

EXPORT-IMPORT BANK OF THE UNITED STATES

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ADVISORY COMMITTEE MEETING

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TUESDAY,
SEPTEMBER 29, 2020

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EXIM's 2020-2021 Advisory Committee convened via teleconference from 1:00-4:00 p.m. Stevan Pearce, Advisory Committee Chair, presiding.

BOARD MEMBERS

KIMBERLY A. REED, CHAIRMAN
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RICHARD POWELL
THOMAS RAGUSO
ALEJANDRO SANCHEZ
VENKEE SHARMA
CHRISTOPHER SMITH
LINDA UPMEYER
JOANNE YOUNG

ALSO PRESENT

JONATHAN M. BARON, Principal, Baron Public Affairs, LLC

ISABEL GALDIZ, Vice President, International Relations, EXIM

LUKE LINDBERG, Chief Strategy Officer and Senior Vice President,
External Engagement, EXIM

RYAN MCCORMACK, Chief of Staff, EXIM

STEPHEN RENNA, Chief Banking Officer, EXIM

LISA TERRY, Chief Ethics Officer, EXIM

DAVID TRULIO, Counselor to Chairman and Senior Vice President, Program
on China and Transformational Exports, EXIM

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

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

1:00 p.m.

JAMES FLETCHER: This is your moderator, James Fletcher. Before we begin, I want to remind everyone who is potentially speaking to turn your phones mute. And before you speak, please identify yourself by name and organization. Chairman Pearce, you may now begin the meeting.

STEVAN PEARCE: Thank you very much, James. I appreciate all of you nationwide being on. This is an extremely important meeting, not only for the committee but also for EXIM and for the nation. But, in fact, the world. We've never seen such an interruption in the economic climate of the world. It's a very difficult time for employers. It's a very difficult time for government leaders, and so, we convene this meeting high on the list or talking about how we can compete in the world economy. There is, there's just never been this sort of an interruption before. But as we look at how to solve the problems that face us, both from the COVID-19 position, but also, from a competitive position, we have to be aware of what's going on around the rest of the world. If the, if the C power was the Key to Economics in a previous century, then later the Industrial Revolution powered about 100 years of development. If those were the driving elements of the economies previously, now it's tech platforms that will drive economic prowess and economic dominance through the coming generations. So this tech platform, as we move into the 21st Century and get deeper into it, is something that we have to be considering. The Chinese are by far the strongest competitor in this field, and while they're denying access to their consumers, and to their tech markets, to their

Internet world, they're exploiting the freedoms of ours. They use our universities to develop the talent, they use the access to our tech market, just the freedom to enter and exit out of that tech market. They use those freedoms against us. If we're going to survive economically, then then we're going to have to find the solutions to that, and I believe that EXIM is, is the key agency to, to respond to all of the threats. And many times, we're seeing in the newspapers that that the Chinese have developed private companies. In my mind having traveled the Soviet Union when they were coming out from under the communist rule when the Soviet Union was breaking up and watching what they were calling private businesses. They were nothing except disguised state-owned enterprises. They were exactly what they were before, just with a different name. They have the same players, the same party members who are controlling these, these enterprises, and so as we think that we're competing with companies, we're actually competing with, with companies that have the entire weight of the Chinese government behind them. And, and that's very difficult for our companies to compete with, and especially when we don't get equal access. And so as we move forward in this meeting and into the year, and we're beginning the year with, with new members of the committee, then keep in mind that, that we're to advise the EXIM board about these elements. We're to be that sounding board, we're to be the ones to generate ideas that come from industry leaders. And, and we just literally help direct the activities of the EXIM Bank. And so, so know that, this critical nature of what we're doing is playing itself out right now. I'd like to welcome Chairman Reed of EXIM. Chairman Reed, I

want to thank her for her leadership. She's done an amazing job in getting the reauthorization, getting some political unity on capitol Hill, where none existed before. And so that reauthorization gives us the power and gives us, gives the EXIM board, the power, and, and really the longevity that it's never had before. And so, Chairman, I thank you for your leadership, and for your remarks today.

KIMBERLY REED: Thank you, Chairman Pearce. It's such a delight to be with the 2020-2021 EXIM Advisory Committee. I want to welcome, especially all of the new members to this committee. It was such an honor to gather with Chairman Pearce and, members last year on September 11th our first meeting last year when we celebrated the re-opening of the Export-Import Bank after nearly four years of dormancy. Thanks to the leadership of President Trump in nominating us and the bipartisan Senate confirming me and my fellow board members, Spencer Bachus and Judith Pryor. We look forward to welcoming each of you in person at some point when you are in Washington, D.C. I know I have several meetings already arranged. But each of you bring an important expertise, and you represent a crucial part of our economy. And for the public listening in on this virtual meeting, you can read the names of all of our EXIM Advisory Committee members on our website, under about us in leadership. So, look forward to these individual conversations.

Chairman Pearce, it's been a remarkable year. When we last met in person, we were focused on the important work that was set out for us in our EXIM reauthorization. Again, the EXIM Bank re-opened in May of 2019 and then, in December of 2019, on December 20th, the President

signed into law the longest reauthorization in EXIM's 86-year history. So, we are good to go through the year 2026. And this is very important because the world has competing export credit agencies. And there are now 115 export credit agencies around the world. And we were away for four years, and now we're back, and it is important that we do all we can, through our mission, of supporting U.S. exports. And in essence, supporting U.S. jobs to ensure that the United States is competitive. In our reauthorization last December, not only do we get a seven-year extension, but we also received a mandate from Congress that's very important. And that is to establish a program on China and Transformational Exports. I would say that this is the most significant program in our 86-year history, where we are asked to devote at least 20% of our lending capability, or \$27 billion out of \$135 billion, to neutralize China and advance comparative leadership of the United States around the world. And that includes [inaudible]. If someone could please mute, someone is ripping paper. That includes supporting exports through 10 transformative sectors. And later on, today, we'll be hearing from our Senior Vice President of the program, Dave Trulio, about that. But I just can't tell you how hard we have worked. Since that, that, that law mandate in December, to set forth the foundation for this program and to also attract back interest in United States exports. Many of our supply chains have gone overseas and we have lost jobs to competing countries that have the financing. And while we don't want to have a race to the bottom, I've heard loud and clear from people such as Secretary Pompeo, National Security Advisor Robert O'Brien, and even our National Economic Chairman,

Council Chairman, Larry Kudlow, at our most recent EXIM Annual Conference that we really need to be focused on China. And so we're working hard to do that, and I want the public to appreciate, to set up a program like this it takes time. You have to do it correctly, and there's a lot that we will not talk about publicly, because this is also a national security issue. But I'm so glad that we have the council of this wonderful committee. And also, we have now created, thanks to Chairman Pearce's wise leadership, a subcommittee of this committee that will be chaired by Dr. Paula Dobriansky. Thank you, Paula, for being with us today, but she will be chairing a subcommittee that is in essence called the Chairman's Council on China Competition. And I look forward to getting the guidance from all of you to ensure that we are fulfilling our role.

So I want to thank those who were able to join our Annual Conference. It was an all-time record of 1,700 people. It was very exciting because we had a special small business track, and even with the challenges of COVID, one of the benefits of us moving from an in-person conference to a virtual platform was to allow those small businesses that we care so much about that need to comprise 30% of what we're doing, to be able to engage. And so, we had a really fantastic program. I want to thank you again for participating. That same week, I also hosted my G12 colleagues from nations around the world for the Annual G12 of Export Credit Agency heads. I was so looking forward to hosting this in person, but we did it virtually, and we also featured a program at the conclusion of our Annual Conference with some of my peers. And that global discussion continues

to this very day. Last week, I was so pleased to be traveling again, the first time in seven months. And I visited Greece with a delegation led by Adam Boehler, who is the CEO of the U.S. International Development Finance Corporation, along with special envoy, Rick Grenell for Kosovo and Serbia. And we started off in Greece, where I had a very good conversation with the Prime Minister of Greece. And we were taken on a tour in a port, the Port of Piraeus. And for those of you who don't know this, while EXIM was closed in 2016, the Chinese acquired the Port of Piraeus, and it is a very strategic location between Asia and Europe, largest port in Greece, third largest in Europe, and we saw what you can only imagine. And so we are now traveling again to tell the world, please buy made-in-USA. And from that, I left that delegation trip, Steve Renna, our Chief Banking Officer, Luke Lindberg, and our former Chief of Staff David Fogel, who is now over at the State Department, went on to Serbia, and Kosovo, and Morocco, and we did some great work. You may have noticed that a few weeks ago I was with the President of Kosovo, I mean the Prime Minister of Kosovo, and doing some negotiations that led to a very historic agreement with the President in the Oval Office, and said this was the outcome of that. We want to support economic development. It's fantastic when we have the big win, such as this, but I left that, that that meeting in Greece and went on to the U.S. Embassy in Luxembourg, where I was with 16 U.S. Ambassadors to Europe, and it was wonderful to engage in conversations and share with them what EXIM is capable of doing. And so those conversations will continue, and we will continue to work. Because I know that you are charging us with to

be as competitive as possible while protecting the taxpayer. So, I look forward again to engaging with you in person at any time. And I just want to say thank you for your commitment to the mission of our bank and our vision of keeping America strong. So, thank you very much, Chairman Pearce.

STEVAN PEARCE: Thank You, Chairman Reed. And, again, having watched many government agencies, I think your, your personal by-in to the mission to making this work is one of the keys, and always, that's the benefit that we in the private market can bring to the world, And so thanks for your leadership on that. Since this is the kickoff meeting for our, our new session, I want to give each one of our members a chance to introduce themselves. If we could take about a minute or less to tell the listeners and each other who, who we are. Alejandro Sanchez, why don't we start with you? And we'll work our way down the list here.

ALEJANDRO SANCHEZ: Chairman Pearce, can you give me a minute and let me get to another area?

STEVAN PEARCE: OK, while we're waiting, Brad Markell, if you want to go ahead.

LUKE LINDBERG: Chairman, I think that list may not be accurate. Let me make sure you have the right one. Let's kick it to Mario Cino on that.

STEVAN PEARCE: OK, just send that to me.

MARIA CINO: Thank you very much, Chairman, Chairman Pearce and Chairman Reed. Maria Cino, presently Vice President for the Americas, of Hewlett Packard Enterprise. I've got about 25 years plus, we won't

say what the plus is. Experienced a legislative, the executive branch and the private sector, and as I look down the privilege of serving last year. But I think the goal for me is to look for opportunities for U.S. businesses to export goods and services, to level the playing field and making business much more competitive globally. And hopefully use my tech background to help U.S. businesses become more competitive and to address the competitive imbalance with China. Look forward to working with you, Paula.

STEVAN PEARCE: OK, let's go to Deborah Wince-Smith. Deborah, are you with us?

LUKE LINDBERG: Chairman, how about we take over to Paula Dobriansky?

PAULA DOBRIANSKY: OK. Good afternoon, everyone. Thank you, Chairman Pearce and Chairman Reed. I'm delighted to be a first-time server on the Advisory Committee. I've had over 30 years in government and international affairs, and I'm very interested also in ensuring that we do have a level playing field for our businesses. I'm also very honored to be the Chair of the subcommittee of C4, the subcommittee that's been formed on competitiveness with China. So, thank you. I'm very pleased to be here. My current affiliation is Harvard University. I'm in academia.

ALEJANDRO SANCHEZ: Chairman Pierce, can I talk now?

STEVAN PEARCE: Sure. Yes. Thank you.

ALEJANDRO SANCHEZ: Thank you. Thank you, Chairman Pearce. So sorry, I'm at the airport here in Atlanta. I'm flying for the first time, so I had to get to a little corner. Thank you for allowing me a

minute, Chairman Pearce. It's an honor to serve with you, sir, and to help Chairman Reed with the mission that our country has with EXIM Bank. And, again, it's an honor to serve here.

JAMES FLETCHER: Hello there appears to be someone who needs to mute their phone, we can still hear you on the call.

LUKE LINDBERG: I believe that was Alex. He is, he's traveling today and was fortunate to dive in and help us out here. So thanks, James, for that.

ALEJANDRO SANCHEZ: Thank you. Thank you, Chairman Pearce. Chairman Reed, honor to serve with you. Thank you.

LUKE LINDBERG: Thanks, Alex.

STEVAN PEARCE: All right, Bill Cummins. Bill, is Bill on today? Rodney Ferguson.

RODNEY FERGUSON: Yes, thank you, Chairman Pearce, Chairman Reed. This is Rodney Ferguson. I'm the President and CEO of Winrock International. Winrock is an international development organization. We work on behalf of USAID, USDA, private funders, philanthropies, advancing development goals around the world, including environmental projects that work on expanding the use of renewable energy, promoting clean energy and working on carbon emission mitigation around the world. My role on the Advisory Committee is to help identify export opportunities for America's growing renewable energy industries, as well as ensure that we are adhering to high quality environmental standards. As we look to expand U.S. exports around the world, I'm delighted to be on the committee, that this is my second tour. Thank you to not only the Chairman Reed and Chairman Pearce, but also the

staff at the bank for all of your hard work. We greatly appreciate it and look forward to today's conversation.

STEVAN PEARCE: Thank you! I appreciate your presence on the board. Lawrence Goodman. Do we have Lawrence on today? If not, I will go to Owen.

LUKE LINDBERG: Larry's on. It looks like we can't hear him.

PAULA DOBRIANSKY: Right, he is on, he's muted.

STEVAN PEARCE: OK, we'll come back to Larry. Owen Herrnstadt go ahead.

OWEN HERRNSTADT: Yeah, thank you, Chairman Pearce, and of course, Chairman Reed. I'm the Chief of Staff and in charge of trading globalization for the International Association of Machinists and Aerospace Workers. We're one of the largest manufacturing unions in the country and I believe, we're the largest in the air transport industry, as well. On that, I've been on the Advisory Committee for several years representing labor. I think I chaired it at one point in a long time ago on it. The bank is very near and dear to us, because it's the one institution in the federal government, that ties finance support to the creation and maintenance of jobs here at home. And it does so through its public policies who, I continue to vigorously defend sometimes to some, who, would, would have then be a little deluded on that. So it's a pleasure to be with everyone here today. And it's an honor. Thank you.

STEVAN PEARCE: Thanks, sir, appreciate your voice on the committee. Bill Huntington. Is Bill with us?

PAULA DOBRIANSKY: He is with us, but he seems muted as well.

STEVAN PEARCE: OK. We'll come back to Bill. Sean McGarvey.

SEAN MCGARVEY: Thank you, Mr. Chairman, Chairman Reed. I'm Sean McGarvey. I'm the President of North America's Building Trade Unions. We're an umbrella organization that represents the 15 traditional craft unions and construction maintenance. We have three million members in North America. I'm excited about the opportunity to participate with this because we have a great understanding of how important the competitiveness issue is in driving economic development across the United States, which in turn, creates the work opportunities for my members to maintain their place in the middle class and to drop ladders of opportunity for other folks from other communities to join the middle class through the training we provide and registered apprenticeship, and moving on, the journey versus status. So it all ties together. I've followed your work. It's extremely important. And I'm proud to represent the interest of my membership and also the country in participating with you on this board.

STEVAN PEARCE: Thank you, Sean. Appreciate your willingness to serve on the board. Scott Palmer.

LUKE LINDBERG: Scott is not here, Chairman Pearce. He asked me to just signal that he's thrilled to be a part of the committee on his behalf. Scott's a lawyer out of Los Angeles area, with decades of experience, and is well qualified and excited to be a part of the committee this year. So he just wanted me to share those words on his behalf. Thanks.

STEVAN PEARCE: OK, appreciate that. Rich Powell.

RICHARD POWELL: Thank you, Chairman Pearce, Chairman Reed, all the directors and all the staff. Very excited to be joining the committee for a second term here. I also serve as one of the environmental representatives. My organization, Clearpath works towards advancing conservative policies that accelerate clean energy innovation in the service of combating global climate change. We see climate change as a very global issue. And if we're not doing a good job exporting American, clean technologies to the rest of the world, we're not going to solve this issue, unless we get global emissions under control. And so we're very excited about the continuing and expanding role that the bank can play in financing exports of American clean energy technologies. Everything from liquefied natural gas to advanced nuclear reactors to fossil fuels with carbon capture to renewables and grid scale storage, everything the Bank touches. So I'm very excited to continue to be here and to continue to look for opportunities for the Bank to deepen its role in the global clean energy markets. Thanks again for having me.

STEVAN PEARCE: Sure. Thanks for your leadership and that valuable sector. TJ Raguso.

THOMAS RAGUSO: Yes. Thank you. Chairman Pearce, Chairman Reed. Honored to be serving for a second term on the Advisory Committee. And I am with Zions Bancorporation. We are a \$70 billion regional bank, and we are headquartered in Salt Lake City, Utah. And we cover eight western states. And I've spent over 25 years in international banking helping companies grow their export sales, and I've seen firsthand how the programs of EXIM Bank help these small businesses compete. And so

happy to be joining. And as I promised last time, I will be bringing again my main street perspective. Remember that my bank is headquartered at number 1 South Main Street in Salt Lake City, Utah. Thank you.

STEVAN PEARCE: OK, TJ. Appreciate your perspective. We heard from Alex Sanchez already. Next, we have Venkee Sharma.

VENKEE SHARMA: I wanted to, I'm really honored and delighted to be able to participate in the Advisory Committee, Chairman. Thank you, Chairman Pearce, Chairman Reed, as well as the EXIM team, for the opportunity. This is my second opportunity in the late two thousands. Under Chairman Lambright, I was also part of the Advisory Committee. So, so true pleasure to be back again. I come from private industry experience, over 25 years, and of that 25 years had the pleasure of working with EXIM Bank for an excess of 20. Our businesses, my professional capacity is with Aquatech International. I'm Chairman and CEO of Aquatech. And we're one of the largest exporters of water technology, from the U.S. We have, wouldn't have been able to do it without the support of EXIM, where we started in the early nineties and been engaged in exporting over several hundred million dollars of exports over the past 20 plus years. And I hope to bring some of that experience and some of the, not so even playing field, that exists out there with other ECAs and other financing institutions, and I hope to support the vision and mission of EXIM, especially around transformational exports. We have a business in China, so a lot of experience there and how uneven it is there as well. So I'm looking forward to it. Thank you.

STEVAN PEARCE: Thank you Mr. Sharma. Appreciate your returning to the committee. Chris Smith.

CHRIS SMITH: Thank you, Mr. Chairman. This is Chris Smith, here in the capacity of Executive Director, the Parity for Main Street Employers coalition, which is a coalition of national trade groups representing individually and family owned businesses in all parts of the country and in every industry. We have a special interest in exporting, many, many of our companies exports, uh, especially in the manufacturing sector and concentrated in the mid-west. We especially appreciate Chairman Reed's leadership on the issue of China, China's unfair trade practices, and making that a priority of EXIM Bank, and the new subcommittee of the advisory board, and I'd also like to thank Luke Lindberg for providing [inaudible] support to the Advisory Committee. Thank you.

STEVAN PEARCE: Thank you, Chris. Appreciate your words, Linda Upmeyer.

LINDA UPMEYER: Good afternoon. It's really a pleasure to learn a little bit more about each of you. This is my first time serving on the Advisory Committee, and I'm genuinely looking forward to it. I am a fifth-generation farm family, so I'm representing agriculture in this group. I'm a nurse practitioner by profession. I've spent the last 18 years serving in the Iowa legislature. The past decade, I observed at first The Majority Leader and then Speaker of the House for the last four years. I did make the decision not to run again this year and stepped away from that, and this is creating an opportunity for me to have some time to look at some of these challenges.

Certainly, my goal is to take a look at how agriculture can be more engaged in the export market. Currently, agriculture has experienced a negative trade deficit, that's not a good position to be in. And I think we can be very, very helpful in the goals of biotechnology and some of the other challenges we face. And I always think back to Norman Borlaug, who was a boy who was raised in Iowa and his opportunity to solve a huge problem in an entire continent when he, when Africa was experiencing drought. And Norman Borlaug was the one who figured out how to save a continent through his work in a week. And, you know, using the very early genetics that we now really created some opportunities in. And so I really look forward to getting to know each of you better as time goes on and look forward to serving with you all. Thank you.

STEVAN PEARCE: Linda, thank you. And as I do some study on 5G and some of the dramatic technology advancements in agriculture, I really look forward to your voice on the committee. Joanne Young.

PAULA DOBRIANSKY: Joanne's speaking, but she's muted. We can't hear you, Joanne.

JOANNE YOUNG: Yes. Is that better?

LUKE LINDBERG: Yes.

JOANNE YOUNG: Very well, thanks. Yes, hello, everyone. I'm delighted to be asked back to the Advisory Committee. Thank you very much, Chairman Reed and Steve Pearce. I've been in Washington since graduating from Georgetown Law, and I've been practicing transportation and trade law, and have represented a number of civic parties over the years and led a number of international

organizations. Washington Foreign Law Society is one in particular and the International Aviation Women's Association, as well as the Women's Bar Association. In representing civic parties like the State of Alaska, and recently, Puerto Rico, I wanted to mention, because I think this is very relevant to the China Program that in working with the Commonwealth of Puerto Rico, I've learned that it is the largest domestic center for pharma and medical device manufacturing in the United States, with Indiana a distant second. So I think that it is a good kind of case study for how China went about growing their dominance in this critical area and how EXIM programs might work to level the playing field. They also, in addition to the very large pharmaceutical companies that are there and, you know, like, AstraZeneca, FISA, and Moderna. They also there are a number of smaller businesses there that are involved with medical equipment devices. So my interest is in the China program, is small business, and particularly in getting the word out about EXIM and how it works, because I think there's a dearth of knowledge, partly because of it being away for four years from the marketplace. And I'm delighted to see Paula Dobriansky heading this committee because I've known of Paula's leadership and incredible talents internationally over many decades. And so thank you very much, Chairman Reed for your leadership. And Steve, look forward to working with you. Thank you very much.

STEVAN PEARCE: Larry Goodman.

LAWRENCE GOODMAN: Yeah, hi. Is this better?

STEVAN PEARCE: That's better, yeah. Thanks.

LAWRENCE GOODMAN: Perfect. Wonderful. I am the President of the Center for Financial Stability, which is an independent, nonpartisan think tank focused on financial markets. We have four business lines. The first is the future of finance. The second is data and analytics. Third is policy, and fourth is technology. The bulk of my experience is on Wall Street. I've also served in government, and I currently serve on the Financial Research Advisory Committee at the OFR Treasury, in addition to the EXIM Advisory Committee. I want to thank Chairman Reed and Advisory Committee Chairman Pearce, as well as Board members Pryor and Bachus for their leadership and their tireless efforts over the last year to strengthen the U.S. sector. I also want to thank EXIM staff that has been enormously helpful for our work on the committee.

STEVAN PEARCE: Thank you, Larry. I appreciate you. Bill Huntington.

BILL HUNTINGTON: Let's try this, again, can everybody hear me now?

LUKE LINDBERG: We can.

BILL HUNTINGTON: Good afternoon everybody. It's a pleasure to be with all of you today and be a part of the 2020-2021 Advisory Committee. Thank you, President and Chairman Reed, as well as committee Chairman Pearce, for the warm welcome, your great opening remarks and the introduction to the committee for somebody like myself, who's just joining this year. For those I haven't had the opportunity to meet yet, I'm Bill Huntington, as I said, I've been working in the global textile sector for a little bit over 25 years,

the last 19 of which then with the Ralph Lauren Corporation. In my, in my current role, as President of North America Wholesale, I'm responsible for the day-to-day management, the growth and development of our men's wear children's where home textile and golf businesses, obviously in a competing global marketplace, and with rapidly evolving consumer preferences and Chairman Pearce, you mentioned, a significant disruption these days. I certainly look forward to working with all of you on the committee, advising and in support of the Bank's mission to support American jobs and the growth and the export of U.S. goods and services. Delighted to be with all of you today, have the opportunity, and look forward to serving on the committee. Thank you.

STEVAN PEARCE: Thank you, sir, Appreciate that. Bill Cummins? Mr. Cummins?

BILL CUMMINS: can you hear me now?

STEVAN PEARCE: Yes, I can hear you fine. Go ahead, sir.

BILL CUMMINS: Thank you. [*inaudible*]

STEVAN PEARCE: You faded out on us Bill.

LUKE LINDBERG: Bill we're not able to hear you, we might have lost you on the Wi-Fi there.

STEVAN PEARCE: Let me go ahead then. I'm Steve Pearce. I bring a pretty different perspective, I think than anyone. My father was a sharecropper when I was born, he went broke doing that, and we just moved over to the oil fields of Eastern New Mexico, got a job there and worked at kind of the entry level. Personal life raised a family of six there on that pay. And so when I got in the Congress, I thought every day that I'm working for people like Mom and Dad that struggle

to make ends meet. They did, they just wanted to be free to have a job, and to be left alone. And so, that, that perspective of wanting to provide jobs for people who are just out there, ready to do the best they can. Bill if you can, I think that's your phone. If you can mute your phone, we're getting quite a bit of feedback. Bill Cummins. And so we, after I went to college, then last couple of years of college, I had the fortune of wandering the draft lottery. I got free flying lessons on a trip to Vietnam out of it, and spent 71, 72 and 73 flying. Combat missions in Vietnam. When I returned home than that, I found the real possibilities and America and my wife, and I bought a small business that was just in the oil and gas service business. We didn't own any of the oil wells, but we fixed them. And we built that company up to about 50 employees. We just decided to plateau it there. There was a lot of demand, but, but we just felt like that's what we wanted, some free time. And so that small business background then carried me onto the state legislature, because I could see that that many times... [inaudible]... difficulty providing jobs. And so, I just wanted to be... I very quickly learned that the greater need for small business for U.S., this was in Washington. So, I ran for Congress, served there for 14 years. So, here in Hobbs, New Mexico, we just, we are familiar with just almost every form of energy, and I'm excited about the opportunity that we have to really interact in the world market. And so, my time on, in Congress spent on the Financial Services Committee, where we had oversight of EXIM, but also many of the, the financial matters of the world, not just in the U.S. So, I think that we are right now, or at least at a significant time.

As I listen to the breadth and depth of people on the committee, I feel a sense of reassurance that that in this great time of stress, that we are bringing tremendous players to the, to the team, and, and we're here, again as an advisory, as an Advisory Committee to the Board itself. And I think that's extremely important. We're able to, to have, and give voice to all, I think, the different viewpoints of the EXIM mission. I'm excited personally about the reforms that have been put in. I've said in Congress, as we discussed, the, what many people view as drawbacks of EXIM, and so, under Chairman Reed's leadership, we've been able to address many of the shortcomings. And, and now this development, and to, and to just a total look at what's going on with China and how we can compete with them, I think could not be more timely, and again, I just view EXIM's role pivotal, not just for the U.S., but for all those emerging companies, countries and all the countries that are looking to grow their economies without the Chinese intervention. The Chinese extract great promises from these countries, and so when we give them an alternative, I think they wanted to choose it. But with, four years of no activity, EXIM had really lost its footing and lost the confidence of the world, that they would be there as Partners and major ventures. And so, that's the, the atmosphere in which we come. Always, you can, you can tell from the different members of the committee that that we have every different viewpoint represented. And it never is one viewpoint, in congressional, or legislative affairs, never is one viewpoint supposed to dominate, but instead we're to debate or to bring our viewpoints and find the tension between ourselves that exists in the world and in

society. And that tension that, that pulling back and forth, helps us to arrive at the logical center, and that's the importance of the debate that we have at our meetings, the different viewpoints that get expressed. And so for me, I just really appreciate all of you for joining, and in this initial meeting, feel, a great sense of competence. I'm going to turn the podium over now to Luke Lindberg. He's the Senior Vice President for External Engagement for EXIM, Luke. We appreciate you being here and being a part of the EXIM team.

LUKE LINDBERG: My pleasure, Chairman Pearce. Thanks so much for the kind introduction. I'm going to do my part to help us get back on schedule here a little bit. And I would encourage my EXIM colleagues who will follow me to be brief in their remarks as well in an attempt to, to utilize your time well. This is going to be likely the meeting where you'll hear a fair amount of talking from our side on the EXIM team, just to get you up to date and up to speed on what you're doing here today. About half of you are returning and about half of your new, which I think is a great opportunity for, not only carry over, but also new ideas to come forth and engage. I hope that the half who are turning would share with the half that are new, that the Office of External Engagement, the team that I lead at EXIM, is ready and willing to help you be effective on this committee. Our main goal is to be a partner of yours and to arm you for these discussions to help you get access to information you may want or desire inside of EXIM and overall make your experience a pleasurable one and a worthwhile one over the next year. I can say we're a little bit better at buying muffins and hosting you locally and booking travel and things than we

are setting up IT functions. So excuse our slight IT issues today. But I can guarantee you, when this is all past us, and we're able to have you in the office, you'll feel the love and attention that you deserve for your time and willingness to be a part of the committee this year.

The committee, just for a rough outline, is governed under the Federal Advisory Committee Act, it's called a DACA. In short, everything is a shortened abbreviation in D.C. You have any questions about that, Lisa, our Chief Ethics Officer will speak with you shortly, and always be available to you going forward. Our group will meet roughly four times this year, once each quarter. We'll try to get you an advanced schedule as early as we can. Sometimes things do shift with scheduling, but we will try to do our best to work around your schedules and make sure that you all can be present. And if there's an in-person option, certainly we'll get you travel logistics and schedules and things like that well in advance. Um, I'll just wrap by saying I think the best way for you to be successful this year, is to utilize the EXIM team. Ask your questions. Engage with us, and if there's anything we can ever do to support you, please, please don't hesitate to reach out to me directly or my team and help, allow us to help you to be successful. It's, I think, you know, as Chairman Pearce mentioned, this is our opportunity at EXIM to listen to what you have to say. Not the other way around, and so, we're always keen to get those insights and in any way, we can help to manufacture that or help to support you in that process. Please let us know. Thanks so much. I'll turn it over to us to our Chief Ethics Officer. Lisa.

LISA TERRY: Good afternoon and welcome, Chairman Pearce, Chairman Reed, Board member Bachus, Board member Pryor, and members of the EXIM Advisory Committee. My name is Lisa Terry, and I serve as EXIM's Chief Ethics Officer. I have served in this position since October 2015 and was officially approved by this Board in May 2019. I oversee EXIM's ethics program, and my staff and I are responsible for ensuring that EXIM employees comply with all ethics, rules, and requirements. I would like you to know that the Chairman, the Board, and senior management place great importance on ethics at the Bank and expect the highest ethical standards of themselves our employees, and now of you as well. I am pleased to provide a brief overview of the ethics standards that apply to you as Advisory Committee members. I will be speaking from the PowerPoint presentation that you have been provided. First, as you know, members of the Advisory Committee are not employees of the United States Government. Therefore, you are not subject to the broader ethics rules that apply to us as government employees. For example, you're not required to file financial disclosure statements, and you're not limited in the types of assets that you may own. You are however like us, in a position of public trust. Advisory Committee members must avoid any actions that are either unethical or appear to be unethical. And we all know that an appearance of a violation or an appearance of misconduct can be as damaging to an institution as an actual violation. When acting in your personal or professional capacity, please do not use your position on the committee for private gain, either for yourself or for others. You also should not take advantage of any non-public information you may

learn as a committee member. For example, if you learn that a company is about to receive EXIM financing for a substantial export contract that will double its revenues, you may not, of course, disclose that information to others or use it for your advantage. You also should not use your position on the Advisory Committee to induce another to provide a benefit to you, or to another. For instance, if you are an EXIM customer or, you know someone who has an application pending with EXIM, you may not use your position on the committee to gain special access for yourself or another. You may not identify yourself as an Advisory Committee member and request expedited process for any pending applications. You may, however, make use of any processes available to the public in the ordinary course of business. You also should not use your position on the Advisory Committee in a manner that could imply that EXIM sanctions or endorses a particular private entity business activity. For example, if a commercial banker, you know, is promoting an innovative trade finance initiative, the banker could use your name but not your EXIM title in his or her marketing material. Finally, a note about advocacy on behalf of the Bank. Questions may arise regarding the impact of your role on the Advisory Committee on engagement and political advocacy on behalf of EXIM, in your personal or official capacity. In this regard, you may engage in advocacy, relating to EXIM in your personal or professional capacity, and by professional capacity, I mean, in a non-EXIM related position. You are not permitted, however, to engage in advocacy on behalf of EXIM in your official capacity as a committee member, individually, or as a group. And the reason for that is that EXIM is subject to anti-

lobbying restrictions on our federal funds. EXIM staff may not provide any advice or guidance regarding your advocacy efforts on behalf of EXIM in your personal or professional capacity. And you may not identify yourself as a member of the committee when engaging in advocacy on your personal or professional capacity. And that concludes my remarks. I'd be happy to take any questions now, or, of course, if you have questions or concerns during your service, please do not hesitate to contact me or Deputy Chief Ethics Officer Lance Matthews, and our contact information is located at the end of my presentation. Thank you.

STEVAN PEARCE: Thank you, Lisa. Next up, we have Stephen Renna. He's gonna give us an overview of the EXIM products and services.

STEPHEN RENNA: Thanks, Chairman Pearce. Again, I'm Steve Renna. I'm the Chief Banking Officer at EXIM. I do realize we're pressed for time to actually provide the Advisory Committee with a thorough understanding of our products and services. It's going to take more than 10 minutes. I'm actually gonna speak less than 10 minutes in the interest of time, but I would suggest Chairman Pearce, that perhaps we offer to particularly the new members of the Advisory Committee, a webinar in which my team can take you through the products that we have, both in the short-term sector and the medium and long term sector, so you have a better understanding of what it is that EXIM can provide in order to, to facilitate, export sales around the world. So generally...

STEVAN PEARCE: I think that's a great idea .

STEPHEN RENNA: Yeah, I think that would be the best interest of time. But generally give you 60,000 foot. Of course, as an export credit agency, our role is to facilitate the sale of U.S. exports through providing financing solutions either to the U.S. exporter itself, or to the foreign buyers of the U.S. exports. So the two buckets that you should look at our products in, first is our short-term bucket, and within our short-term bucket, are the products that serve, basically, the exporter community. Within that budget, we have three general products that we're providing with exports, and in every case, these products are additional to what the private sector is providing, it for that particular product line. We do not displace the private sector. We are additional to the private sector, which means if an exporter cannot get some sort of financing capacity that it needs from the private sector, we can engage and fill the gap between what the private banking sector is able to provide and what is needed. So the three products, in the short-term category, short-term, meaning one year or less duration of the term of the products, is export credit insurance, and this is basically providing an insurance policy to the exporter that says: "if your foreign buyer does not pay you, you can make a claim on the insurance policy and receive payment for that." The purpose of this export credit insurance is to give exporters the security of knowing if they engage in markets outside the United States, they don't have to chase foreign buyers who might be delinquent or in fault of their payments. They can get reimbursed by insurance. Another product is a guarantee to a working capital loan provided by a bank to the exporter. So the situation here is the

exporter has an order from a foreign buyer that it needs to fill, but however, needs working capital to get the inputs that it needs in order to manufacture or provide the good and service that it is selling. So in this situation, in most cases, exporters can go to private lenders and get working capital loans. However, if there is some sort of credit stress, we can work with the exporter bank and provide a guarantee to the working capital loan that says: "if the exporter does not pay you Mr. Banker, we will pay you." So this facilitates the flow of working capitals to exporters and allows them to be able to, again, pursue markets outside the United States. The third bucket in the short term is basically with our guarantees of bank letters of credit. So in many foreign transactions, you have a foreign buyer who has a bank. That bank, on behalf of the foreign buyers, is providing a letter of credit to the exporter's bank. It basically says: "we will pay you the obligation that the foreign buyer owes." However, there are times when that foreign bank and that foreign buyer are of questionable credit status and the exporter's bank and not, on its own credit risk, accept that risk and will look to EXIM for a guarantee. So in those cases, we guarantee the letter of credit. And again, that starts to slow of the transactions.

The second bucket is medium- and long-term transactions, anything more than a year and up to 12 years in length. And essentially, in this bucket, we're providing credit assistance to the foreign buyer of a U.S. export product. The foreign buyer is looking to get credit from its lender in order to buy the U.S. goods and services it wants to buy. However, the buyer's bank is saying there is a credit impairment

here of some nature and some degree. Therefore, we cannot offer you, our client, foreign buyer of US product, market terms of financing that you need. However, we suggest that if EXIM can provide a guarantee to us, on behalf of you, foreign buyer, we will provide the terms that you're looking for, in financing. And that, and, thus, allow the transaction to be facilitated and fulfilled. And so, essentially, we will do underwriting work with the bank and do underwriting of, buyer, to determine the credit worthiness of situations. And if we determine that underwriting standards are met, we will provide a guarantee on behalf of that foreign buyer. That's primarily the tool that we use in medium and long term. However, we also can make direct loans to a foreign buyer or a project in a foreign country. We prefer, whenever possible, to work through a bank with a guarantee, because that makes sure that we are fulfilling our additionality requirements and not displacing any banks. However, there are transactions, many of them in project finance, so, a country is trying to develop, say, a mine, or a powerplant, or LNG facility. In those circumstances, you'll find that the risk and the tenor of the project are beyond what private banks are willing to take on, more the domain of export credit agencies. In that case, we will provide a direct loan to this project, to the extent of the stream of U.S. goods and services that are being exported, plus 30% of local costs. In that case, we can provide a direct loan to the project, will be seeking to be repaid from the revenues of the project. That's how we get repayment. So, in many cases, you could be talking about a five-year development period for projects, and then several years of operations

of that project in order to pay off the debt. Again, many private banks can't take that kind of tenor. And that's so, generally, those are the buckets in which we operate. The one other overarching, uh., requirement that we have is our export content policy. We are limited, not just supporting the financing of an export contract, but we're limited to supporting that contract to the extent of the U.S. export content in the export. Owen referred to this in his introductory comments. So if a, an export, in medium and long term is 100% U.S. export content, we can finance up to 85% of that export contract. The reason why we don't go to 100 is require the foreign buyer to put in 15% equity. If there is less than 85% U.S. export content, we can finance up to the percentage of U.S. export taxes. So, just want to make you aware of that. Lots more to discuss with you about the specifics and details of our projects, products, and services work. And I hope we have an opportunity to have a webinar in the future where we can go into more depth. Thank you.

STEVAN PEARCE: Thank you Stephen. Isabel Galdiz has a presentation on competitiveness.

ISABEL GALDIZ: Thank you. Thank you, Chairman Pearce, Chairman Reed, members of the Advisory Committee. My name is Isabel Galdiz. I'm the Vice President for the International Relations Division. And I've had the pleasure of working with you, the Advisory Committee on the statement that was produced last year on the findings of the Report on Export Credit Competition. I am here today to give you an overview of your role as Advisory Committee members, as detailed in our statute. I'll be speaking from the slides that I believe were distributed to

you, um, earlier. So your role as Advisory Committee members is, of course, to advise EXIM Bank's leadership on EXIM Bank's programs. Additionally, you must produce a statement, as you did last year, on the Report to the U.S. Congress on Global Export Credit Competition, that I hope new members will be able to refer to. It's found on our website. Those comments that you prepare are comments that are a reality check on EXIM's findings. We conduct research into the market to produce the report, and then we rely on you, your knowledge and expertise for your views on whether our assessment got it right. The Advisory Committee can also make suggestions to EXIM Bank on how to improve the report and last year. Chairman Pearce, your suggestions and many of the suggestions that your colleagues on the competitiveness report subcommittee made to EXIM staff, we, we hoped, has improved the quality of the report.

EXIM Bank's mandate is to provide competitive financing. In our charter. As you can see, many different objectives have been laid out for us to accomplish. However, the primary mission, the primary function of EXIM, is to provide U.S. exporters with fully competitive financing. This is a very challenging objective, increasingly so, given the lack of transparency that we have in the market. Chairman Reed, hosted, as she mentioned, in her opening remarks EXIM's first ever G12 Head of ECA meeting. And in that discussion, it was very clear that some information G12 ECA Heads were open and willing to share with us. However, we were not getting a complete picture from every participant in that discussion. We did discuss major trends that we can share with you here today and some of the G12 outlook. The

heads first off explained that there has been a drop-off in MLT demand, and they also told us that domestic demand for domestic support working capital programs was spiking. In order to meet that demand ECA [inaudible] different roles, they're either advising their governments broadly, or perhaps they've been given new authorities to provide domestic support to companies struggling currently, due to the event's economic effects of COVID. The G12 heads has also shared with us that they're having discussions with the banks, because in this volatile environment, the banks are having difficulties pricing transactions, getting deals done. So in their outlook for the future, the G12 sees a greater role and expansion of ECA support given our counter-cyclical role that we have, and the volatility that's currently in the in the market. The challenge that we face, according to the G12 heads, is that ECAs will have different degrees of risk appetite. Some ECAs are willing to take greater risk, while the others will take a more conservative approach. In that will be a very interesting, competitive dynamic that we hope to explore further in the report for next year. So, your statement that will be included in next year's report, we hope can provide us with that reality check as you did last year. And we hope will also focus, not only on, of course, the Chinese competition, but also as you did last year, focused on the fact that ECAs in Europe and elsewhere are currently ramping up efforts to take on greater supply chain commitments even with U.S. companies and U.S. supply chain. So we're looking at that statement that you produced last year. And we welcome the new members

onto this committee. I hope to work with them on this statement for next year's competitiveness report.

Just a quick overview on the timeline. The schedule for the Advisory Committee will be this. Towards the end of May of this year, we intend to circulate a draft of the report to the members. We hope to answer any questions you might have on our findings, then prepare for the meeting of the Advisory Committee, where we can discuss the report and your insights, and finalize the Advisory Committee statement by the early part of June. Because by June 30th, we need to meet our statutory mandate to present the report to Congress. We're happy to work together with any of the new members, if you have any comments on the Advisory Committee statement and welcome the participation members again from last year. Thank you very much for serving on the Advisory Committee. We look forward to working together.

LUKE LINDBERH: Would you permit me just briefly to summarize a couple of key points there from Isabel's presentation?

STEVAN PEARCE: Sure.

LUKE LINDBERG: Sorry to insert myself back in the agenda, but I want to make sure that that's very clear. There's a key role this committee will play in advising EXIM on our global competitiveness. And Chairman Reed's leadership, particularly at the international level right now, is crucial to your ability to understand and advise us on how EXIM can be competitive and level the playing field for U.S. companies. So, in this meeting with her counterparts from around the world, the 12 largest economies and their export credit agency heads,

we discovered that there is a growing need for export credit right now. And that is due to many factors, but one of which being the banking sector's inability or unwillingness to lend in a lot of these transactions, because of increased risk of COVID other things that are happening. Some of these export credit agencies are stepping up to the plate and are delivering new programs and financing for their exporters to help meet that demand, and some are not. And I think the, the level of exports, you know, attributable to those will be clear as to sort of who is playing in that space, and who is not, and then the last word for you understand, is that some ECAs are transparent with their data, and share, this, these things open and publicly about how they operate and the types of financial packages they're offering to exporters and their countries. And some are not. And I'm proud to say that today, the United States is a leader in transparency. We continue to push for transparency across the international platforms and across with our with our global counterparts, and our competitiveness report, which is the document you will comment on, is our shining sort of achievement of that transparency. We're the only country globally that produces a document like it. And many others use it as a tool to understand global landscape for export financing. So, I just wanted to be clear about those few points for you all as you schedule over the next year and look to advise us on how we can be as effective as possible. Thanks.

STEVAN PEARCE: Thank you, Luke. Appreciate those insights. David Trulio is the Counselor to the Chairman and a Senior Vice President

for the Program on China and Transformational Exports on EXIM. And just welcome David to discuss those programs with us at this point.

DAVID TRULIO: Thank you, Chairman Pearce and Chairman Reed, and members of the Advisory Committee. First sound check, can everybody hear me OK?

STEVAN PEARCE: Yes.

DAVID TRULIO: Wonderful. And Jonathan Baron, can you, are you, are you able to hear me and speak loud and clear?

JONATHAN BARON: Yes.

DAVID TRULIO: Wonderful, wonderful. Well, I'm very pleased to actually start us off with a guest speaker, somebody who has exceptional business acumen and a highly relevant mix across cutting experience. Jonathan Baron is the Founder and Principal of Baron Public Affairs, LLC, a firm founded back in 2006, that's dedicated to what he describes as liberating innovators from political risk. Johnathon specializes in developing strategies and executing campaigns for organizations that seek to shape the political landscape, and based on experience in the legislative campaign and corporate public affairs arenas, he's developed a number of methodologies for producing solutions for clients, confronting challenges at the intersection of policy, politics, and communications. Prior to his time in the private sector, Jonathan worked on campaigns at the state and federal levels. And crucially, especially for our purposes today, he held senior staff positions with the leadership of the U.S. House of Representatives and the U.S. Senate. So with that, we're going to start off by turning it over to Jonathan and then it'll come back to me. To, and Jonathan,

please go ahead and share with us your latest insights on the People's Republic of China and U.S. competition with the PRC.

JONATHAN BARON: Hey, thanks so much for having me today. I want to thank you and all of your colleagues at EXIM. You guys that they're an absolute pleasure to work with in preparation for this call. Chairman Pearce and Chairman Reed, thank you so much for having me and thank you to members of the Advisory Committee. Again, I'm grateful to have the opportunity. And I want to offer today some perspectives that have been derived from about a decade working for both private sector and public sector clients in the U.S. on the question of China and China's international competitive strategy. I want to say from the outset that I think the agency's program on China and Transformational Exports addresses a problem that is both urgent and practical, and I do want to commend the EXIM leadership for advancing this relatively new aspect of the agency's work as directed by Congress authorization that happened not even one year ago. So, let me begin by just saying why do I say the challenge is not simply urgent, but is practical. And I say that because it's due to what we've seen in the real-world advising clients over the past decade that is U.S. companies as they try to navigate an increasingly imbalanced U.S. China competitive dynamic. And I would say if you take anything away from my comments today, it is that the real-world evidence suggests that addressing the unbalanced I describe only is going to happen with a U.S. government supported response. Other responses that do not include government support, I do not believe will be effective, and that concerns both the U.S. domestic economy, as well as U.S. economic activity by

private actors in international markets. I think both of the imbalances we see in those categories will persist, but for the kinds of efforts that EXIM undertaken. By way of background, our firm has advised both some of the largest U.S. companies leading innovators in the U.S. economy, as well as clients in the U.S. government. And we've thought about two aspects of the problem, we've thought first about the dilemmas that private sector companies confront when approaching China, both in terms of market access, as well as competing with Chinese companies. And we've also thought quite a bit about the PRC strategy for displacing United States as the world's innovation leader. I want to make sure to recognize my colleague, Jeremy Furchtgott, who leads are trying to practice, and I think has done some truly groundbreaking work on both of these questions particularly in assessing the PRC strategy.

So with that let me just offer a few key findings from our work. And I'm going to be succinct, I know time is short. And I do want to ensure that I don't crowd out other people on the agenda, but in terms of our key findings. First, I would say, just as starkly as I can, that the pre-2017 policy approach undertaken by the United States to this competitive imbalance, I described, was a bipartisan failure. I want to be clear, it wasn't a failure of Republicans. It wasn't a failure of Democrats. I think it was a huge, almost a universal failure to appreciate the nature of the competitive imbalance and what the required response would be. And, I want to say, for anyone who's sort of thinking through these problems, I know that you and the Advisory Committee and at the agency do this every day or the most

days, the most important thing to appreciate in thinking about how to address the U.S.-China competition is to recognize that it wasn't and it isn't, a free market. And I say that as a very committed, free marketer. I should note that my first experience in Washington was as a high school intern to Congressman Jack Kemp when he ran for president in the late eighties. I think it's safe to say that Jack Kemp was one of the great free marketers of the late 20th century, and I have a passion and a strong belief in the efficacy of markets. But the situation we're describing is not a free market, and I think defies free market responses. The, the PRC, as many of you know, they think about companies as de facto projects of the national government of Beijing. And they have engineered, which I'll describe in a moment, a very sophisticated strategy for paralyzing US companies and again, for displacing U.S. leadership in key sectors. Many of those are high-tech sectors, but there are others as well. In an ideal world, a world that I would argue that doesn't exist, it would be preferable to allow companies to leverage their own balance sheets and to pursue their own strategies, free of government intervention. But, it's important to always keep in mind that this is a geopolitical confrontation. It is a nation state to nation state competition. It is not company to company competition. And so, if we begin at the wrong premise, we'll almost certainly end up with the wrong answer. So, that is one of the fundamentally important findings that we have derived from our work, both in looking at the private sector, as well as some of the public policy questions. And, of course, along with that, we should dispense the notion, again, based on our experience that any individual

company, any individual U.S. company, is big enough to deal with the People's Republic of China, right. No company can manage the risks, can, can, truly, navigate the questions that are created by a state actor, particularly a state actor as formidable, again, as the as the PRC. So I mentioned a moment ago this idea of a strategy of paralysis and, again, in describing it as paralysis, I'm not offering any sort of judgement of whether that's right or wrong, I certainly could do that, but I'm trying to give a factual description of how the PRC has approached displacing the United States as the global leader in innovation. And I would just quickly summarize five dimensions of the PRC strategy, and I think there are dimensions that are very much central to the work that you're doing.

The first, as many of you know, and it's been covered widely, is the Chinese undertook a variety of policies to block access to the China domestic market by U.S. companies. They did that, however, while dangling and continuing to dangle the possibility of meaningful market access, that in fact never materializes. So that is aspect one. Aspect two is, even as they are blocking domestic access for a whole variety of different reasons, U.S. companies are invited to create small offices and other such entities as part of the presumed possibility of gaining market access, and by allowing these small offices in China, the PRC both creates market expectations that major companies will, in fact be able to access the enormous Chinese consumer market and the business to business market, as well as they expose companies to the risk that China could retaliate against non-Chinese or Chinese nationals, working in the PRC for American or other international

companies. So the opening of those offices becomes not so much progress towards market access, but in fact, a pressure point. Third, and of course, perhaps most notably, the PRC has been fantastically effective in incubating its own national champions in high priority sectors. Of course, search, communications, commerce, and others with the advantage of operating in a huge market that is China, free of international competitors. So, they operate with all of the access to data and consumers and experience that they are able to leverage to build world-class companies, unthreatened by American and other firms. And fourth, while enforcing these protectionist policies, the PRC's national champions benefit from access to global markets to consumers with broke subsidized by the central government. So, even as they, again, these companies benefit from the protectionism, they have no problem, in most cases. This has changed more recently, but certainly up until the last few years, accessing global consumers, capital markets, and intellectual property, and the like. And so, again, you see this massive competitive imbalance emerging. Then, finally, fifth, Beijing uses proxies to make VC and private equity investments, which allows them to amass insight and influence complemented by IP theft. So, when you take these five elements together and they're very often discussed individually, you don't often see them put together as part of a deliberate strategy. But I do think it's safe to say that these elements have emerged as a cohesive approach to paralyzing American companies and allowing China to make vast strides in their competitive position relative to the United States. I also want to just for a moment to describe an aspect of the paralysis that is often

overlooked. Because US companies are pressured by market expectations and other considerations to pursue market access, I would say they feel very constrained in voicing opposition to PRC policies or to seeking relief from the federal government so as to not draw retaliation from the state actor in the PRC. So, not only are the companies paralyzed in terms of their ability to compete, but they're also paralyzed even in their ability to voice concern. And I would say with past administrations, that silence has been viewed as evidence of a lack of a problem or at least lack of such a problem so as to invite or justify government and government involvement in solving the problem. So, you can see how this very powerful, combination of approaches and effects, has brought us to where we stand today. And we very much have seen that play out in the real world over the past several years. So, I would say that, while the consequences within the U.S. domestic economy have received the majority of recent attention, as you all know, the distortions created internationally are extremely serious. And I think, for this reason, the program on China and transformational exports is absolutely critical. And so, again, I think EXIM is addressing one of the key parts of the problem. Just in closing, I think, as the Advisory Committee thinks through these issues, I would offer a few broad suggestions and recommendations for U.S. policy. Not all these, of course, are the purview of the agency, but I do think it should bear upon your thinking. The first is to always remember, that the U.S. and China have fundamentally different understandings of the relationship between the market and the government. In the United States, we generally, I think,

overwhelmingly think of the market as existing parallel to and separate from the government. There, are, of course, important areas of connection and interaction, but the market stands on its own as an operating set of institutions. In contrast, the Chinese government views the market as to be in the service of the state. Again, so many of China's national champions are not just national champions, international projects, and have to be understood as such, in receiving support from the central government in Beijing, as well as provincial governments. Second, I think quite subtly in some cases, China has sought to address rising concerns in the United States about the competitive imbalance by highlighting its own activity in job creation in the industrial mid-west. And you've seen several leading Chinese companies or Chinese Company are accomplished with very strong Chinese footprints, announcing major job creation projects in the industrial mid-west, in an effort to try to draw attention away from the competitive, core competitive unbalanced question. So again, I think, you see this happening on two levels. It's not just the five-part policy of paralysis, I described a moment ago. But I think the Chinese have undertaken some risk mitigation measures designed, again, to reduce sensitivity in the U.S. to the problem. In terms of general policy recommendations, a few things. The first, which is the most obvious, but maybe also the hardest is patience. Solving this problem is going to take some time, as you're all aware. The Chinese have been doing this for decades. We're not even at the one-year anniversary of the EXIM reauthorization, as you are also well aware. But, again, this is going to take time. And, again, we shouldn't expect results

overnight. Second, I can't overemphasize the importance of rule of law and reciprocity as enforced by the United States. For reasons we could discuss, China has been allowed to deploy its strategy with relative impunity up until very, very recently. And just simply the application of rule of law and reciprocity can go a long way. Not all the way. We're going to do things that are very much similar, and in fact what the agencies are doing today, but rule of law and reciprocity are going to be very, very key in addressing this issue. And third, and finally, I would just note, so it's not the purview of the agency is, really, I think policymakers should consider massive increasing, massive increases in U.S. funding of basic science. I think getting back to the lessons learned in the 1950s and 1960s, where the United States government shouldered the risk of basic science R&D, but, of course, allowed private companies to shoulder the risk appropriation commercialization. That combination is the combination being used by China today, is borrowed from the U.S. playbook. And I think we should return to that playbook and replicate that strategy for our own time. Others have spoken to this this area with much greater eloquence and specificity than I can, but I do think it's something worth exploring. Overall, I would say that the work that you're doing on transformational export is absolutely a key component of the problem. If we look around the world, we see multiplying instances of U.S. companies not being in a position to compete because of Chinese state direction and involvement. And so I wanted to commend what you're doing, and I hope you're successful. I'm happy to take any questions

or engage in discussion and help when I want to thank again the agency for this opportunity.

DAVID TRULIO: Thank you very much Jonathan Baron for your really timely and incisive insights. I'm gonna pivot now, and in the context that Jonathan described, describe what EXIM is doing to rise to this challenge. So as many of the Advisory Board members know, but I know roughly half are new to the Advisory Committee, I'm gonna walk through some of the basics and then share some new points and insights. So first, when EXIM was reauthorized on December 20th, last year, Congress directed that the agency establishes the Program on China and Transformational Exports. And it has the explicit purpose of supporting the extension of loans, guarantees, and insurance at rates and terms and other conditions that are fully competitive with those established by the PRC. The law charges EXIM with the goal of reserving, as Chairman Reed said, at least 20% of the agency's total financing authority. That's a whopping \$27 billion out of a total of \$135 billion for support made pursuant to the program. I came on board in April and the EXIM team is diligently engaging with export or stakeholders, members of Congress and our inter-agency partners to develop a program that effectively meets the mission that Congress laid out. Crucially, we have a bold and needed authority, thanks to Congress and President Trump, and EXIM and the administration are prioritizing actions to address the underlying policy and legal and resourcing and operational issues necessary to implement the program. I want to be clear, though, consistent with the EXIM overall vision, the vision of the program, specifically, is to keep America strong by

empowering U.S. businesses and workers to compete successfully against entities backed by the People's Republic of China. Accordingly, working closely with U.S. exporters and inter-agency partners, we're continuously identifying and developing potential leads involving competition with Chinese state backed entities. Based on our historical experience, it typically takes months, or even years before business deals, mature to the point that they're ready for consideration by the EXIM Board of Directors. And that's certainly consistent with my own, many years of business development experience in Fortune 100 and Fortune 500 companies. But, all that said, I do want to illustrate further where we are. So, we have a project pipeline, it currently has multiple opportunities across different levels of maturity. While I would stress that a great deal of work needs to be done to develop, assess and complete individual transactions, and many may never be executed, we estimate that our current pipeline of deals competing with China is, is well over one billion dollars. These industries range from telecommunications to water treatment to renewable energy, among others. Geographically, those opportunities stand in Asia, Europe, Africa, North America, and South America. Building on Jonathon's comments and as noted in the National Security Strategy of the United States of America, China's infrastructure, investments, and trade strategies reinforce its geopolitical aspirations. As that national security strategy lays out, to maintain our competitive advantage, the US will prioritize emerging technologies critical to economic growth and security. And our focus technology areas, which have been referenced a few times range from

artificial intelligence and quantum computing to high performance computing. They also include biotechnology, biomedical sciences, wireless communications equipment including 5G, renewable energy, energy efficiency and energy storage, semiconductor and semiconductor machinery manufacturing, and emerging financial technologies.

Consistent with the U.S. strategic approach to the People's Republic of China, issued by the White House in May, and also consistent with EXIM's reauthorization, we're promoting American prosperity by facilitating U.S. exports. It's, it's our ultimate goal within the China program at EXIM that U.S. exporters, large and small, facing competition from Chinese state backed entities, achieve tangible results in the form of completed transactions that support U.S. jobs. So, to that end, my request of the members of this Advisory Committee, and to those key stakeholders who joined today's meeting, is that we work together to identify and shape potential new deals early. It's vital that we think openly about how we may further deliver innovative innovatively on the mission of supporting U.S. jobs. So I encourage you to think about how you might unleash the power of your networks, your insights, your experience, to support the program. So please reach out to me directly anytime. And for general reference, note that our team, including me, can be contacted easily, at chinaprogram@exim.gov. And that's chinaprogram@exim.gov. So with that, Chairman Pearce, back to you. If you or members of the committee have questions for me or for Jonathan, we gladly take them now or keep moving based on whatever direction you would like to take. Thank you.

STEVAN PEARCE: Thank you. David and Jonathan, I appreciate both those reports. Again, just to reiterate my belief in what Jonathan said, that took a long time to get into this position. We're not going to work our way out of it overnight and so that that long-term patience. Also I would urge David, for you and your team to, to give us updates. I would, if it's possible, I would like to see that list of billion-dollar competitive positions that we're in and then if that's possible, get that to the committee. But also, if it's not then at least updates us with how that's going that here's how many there were up in the air, and here's how many succeeded. Here's how many we lost. So, let's start tracking what little I know about business, the things you track, improve on, things you don't track, you don't improve on. And so, so, whatever you can provide to us, to give us that sense, that, OK, we're moving in the right direction, or the flow is still not the right way, not to point fingers, but to assess, and to get better at it. So, again, really appreciate your leadership in this area, and Jonathan appreciate your comments. And I think your presentation laid out for us exactly how high we have to climb. Absolutely believe we can climb it, but we've gotta get about that. We're scheduled as you can see for a break right now. If you need to take a personal break, feel free to do that. Just pause your screen. We're going to continue the work of the committee here and try to get us back on time. So, I'm going to invite now Goodman. He is the member of the EXIM Advisory Committee, President and Founder of the Center for Financial Stability. He led a subcommittee, really in-depth discussion and analysis of PEFCO. And I want him to update the full

Advisory Committee on, on what his subcommittee did, and his findings, and then we'll go on to have a vote on that. So, Larry, I appreciate your work a couple of months ago and appreciate your leadership. And so, you've got the floor.

LUKE LINDBERG: Larry, we're not able to hear you. Larry, we still can't hear you.

LAWRENCE GOODMAN: How's this?

LUKE LINDBERG: Much better. Yeah, thank you, sir.

LAWRENCE GOODMAN: Fantastic. Good afternoon. Good afternoon, Chairman Reed, Chairman Pearce, Board members Pryor and Bachus. Thank you for the opportunity to discuss the findings of the subcommittee or subcommittee group to review the partnership between EXIM in PEFCO. Our subcommittee was charged with the responsibility to evaluate this relationship between EXIM and PEFCO, and our work was based on the assessment of presentations made during the open EXIM Board hearings on the topic, a three-hour hearing, on August 13. Our own working knowledge and research added to this, as well as an active consultation with one another on this Advisory Committee. And I do extend a hearty thanks to subcommittee members T.J. Raguso, thank you T.J., Alex Sanchez, thank you Alex, and Chris Smith, thanks Chris, for their outstanding contributions and active engagement in the process. Yet, naturally these comments, I bear full responsibility for any errors in this presentation. Our conclusion is that EXIM can enhance U.S. export performance by renewing the partnership with EXIM for long enough. The partnership with PEFCO, excuse me, for long enough for PEFCO to fulfill its mission. We also advise that periodic and more

regular reviews of this partnership are essential. Today, my comments are going to touch on three areas. The first area is the global backdrop for EXIM and PEFCO. The second is what is PEFCO, and the third are recommendations for EXIM.

In terms of the global backdrop, the U.S. export sector is suffering. Sadly U.S. exports have fallen from nearly 14% of GDP in 2014 to 11% in the first quarter of 2020. And now with the recent data that we've just gotten, a mere 9% of GDP. Competition from abroad threatens future exports and limits access to reliable supply chain linkages around the world. The People's Republic of China, in particular, has relied on various tools from tariffs to concessional lending, to preferentially access global export markets. I enumerated on how trade promotion rests at the heart of China's economic development strategy, as well as the tools employed over the years, namely currency intervention, technology, tariffs and credit in a presentation, U.S. China, and the competitive landscape, to the Advisory Committee last September. On the latter, according to the EXIM Report on Global Export Credit Competition, which is an outstanding report, really well done by the by the team. China now supply's nearly as much export financing as the entire G7 countries combined. For EXIM, here the agency would be ill advised to try and match China's avalanching lending as the granting of these excess credits often hinders growth, and such binges often end in default. Nonetheless, EXIM clearly needs to meaningfully and purposefully step up its engagement to foster a more formidable expansion of U.S. exports. PEFCO provides EXIM with such an opportunity to second PEFCO.

What is PEFCO? Today, PEFCO provides EXIM an added vehicle to help grow the U.S. economy as well as address the challenges discussed by, up by China by essentially broadening the EXIM Bank's footprint. So, PEFCO here can help in three specific ways. The first is that PEFCO taps U.S. capital markets to efficiently supplement EXIM lending. So it provides another source of capital to support EXIM lending capacity. Second, PEFCO can support exporters during times of crises, such as the recent period that we've just witnessed tarnished by COVID-19 by supporting U.S. corporations and strengthening the supply chain. Third, PEFCO can fund EXIM guarantee transactions of varying size from hundreds of thousands of dollars to hundreds of millions of dollars, so smaller and larger businesses can, can benefit alike. It's also important to understand how PEFCO as a financial institution works. It's actually a very different financial institution and a very different financial institution from a bank. In fact, it's a very simple financial institution. There are a few key differentiating factors that that are important. As I've already mentioned, PEFCO is not a bank. It does not independently originate loans. It simply serves as a vehicle to finance transactions originated by banks that have been backed by EXIM. So, it's essentially a pass-through, hence, PEFCO does not and cannot compete with private lenders. What PEFCO does do is it pools risks by funding EXIM loans, so, in the in the U.S. capital markets. Another point about PEFCO is that PEFCO shareholders can lose and they have. There's a common misperception that PEFCO that the deal possesses these magical powers, where institutions investing in PEFCO can only gain. This is untrue.

Dividends to shareholders have been zero for the last five years. That's not a deeply rewarding experience. So not only has the return to PEFCO owners been zero, but they've actually lost on the opportunity to deploy their capital in other, more profitable ventures.

So recommendations for EXIM, the subcommittee acknowledges that PEFCO's partnership, EXIM's partnership excuse me with PEFCO, moderately increases risk exposure for the U.S. government. But we offer the following recommendations and a few questions for further exploration that should enhance the relationship and minimize risks. First, EXIM should review PEFCO. EXIM and PEFCO periodically sign a, and this is not new, a standard operating procedure, or an SOP document, that governs all aspects, key aspects of their relationship. The last SOP was signed in October 2019. There's an opportunity for review. We recommended that EXIM should take it. Second, EXIM can also help illustrate the costs and benefits by this review and report. Third, PEFCO can and should diversify its portfolio more actively lending to small and medium sized businesses, reducing its overall exposure to Chinese entities and shrinking its exposure to the aircraft industry. But I would note that these exposures took a long time to build up. So, it's going to take a commensurately long time for PEFCO to reduce its allocations, to reduce these allocations. Another is to deepen risk management capabilities in tandem with a growing loan portfolio, largely, to protect the US taxpayer. And lastly, in addition to the risks for EXIM in actively managing these risks, there are some opportunities that can be explored. It might

make sense to explore alternative opportunities for PEFCO to potentially expand and expand its ability to leverage private sector pools of capital in a creative way to help supplement EXIM lending activities, especially in a world where rates are so, interest rates are so low and people are scrambling to get exposure and yield. So, in sum, our subcommittee letter, advises the members of the Advisory Committee that the EXIM Board should renew the partnership by long enough for PEFCO to fulfill its mission, with periodic and more regular reviews of the PEFCO partnership. Thank you.

STEVAN PEARCE: Thank you, Larry. I appreciate that. We have now time for discussion. We'll move on to take a vote when we're finished discussion mode of affirmation or rejection of this report. So, we're going to open the floor right now to, to discussion among committee members. Just speak up. Not sure this format, the webinar format has an ability for you to flag me that you're raising your hand. So if we hear two people speak, the first one for everybody else mute. And then, Larry, if you can answer the questions, again, before we get into those, Larry, I would like for just looking at it from a political perspective on the Hill, that, that PEFCO was, was very controversial. And there are a lot of comments that, that it should not re-authorize the relationship. And so these reforms that you all have suggested, are very critical. And I would like for you, Larry, to be the watchdog on those reforms. And if you can, kind of watch that, those percentages, and I know you say they're not gonna just turn around overnight, and that's true. It's, these are longer term things. But if you can watch that, and then, each committee meeting, we should

be updated that those are working well, because political certainty for EXIM is going to require that, that we implement the things that were causing concern, that we implemented the changes that were causing concern. And so that's the reason that I would like to do that. But go ahead and raise your hand now speak if you've got comments, either for or against the PEFCO agreement. Go ahead. Someone was trying to speak there. I don't want to shortchange any opportunity to give voice to, again, either for or against the findings of the subcommittee. But I'm not seeing or hearing any comments. Will take a vote here in just a moment if everyone is pretty certain of what we're doing. Again, I think that Larry's presentation was, was brief and yet thorough. It gave the understanding that, that if China is lending so much more than not just us, but the rest of the world combined, then we have to find a way to get those private lenders into the market. And, and it's not as if they are given some guarantee that they're going to make a profit. Like Larry said the last 5 or 6 years, they've had little return on their investment, but, but we've got to do things to broaden our footprint in that private capital. No country on Earth can compete with the U.S. if we get our private captive involved. And so, again, my position has always been that when we get that private captive out there, when [inaudible] them, assess the risk and navigate the navigate the complex arenas, then we're going to re-establish our positions. So one last time, it's like an auction is gone twice already, OK. Now that are hearing a comment.

PAULA DOBRIANSKY: This is Paula Dobriansky. I just have a question. It's actually relevant to what you just raised in commenting

on Larry's presentation. You mentioned about the view from the Hill. I would just be curious, given the points raised by Larry, and because of the Board's vote earlier about reforms, what is the view from the Hill now on, what steps PEFCO has taken?

STEVAN PEARCE: I'm not, there may be one of the staffers who can update on that, but the Hill position doesn't change very quickly. If you were for it before, you're probably still for it, if you're against it, it's more of a wait and see, OK. And typically, these, these discussions take the form that, OK, you're for, I'm against or I'm for, you're against. And there's a winner and a loser. And the people who lose simply say, "OK, that vote went a direction. Now, we will watch and see." And so, the subcommittee found that, that they would recommend that we do, that we recommend the Board would extend this agreement with PEFCO. And so, we're at a point of wait and see, which is the reason I want to really watch one of the key oppositions, was just this, this preponderance of money that is going into single, single industries, and, and so, that's what Larry said. It's going to take a while to get that down. But the trend should start now, and the trend downward and to where we're broadening the lending footprint should start now. And if that occurs, then the people who are opposed become less opposed. And the next time, you have less pressure against it. So that's my experience on the Hill that you don't, the vote is had, and the recommendation made and the people who succeed to go on their way. And the people who fail then watch, and they watch either loudly or quietly. So I suspect that's the point we're in. And in fact, the reauthorization of the Bank and specific that seven-year

reauthorization was a tremendous tug of war and the tug of war was won. But now, the people who were opposed that held the no's and voted yes. Or whatever they did, they're going to be watching to see that that Chairman Reed really gets some of the reforms in place. So that's the political framework that I'm familiar with and again, I sat on the committee that, that really was instrumental in pausing this, the EXIM for four years and was one of the dissenting votes from that majority of that, OK. So that's my insider on answering your question.

PAULA DOBRIANSKY: Yeah. Thank you.

STEPHEN RENNA: Chairman, this is Steve Renna. I can very quickly answer Paula's question. Paula, I just want to let you know, at Chairman Reed's direction we met with members of the Senate Banking Committee and House Financial Services Committee on the issue of PEFCO. Provided detailed briefings of their staff and any member that wanted to join. Invited the staff and members to participate in the open meeting that Chairman had with respect to PEFCO. We received no comments of opposition. Particularly no comments of opposition from those Senators and House Members that we knew were not the friendliest of EXIM. So they asked questions about it. We explained it, and they really did not raise their voices.

RYAN MCCORMACK: And this is Ryan McCormack. The Chief of Staff. If I could just add to what Steve said. We also did a public comment period and also offered that to those interested, Senate and House staffers who we had briefed, and again we did not receive any comment on EXIM's consideration of PEFCO renewal.

PAULA DOBRIANSKY: Thank you all. Thank you, Mr. Chairman, and thanks the EXIM team. Thank you.

MARIA CINO: Mr. Chair, this is Maria.

STEVAN PEARCE: Go ahead, Maria.

MARIA CINO: Just wanna say thanks for your great comments. Appreciate all that you had to say. And educating us. I remember this issue from last year. And, Chairman, I appreciate what you had to say. Certainly, we don't live in a perfect world. I wish things were perfect, but well I will say well, we need to continue to watch and be vigilant. I think at a time like this is a crisis that we have, whether it's COVID or a variety of other things, trying to compete with China, we need to use all the tools in the toolbox. And I would favor moving ahead in approving the letter to be sent out. So appreciate everything that's been done. And again, we've got to use everything. We've got to provide the money and resources for our businesses, especially small businesses that are really, really hurting as well as some of the industries that are really suffering right now. Thank you.

STEVAN PEARCE: Thank you, Maria. Thank you, Maria. Spencer, you're muted. Spencer, you're muted. Still muted. Spencer, you're still muted.

KIMBERLY REED: This is Chairman Kimberly Reed until Spencer's able to unmute, can I just say a couple of words?

SPENCER BACHUS: Go ahead.

STEVAN PEARCE: Sure, go ahead.

KIMBERLY REED: Oh there's Spencer there, I hear him. Spencer.

SPENCER BACHUS: Thank you, OK. I've had several calls from members on the Hill. There's been a real seat change on the Hill, as you know, in 2015, my last year. It was after I left that the EXIM Board was not continued, but many of people who've actually in the past voted against EXIM, now support EXIM. And they're experience during this COVID. And particularly with medical supplies, when we found that we simply didn't produce enough for our own use, we have some people that have really changed their minds. And I would say, presently, they want us to use every tool at our disposal, including PEFCO. And even the only real question that I heard from someone on the Hill was, did we need to reauthorize it for 20 years. And I think that our legislative team and Luke, and Ryan and David, in the leadership can answer that in a pretty convincing way. Um, also want to make a real brief comment. We talked about China sort of paralyzing some of our export markets. I've talked to several ambassadors and others who are now saying that the world is waking up. Countries and businesses, and countries around the world, they're waking up to China's, some of their tactics. One word that you hear a lot, is predatory lending. A lot of their financing is predatory, and it's really designed to take control more than anything else. It's almost as if there are several examples, and I won't bore you with details, but several examples of where they've actually colonized parts of other sovereign countries. The best example is Laos, where they moved into a zone with the promise of jobs for Laotians, and they created, they built casinos. Then, they brought in all their workers. All the workers and [inaudible] for China, Chinese citizens. They then started

restaurants, dry cleaners, and other businesses, and they actually trade within that zone in the Chinese currency, and horror stories like that are beginning to make their way and it's a real opportunity for us. But I think opposition on the hill, since you and I have left, is much diminished, and with every visit we can make to the hill, and with every company that can call their representative and their senator. I think we'll be in a stronger position so I will, I will moved my phone call. I was both on the webinar and on my cell phone. Obviously, you can't do both, but I'll close out with that.

STEVAN PEARCE: Thank you, Mr. Chair. I was on that when you were offering good leadership to support the EXIM and watch that transition. So thank you very much on that. Any other comments, questions that we've got?

KIMBERLY REED: Yes, we have. Yes, Mr. Chairman, you can't see me, because I'm on my phone only. Kimberly Reed, I just want to thank you. And I want to thank the subcommittee for your very thoughtful review. I pledged to reform and transform EXIM. And we could have easily, easily just extended it. And I said, "no way, we must do our review of this." Coming from the Hill, I did oversight and reform for many years. Very important that we do this, and so we went through a very detailed process. I want to thank the staff, and for those new members to this Advisory Committee, if you read our press release, on the day that we voted to extend or renew PEFCO, you will see the reforms that we actually implemented as part of that vote. And I want to thank Spencer Bachus and Judith Pryor for joining me in that. And it was an educational experience for a lot of us. And we've really worked hard

to educate the Hill and key players as we look at our mission. And again, it comes down to the law. Are we doing what we can and should be doing to advance our competitiveness and support U.S. jobs while doing all these other reforms? And so, when you look at, when we approve a transaction, such as a nuclear deal, and how long that has to remain, and on our books, and how much consideration, when we're guaranteeing the loan of something like that, to be able to engage and compete globally, we came to the conclusion that PEFCO was essential. You'll see with those reforms that we will revisit this, and have that opportunity on a regular basis, but, but at this time in our country's history, and with this new mandate, that we must do all we can within our own mission to neutralize China and advance America's comparative leadership in the world. After we've thoughtfully reviewed everything, we came out as we did. And I really want to thank, especially Larry Goodman, who is so wise as an economist, but also those who've actually done deals, because you could live in a hypothetical world. But to understand how long it takes to put together an application, and to go through underwriting, you just don't do this overnight. And when you take into consideration national security concerns, inter-agency vetting processes, we do everything so carefully, but we want to do it as expeditiously as possible to advance success for our companies. So, I just, that's a long way of saying thank you to everyone for this, this process. And you, again, can read the press release from several weeks ago. And I might ask if it was not in your materials, that Luke and team, if you could send that out again so you

can see the reforms that we did implement to get us to a better place. Thank you.

STEVAN PEARCE: Thank you, Chair. And I, again, compliment you for making that issue of public discussion and public hearing. That's how you lower the concern about things. Many times, most people are kind of in the middle. They would go one direction or another. But when it's obscure and when it's not transparent, then they say, well, it must be something there. So again, I don't believe there's anything there in your public discussion because leading to this this lessening of opposition on the Hill that Spencer's talking about. So again, Judith, Spencer appreciate your leadership on the Board. And Chair, Chairman Reed, thank you for that very wise choice. OK. We're at, any other discussion here? We're going to get a vote and keep moving on. We're trying to get ourselves back on track here. So any other discussion from board, from committee members? If not, then we're going to have a vote. We're just going to do a voice vote. And so we're gonna have three options. Going to have a vote, yes, a no vote, and then we'll ask for abstentions. And so at this time, all in favor of supporting this, this [inaudible] subcommittee that Larry made the presentation on, would ask for an "aye" vote if you support.

COMMITTEE MEMBERS: Aye.

STEVAN PEARCE: OK. Any opposed? Say "nay" at this point. Any abstentions? Let the record reflect that all that voted, voted in favor. There were no votes in opposition, no vote abstentions. So one last thing before we leave this subject. So, Larry, I think one of the things that you mentioned that is most alarming is that decrease from

14% to 11% to 9% of our exports represent. And I would just ask the EXIM staff if you can start measuring that at every interval possible. Other words, if you could do it, if you could have just a daily uptick or something, that may be too complex. I think the committee members would be well served to know when we stop the drop, in other words, implying a watch for trends, and so the trend is downwards now. We want to stabilize it, and then we want to start an upward trend. And the more that we know that that trend is still dropping down, maybe that this has decreased. So, that report, that number again, what you're measuring them through, what you don't measure, what's improved, what's not improved. So, if you can, you can update us. When we start improving, Luke, on that 9%, or, if we have even further decrease, that, would tell us, OK, we gotta, gotta keep looking, and then we're gonna get that update from Dave on that billion dollars, that we're, we're competing on, and here's, here's the score sheet on that, and then the number increases that we should be on \$2 billion competition. Just update the members. And that will allow us to look into our own experience and references to figure out if we can suggest new and different things. And again, looking towards a transformational aspect to the economy, as well as existing strengths for us. So, so we had the vote, and next, we're going to have the COVID response update. Again, Steve Renna's gonna come and give us the COVID response update.

STEPHEN RENNA: Thanks, Chairman Pearce. Thanks, everyone, and thanks to everyone on the committee for hanging in there. I'll try again to be as succinct as possible. Just to give you the overview on

our response to the COVID crisis, and it's a [inaudible] front generally. It was swift, and it was comprehensive. There are three categories in which we would define our COVID response. The first category is managing our existing \$40 billion portfolio of loan, commitments, guaranties, direct loans, insurance policies, etc. The second category is what we did in modifying the products that existed in our short-term side of EXIM. Again, that's the insurance, and the works of capital loan side of the equation, one year or less. And then the third bucket, of course, is what have we done in our medium and long term in order to respond. So first and foremost, because what the COVID economic shutdown represented was a liquidity event. We wanted to make sure that we engaged quickly and meaningfully, so this liquidity event that many of our clients were experiencing did not become an insolvency event. We had an insolvency event we were going to, then, get issues with lender stability and potential weakness. And that really would devolve into a bad situation. So the first thing that we did, was contact every one of EXIM clients, and I'll tell you my team both on the short, short-term sided equation and medium, long term, did a phenomenal job and their outreach to talk with our clients and ask them about the stress that they're experiencing. That liquidity stress was, in two buckets. One, the revenues that were decreasing as a result of the economic shutdown. And secondly, the retrenchment of credit availability as banks pulled back from credit that they were offering companies. Basically, what we found was that most companies needed, particularly in the beginning of COVID, a little bit of accommodation in their payment schedules, for the most

part. With respect to insurance policies, they wanted to be able to have less time in which to file a claim, so, in that case, we streamlined our process. Didn't require as many steps to it, so if you had a company in our portfolio that was making a claim on export credit insurance, they could get the money faster. With respect to our borrowing clients, those were, that were in either the working capital side of the equation or in our foreign buyers, basically, what we're doing is providing flexibility and forbearance to them. So the industry sectors that needed the most significant flexibility in forbearance were, obviously, the airline sector, which was hit very hard, as well as the oil and gas sector. It's not to the exclusion of the other sectors that we didn't have, any flexibility and forbearance. But I will tell you that that those two sectors are those we've had to pay the most attention to and I would say leading those two is the airline sector, which is suffering the most. So, what we've done basically is provided forbearance on certain number of payments that companies were at work to make to their lenders. We work with the lenders that we provide is guaranteed to essentially say, "well, we will put, give you three periods of grace and payments, will put them at the end of your maturity date and extend your loan that way." And in most cases, this flexibility and accommodation, has and continues to work very well. I will say, though, that as the airline industry, even more so than oil and gas, though we're starting to see distress in oil and gas sector, as well, but in the airline industry, particularly, we're now in our seventh month of this, and the airline sector is not one that's going to snap back. People aren't all of a

sudden going to start flying, so, it's going to take while. The number of the airlines that we've provided financing to are saying that we need more support. So, we've provided further extensions, and in some cases, some airlines have actually gone into bankruptcy. Fortunately, those bankruptcies have been re-ordered bankruptcy, not liquidation bankruptcies. One of the things we do not want to happen is we do not want start taking possession of airplanes. And we're doing our best job possible to keep these airlines in a position where they're not turning back the aircraft to us. Because of course, in normal times, if we ever did get an aircraft that we have to take possession of which is sort of a blue moon experience, there was a very healthy market in the airline industry to which we could resell that aircraft, that we had to take possession of. That's not a circumstance we want right now. There're all sorts of excess capacity. We don't want to be taking control of aircraft now, and then having essentially mothball and maintain them until the market snaps back. So while there is significant stress in this area, a handful of our airline clients go into bankruptcy, express other stress, we're hanging in there. I would just say that it's a matter of time. Some of these companies just can't last forever without revenues. Or as I said this morning, on one of the new shows, U.S. airlines are operating at about 25 to 30% passenger capacity, and that's a tough, that's not anybody's business model. So, that's a strain. I just want to let you folks know that we're having to deal with that. Certainly, our oil and gas sector suppliers and equipment providers that are selling equipment, supplies, services around the world, are also facing the strain as oil

and gas projects around the world are feeling stress as well. But overall, we are managing our portfolio very, very well, which is first and foremost, how we best protect the taxpayers.

Secondly, we went and looked at, OK, how can we add to or modify our existing products in order to help the exporter community of the United States and the foreign buyer community of U.S. exports? So focusing first on the exporter community of the United States, which includes exporters and their supply chain, we wanted to make sure that what we do during this liquidity crisis was to help infuse as much cash into the exporter community as we possibly could. And what we did in this case were take our Working Capital Loan Guarantee Program, and also what's known as a Supply Chain Finance Guarantee Program. Supply chain finance is basically where you have a bank that will accept accounts receivables from suppliers of an exporter, and they will pay those accounts receivable at a discount upfront and the supplier does not have to wait payment terms that the exporter has provided to the supplier for goods or services that they provided. 30, 60, 90 days, sometimes have been even 120 days. So supply chain finance is a way to get cash into the supply chain quickly without having to wait for payment terms. And given the fact that you have to get the double whammy of lessening revenues to no revenues and credit evaporating from them, they need cash immediately. So, what we did in our working capital loan and in the supply chain program, is we have broadened the base of eligible collateral for that, and we've increased our guarantee that we provide to the banks from 90% of borrower risk, to an option of 95% of borrower risk. But I tell you, just in some,

between these modifications to working capital loan and supply chain, we have been approached by companies that normally wouldn't need EXIM support. These are nameplate companies around the world, you've all heard of them. They cannot get credit from banks on their own credit standing. They've had to come to export, to EXIM to apply for assistance in this. We have, the Board has, approved over \$1 billion and a half worth of working capital loan and supply, supply chain finance guarantee transactions. We have another \$500 million on the books, ready to go to Board in just a matter of weeks. So within the matter of a few weeks' time, this crisis, EXIM Bank, will be directly responsible for pumping more than \$2 billion into the exporter and supply chain in the United States.

In addition, we're also looking to the foreign buyer and foreign buyer's credit circumstances have become stressed as well. Access to credit for them is much harder. So in anticipation of foreign buyers, once the economy starts re-engaging, of wanting to buy products from U.S. exporters, we anticipated they would find that credit availability was going to be less. So we created two programs for foreign buyers that have not yet been used but are being inquired about and may potentially be used in the near future. The first is essentially just a bridge loan. Foreign buyers, when they, when they go to their banks and provide a guarantee to their banks, if EXIM assistance is needed, that is long, medium to long term financing. However, given that the credit markets have gapped out, there needs to be a bridge right now, for foreign buyers and financing until they, until the private lending markets, comeback in, and are willing to

accept more credit risk of foreign buyers. So, we've provided, essentially, a Bridge Loan Program. It's just exactly what it will provide a bridge loan to a foreign buyer until the foreign buyer's bank can come back into the equation when it's appropriate risk calculus and make a long term low and take us out. In some cases, we can take ourselves out of the, the bridge loan if the circumstances were worn concepts. The other product that we came up with and again, is being looked at, is what's called a pre-export deposit payment. So when you have situations where a foreign buyer is buying a capital intensive good from the United States, in other words, an airplane, a locomotive, satellite, something that's essentially custom ordered as a long manufacturing lead line. Typically, in those situations, the U.S. exporter requires progress payments as it goes through the manufacturing process. Typically the foreign buyer will make these progress payments through its access to short-term credit facilities that it has at its disposal. Those are gone now in the pandemic circumstances. So we are again filling that gap and providing short-term, temporary pre-export project payments financing assistance. So that's, that's essentially where we were.

STEVAN PEARCE: Thank you, Steve. Appreciate that update and it just extremely critical. Bill Cummins, we have tried to come to you and just, we know you're having hurricane problems there and we appreciate you being on the call. We're gonna recognize you at the next meeting to kind of give your bio and introduce yourself to the rest of the committee. We're aware that that you didn't get your shot here, the technical difficulties prevented that. It's time now for us

to go to public comment about the issues that we've discussed today. And I would welcome...

LUKE LINDBERG: Chairman Pearce:

STEVAN PEARCE: Yes.

LUKE LINDBERG: Real quick. This is Luke Lindberg. Sorry. I'm curious, if I might. Steve, thanks for those overarching remarks about our COVID response. I'd like to see, we have a few minutes here. If there's any response to that from the committee members, I think this is a really unique opportunity for you all to update us on your industry areas, and where you're seeing problems with traded markets right now, with respect to COVID and where, where you think EXIM might have an opportunity to further enhance what we've already done, or perhaps tweak certain things, or if you have any suggestions or feedback for us on what Steve just presented, I think it would be very well received and helpful for us as we go forward.

STEVAN PEARCE: Let me start out and say that that, from the Capitol Hill perspective, having watched many agencies, and, even in fact, watching yours fairly closely, I will tell you, honestly, that my perception of EXIM on Capitol Hill was, was an agency that's a little bit sleepy, a little bit dusty, and not very proactive. But I just compliment you because I'm hearing agility, I'm hearing motion, I'm hearing people who are adapting to changing circumstances. I see the almost immediate response to COVID and that comes not just from leadership, and I compliment both the Board and the Chairman, Chairman Reed. But it comes from deep inside. You don't change cultures and customs in an agency or company, or even a family. And so again, my

compliments. I, when I listen, as if I'm sitting as a board member of a local bank, I'm re-assured that you're doing the things, that that number one will try to keep your customers viable. Number two, you're, you're taking a little bit longer look and saying, "hey, we don't want this. We do want that." And so I just compliment you and all the full-time employees for, for everything that you're doing and for that, that ability to change and pivot. That's the biggest thing, is that I see a viable operation that is discussing and considering the political ramifications, the economic ramifications and just the human ramifications of people being able to work. And so my compliments to the other committee members, please speak. Now. Luke's question is, is really important right now. Feel free to weigh in. You can always e-mail those observations after this meeting. I know that we've strung a long time. So, so, e-mail to Luke any observations you have afterwards, but that's my perception as I listened to the presentation. The time now, is for that public comment. And, Luke, you're gonna have to tell me how we identify those who are asking to make comment.

LUKE LINDBERG: Yep, Chairman, so somebody, if they'd like to make a comment, should put it in the chat box or at least signal in the chat box that they're interested in doing so. And we will notify you of any receivables or sort of any options we get from folks in the chat. So maybe we just give it a minute here, for folks that have that option.

STEVAN PEARCE: Sure, OK.

LUKE LINDBERG: Those who are dialed in on their phones and you can't access the chat box, you're welcome to e-mail any questions or comments as well to the e-mail address external@exim.gov. They'll be taken there as well. James, do we have any comments in the chat so far?

JAMES FLETCHER: Hello, yes, we actually do have some questions from the chat. Give me just one moment, and I will read them out. OK, so, we have, we have, "Can I register a holder of a trust department, a state file number, deliver a self-insured internal service fund policy, to guarantee full faith and credit to a manufactured-exempt security created in exchange for credits?"

STEVAN PEARCE: I'm gonna let one of the full-time employees address that. That one is way over my pay grade. So, one of the time folks, Steven, you're looking very suspicious over that.

STEPHEN RENNA: Yes. I think what we'd have to do here is that we have the question in writing, can circulate it to the loan officers, and they can try to parse exactly what the question is and see what our response is.

JAMES FELTCHER: Yes. All of the questions are from the same username, and are of similar, like, similar complexity. So, yes, we can provide a written there.

STEPHEN RENNA: Yes, that's probably the best thing to do at this point.

STEVAN PEARCE: OK, appreciate it James. Other, other ones, and we will take those complex ones, because that's going to take, I suspect, the legal team, to address those. And so, if you put those in the

queue, I would like all the Advisory Committee members to have a copy of those questions. And then as you get the answers and e-mail them back, I would like for Advisory Committee members to have a copy of the answers.

JAMES FLETCHER: Yes, I can provide a copy of the answers after the after the meeting.

STEVAN PEARCE: OK, thank you very much. Other questions in the queue there, James?

JAMES FLETCHER: Let's see, no, there are no other questions in the queue at this time.

STEVAN PEARCE: Well, again, I'm going to invite members of the committee to make comment as we're moving toward adjournment here, and while you're thinking that you're going to make comment. I just want to say thanks to our new members. I'm excited at the, the people, who we have as a member of the committee. And I've viewed this that we're going into a time of great stress, in my opinion. The world is going into a time of great stress, and when I consider the not only the full-time team of EXIM, the leadership of the Chairman, of the Board themselves, Judith, Spencer and then, then even the continuing members of this group, I feel like that, this is a team. I would want to go into a stressful time and, and believe that we're going to win, and, so I really thank the new members, and for those who were here last year. I appreciate you taking the reappointment. And it's, it's, it's a little bit sometimes tooth rolling. But anytime you get this, this kind of movement in a market, or in any situation, it's, sometimes gets overwhelming. Working together, we're going to provide advice to

the Board, and I trust that the Board is going to make extremely good decisions. And then, I think EXIM is going to carry out their functions in a fashion that we haven't seen in decades, frankly, with this kind of culture, this renewed culture inside the agency, to the new leadership, with the board, and then, and then with those of you who remember the Advisory Committee saying, "hey, think about this. Let's do that. Let's try this." So for me, this is the team I would choose to fight on a desperate battlefield with. So. Thank you all for being a part of that. Other comments from committee members, or, or even the public as we move towards conclusion here? Seeing or hearing no other comments again, again thanks for your patience as we got the technology straightened out, sort of straightened out to get this thing kicked off, we'll get better as we go. Hopefully, we'll get back in person as soon as possible. I need a motion to adjourn if someone would give us that motion.

COMMITTEE MEMBER: I so motion.

STEVAN PEARCE: All right, we have a motion to adjourn and need a second.

COMMITTEE MEMBER: Second.

STEVAN PEARCE: Alright. Motion has been made, and seconded that we adjourn the committee. All in favor, voice vote "aye."

COMMITTEE MEMBERS: Aye.

STEVAN PEARCE: OK, let the record reflect motion has been made. And, secondly, the affirmative vote, that will adjourn this committee. Again, thanks to our people who signed on nationwide. Again, thanks to our committee members, board members, who are here with us today.

Thank you, as always. Chairman Reed, again, thanks for your leadership, and Luke and Brittany, thank you all for, for the constant efforts there you all have a great day. This meeting is adjourned.

KIMBERLY REED: Thank you, sir. Thank you, everyone. And come visit.

LUKE LINDBERG: Thank you. Please do.

COMMITTEE MEMBERS: Bye.