend it even further, as we get closer to

those dates to see what the economy is doing. These programs with extensions and waivers, etc., are the working capital guarantee program, the multi-buyer/single-buyer short-term insurance program, the medium-term single-buyer insurance policy issue to exporters.

We have a dedicated team of export professionals that work throughout the US standing ready and able to help America's businesses during the crisis. We also work closely with hundreds of insurance brokers and lenders throughout the US. Our partners are listed on our website. EXIM recognizes that in the months following the COVID-19 outbreak, exporting may be challenging for many of the nation's businesses, especially America's small businesses, but the EXIM staff are working tirelessly to ensure our nation has the proper programs in place to provide US exporters with the financing and other products necessary to support the made-in-the-US goods and services.

Relating to the portfolio, our portfolio is strong from a short-term perspective, application volume, although we have not seen dramatic increases as of yet, seasonality, normally we're entering our busiest time in the spring and into the summer. So we are seeing a slight uptick, but we're expecting over the days and weeks and months ahead, as the private sector insurance markets retreat in certain countries, EXIM will stand in ready, willing, and able to help exporters cover those exports as it relates to insurance and working capital needs.

STEVAN PEARCE: Okay, we want to thank Steve, David, and James for those remarks, and as you can see on your agenda, now is the time to set aside the next 35 minutes for Committee discussion. Now the main

purpose of the meeting today were twofold in nature: number one, to, again, advise us of these temporary relief measures that have been put into place, give us some tracking on the longer-term reforms that have been put into place; then, the second major objective is for us to be thinking out loud and sharing ideas with the agency. I will just tell you that from my perspective the terms of ability, the terms of ways to improve the service of an agency, are fairly unprecedented in government agencies. I spent 14 years in Congress being fairly critical of agencies, but I again, this, I think, is where agencies should be moving to, so my compliments to you all.

Just one point before I forget it, just last week I made a connection between a gentleman that's got a very small business. He has, since the SARS epidemic, has developed a gas that's FDA-approved, just comes in bags, and he's been killing viruses of all kinds on food items, and his request to the FDA was, if you would give me permission to do more than food, we could be disinfecting every night, respirators, or the masks, the PPE, whatever else, and just, it occurred to me that these are the kind of people that are going to take some sort of hand-holding by you all that has not typically been, I don't think, well-known. But if he were connected with the markets worldwide, I can see where there's just a dramatic need, number one, to kill all viruses, including the coronavirus, on food items, but then if it gets that expansion, the undersupply of PPE, and the undersupply of masks and other medical equipment, literally you could be able to release this gas that's been proven up over 20-plus years, to be effective and start giving a level of reassurance to medical

providers and patients worldwide. So I'll get that contact to you after the meeting, but these, finding solutions for a world that is desperate for solutions is goes above and beyond our normal call to duty, and so I compliment you offer for trying to establish ways to move into a higher level of customer service. At this point, I'm going to open it up to discussion with members of the committee. Identify yourselves, let's just speak one at a time, and we can make this conference call format work in a discussion. So, the floor is now open for committee discussion.

RICHARD ROGOVIN: Mr. Chairman, this is Dick Rogovin, I have a few remarks to make.

STEVAN PEARCE: Dick, go ahead.

RICHARD ROGOVIN: Can you hear me?

STEVAN PEARCE: Yep, go ahead.

RICHARD ROGOVIN: Thank you. I hope this finds everyone to be well and safe until this pandemic is over and we can resume normal life. And I want to commend President Reed, our Board, and our task force for anticipating the financial challenges to our industries and workers as they attempt to resume normal activities at the end of the current crisis. Speaking for small business, in which I'm involved, in which I represent on this Board of Advisers, these four new programs, if properly implemented, can mean the difference between survival and failure, and if we wish to continue to encourage their use, I would like to propose two enhancements: one is purely psychological, the other is more tangible.

First, I would like to see a replacement for the word "temporary" because I have customers who are concerned about the duration of their credit term, and who will not appreciate the word "temporary" as translated into their own language. In French, by the way, "temporary" is "temporaire", which can mean "casual", "stopgap", and the like, but something of a lesser quality. In contrast, the word "immediate" carries a different kind of station which avoids being misunderstood as a comment on quality, but it is a comment on commitment, and that brings me to my second concern.

Along with these programs, we say that the usual underwriting will be performed; have we develop new systems for performing this underwriting so that it is sped up? Because timing is critical. Contracts can be won or lost in less than a week. Particularly when customers have been kept waiting for a couple of months. So, I think it is necessary to review our procedures and to find out if they can be streamlined. So, this suggests another task force and this other task force, if you care to put it together, would be focused on speed. Now I know there is a bureaucratic response in large organizations, and I think with 400 employees we might be considered large, and there's some resistance to change, because we've always done it this way, or we have to do it this way. I think the response should be that we used to light with candles and then we used to light with gas. Everything evolves or perishes, so does with procedures and systems. I hope we can make the necessary improvements to help our companies compete in an ever-changing world. Thank you.

STEVAN PEARCE: Thank you, Dick, it's always nice hearing from you, and appreciate those comments that I think many of us would associate ourselves with those. Next comment.

DEBORAH WINCE-SMITH: Chairman, this is Deborah.

ALEJANDRO SANCHEZ: Chairman Pearce, this is Alex Sanchez.

STEVAN PEARCE: Alex, let Deborah go first, and you come after that.

ALEJANDRO SANCHEZ: Oh sure, sorry.

DEBORAH WINCE-SMITH: Thank you, Chairman Pearce. Let me just echo the comments of commendation for Chairman Reed and her entire team for their outstanding leadership and their aggressive movement in a very short period of time to address these challenges impacting our exporters and the impact on US jobs and competitiveness. The area that I would like to address is that about using this COVID crisis as an opportunity to look at innovation in systems and processes, and my colleague who just spoke made some very important points about that. An example would be perhaps on what's going on in the whole issue of the regulatory approval process for new vaccines, conventional wisdom being this is an 18-month cycle. There's a lot of work underway using modeling and simulation tools and other capabilities to collapse that cycle now to three months. So, I would like to recommend that there be an examination inside the Bank on how to improve the speed and the bureaucratic-I don't want to use the word bureaucratic-but business processes to perform the Bank's work.

The second area I wanted to address that I work on myself, in a very serious way right now. It's the resiliency and diversification of

our global supply chain. And, I think we've all been shocked to learn the extent of which our pharmaceutical industry, our biotech industry, our medical device industry, has been extremely dependent on supply sources for food stocks and other critical components. It's also true in advanced electronic and rare earths coming from China. The extent of which the program on providing liquidity and capital to the supply chain for exporters could be looked at in a way to build resiliency into supply chains so they have a diversification of opportunity and also look at actual moving of supply chains to engage with our allies around the world. I want to commend very much the initiative and the fabulous program of Chairman Reed, with the President's support, Italy. But we have other close allies around the world as well that have the capability, the talents, the people, the resources, to be our critical suppliers. So, the extent to which there could be some examination of diversification of supply chain, and also to build resiliency into the supply chain. So, when the next pandemic comes whatever it will be, we are not in this position again. Thank you.

STEVAN PEARCE: Thank you, Deborah. Alex, go ahead, now.

ALEJANDRO SANCHEZ: Yes. Thank you. Chairman Pearce. Thank you for your leadership. I want to, you know, thank our CEO, Chairman Reed, because ever since I, we've all gotten on this Advisory Committee, the threat of China has been discussed and pointed out that we're really in a battle, as the President has stated many times since he took office and Chairman Reed since she was sworn in, but as Deborah was pointing out, now more than ever, Americans need to understand there has to be a paradigm shift in our relationships with China, especially

manufacturing important medical equipment, that we're hearing about that China is prohibiting the export to our country and others at this hour in when it's needed the most. Our relationship with China has to change, and I think the EXIM Bank that's leading the charge on this in promoting US companies, I think will play an important role, Chairman Pearce, in this battle that lies ahead for our country. And, you know, we as Americans are going to have to give up - there's going to have to be a change, the, you know, made-in-China, and we may, you know, you know, our country is going to have to encourage US companies to either move their operations out of China, if not back to the US, at least near us for national security purposes. So, our battle with China on trade is just beginning and Chairman Reed, I want to thank you for your leadership on that, that's been ongoing way before COVID-19 began. Thank you, Chairman Pearce.

OWEN HERRNSTADT: This is Owen Herrnstadt, if I can get in the queue.

STEVAN PEARCE: Owen, go ahead.

OWEN HERRNSTADT: Thank you very much, Chairman, you know, we've been talking for many, many years, from the machinists' union, from all sorts of labor unions, particularly manufacturing unions like ours, about the critical importance of having supply chains be domestic. We've warned what happens when our allies become our enemies, or when this supply chain becomes disrupted through natural catastrophes and through other things. That couldn't be more true than now, what we're experiencing with COVID-19. That's why we've always been such firm supporters for the Bank, and I want to congratulate the

Bank on being really the arm of the federal government that looks out to make sure that work is performed here in the US with always a mind on making sure that we support and create good jobs here at home.

In the past three weeks, we've experienced the loss of thousands upon thousands upon thousands of manufacturing jobs across virtually every manufacturing and service sector that's out there on that, and we've experienced it in our union, our members have been experiencing it, and our communities are experiencing it daily. That's why we argue so, so fervently for strong domestic content requirements and other public policy requirements that the Bank uses, and why we are unrelenting in any attack on waiving or weakening those certain types of contents, and I really want to congratulate the Bank for leading the way here. For anyone who ever doubted the importance of the federal government, what they have to look at, right now is what the Bank needs and Bank is doing to help support domestic manufacturing on that. And we think it's probably time to take a look at our current domestic content policies and make sure how we can make them even stronger, so that we can have a more sustainable future even beyond this current catastrophe. Thank you.

STEVAN PEARCE: Thank you, Owen, I appreciate those comments. Next on the committee.

RODNEY FERGUSON: This is Rodney Ferguson. I have a question.

STEVAN PEARCE: Go ahead, Rodney.

RODNEY FERGUSON: On the temporary ban on the export of PPE material, and perhaps this was included in the material that you sent ahead in advance, I apologize if so, but I was curious as to whether

or not there was a time limit or a specified period where the ban would be in place, because it strikes me that, I think it's reasonable, and certainly from a national security perspective, understandable why we would limit those exports and limit public support for those exports during the acute phase of the crisis. But looking across the world at the how this crisis is going to play out, it's certainly possible to see, in fact, probable to see, a point at which once we have filled our current demand plus replenished stockpiles for potential recurrence this calendar year, or even into next year, that manufacturers, particularly a lot of these are small businesses, are going to have excess supply and could actually begin exporting as a way to continue their revenue stream or replenish their revenue stream, and particularly those that have actually switched from other types of manufacturing. So, I wonder if any thought has been given to that and if so when the potential lifting of this export ban would, of course, export support ban, would commence. Thank you very much, Mr. Chairman.

STEVAN PEARCE: Thank you, Rodney.

KIMBERLY REED: Thank you. Would you like for me to answer that now, Mr. Chairman?

STEVAN PEARCE: Yes, I would, yes.

KIMBERLY REED: Thank you so much, and we absolutely hear what you are saying, and so if you look at the materials, a press release was just put out, and there's a fact sheet on our website. This temporary measure is in place until September 30<sup>th</sup>, or earlier if the Board so chooses, and we understand that each of these items are very dynamic,

and so we're following on a constant basis what those should be, and so we have delegated authority to our Chief Banking Officer Steve Renna, who may want to follow up soon as I'm finished, to adapt, as we adapt. We only want to do this while we need to, and we're very, very sensitive of that, and we want to be exporting anything that we can going forward. Also, I would note I had an Appropriations hearing a few weeks ago, and so Congresswoman Torres of California and Congresswoman Meng of New York underscored the importance of focusing on the domestic needs, and so just as this was ramping up in our country, they and we continue to discuss with the Hill, this fine balance. Steve Renna, do you have anything you'd like to add to that?

STEPHEN RENNA: No, Chairman Reed, I think you pretty much covered it. The only thing I would point out to the speaker is that, the only use of EXIM products for health, PPE-related healthcare equipment and supplies, is our export credit insurance programs. Our exposure at this current time to those types of exports where we have export credit insurance is very, very small, in the single millions of dollars, and as a percentage of our entire portfolio, it's less than 1%. So, I hear everything that the speaker is saying, just wanted to calibrate what our exposure was to how many exports that we finance that are actually subject to the President's temporary ban on exporting these types of PPE-related products.

STEVAN PEARCE: Thank you, Steve and Chairman. Other speakers from the committees?

KATHIE LEONARD: Hi, this is Kathie Leonard. You can hear me?

STEVAN PEARCE: Kathie, go ahead. I can, go ahead.

KATHIE LEONARD: Okay, good. I'm sitting here listening very intently trying to catch up with everything EXIM is doing. I read about the four programs, and I'm a small textile manufacturer. We only use EXIM's credit insurance. We have a working capital line with our bank that plays into, but in the past few weeks, I have not been able to pay much attention to what EXIM programs can do for my company, even though we export a good amount of business, because, and the reason I haven't been able to focus on it, is that we're just, you know, taking in all these programs from the government, trying to figure out which ones we should apply for, and it is through a firehose. We, as a small business, we have already applied and have been approved for a PPP loan on the Payroll Protection Program, with SBA, and we also have applied for an EIDL, that's the Economic Injury Disaster Loan. That was more complex, and we did that earlier. We haven't heard whether we've been approved for that. So, you know, those are the linchpins of our business, you know, making sure we do have a working capital loan and making sure that we can make our payroll.

We are an essential business. We supply military, so we are, you know, considered essential, and that's good. So, everybody is still working, we're, no one is ill in our company, and so forth. So, we're working very hard to do all that, but I keep thinking about the EXIM programs and thinking, what can we do with these, can it really help my company right now? I passed along the program fact sheets to our CPA firm, to my bank, and to our state trade organization that supports international trade. None of them have come back and said

gee, this is great, let's work on this, or you know, let me help you with this. So, I guess I just want to give you that feedback as a small business. I'm just not sure, you know, where this fits, where does this fit, and can we take advantage of it sooner rather than later?

STEVAN PEARCE: Thank you, Kathie, that is exactly, I mean, all of the comments have been very much on point, but this one, especially, that, people who typically might not be looking at what doors they can open, and how they can help small businesses. If we could just encourage the EXIM members, especially those 80 employees assigned to small business, if you could focus outward and see what people are struggling with, I just think that you moved that next level of performance, I think like Deborah was really talking about there. So again, we're, everybody is very complimentary, and I think we could keep moving forward. Other comments coming from committee members?

SPENCER BACHUS, III: Congressman Pearce, this is Spencer Bachus. I'd like to offer a comment.

STEVAN PEARCE: Congressman, go ahead. Yes sir, go ahead.

SPENCER BACHUS, III: Mainly in response to what some people have said. I think Alex mentioned a paradigm shift, and I agree with him. I believe that the American people, American public, has finally, I think, realized that we have a dangerous dependency on China, not only for pharmaceuticals, but also really for almost every manufacturing item components. Unfortunately, well, fortunately, the people at EXIM Bank and those that supported the Bank have known this for years, but

the people in Congress, and otherwise, I think did not realize the dangers that we face from this dependency.

In 2015, the Bank was dealt quite a blow, and our manufacturers, and we became even more dependent on China, when EXIM was, basically, when they failed to reauthorize. But let's talk about pharmaceuticals for a minute, and maybe this a model moving forward: in 1976, Congress approved a tax break for Puerto Rico to allow the manufacture of pharmaceuticals and medical equipment from 1976 to approximately 2000. It was a booming industry. In fact, even today, there're 50 manufacturing plants producing pharmaceuticals in Puerto Rico. That's fifth in the world, but in 1996, Congress began to withdraw that support and that business, a lot of plants closed in Puerto Rico. They went to China and India, mainly. If we had not repealed section 936 in 1996, I think you would find a different situation today, and going forward, I think Congress and the administration ought to look at that section 936 and maybe offer that, the tax benefits, not only to Puerto Rico, but to other states, to restore our manufacturing, particularly pharmaceuticals.

The last thing I'd like to say, and I'll be very brief, two of our speakers were concerned about the word temporary. I think they made a good point. I would like to say to them that there have been seven new programs, and these programs are authorized for a period of one year, but they can be extended if there's an economic need, or if they're still needed at the end of that year. Somebody, I think the Chairman and some others talked about what we're doing with limiting some of our exports of medical equipment, that does expire in

September, but most of our seven programs that we, and we have called them temporary, and that might have, that probably is not the best terminology, but in those programs authorized for at least one year and can easily be extended if there's a need at the end of that one year. So, I would like to give some assurance that, but I think appearances are important and it might be, it might be good that we, I think it would be good, that we reviewed that and look at that word temporary.

STEVAN PEARCE: Thank you, Congressman. I had someone else speak up, and I would note that I see in the nation everyone beginning to pull together. So, Owen was mentioning earlier a supply chain dependence on China, and you're hearing it from all different perspectives now, and I think that the US is going through that paradigm shift that it's best to just mention their knowledge before him. Who else was looking to make comments from the committee?

JOANNE YOUNG: This is Joanne Young.

STEVAN PEARCE: Joanne, go ahead.

JOANNE YOUNG: It's not my question but let me just comment on Congressman Bachus' statement about pharmaceuticals. I represent Puerto Rico and I can tell you their pharmaceutical companies are very much up and running, and would very much appreciate anything that can be done to support their efforts to take more of this business back from China, and I think Chairman Reed understands that. My question is that about 12.3 million small businesses are owned by women and employing 9.2 million people, and my question is, what is the EXIM

Bank doing to reach out to these women-owned businesses, in particular kind of picking up where Kathie was before?

STEVAN PEARCE: Steve or Chairwoman, would you want to address that?

KIMBERLY REED: Yes. I think Jim Burrows would be great to address this. Joanne, thank you so much. We're definitely dedicated to women- and minority-owned businesses. Jim, can you speak a little bit about the outreach we've done with them?

JAMES BURROWS: Sure. We actually have an office within the Office of Small Business, a division of minority- and women-owned business division. It's run by our VP, Tammy Maxwell. She has a staff of dedicated employees, about eight or nine, that actually work with Chambers and minority and women-owned associations and organizations, and does webinars, seminars, symposiums, speaks at their events around the country. Very, very, very active within that community to educate about the programs that EXIM offers for exporting, especially the two products that Steve had mentioned earlier, the working capital program and our export credit insurance to mitigate risk for foreign non-payment. So it's an initiative that EXIM takes very serious. It's actually outlined in our Charter and we have had Tammy Maxwell in place for close to 20 years, with her and her team that have worked hard on behalf of minority- and women-owned businesses, veteran-owned businesses alike.

JOANNE YOUNG: Thank you, Jim. I would just comment that I think it's fair to say minority- and women-owned businesses are being disproportionately impacted by this and so, we, I would applaud what

the office is doing in that regard. I think outreach is particularly important now.

JAMES BURROWS: I totally agree. It adds, even though that we're working remotely from home, Tammy and her team are busy doing webinars, conference calls, symposiums with these organizations to make sure they know the programs that are available to them at EXIM.

STEVAN PEARCE: Thank you, Jim. Thank you, Joanne. Other comments from committee members?

THOMAS RAGUSO: Yes, this is TJ Raguso, Zions Bank Corporation. Just a couple of comments. I would just say first and foremost, right now, our bank is focused on deploying the SBA PPP program. Almost all of our resources are focused on that. It is the largest and fastest lending program we have ever deployed at our bank, and I think that's probably in the history of over our hundred-and-fifty-year history. So, and we've had to put it all together in a couple of weeks. So that's what I would say that that is what our customers are focused on right now, our exporting customers included, you know, but I do think that coming quickly after that we're going to see our, especially our small business exporters, start to take advantage of some of the modifications in the working capital guarantee program that Jim Burrows' team has put into place. We've been working closely with Mario Ramirez on Jim's team, and that flexibility will be even more needed, I think, as the credit cycle starts to happen, because right now we're still not seeing the negative impacts, but we will start seeing, you know, our customers struggle. And so that's where we'll

need that flexibility and that will be very helpful, but I would make a comment about one of the things that's lesson learned.

Clearly, everybody's talking about over dependence on China, and that is an important lesson, and I appreciate Owen's comments about US content. The only comment I would make about the US content is that, you know, I think we still have to acknowledge the reality of, customers that export that still have, they're US exporters that do have a global supply chain. So, there are elements that are imported from other countries that are then incorporated into finished products using US labor, and the manufacturing and you know still majority value-add here in the United States. I think that part, while it will draw a lot of attention to it, to think that it goes away completely is probably not reality today. So, I think we still have to keep our eye on that. I think, again, the diversification lesson is an important one. We have a lot of customers that have foreign suppliers, but I would say that the majority of them are not Chinese, and so it's, you know, you've got European content, you know, Canadian content, these kinds of things. So anyway, I appreciate those adjustments there, and I do have a call with Chairman Reed later this week to talk in more detail about some of these things. Thank you.

STEVAN PEARCE: Thanks, TJ, and again, that affirmation that the agility, and the nimbleness, inside the agency, the fastest ever deployment in the hundred-and-fifty-year history. Those things speak well to the leadership in the performance through this period of time. Other comments from committee members. We have 35 minutes.

SPENCER BACHUS, III: This is Spencer Bachus again.

STEVAN PEARCE: Spencer, if I can, Spencer, I'm wondering if I can have you hold up. We've only got about four or five more minutes and I'm trying to get as many of the committee members as we can. So, if I could have you hold your comments and if we have time at the end, we'll come back. Other committee members?

PAUL SULLIVAN: Paul Sullivan of Acrow Bridge. I just wanted to offer a comment because I'm not hearing much about this is as, you know, a lot of the exporters that work with EXIM Bank are working in frontier and emerging markets with governments directly, where loan guarantees are applied, and we're starting to see in places like Africa, and elsewhere, sort of regional suggestions that they want immediate debt relief, or at least frozen payments on interest principal, etc. How will that impact existing projects and potential projects that are in the pipeline with the shifting credit profile of some of these sovereigns? So, I think for a lot of us exporters who are working directly with these governments, we're very interested in the immediately shifting landscape here because many of them depend on natural resources to underpin their economies and their ability to service debt, and we've got projects in the pipeline that have been upended in what seems almost an overnight scenario, particularly in Africa, and I think Chair Runde and certainly Florie Liser, my colleague who's also on the Sub-Saharan Africa Advisory Committee would probably have additional remarks.

But for those of us who are developing projects, particularly in the infrastructure space, we're seeing an almost overnight cataclysmic shift in the way governments are starting to view ECA financing, and

we're going to be able to, we're going to need to be able to compete with what has become, as we've discussed in many other meetings, an international arms race through the ECA programs that are offered. So, how will we compete if we're starting to see China and other countries offer 100% coverage as opposed to 85% coverage? And then what kind of negotiations do we expect to find ourselves in, as a bank, with sovereigns and they're starting to run into trouble due to the debt overhang of the past 10 to 15 years.

STEVAN PEARCE: Big questions. Is there someone with EXIM that would like to address those?

KIMBERLY REED: Steve Renna?

STEPHEN RENNA: This is Steve Renna, Paul. You're asking some enormous questions that reflects the enormity of the crisis that many of these developing countries are facing with the sovereign creditworthiness. One of the things that you mentioned that it is happening is that, transactionally, sovereigns can't go forward because they don't have any money, period, to pay for these things, and then when they look to borrow, their credit worthiness is gone down. But that is happening across the board, obviously very severe in developing countries, and they have high debt loads, but it's across the board for everyone experiencing this COVID crisis. Our outlook generally, with respect to this, is that we are not going to be underwriting within a snapshot of the COVID crisis and looking at those terms. When we underwrite, we're going to have to take a longer-view picture looking backwards to see past credit experience of a sovereign, or any company, and look forward to what we would expect to

see on the normalized basis. So that answers, I think, one of your questions. The other question is, how are we going to compete when ECAs are going to have to be relied upon more and more? I mean that's, that is something that we're going to be working with the other OECD countries on, is looking at different parts of the arrangement, see if we can make modifications. This is to allow the country to the agreement to have more flexibility to be more responsive to this COVID crisis aftermath.

STEVAN PEARCE: Thank you, Steve.

HARVEY TETTLEBAUM: Mr. Chairman.

STEVAN PEARCE: Yes, we hear next from the committee. Go ahead.

HARVEY TETTLEBAUM: Harvey Tettlebaum. Again, I like to congratulate Chairman Reed and the staff on the tremendous job they've done, but my question is a smaller one. We've been looking at some of the federal legislation that was alluded to by prior speakers, the CARES Act, the Paycheck Protection Program, etc. And there are certain requirements and terms of conditions on those programs, and one of those conditions, in terms of overlap in the use of money, and I wonder if the staff has looked at those terms and conditions on those programs, which are very broad in terms of, across the entire economy, and also look at the uniform administrative requirements, cost principles, and requirements for some of the federal programs, including the health care programs, which I realize is a fairly small part of the business of EXIM, but, the other terms and conditions may apply to others just to make sure that we are not having duplication in terms of the use of funds and loan guarantees.

STEVAN PEARCE: At this point I'm going to, Harvey, those are great points, what I'd like is for Luke, if you can coordinate a response and send that to us by email. I'm trying to crowd in just a couple more comments from Committee members before we go to public comment, that's got to be in three minutes. So, who next from the committee?

RICHARD POWELL: Mr. Chairman, Rich Powell.

STEVAN PEARCE: Go ahead, sir.

RICHARD POWELL: Great. Just to kind of both about our current moment and looking to the future as we recover from all this, one thing has become clear is that clean, reliable electricity is the vital commodity to fighting this virus. It maintains clean air in the first place to aid respiratory recovery, it powers air conditioning and refrigeration and Wi-Fi to keep people comfortably at home in quarantine, and obviously, most importantly, it powers advanced medical facilities and ventilators that are saving lives. This requirement for universal clean reliable electricity is becoming ever more clear around the world, and we anticipate the demand for this infrastructure supply to redouble after the crisis. So, I won't toast except for remarks of Chairman Pearce and Director Bachus and the others have mentioned that we must not allow the United States to fall behind China as they seek to capitalize on this moment to reinforce their lead in rapidly developing economies, particularly because their assistance to these economies so often does not follow a clean electrification pathway, rather, just the opposite. I congratulate the Bank on moving expeditiously to make sure China cannot seize this

moment unchallenged by our industry and our exporters. From a clean energy perspective, it's vital because virtually all US energy exports and technologies are cleaner than what China is offering and building and financing abroad. Thanks.

STEVAN PEARCE: Great points. I'm going to try to grab one more comment down and then we've got to go public comments at five zero past the hour. Who else from the committee wishes to speak? Either committee?

JAMES O'BRIEN: It's Jim O'Brien, Mr. Chairman. Just one comment, and it reflects, I think, a number of the other comments. One is that I, in the last several weeks, have had more inquiries about EXIM financing, really, than in years before, and I think it reflects the interest of a lot of parties to find best financing alternatives, and, I think, I commend the Chairman and others for public outreach in order to really provide information about the new programs that are available, and to sort of double down on those efforts makes a great deal of sense, so that exporters like Kathie Leonard understand how we can help. And then the only second thing is I would also add that I think this is a time when it's really important to double down on the whole-of-government approach to aiding US companies and US exporters as they do projects like the clean energy projects that were just referenced in other countries. It is an important time where there are, we will be expecting to see lots of competition from others, and the US government has a full package of programs that can really help exporters and US companies, and it's important to bring all of those to bear. Thank you.

STEVAN PEARCE: Thanks Jim, appreciate those comments. Just, again, to the EXIM staff and leadership, the comments that have been made by members of both committees, I think have been desperately on point. The one, a couple of huge questions, though, and the one about the sovereign solvency that someone in the administration needs to be looking forward, and some plans for those contingencies. I just think we all understand the gravity of the situation that we face, and we all hope that there's a v-shaped recovery, but I will tell you that there are looming, large, large questions, and I think you all as leaders of EXIM can lead from within the entire system of government agencies by your foresight and the way that you've navigated these first weeks of this crisis. We're going to go now to public comments or questions. Luke, if you can, those have been emailed into us, if you would like to start preparing those, I would appreciate that.

LUKE LINDBERG: Absolutely. Yeah Chairman Pearce, we have already responded to all of the questions that have been posed in the question chat, and also in the chat box. We did receive an inquiry prior to the meeting from the Accountability Council, more of a comment than a question, and we just wanted to notify that we did receive that. We will post that comment with the other comments and questions from the chat alongside the transcript for this meeting online, when the transcript is complete and ready for viewing, so that those can be reflected in the official minutes and transcript of this meeting today. So, I think there aren't any questions we need to address out loud at this time. Instead, I would recommend having Chairman Runde come in and make some final comments and move forward with the one

agenda item that the sub-Saharan African Advisory Committee needs to act on at today's meeting. Thank you, Chairman.

STEVAN PEARCE: Absolutely, Luke. Just as a point of instruction, at this point, the business of the Advisory Committee is complete. The business that lies before the Sub-Saharan Africa Committee is still to be done. So, at this point all Advisory Committee members can stay on and listen or depart the conference. Myself, I have to depart. I'm going to hand it over to Chairman, Sub-Saharan Committee, Daniel Runde. Daniel, thanks for taking over, and the meeting is now yours.

DANIEL RUNDE: Thank you, Chair Pearce. Thank you, Chair Reed, and Director Bachus', and Director Pryor's leadership. It's important to be operating at this time. It is in the comments. I worry that COVID has not been fully dealt in Africa and that this is not only going to be a global health challenge for Africa, but an economic, a major economic challenge for Africa, and I think some of the questions that have been put to us today, I think, reflect that reality. I think clearly EXIM has a significant role to play, and I know the leadership understands this. We held a meeting in February, and it feels like two years ago instead of two months ago, and we put together a conversation about ICT, health, and agribusiness, the promising sectors for EXIM Bank to focus on in Africa. All three sectors are even more important in the context of COVID and Africa. I think that I'm hoping what we can do today, and the reason we have some time today, is we put a lot of work into this letter of some recommendations that are going to seem a little quaint, given the fact that COVID has happened in the last two months since we put all this

effort in. My suggestion is that, we could have our, I think there's going to be an opportunity for us to talk about this as a SAAC. I know we need to close the discussion. And I want to direct others to the external@exim.gov for additional comments or questions. So, I think that I'm just going to suggest that we close here, and that the SAAC, the folks who are on the SAAC stay on for five minutes. If you're on the main Advisory Committee, act after we do this this adoption of the SAAC recommendation. Brittany, is that you?

LUKE LINDBERG: This is Luke, Dan. Yep. It's still part of the public meeting process. So, anyone is welcome to stay on the line to hear the discussion and the vote. But other than that, yes, it is no longer necessary for the Advisory Committee members to stay. Thanks.

DANIEL RUNDE: So, I do need the SAAC members to stay on and if members of the public want to stay on they can, to hear this, but this is like a partial release. Right, Luke, is that the idea?

LUKE LINDBERG: That's correct.

DANIEL RUNDE: Okay. Okay. So, let me go back to what I was saying about the letter that we put a lot of work into. I know that the letter will seem a little bit quaint given that it doesn't reference COVID. My recommendation is, to the SAAC members, is that we go ahead and approve the letter as is because I think we're going to have our work cut out for us as a SAAC, and I suspect the main Advisory Committee is going to have its work cut out for it as the main Advisory Committee to focus solely on COVID. I think that the recommendations are still relevant even with COVID, and I think that when COVID is managed, which I hope will be in 6 to 12 months' time,

this set of recommendations we've worked so hard on are going to be still relevant, and I expect that this letter is going to be relevant for the next three to five years. And so, my recommendation is that we approve it as is with the understanding that we're going to have an opportunity to sink our teeth in as a group, as the SAAC, on what should EXIM Bank be doing vis-à-vis COVID in the context of Africa, so that would be my suggestion. So, I'm hoping my SAAC committee members recognize that the letter doesn't reflect that. But I would recommend that we go ahead and approve this because it's been sitting there, it's been there. We've had a finished product for about a month and a lot of things have happened since.

FLORIZELLE LISER: Can I, this is Florie, can I make just an, and I hear you Dan. This is just one suggestion. Can we add just one sentence to the letter that says that we are, in essence, working on something separate that we'd like to submit that will take account of COVID-19 and all that's happened in that context. Just one sentence, and I feel like if we put that one sentence in then it doesn't look like this thing is sort of, you know, out of the loop, our letter is out of the loop, and you know, comes out of left field, everybody is talking about COVID-19. You know, that'd be my suggestion. I'm happy to approve the letter with that one sentence added.

DANIEL RUNDE: I'm fine with that. I agree with you, Florie, that makes a lot of sense of stand ready. Thanks for suggesting that. I think we have some language maybe in italics, Luke and Brittany, if we could add just a one sentence at the top that says this work was done prior to the COVID-19 crisis. The SAAC fully recognizes the gravity of

the COVID-19 crisis, and now the SAAC is going to be working on some set up and looking at EXIM Bank and the context of COVID-19 and Africa in the very near future.

FLORIZELLE LISER: Let me thank you, Dan. I appreciate this.

DANIEL RUNDE: Absolutely. It makes a lot of sense and I can see why you'd say that. Could we, Luke and Brittany, could you guys help us craft a little bit of language that that says something like that or do you need, would we have to go back and do this again?

LUKE LINDBERG: Nope, Dan that's no problem.

DANIEL RUNDE: Okay, we don't have to come back. We don't approve this letter again. Do we?

FLORIZELLE LISER: No, not for me. I'm, I can only speak for Florie, but no.

DANIEL RUNDE: No, okay. Good. Okay. So can I get a motion on the assumption that we will craft language the way that Florie and I've just described it, that all the SAAC members would agree to approve this letter so that we can publish it with the corresponding language stuff showing that we haven't been, you know, been in a space capsule or been in a submarine for the last eight weeks, and we're just figuring out that something happened.

SEVERAL COMMITTEE MEMBERS: I move, so moved, so moved, so moved.

DANIEL RUNDE: Thank you so much. I'm very grateful. Thank you. Good.

JOHN WORKS: It's a very good document, by the way.

DAN RUNDE: Thank you. Well, I want to recognize everyone for pulling this material together and worked very hard. I'm very grateful

for all the SAAC members who worked really hard. I wanted to thank the EXIM Bank staff for organizing such an interesting and successful meeting back in February. Like I said, it feels like two years ago, but I was so impressed by the caliber of both the EXIM Bank staff, but also the EXIM Bank partners on each of those issues, and I think we're probably going to have to create something like that specific to COVID in the near future and, you know, stand by for more. Give us a few weeks to sort that out.

KIMBERLY REED: Dan, this is Chairman Reed. And I just wanted to say thank you to you for your leadership on all of this and driving this and helping the SAAC do this. I have mentioned this draft letter in conversations I've had in various places and underscores the important work of the SAAC as well as the Advisory Committee during a House hearing back a few weeks ago. And it was scheduled, as we discussed, to have a call this morning was the Finance Minister of Angola. That got postponed until tomorrow, but I will take from this letter and from this committee's thoughts to that call when that happens tomorrow, as well as with all the African stakeholders that we engage with. Thank you so much.

DANIEL RUNDE: Thanks Chair Reed. And thank you everybody, I'm grateful. Luke, is that all you need for us for now?

LUKE LINDBERG: I think it would be appropriate if you could just conduct a voice vote and just say all in favor "say aye" and all opposed.

DANIEL RUNDE: All in favor on the SAAC, please say "aye."

ALL COMMITTEE MEMBERS PRESENT: Aye.

DANIEL RUNDE: Wonderful. Wonderful.

FLORIZELLE LISER: This is Florie. Can I can I just make one real quick comment? I don't know how we'll take account of it, but for the future, of course. But we've been tracking very carefully a number of facilities and initiatives that have been launched to try to support the African in terms of the impact of COVID-19 on their economies. The African Development Bank, you know, has a new 10-billion-dollar facility, for EXIM Bank, put in a new facility, you know, UNECA is working with finance ministers in Africa. The World Bank and IMF put in, you know, a fund, and so I just want to mention all of that, that if there's a way that we can, "we" being the SAAC and EXIM Bank more specifically, find a way to collaborate with those initiatives in a way that works for the US, I'm not saying, you know, what we should or shouldn't do, but if there's a way that we can collaborate with them and maybe even de-risk some of the financing that we would do from the US side, to take advantage of these new facilities in a way that would support our own businesses and exporters and people who have projects in place, like Paul was saying from Acrow Bridge, and find a way to collaborate and leverage those new funds and facilities that are available. So that was all I wanted to share.

DANIEL RUNDE: Florie, this is Dan Runde. I think that's an important part of the Africa EXIM COVID agenda, but I think, I know we need to end the meeting, I completely recognize that. I think that's right, Florie, let's follow up on that. I'm going to suggest that we adjourn the meeting now sure. Thank you. Okay. Thank you everybody.

SPENCER BACHUS, III: You didn't ask for the "noes", I don't think there were any "noes", but you probably ought to ask for the "noes".

DANIEL RUNDE: Any "noes" on the SAAC? Okay, the "ayes" have it. Thank you. Thank you, Director Bachus, I agree. Thank you, sir.

LUKE LINDBERG: This is Luke, that concludes our meeting today.

DANIEL RUNDE: Okay, thank you. Bye.

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Addendum: Public comment received via email

April 13, 2020

*Via Electronic Mail*

U.S. Export-Import Bank  
Advisory Committee and Sub-Saharan Africa Advisory Committee  
811 Vermont Avenue, N.W.  
Washington, D.C. 20571

Dear Mr. Pearce and Mr. Runde,

In conjunction with the upcoming meeting of the U.S. Export-Import Bank's (EXIM) Advisory and Sub-Saharan Africa Advisory committees, we are writing to provide recommendations to guide EXIM's response to the COVID-19 crisis. As advocates for accountability and transparency for internationally financed projects, we have a deep interest in ensuring that EXIM is a leader in addressing risks to communities affected by EXIM-supported projects, which can undermine the sustainability of EXIM's investments.

As the COVID-19 pandemic spreads, it is important to quickly address and mitigate the health and economic impacts on communities in the United States and around the world. However, export transactions that fulfill EXIM's mission of supporting American jobs are only achievable when risk mitigation properly accounts for environmental, social, and human rights risks. As documented in the 2015 EXIM Office of Inspector General report on the Sasan Power Limited project in India,<sup>1</sup> inattention to these risks can result in harm to local communities and undermine EXIM's goals. While EXIM has indicated in some of its materials related to the COVID-19 crisis that individual transactions will still have to comply with its policies during this time, we call on the agency to explicitly state that all of its environmental and social policies apply to all of its projects. This should include robust consultation with potentially affected communities. Increased attention on environmental and social due diligence will help ensure that all of its projects, including those responding to the COVID-19 crisis, do not have inadvertent negative impacts, which can risk exacerbating the crisis already felt by many.

In addition to strong environmental and social due diligence, transparency is crucial during this time. Detailed information about all of EXIM's pending and approved projects should be listed on its website. Moreover, communities that are potentially affected by EXIM's projects must have the ability to submit grievances for any harm or potential harm from these projects. EXIM currently has an online grievance portal, the Environmental and Social Project Information Concerns portal.<sup>2</sup> As EXIM works to address the COVID-19 crisis, it must ensure that communities know how to access this process. While, it was positive that EXIM developed the portal in 2016, now is also the time for EXIM to bolster its accountability and create a fully independent accountability mechanism (IAM). Several international financial institutions (IFIs)

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<sup>1</sup> OFFICE OF INSPECTOR GENERAL, EXPORT-IMPORT BANK OF THE UNITED STATES, REPORT ON THE PROJECT FINANCING OF SASAN POWER LIMITED (Sept. 28, 2015), [http://www.exim.gov/sites/default/files/oig/reports/Final\\_Sasan\\_Report\\_-\\_Redacted.pdf](http://www.exim.gov/sites/default/files/oig/reports/Final_Sasan_Report_-_Redacted.pdf).

<sup>2</sup> EXIM, *Environmental and Social Project Information and Concerns*, <http://www.exim.gov/policies/ex-im-bank-and-the-environment/environmental-and-social-project-information-and-concerns> (last visited Apr. 10, 2020).

have IAMs that receive complaints concerning IFI-financed projects and offer to convene the complainants (often members of project-affected communities), the IFI's client, and other relevant parties to resolve the conflict, conduct an investigation to determine if the IFI's environmental and social policies have been violated, or both. In addition to addressing the concerns of communities, IAMs can provide useful lessons from their caseloads for the avoidance of harm and strengthening of future projects. EXIM's current grievance process is not nearly as advanced as those at any of the IAMs or some of the grievance mechanisms of other Equator Principles Financial Institutions, and we recommend that the EXIM initiate a consultation process for the creation of an IAM in the next couple of months.<sup>3</sup>

Thank you for the opportunity to provide these comments. We look forward to continued engagement with EXIM on these matters.

Sincerely,

Margaux Day  
Policy Director  
**Accountability Counsel**  
margaux@accountabilitycounsel.org

Stephanie Amoako  
Senior Policy Associate  
**Accountability Counsel**  
stephanie@accountabilitycounsel.org

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<sup>3</sup> We strongly recommend that EXIM develop a robust IAM following international best practice, including as detailed under the United Nations (U.N.) Guiding Principles on Business and Human Rights. Office of the U.N. High Commissioner for Human Rights, Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework, U.N. Doc. HR/PUB/11/04 (2011), [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf). In 2018, the U.N. Human Rights Council's Working Group on Business and Human Rights called on export credit agencies to "ensure that they have effective complaints mechanisms and that such mechanisms are readily accessible by affected parties, rights holders and communities." U.N. Human Rights Council, Report of the Working Group on the Issue of Human Rights and Transnational Corporations and other Business Enterprises, U.N. Doc. A/HRC/38/48 (Feb. 5, 2018), <https://undocs.org/A/HRC/38/48>.