

**EXAMINING THE EXPORT-IMPORT
BANK'S MANDATES**

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON MONETARY
POLICY AND TRADE

OF THE

COMMITTEE ON FINANCIAL SERVICES

AND THE

SUBCOMMITTEE ON HEALTH CARE, BENEFITS
AND ADMINISTRATIVE RULES

OF THE

COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

APRIL 30, 2015

Printed for the use of the Committee on Financial Services and the Committee
on Oversight and Government Reform

Serial No. 114-19

Financial Services Committee

Serial No. 114-32

Oversight and Government Reform Committee



U.S. GOVERNMENT PUBLISHING OFFICE

95-063 PDF

WASHINGTON : 2015

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
Fax: (202) 512-2104 Mail: Stop IDCC, Washington, DC 20402-0001

HOUSE COMMITTEE ON FINANCIAL SERVICES

JEB HENSARLING, Texas, *Chairman*

PATRICK T. MCHENRY, North Carolina,
Vice Chairman

PETER T. KING, New York
EDWARD R. ROYCE, California
FRANK D. LUCAS, Oklahoma
SCOTT GARRETT, New Jersey
RANDY NEUGEBAUER, Texas
STEVAN PEARCE, New Mexico
BILL POSEY, Florida
MICHAEL G. FITZPATRICK, Pennsylvania
LYNN A. WESTMORELAND, Georgia
BLAINE LUETKEMEYER, Missouri
BILL HUIZENGA, Michigan
SEAN P. DUFFY, Wisconsin
ROBERT HURT, Virginia
STEVE STIVERS, Ohio
STEPHEN LEE FINCHER, Tennessee
MARLIN A. STUTZMAN, Indiana
MICK MULVANEY, South Carolina
RANDY HULTGREN, Illinois
DENNIS A. ROSS, Florida
ROBERT PITTENGER, North Carolina
ANN WAGNER, Missouri
ANDY BARR, Kentucky
KEITH J. ROTHFUS, Pennsylvania
LUKE MESSER, Indiana
DAVID SCHWEIKERT, Arizona
FRANK GUINTA, New Hampshire
SCOTT TIPTON, Colorado
ROGER WILLIAMS, Texas
BRUCE POLIQUIN, Maine
MIA LOVE, Utah
FRENCH HILL, Arkansas

MAXINE WATERS, California, *Ranking Member*

CAROLYN B. MALONEY, New York
NYDIA M. VELÁZQUEZ, New York
BRAD SHERMAN, California
GREGORY W. MEEKS, New York
MICHAEL E. CAPUANO, Massachusetts
RUBEN HINOJOSA, Texas
WM. LACY CLAY, Missouri
STEPHEN F. LYNCH, Massachusetts
DAVID SCOTT, Georgia
AL GREEN, Texas
EMANUEL CLEAVER, Missouri
GWEN MOORE, Wisconsin
KEITH ELLISON, Minnesota
ED PERLMUTTER, Colorado
JAMES A. HIMES, Connecticut
JOHN C. CARNEY, Jr., Delaware
TERRI A. SEWELL, Alabama
BILL FOSTER, Illinois
DANIEL T. KILDEE, Michigan
PATRICK MURPHY, Florida
JOHN K. DELANEY, Maryland
KYRSTEN SINEMA, Arizona
JOYCE BEATTY, Ohio
DENNY HECK, Washington
JUAN VARGAS, California

SHANNON MCGAHN, *Staff Director*
JAMES H. CLINGER, *Chief Counsel*

SUBCOMMITTEE ON MONETARY POLICY AND TRADE

BILL HUIZENGA, Michigan, *Chairman*

MICK MULVANEY, South Carolina, *Vice
Chairman*

FRANK D. LUCAS, Oklahoma

STEVAN PEARCE, New Mexico

LYNN A. WESTMORELAND, Georgia

MARLIN A. STUTZMAN, Indiana

ROBERT PITTENGER, North Carolina

LUKE MESSER, Indiana

DAVID SCHWEIKERT, Arizona

FRANK GUINTA, New Hampshire

MIA LOVE, Utah

GWEN MOORE, Wisconsin, *Ranking Member*

BILL FOSTER, Illinois

ED PERLMUTTER, Colorado

JAMES A. HIMES, Connecticut

JOHN C. CARNEY, JR., Delaware

TERRI A. SEWELL, Alabama

PATRICK MURPHY, Florida

DANIEL T. KILDEE, Michigan

DENNY HECK, Washington

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

JASON CHAFFETZ, Utah, *Chairman*

JOHN L. MICA, Florida
MICHAEL R. TURNER, Ohio
JOHN J. DUNCAN, JR., Tennessee
JIM JORDAN, Ohio
TIM WALBERG, Michigan
JUSTIN AMASH, Michigan
PAUL A. GOSAR, Arizona
SCOTT DESJARLAIS, Tennessee
TREY GOWDY, South Carolina
BLAKE FARENTHOLD, Texas
CYNTHIA M. LUMMIS, Wyoming
THOMAS MASSIE, Kentucky
MARK MEADOWS, North Carolina
RON DESANTIS, Florida
MICK, MULVANEY, South Carolina
KEN BUCK, Colorado
MARK WALKER, North Carolina
ROD BLUM, Massachusetts
JODY B. HICE, Georgia
STEVE RUSSELL, Oklahoma
EARL L. "BUDDY" CARTER, Georgia
GLENN GROTHMAN, Wisconsin
WILL HURD, Texas
GARY J. PALMER, Alabama

ELIJAH E. CUMMINGS, Maryland, *Ranking
Minority Member*
CAROLYN B. MALONEY, New York
ELEANOR HOLMES NORTON, District of
Columbia
WM. LACY CLAY, Missouri
STEPHEN F. LYNCH, Massachusetts
JIM COOPER, Tennessee
GERALD E. CONNOLLY, Virginia
MATT CARTWRIGHT, Pennsylvania
TAMMY DUCKWORTH, Illinois
ROBIN L. KELLY, Illinois
BRENDA L. LAWRENCE, Michigan
TED LIEU, California
BONNIE WATSON COLEMAN, New Jersey
STACEY E. PLASKETT, Virgin Islands
MARK DeSAULNIER, California
BRENDAN F. BOYLE, Pennsylvania
PETER WELCH, Vermont
MICHELLE LUJAN GRISHAM, New Mexico

SEAN McLAUGHLIN, *Staff Director*
RACHEL WEAVER, *Deputy Staff Director*
ANDREW DOCKHAM, *General Counsel*
LAURA RUSH, *Chief Clerk*
DAVID RAPALLO, *Minority Staff Director*

SUBCOMMITTEE ON HEALTH CARE, BENEFITS & ADMINISTRATIVE RULES

JIM JORDAN, JR., Ohio, *Chairman*

TIM WALBERG, Michigan,
SCOTT DESJARLAIS, Tennessee
TREY GOWDY, South Carolina
CYNTHIA M. LUMMIS, Wyoming
MARK MEADOWS, North Carolina
RON DeSANTIS, Florida
MICK MULVANEY, South Carolina *Vice*
Chair
MARK WALKER, North Carolina
JODY B. HICE, Georgia
EARL L. "BUDDY" CARTER, Georgia

MATT CARTWRIGHT, Pennsylvania,
Ranking Member
ELEANOR HOLMES NORTON, District of
Columbia
BONNIE WATSON COLEMAN, New Jersey
MARK DeSAULNIER, California
BRENDAN F. BOYLE, Pennsylvania
JIM COOPER, Tennessee
MICHELLE LUJAN GRISHAM, New Mexico

CONTENTS

	Page
Hearing held on:	
April 30, 2015	1
Appendix:	
April 30, 2015	59

WITNESSES

THURSDAY, APRIL 30, 2015

Hochberg, Hon. Fred P., President and Chairman, Export-Import Bank of the United States	8
---	---

APPENDIX

Prepared statements:	
Hochberg, Hon. Fred P.	60

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

Chaffetz, Hon. Jason:	
Reuters article entitled, "US Ex-Im acknowledges errors in politically sensitive small biz data," dated November 14, 2014	70
Heck, Hon. Denny:	
Letter dated April 16, 2015, from Hon. Fred P. Hochberg, President and Chairman, Export-Import Bank of the United States, in response to a question from Chairman Chaffetz at the April 15, 2015, hearing	72
Letter dated April 24, 2015, from Hon. Fred P. Hochberg, President and Chairman, Export-Import Bank of the United States, in response to a question from Representative Hice at the April 15, 2015, hearing ...	83
Moore, Hon. Gwen:	
Joint written statement of the Bankers Association for Finance and Trade and the Financial Services Roundtable	89
Written statement of the U.S. Chamber of Commerce	91
Letter from a group of State Governors in support of reauthorizing the Ex-Im Bank	111
Hochberg, Hon. Fred P.:	
Written responses to questions for the record submitted by Representative Stutzman	115

EXAMINING THE EXPORT-IMPORT BANK'S MANDATES

Thursday, April 30, 2015

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON MONETARY
POLICY AND TRADE,
COMMITTEE ON FINANCIAL SERVICES,
JOINT WITH THE
SUBCOMMITTEE ON HEALTH CARE,
BENEFITS AND ADMINISTRATIVE RULES,
COMMITTEE ON OVERSIGHT AND
GOVERNMENT REFORM
Washington, D.C.

The subcommittees met, pursuant to notice, at 1:20 p.m., in room 2154, Rayburn House Office Building, Hon. Bill Huizenga [chairman of the Monetary Policy and Trade Subcommittee] presiding.

Members present from the Subcommittee on Monetary Policy and Trade: Representatives Huizenga, Mulvaney, Lucas, Pearce, Stutzman, Pittenger, Messer, Schweikert, Guinta, Love; Moore, Perlmutter, Himes, Carney, Murphy, and Heck.

Members present from the Subcommittee on Health Care, Benefits and Administrative Rules: Representatives Jordan, Gowdy, DeSantis, Mulvaney, Walker, Hice, Carter; Cartwright, and DeSaulnier.

Ex officio present: Representatives Hensarling, Chaffetz, and Waters.

Also present: Representatives Massie, Blum, Green, and Ellison.

Chairman HUIZENGA. The Subcommittee on Monetary Policy and Trade of the Committee on Financial Services and the Subcommittee on Health Care, Benefits and Administrative Rules of the Committee on Oversight and Government Reform will come to order. That is quite a mouthful.

Without objection, the Chair is authorized to declare a recess at any time. We all know that we have votes that are rather imminent.

Because we are dealing with two subcommittees, we also have interest from our full committee Chairs and ranking members, as well. I will be giving an opening statement. We will then go to Ms. Moore from Wisconsin for her opening statement. Next, we will go to Mr. Jordan, and then Mr. Cartwright. At that point, we will go to Mr. Hensarling. If he is so moved to decline, that is fine. Ms. Waters is interested in having an opening statement. And then Mr. Chaffetz, if he so chooses, as well.

I would like to thank everybody for being here on this important issue. And to my friend, Mr. Jordan, I appreciate your willingness and eagerness to again hold a joint hearing to further examine the Export-Import Bank's political mandates and its sordid past.

The Export-Import Bank's stated goal is to support American jobs through exports. However, in my opinion, judging by the Bank's prior financing deals, it appears to be doing quite the opposite oftentimes. American taxpayers have been unwittingly propping up foreign state-owned companies in Saudi Arabia, Russia, China, Venezuela, Pakistan, India, Colombia, Mexico, Ethiopia, South Africa, and others who have done nothing but, frankly, work against the best interests of American citizens.

In fact, of the 50 largest loans or guarantees approved by the Ex-Im Bank since Fiscal Year 2007, 46 percent of those by dollar amount of the loans have gone to foreign state-owned companies or a joint venture that includes a state-owned company.

Additionally, the Export-Import Bank has a bit of an unsavory track record involving corruption, bribery, and fraud. Perhaps the most infamous example of illegal behavior is that of former Congressman William Jefferson, a Democrat, and a colleague of ours from Louisiana, who was raided by the FBI, convicted, and sent to prison for bribery, racketeering, and money laundering. You all may remember him better as the Congressman who stuffed his freezer with \$90,000 in cold hard cash, literally.

Jefferson was working with an Ex-Im employee, as well as an Ex-Im board member, to broker a deal between two Nigerian companies seeking financial support from Ex-Im Bank. This is just one example of how the political mandates for particular sectors and regions around the world have invited a culture of corruption by creating perverse incentives for the Bank's staff to meet arbitrarily-stated goals.

While time has passed, it appears the culture within Ex-Im has not, unfortunately. Just last year, Ex-Im removed four employees for accepting gifts and kickbacks from companies seeking export financing. In fact, one of these former employees was charged by the Department of Justice a little over 2 weeks ago for taking bribes numerous times between 2006 and 2013. And he subsequently had pled guilty.

This doesn't appear to be an isolated incident, either. During our previous joint Ex-Im hearing held on April 15th, after more than 2 hours of testimony, the acting inspector general of the Export-Import Bank announced that there are 47 people who have been convicted of defrauding the Bank in the past 5 years, and that there are at least 31 open investigations with the potential for even more indictments.

The more that is unearthed about the Export-Import Bank, the more concerned I become. While the goals and objectives of the Bank might be admirable, the current state of the Bank is abhorrent at best. Why should Congress spend tax dollars on an organization that has reestablished a track record of corruption? And why should American tax dollars be used to finance foreign government-owned or operated companies that compete against American workers?

A clean reauthorization which has been proposed by a few up here of the Bank does not propose taxpayers with the accountability that is expected from my constituents in Michigan or the overwhelming majority of citizens around the Nation.

I look forward to hearing from you, Chairman Hochberg—and I do appreciate you being here, sir—about your plan to clean up the Bank and your plan to polish up its image and, frankly, your image as well, or it may close up shop.

So with that, I would like to recognize my ranking member on the Monetary Policy and Trade Subcommittee, Ms. Moore of Wisconsin, for 5 minutes.

Ms. MOORE. Thank you so much, Mr. Chairman, for yielding me the time.

I would like to ask unanimous consent to enter into the record statements from the U.S. Chamber of Commerce, and the Financial Services Roundtable, as well as a letter from a group of State Governors.

Chairman HUIZENGA. Without objection, it is so ordered.

Ms. MOORE. Thank you so much.

In relation to the reauthorization of the Export-Import Bank, we just keep hearing the buzzwords “regular order,” which makes me wonder, what kind of regular order is it for the authorizing committee—and maybe it is just pride in authorizing committee jurisdiction—the House Financial Services Committee to take this odd detour and basically kind of yield our authority over to the Oversight and Government Reform Committee?

It is not that I don’t think like my friends on the Oversight Committee. But after hearing comments that ending the Bank is on schedule, from Oversight Committee members saying that ending the Bank is on schedule, I fear that this irregular order is a furtherance of a strategy of a minority of this body to end the Bank by just running out the clock.

Now, what did we learn at the last hearing? We learned that people acted in criminal ways and targeted the Bank, and that the Bank’s internal controls work. And those people were discovered and punished, which is more than I can say for many of our Wall Street banks. If we need to throw more people in jail, let’s do it. Let’s not throw the baby out with the bath water. Let’s not throw the Bank out with those criminal elements.

We learned that the Bank is a demand-driven organization that buttresses private finance to correct for imperfect markets for the benefit of small and large businesses, supporting a huge supply chain. People with—10, 15 people who make parts.

We learned that the Bank does not compete for projects. Rather, it works with private finance, as the letters from the U.S. Chamber of Commerce and the Financial Services Roundtable will attest.

We learned that the Export-Import Bank supported 164,000 U.S. export jobs in 2014.

We learned that the Bank has a default rate that would be the envy of any Wall Street Bank.

We learned that the Bank has implemented the reform from 2012 and met the GAO requirements.

We learned that there is nothing to the strawman accusation that some have leveled at the Bank.

I am so excited for the prospect of reauthorizing this Bank. I hail from Milwaukee, Wisconsin. We have been known as the machine makers of the world. And I can take you on a tour miles and miles and miles through my district on either side of the street and show you small—I mean teeny, tiny—machine shops and welders, some of them with 4 employees, some of them with 10 employees who are dependent upon reauthorization of this Bank for their survival.

And I would hope that the majority of this body—and when I say “majority,” I am not talking Republicans—the majority of those people who support the Bank, which is a—if people were honest and if they would vote their heart and vote their districts, we would have the votes.

I would like to yield one minute to Mr. Heck.

Chairman HUIZENGA. Without objection, the gentleman is recognized.

Mr. HECK. I thank the gentlelady from Wisconsin.

And before we begin, I would like us all to take a step back and remember why we have the Ex-Im Bank. We are indeed a country built on free markets. I take as much pride in that fact as the Chair of the full committee does.

Because of that free market history, however, and despite its success, we know they are not perfect. Sometimes, like back in 2008, financial markets locked up and credit wasn’t available. Even in good times, small businesses often don’t have access to the financial tools that big businesses do, especially including export loans.

In some parts of the world there are good customers but bad legal systems, so credit is not available. Even if there were no foreign competitors, we should still have an Ex-Im because markets still would not be perfect. There is still a need for something to help small businesses export, to help the developing world access credit to buy our goods. That is what these mandates do. Our faith in small businesses is why we have the Ex-Im.

Thank you, Mr. Chairman.

Chairman HUIZENGA. The gentlelady’s time has expired.

With that, the Chair recognizes my fellow Chair, the Chair of the Subcommittee on Health Care, Benefits and Administrative Rules, Chairman Jordan, for 5 minutes.

Chairman JORDAN. I thank the Chair.

The gentlelady from Wisconsin asked the question, what did we learn 2 weeks ago, at the last hearing? I will tell you what we learned. We learned that Ex-Im Bank employee Johnny Gutierrez was indicted 36 hours before that hearing. He has now pled guilty. Last week, he pled guilty.

We learned that there are 31 open fraud investigations that both the inspector general and the Department of Justice are looking into at the Export-Import Bank.

And most importantly, what we learned from the inspector general, who sat in the same chair Mr. Hochberg is in today, is that there may be more indictments coming in the Gutierrez case and more indictments coming in those 31 open fraud investigations. That is what we learned.

We also learned that the Administration has failed to meaningfully comply with the requirements passed by Congress and signed

into law as part of the Ex-Im Bank's 2012 reauthorization. In fact, the Bank continues to resist reforms in that reauthorization.

The focus of today's hearing is on the political nature of the Bank's portfolio. While all the Bank's subportfolios have significant problems, I personally am most concerned with the Bank's support of renewable energy. The Bank is mandated to dedicate 10 percent of its portfolio to support green energy exports. Here is the trouble. The entire market for U.S. exports of green energy technology is smaller than 10 percent of the Ex-Im's portfolio. This creates the pervasive incentive at the Bank to rubber stamp green energy applications.

Back in February 2011, the Ex-Im Bank authorized now-bankrupt Solyndra \$10 million in guarantees during the same time period in which the company negotiated and restructured its 1705 loan guarantee agreement with the Department of Energy.

John Scott, former vice president of Solyndra, touted the expedited manner in which the Ex-Im Bank granted Solyndra the loan guarantee, just 41 days. He said this was "a fast due diligence process."

Ex-Im also made loans to several other companies that benefited from the Department of Energy loan program, including First Solar, which this committee investigated in 2012 and found to have significant problems.

The green energy mandate also breeds cronyism and corruption. Earlier this year, the Washington Free Beacon reported that Ex-Im board member Diane Farrell left the Bank to join Azure Power after helping it secure \$16 million in export assistance to help the company purchase solar panels from First Solar. Wow, isn't that convenient.

Recently, Michael Whalen was hired by the Bank as the vice president of structured finance. He comes from Solar Reserve, which had a junk bond rating, but still received \$737 million from this Administration's program that supported Solyndra and has been a candidate for Ex-Im financing.

There is Tom Kiernan. He joined the Bank's advisory committee earlier this year, and he is also chief executive of the American Wind Energy Association, which represents many companies that have received financing from the Bank.

The Ex-Im Bank is a perfect example of how big business and powerful special interests manipulate Washington to get their way. Senator Obama was exactly right in 2006 when he called the Bank, "little more than a fund for corporate welfare."

Every Republican presidential candidate is against it. Every outside fiscal conservative group wants this Bank to go. The chairmen of the relevant committees in Congress—Chair Ryan of the Ways and Means Committee, Chairman Chaffetz of the Oversight Committee, Chairman Price of the Budget Committee, and Chairman Hensarling of the Financial Services Committee—support ending the Bank.

The House majority leader supports ending the Bank. The House majority whip has also expressed opposition to the Bank. And the best part of all this is all we need to do is something Congress is pretty good at: nothing. Just don't reauthorize it. It will naturally

unwind. All of the loans out there, the terms and conditions will be met, some of them as far out as 18 years.

There is a story out today that the speaker has said we should look at this issue and make something happen. And I can remember an issue around this Congress a few years back where important folks said we could never end earmarks. And then along came this bridge to nowhere. And suddenly, Congress did what the American people wanted us to do and got rid of earmarks.

I would say the same dynamic is in play here. The American people are fed up with corporate welfare. The bridge to nowhere of corporate welfare is the Export-Import Bank. And it is time it goes. And again, all we have to do to end this is to do nothing. Just let it wind down in its natural course.

Mr. Chairman, I yield back.

Chairman HUIZENGA. The gentleman yields back.

With that, I now recognize Mr. Cartwright, ranking member of the Subcommittee on Health Care, Benefits and Administrative Rules for his opening statement. You have 5 minutes.

Mr. CARTWRIGHT. Thank you, Mr. Chairman.

And welcome again, Chairman Hochberg. I look forward to your testimony again.

Today's hearing is intended to examine the Ex-Im Bank's operation under congressional mandates. These mandates include the requirement that no less than 20 percent of its authorization be used to finance exports by small businesses, and no less than 10 percent to finance exports for renewable energy or energy efficiency technologies.

The Ex-Im Bank's transactions support billions of dollars in exports and hundreds of thousands of American jobs. With a default rate of just 0.174 percent, a default rate that I agree, Congresswoman Moore, would be the envy of most banks in the world, this Bank responsibly invests taxpayer funds, even generating a surplus to the U.S. Treasury.

In Fiscal Year 2014, 89 percent of Bank transactions benefited small business exports of U.S.-made goods and services. Even when the Bank finances the purchase of exports from large corporations such as Boeing, you have to realize smaller companies benefit from this too. An example of this is Air Products, right in my district in northeastern Pennsylvania, which has two large plants in my district and employs hundreds of my constituents. This is a supplier of Boeing.

The Bank is also active in promoting renewables, which will be essential in moving the world away from our fossil fuel dependence. In Fiscal Year 2013, the Bank supported almost \$640 billion in environmentally-beneficial U.S. exports, nearly 60 percent of that for renewable energy.

Just last week, the Bank celebrated Earth Day by presenting its deal of the year and renewable exporter of the year awards to Siemens Energy, Inc., for exporting wind turbines and helping the United States become an international leader in our renewable energy future.

For most of its 80 years, the Ex-Im Bank has received support from both Republicans and Democrats and has been reauthorized without much debate 16 times. And I must mention that very re-

nowned Republican conservative commentators are in support of reauthorization of the Ex-Im Bank, including the noted conservative economist Douglas Holtz-Eakin, who says the numbers speak for themselves. This is a net plus for American taxpayers and ideology shouldn't rule the day.

In addition, just this afternoon, the speaker of the U.S. House, John Boehner, said this about the Ex-Im Bank, "There are thousands of jobs on the line that would disappear pretty quickly if the Ex-Im Bank were to disappear." I read that from a political report from 12:25 p.m. today.

And I ask unanimous consent that this be entered into the record, Mr. Chairman.

Chairman HUIZENGA. Without objection, it is so ordered.

Mr. CARTWRIGHT. So we have important Republican and conservative leaders speaking out in favor of reauthorizing the Ex-Im Bank, this supporter of so many hundreds of thousands of American jobs. But here we are 2 months away from the deadline to reauthorize the Ex-Im Bank, and the good old shutdown crowd has chosen to use this Bank as a political football. They have on their side powerful lobbying interests, such as Koch Industries, which this past March sent a letter to Congress urging Members to oppose the Bank's reauthorization.

And so when my friend Chairman Jordan laments the involvement of big business in this debate, we must never forget that the biggest driver of the folks who want to shut down the Ex-Im Bank are the Koch brothers. This is hugely ironic. This is just an example of the Kochs attacking renewable energy, while pushing their own agenda, which is fossil fuels. While the Koch-funded Americans for Prosperity demands that Congress put an end to the Bank, calling its work "corporate welfare," Koch industries spent thousands lobbying against the President's Fiscal Year 2010 budget proposal in part because it repealed a number of tax incentives for the oil and gas industry.

We have to ask ourselves, what are our priorities? Where do they lie? Do we want to support American companies, American jobs, and American exports? Do we want to move toward clean energy and promote renewable exports, or do we want to kowtow to this political ideology that is clinging to old energy solutions that pollute our environment and the environment of the world?

I hope today's hearing will highlight the good work of the Bank. And I look forward to the testimony of Mr. Hochberg.

I yield back.

Chairman HUIZENGA. The gentleman's time has expired. And thank you.

Now, I would like to recognize our witness. I am pleased to recognize the Honorable Fred Hochberg, president and chairman of the U.S. Export-Import Bank. Thank you for being with us today, Mr. Hochberg.

And I will now yield to Mr. Jordan, who will swear our witness in.

Chairman JORDAN. Thank you, Chairman Huizenga.

Pursuant to Oversight and Government Reform Committee rules, all witnesses will be sworn in before they testify. Mr. Hochberg,

you have done this several times before. Please rise and raise your right hand. Thank you.

[Witness sworn.]

Let the record reflect the witness answered in the affirmative.

Thank you. And I yield back to the Chair.

Chairman HUIZENGA. Thank you. Mr. Hochberg, you will be recognized for 5 minutes, and your entire written statement will be made a part of the record.

With that, I recognize our witness for 5 minutes.

TESTIMONY OF THE HONORABLE FRED P. HOCHBERG, PRESIDENT AND CHAIRMAN, EXPORT-IMPORT BANK OF THE UNITED STATES

Mr. HOCHBERG. Thank you. Chairmen, ranking members, and distinguished subcommittee members, thank you for inviting me to testify today about the mandates that Congress has placed upon the Export-Import Bank.

Ex-Im, as has been stated, is demand-driven. We are self-sustaining. We charge our customers interest and fees for our services. And the result? In 2014, we supported 164,000 jobs. On top of that, we have sent nearly \$7 billion to the Treasury over the past 2 decades, making Ex-Im one of the few agencies that actually makes money for the taxpayers.

We have been reauthorized 16 times by overwhelming bipartisan majorities. Over that time, Congress has provided oversight and added three mandates: one for small business; one for renewable exports; and one for sub-Saharan Africa. Mandates have directed Ex-Im to provide extra attention to these three areas.

The first, a benchmark for small business, was added by Congress in 1983 under President Reagan's first reauthorization of the Bank. Equipping U.S. businesses such as Fritz-Pak in Mesquite, Texas, or Tooling & Equipment in Livonia, Michigan, is at the heart of our work.

In 2014, nearly 90 percent of Ex-Im's transactions directly served small businesses, accounting for a full 39 percent of the total value of all exports supported by the Bank.

This does not include the thousands of small businesses like Tomco that I visited in Loganville, Georgia, or Ace Pump in Memphis, Tennessee, that are part of the supply chains of larger exporters. These small businesses benefit each time a larger company beats out a foreign rival for a sale.

To put this in perspective, Ex-Im has approved more transactions in the past 6 years for small businesses than the previous 16 years combined. As has been stated, even in strong economic times, small businesses have difficulty in securing the financing they need to support their exports. However, with Ex-Im's help, banks are able to extend credit, giving U.S. exporters the liquidity they need to pursue sales, create new jobs, and compete effectively in global markets.

Second, a requirement to address the environment was first initiated by Congress in 1989 under President Bush. This has been modified over the years, and is now a renewable energy export mandate. As a result, Ex-Im has equipped U.S. renewable export-

ers to face off against competitors from China, Germany, and Denmark, to name just a few.

In 1994, we completed 10 transactions; 20 years later, the total is 116 renewable exports.

Third, a congressional mandate was established in 1997 to “promote the expansion of the Bank’s financial commitments to sub-Saharan Africa.”

Ex-Im plays a critical role in countering China’s aggressive financing of their exporters. Last year alone, China exported \$100 billion to Africa. The EU topped that number. And the Americas came in at \$38 billion.

2014 was a record year for Ex-Im with \$2.1 billion of financing, covering 192 transactions in sub-Saharan Africa. The Bank finances a higher portion of U.S. exports to sub-Saharan Africa than any other region of the world.

In closing, Ex-Im takes its responsibility to protect the U.S. taxpayers very seriously. In those rare instances where there is a default, costs are covered by fees and interest paid to the Bank by our customers, not by taxpayers.

The Bank’s focus on comprehensive risk management is reflected in its default rate, which we just reported to Congress, of 0.167 percent. That was as of March 31, 2015.

Ex-Im has continually improved its products and services to give entrepreneurs the tools they need to compete and win in the renewable energy sector in sub-Saharan Africa and against foreign small businesses. That means more U.S. jobs, and more American leadership abroad.

I look forward to continuing to work with the committee on empowering your constituents to export, grow, and hire more American workers.

[The prepared statement of Mr. Hochberg can be found on page 60 of the appendix.]

Chairman HUIZENGA. Thank you, Mr. Chairman.

At this point, I will ask for unanimous consent that members of the Financial Services and Oversight and Government Reform Committees who are not members of either one of these two subcommittees be allowed to fully participate in today’s hearing. Without objection, it is so ordered.

And with that, we will go to Health Care, Benefits and Administrative Rules Subcommittee Chairman Jordan for his 5 minutes of questioning.

Chairman JORDAN. Thank you, Mr. Chairman.

Mr. Hochberg, are you familiar with a 2010 Export-Import Bank-approved project in New Guinea?

Mr. HOCHBERG. Sorry. I would need a little more information.

Chairman JORDAN. I will give you some more. There were several partners in it, but the majority partner was Exxon Mobil, with a 32 percent stake in this venture. Are you familiar with that deal?

Mr. HOCHBERG. Oh, in Papua New Guinea, yes.

Chairman JORDAN. Papua, New Guinea?

Mr. HOCHBERG. Yes.

Chairman JORDAN. You are familiar with that?

Mr. HOCHBERG. Yes, I am familiar with that.

Chairman JORDAN. And do you recall how much of the financing the Export-Import Bank was responsible for in that deal?

Mr. HOCHBERG. We financed about \$3 billion.

Chairman JORDAN. \$3 billion. That sounds like a lot of money. Is that a big amount of financing for the Ex-Im Bank?

Mr. HOCHBERG. That is a very large amount.

Chairman JORDAN. Is it the largest in the Bank's history?

Mr. HOCHBERG. No, it is not.

Chairman JORDAN. Was it the largest in the Bank's history at that time?

Mr. HOCHBERG. I believe it was up to that point.

Chairman JORDAN. According to media reports it was the largest deal in Ex-Im history in 75 years and up to 2010. So what you are saying is, you have done bigger deals since then.

Were there problems with the deal, any problems with that arrangement?

Mr. HOCHBERG. This is a large project, in the range of \$20 billion. It is proceeding. The cost is still in line with expectations. And it is my knowledge—

Chairman JORDAN. So there are no problems? Are you saying there are no problems with the deal?

Mr. HOCHBERG. Of course, there are problems. It is a \$20 billion giant infrastructure project in a remote part of the world.

Chairman JORDAN. How about this problem—your inspector general told Congress last June that the Bank couldn't account for \$500 million. Would you define that as a problem?

Mr. HOCHBERG. Let me explain what the—

Chairman JORDAN. My guess is the taxpayers would. So, the largest deal in Ex-Im history, largest deal in 75 years, \$3 billion, and you can't account for a sixth of it, and that is not a problem?

Mr. HOCHBERG. \$500 million is what is called "local costs" that are part of the transaction. We have—

Chairman JORDAN. No, it is called "money." It is called taxpayer-financed money.

Mr. HOCHBERG. We have certifications from Exxon Mobil that those costs were inline. And were incurred in the project—

Chairman JORDAN. But you can't account for it?

Mr. HOCHBERG. We don't have—

Chairman JORDAN. Here is—

Mr. HOCHBERG. We don't have—

Chairman JORDAN. Mr. Hochberg—

Mr. HOCHBERG. —can't account for it.

Chairman JORDAN. I have 3 more minutes. So look, we learned, as I said in my opening statement, that an employee was indicted 2 weeks ago. Last week, he pled guilty. We learned of 31 open fraud investigations that both the inspector general and the Justice Department are looking into. We learned at the last hearing that there may be more indictments coming from both the Gutierrez case and those open fraud investigations.

And today, the committee now—I bet many Members are just learning for the first time that in the largest deal in Ex-Im history, a \$3 billion deal, the Ex-Im Bank can't account for one-sixth of it. You can't account for \$500 million in taxpayer-backed money, correct?

Mr. HOCHBERG. No, I would not agree with that, sir.

Chairman JORDAN. That is what the press says, not me. The inspector general said you can't account for \$500 million.

Mr. HOCHBERG. No. Exxon Mobil is entitled to local costs incurred on the project.

Chairman JORDAN. But this project—

Mr. HOCHBERG. They submitted certification for \$500 million. What the inspector general has asked me, is he wants to see the actual invoices backing up the subsuppliers.

Chairman JORDAN. And you don't have it, right?

Mr. HOCHBERG. We now require it. We did not require it at that time because we rely on—

Chairman JORDAN. But the point is—

Mr. HOCHBERG. —certification of a Fortune 500 company to provide that information.

Chairman JORDAN. The point is that the inspector general said you can't account for it.

Mr. HOCHBERG. We can account for it. One-sixth of the deal—the fact is—

Chairman JORDAN. Mr. Hochberg, I have a minute and 50 seconds. Let me say this, it gets worse. Before you approved the \$3 billion deal, the largest in the Bank's history, before you lost one-sixth of the money or can't account for one-sixth of the money, before you can't account for half a billion dollars of taxpayer money, you had four employees who, as they considered whether to approve the deal for Exxon Mobil, had their travel expenses paid for by Exxon Mobil. Isn't that correct, Mr. Hochberg?

Mr. HOCHBERG. Due diligence trips are paid for by the project sponsor. They don't come out of taxpayer money. So they are paid for—

Chairman JORDAN. Okay. Well, that is a nice way of saying it. I think the taxpayers would say the potential recipient of taxpayer-backed financing is paying for the travel of the very people who are going to decide whether they get taxpayer-backed financing. Such a deal, particularly when it is \$3 billion, and particularly when you can't account for one-sixth of that—\$500 million.

Mr. HOCHBERG. That money is not lost. That money is owed to us by Exxon—

Chairman JORDAN. Do you know how much money Exxon Mobil spent for those four employees who weighed in on that decision, Mr. Hochberg?

Mr. HOCHBERG. We sent engineers to do due diligence—

Chairman JORDAN. No, no, no. That is not the question. You are not answering the question. How much money did they spend, Exxon Mobil, on these four employees who weighed in on the decision that ultimately resulted in half a billion dollars of taxpayer money going unaccounted for? Do you know how much?

Mr. HOCHBERG. The decision is made by the board of directors.

Chairman JORDAN. I will tell you. The press says—Bloomberg says \$97,000—\$97,367 for 4 employees. Now, that is over \$24,000 per employee. So guess where they went? Do you know where they went, Mr. Hochberg?

Mr. HOCHBERG. They went to Papua, New Guinea.

Chairman JORDAN. Oh, and also London and Tokyo and the South Pacific. Paid vacations by the entity getting \$3 billion, and you all can't account for one-sixth of that money. And yet, you think we should just automatically reauthorize this Bank with people indicted, people who have pled guilty, and 31 open fraud investigations?

Mr. Chairman, I yield back my last 2 seconds.

Chairman HUIZENG. The gentleman's time has expired. And on that note, just because of the size of this, our timing with votes and those kinds of things, I am going to stick very closely to the 5-minute limit. I will allow people to end sentences and those kinds of things. But we are going to have to stick to that tight timeframe.

With that, I will recognize Monetary Policy and Trade Subcommittee Ranking Member Moore for 5 minutes.

Ms. MOORE. Thank you so much. I just want to point out that the bill that we have introduced really addresses many of the issues that you have just raised, Mr. Jordan. Title 5, strengthening project monitoring and due diligence. Section 501, enhanced monitoring and due diligence for structured and project finance transactions. And Section 502, monitoring plans and post-approval assessment for structured project finance transactions.

And I just want to quickly ask, Mr. Hochberg, do you think that will strengthen their hand in terms of the due diligence?

Mr. HOCHBERG. I actually do believe we have a good due diligence process at the Bank. And we increased our staff on asset monitoring in the last year by 33 percent to make sure we have even greater oversight of transactions.

Ms. MOORE. I see that the ranking member has just arrived, so I am going to ask a really quick question, and then I am going to yield the balance of my time to her.

I am really excited about the American business opportunities in Africa. I have been to Africa, and have seen some of the really terrible conditions under which these people live. And then all of a sudden, I will see this big infrastructure project that the Chinese built with their resources and their people. China has been in Africa almost since the day I was born. And trust me, I am old.

Can you highlight efforts by GE and others to build infrastructure and open that market to Americans before we completely get shut out of Africa?

Mr. HOCHBERG. As I mentioned, last year we did 192 transactions in sub-Saharan Africa. But let's be clear, the European Union and China far outdistance anything that America exports to that market.

That is, I believe, partly what was behind the mandate to encourage more companies to export there, to make sure they have the financing, so that we can support more jobs here at home.

Ms. MOORE. And what does Africa have going for it? Three things: demographics; demographics; and demographics. There are an awful lot of people there who need energy, who need equipment. And I just don't want to concede that all to the Chinese.

I would like to yield the balance of my time to the ranking member of the full Financial Services Committee, Ranking Member Waters.

Chairman HUIZENGA. Without objection, it is so ordered. Ranking Member Waters, you have 2 minutes and 45 seconds.

Ms. WATERS. Thank you very much. I would like to welcome Chairman Hochberg.

Here we are gathered again to discuss issues that ignore the central fact that the charter of the Ex-Im Bank is set to expire in 26 legislative days unless this body takes action. This is serious. And I can assure you that as eager and driven as some Republicans are to let the clock run out on the Export-Import Bank, there are others who are even more hopeful that they will succeed. That would be the roughly 60 other governments in the world, countries like China and Russia that would love to see the Ex-Im Bank disappear.

The consequences of failing to reauthorize the Bank are real on our Nation's competitiveness, on U.S. companies, and on the livelihoods of hundreds of thousands of American families who work so hard just to make ends meet.

It is simply shameful that not one single commitment has been made by the chairman of the Financial Services Committee to take up legislation to reauthorize the Bank.

I certainly agree with Speaker Boehner's comments this morning when he said, "There are thousands of jobs on the line that would disappear pretty quickly if the Bank were to disappear." To ensure this body gets a vote on the Floor, earlier today I joined Representatives Moore and Heck on the Financial Services Committee to initiate a discharge petition that would bring renewal legislation up for a vote in the House if the petition is supported by a majority of the Members.

I urge all Members to sign on, especially my Republican colleagues, for whom this is a chance to stand up for American jobs and businesses by rejecting the vocal right wing of your party that I really don't believe reflects the values shared by many of us here from both parties.

What we are doing here today isn't about oversight; it is about finding excuses. It is about making up reasons to delay actions. It is a disservice to the American public that expects and deserves better.

Thank you. And I just want to reiterate to my Republican colleagues that no matter how much pressure you may be getting from certain quarters, no matter how much you fear your Chairman Hensarling, no matter how much you will tend to ignore your constituents, you have to stand up and you have to stand for something.

You are adults. I don't know why you would be hamstrung by one individual who would tell you what you can and what you cannot do. You were elected by the people to represent them. You ought to get about the business of doing it. I am sick and tired of this.

And I yield back the balance of my time.

Chairman HUIZENGA. The gentlelady yields back.

At this point, it is my turn to have 5 minutes. And I am not going to ask permission of my Chair as to exactly what my questions are going to be, because I don't fear him. I look at him as a

trusted colleague and someone whose advice I lean on and perspective I lean on.

So, Mr. Hochberg, I appreciated your response from our last hearing on April 15th. At my request and Chairman Chaffetz's request, you did provide a letter to us dated April 23rd, laying out some of the issues and some of your plans and some of the things that you have undertaken so far.

On page four of the letter—I did read the letter, and I appreciated it—"Workplace Environment" is the headline. "Although employee satisfaction with their workplace improved over 2013, favorable ratings were 40 percent below the government-wide average."

Those are not my words. Those are your words, acknowledging, I think, the commonly-known situation.

We started to dive into it. And I want to explore it a little bit more. As we discussed, in this recent survey conducted by the Partnership for Public Service on the best and worst places to work in government, Ex-Im unfortunately ranked 26th and is literally dead last, 28 of 28, for effective leadership, is the category in the most recent survey of small agencies. In that, there was also an amazingly high fear of retribution for whistleblowers and things that came out of this.

Additionally, according to the Bank's own 2013 Federal employee survey, the Bank's staff have little faith in the leadership. When asked if their organization's leaders maintain high standards of honesty and integrity, only 42 percent said yes.

When I asked you about this disturbingly low morale and faith in leadership, your response was, "We had a number of stresses on the agency, we were under construction for the past 2 years." You highlight that on page four, as well, that the employees continue to work in a construction zone. You then moved on to say the renovated space is about 20 percent denser than the former space. Individual offices are smaller, and more employees are sharing open space.

I have to tell you, when my staff read that, there was literally audible laughter. I don't know if you have been in any of our offices. My office at 1217 Longworth—I invite you to come back to the palatial 213 square feet that encompasses my legislative shop, which five people share. That breaks down to 42.6 square feet per person.

And it seems to me that this argument sort of lines up like saying well, I guess everybody who is in the Cannon House Office Building gets a pass from legislative duties because of the construction that is going on. Or since the Capitol is under construction and it is harder to get in and out of than normal, that somehow we are going to have this pass. And that just clearly isn't the case.

You said your top priority is to improve the workplace environment. Specifically, what is your plan to improve employee morale, besides you had mentioned having coffee and doing some other things like that. Personally, I don't believe just having coffee hour with you is going to suffice. It seems to me the current course of action hasn't been overly successful. So I would like to hear what you have to say.

Mr. HOCHBERG. I thank you for bringing that up. And obviously, we are not happy with the ratings we have gotten. And we are

working to improve them. We have enumerated four goals for this year, one of which at the top of the list is to make Ex-Im a first-tier place to work. We have done a lot of management development and training.

We had about 20, 25 of our senior leadership go through a 4-day professional development program. We are continuing that at different levels of the organization. We are doing more job rotation. We are doing a number of things. We are listening to our employees. When I say "coffee," it is to listen to their concerns—

Chairman HUIZENG. I appreciate that. I have one minute left, and I do want to hit on one other thing and I am sure we will continue this.

Why did the Bank approve a \$75.8 million loan to a subsidiary of the state-owned Industrial Commercial Bank of China, when on April 23rd at your annual conference you said, "It isn't easy going up against China, Russia, or anyone else to win export sales. The jobs come with them." You stated, "More and more U.S. companies just aren't competing against their counterparts in China, Japan, and elsewhere. They are forced to compete against China, Inc."

Why are we helping?

Mr. HOCHBERG. Sir, it is a complicated world out there. Some countries—

Chairman HUIZENG. I am very aware of that. But why in the world are you helping China?

Mr. HOCHBERG. Countries like China are both a competitor of the United States and a customer of the United States. Japan, Germany, and Korea are competitors and they are customers. So in some places we treat them as a competitor, and in other places we are selling them goods and services. China is the third-largest destination after Canada and Mexico for U.S. exports, and we cannot abandon that market.

Chairman HUIZENG. And to hold myself to my own rule, my time has expired.

With that, I will recognize Health Care, Benefits and Administrative Rules Subcommittee Ranking Member Cartwright for 5 minutes.

Mr. CARTWRIGHT. Thank you, Mr. Chairman.

Mr. Hochberg, I want to quote again the Speaker of the United States House of Representatives, John A. Boehner, who said that there are thousands of jobs on the line that would disappear pretty quickly if the Ex-Im Bank were to disappear.

And that is what the Speaker of the House said today. Chairman Hochberg, have you seen that quotation?

Mr. HOCHBERG. I have. Yes, I have.

Mr. CARTWRIGHT. Is it true?

Mr. HOCHBERG. Without question.

Mr. CARTWRIGHT. Without question, it is true that thousands of jobs would disappear pretty quickly if the Ex-Im Bank were to disappear. Those are the words of Speaker Boehner. Do you agree, Mr. Hochberg?

Mr. HOCHBERG. Last year, we supported 164,000 jobs in the United States.

Mr. CARTWRIGHT. How important is it to you that we support those American jobs, 164,000 of them?

Mr. HOCHBERG. It is certainly important to those 164,000 people and their families and dependents. So that is a lot of families who are supported by these export jobs that we alone finance.

Mr. CARTWRIGHT. And it appears to be important to Speaker Boehner, as well. So I commend him for those words.

I also have to apologize. I find myself in a familiar position of having overstated the default rate of the Ex-Im Bank. The last time you testified I said it was 0.175 and you corrected me, it was 0.174. Today, it is even lower. I said it was 0.174 today and, in fact, it is 0.167 percent, is that right?

Mr. HOCHBERG. That is correct. That is the most recent report.

Mr. CARTWRIGHT. Again, please accept my sincerest apologies for the slander.

[laughter]

I want to talk about renewables a little bit. Since 2002, Congress has directed the Ex-Im Bank to promote the export of goods and services related to renewable energy sources. Although it is not explicitly part of the Bank's charter, since 2008 appropriators have included language directing the Bank to make available not less than 10 percent of its aggregate authority to finance renewable energy exports.

Now, Chairman Hochberg, can you please describe how the the Bank finances renewable energy and environmentally-beneficial exports?

Mr. HOCHBERG. Thank you. For one, we apply the exact same exacting credit standards for large transactions and small, for renewable transactions or other transactions.

Renewable transactions—according to the Organisation for Economic Co-operation and Development (OECD), globally the United States and other export credit agencies can extend loans as long as 18 years.

And in fact, Jim Rogers, former chairman of Duke Energy, said just recently that we need export credit agencies essentially to finance power projects, conventional and renewable, because banks will only lend for 5 to 7 years. So we provide a longer term to make sure this capital equipment can be paid off.

Mr. CARTWRIGHT. Can you describe in detail the procedures the Bank has in place to ensure that only well-qualified renewable energy projects are approved and taxpayers are protected?

Mr. HOCHBERG. We do extensive due diligence. As Chairman Jordan referred to, we send people out into the field, engineers and underwriters, to actually see the project so that we are not just relying on a paper representation; we are actually seeing it with our own two eyes, walking the site. So we review that.

We work with the State Department, and we work with Treasury, to make sure there are no violations.

And on top of which, in the case of renewable, where they are often a 18-year loan, we require a 20-year power purchase agreement, so we know there is 20 years of cash flow, more than enough to satisfy the terms of the loan.

Mr. CARTWRIGHT. Despite the mandate to devote at least 10 percent of your aggregate financing to renewable energy exports, the Bank has consistently fallen short of that target. Chairman Hochberg, why is that?

Mr. HOCHBERG. First of all, it is a target, it is not a quota. It is simply a target. And frankly, currently, the total amount of U.S. renewable exports last year was \$1.4 billion. We would have had to finance essentially 150 percent of all U.S. exports in order to meet that target. So it is a target. It is not a quota. It is not something we do anything unusual to reach. It is simply a target that is out there.

Mr. CARTWRIGHT. So what steps is the Bank taking to increase awareness of the financing products that are available to qualified U.S. renewable energy and environmental exporting businesses?

Mr. HOCHBERG. We have a team of people who actually do business development in that field. Most importantly is getting countries to have those 20-year power purchase agreements. We have done a lot of work in India because India will sign 20-year power purchase agreements so we can finance those kind of projects.

India has been very good. In Latin America, we have done a lot of wind. In countries like Turkey, which only have year-to-year, we have done very little work because it is not financially—it can't be financed properly.

Chairman HUIZENGA. The gentleman's time has expired.

And with that, I recognize Mr. Mulvaney of South Carolina for 5 minutes.

Mr. MULVANEY. Mr. Hochberg, welcome back. I know that the Speaker of the House is very excited about the Democrat support he has today for his comments.

And the comments that have been repeated here a couple of times are that, "But there are thousands of jobs on the line that would disappear pretty quickly if the Export-Import Bank were to disappear."

I think you stated already that you agree with that statement, correct?

Mr. HOCHBERG. Yes, sir.

Mr. MULVANEY. And you are hoping that we would rely on that statement in making a decision about reauthorizing the Bank to the tune of \$130-odd billion, correct?

Mr. HOCHBERG. Yes, sir.

Mr. MULVANEY. Okay. By the way, when did you see this for the first time?

Mr. HOCHBERG. Just a few hours ago, when it came out.

Mr. MULVANEY. Before you got here, before you left to come over here? When did you see this the first time?

Mr. HOCHBERG. I just got it at 12:29; it came out at 12:25.

Mr. MULVANEY. All right. I would hate to think that you coordinated with the Speaker's Office on this.

Mr. HOCHBERG. I don't think he coordinates with me.

Mr. MULVANEY. Okay. So let's go back to the statement, then. Because you want us to rely on it in making a \$130 billion decision. Thousands of jobs on the line that would disappear. How many jobs would disappear, Mr. Hochberg?

Mr. HOCHBERG. Last year, Congressman Mulvaney, as I mentioned, we supported—

Mr. MULVANEY. —supported 164,000. I have heard that. But how many of those would go away if you went away?

Mr. HOCHBERG. It depends on what the demand for our services is next year. I obviously can't predict it. It depends. We are demand-driven, sir.

Mr. MULVANEY. You haven't done any studies in your office as to how many of those jobs would go away if you cease to exist?

Mr. HOCHBERG. No. We are demand-driven, sir. First, I believe we are going to reauthorize the Bank.

Mr. MULVANEY. So you don't know if it is 1,000 jobs that would disappear or 100,000 jobs that would disappear?

Mr. HOCHBERG. The number of companies that rely on us for financing may be well boxed-out of foreign sales.

Mr. MULVANEY. But you don't know if it is at 1,000 or 100,000?

Mr. HOCHBERG. Last year, we supported 164,000—

Mr. MULVANEY. 164,000, yes, I have that one, Mr. Hochberg. We can skip that.

But you don't know. And when it says "pretty quickly," that is pretty loose language, isn't it? How soon would those jobs disappear, Mr. Hochberg?

Mr. HOCHBERG. A lot of those jobs are in small businesses where we provide export credit insurance. And those policies will—anything written up to June 30th—

Mr. MULVANEY. In fact, if you disappear, what is the longest loan you have on your books right now? Isn't it like 20 years, 28 years, something like that?

Mr. HOCHBERG. No, no. The longest loans we are allowed to make are 18 years.

Mr. MULVANEY. 18 years. So if you disappear on June 30th, there is still going to be an Export-Import Bank presence supporting jobs for the next 18 years?

Mr. HOCHBERG. But nothing new. Those jobs are—

Mr. MULVANEY. How much do you spend to support a job, Mr. Hochberg? Do you know? Not create a job, by the way. Let's make sure we understand each other's language. We have never used the word "create." You don't use it, I don't use it. You have never contended that you create jobs. You have always contended that you support jobs, which is a word that I have never fully understood.

How much do you spend to support an American job?

Mr. HOCHBERG. We are self-sustaining, sir. So we actually turn money over to the Treasury—

Mr. MULVANEY. \$125,000. You authorized, for those 164,000 jobs, about \$25 billion in authorizations. That is about \$125,000 a job. You are not very good at this, are you?

Mr. HOCHBERG. No, no. We don't cost any money, sir. There is a zero appropriation from Congress for the Export-Import Bank.

Mr. MULVANEY. But your loan guarantees were \$25-odd billion. And with that—

Mr. HOCHBERG. And it supported—

Mr. MULVANEY. —you paid for 164,000 jobs.

Mr. HOCHBERG. It is paid for by the users of our services.

Mr. MULVANEY. Right.

Mr. HOCHBERG. They pay—

Mr. MULVANEY. \$125,000 a job.

Mr. HOCHBERG. They pay points on a mortgage—like points on a mortgage. And that is what it takes—the underwriting, due diligence.

Mr. MULVANEY. Let's talk about your small business jobs for a second. I used to be on the Small Business Committee, and we had a couple of different definitions for what was a small business. What was yours?

Mr. HOCHBERG. What was my—say that again, sir?

Mr. MULVANEY. What is your definition of a small business?

Mr. HOCHBERG. For my definition of a small business, I rely on the Small Business Administration. They define it for us and the entire Federal Government. And it varies industry to industry.

Mr. MULVANEY. It does vary industry to industry, that is right. Some places it—

Mr. HOCHBERG. A dry cleaner has a different standard than a car dealership—

Mr. MULVANEY. Absolutely.

Mr. HOCHBERG. —or another manufacturer.

Mr. MULVANEY. Is Bechtel a small business?

Mr. HOCHBERG. It is a large company, sir.

Mr. MULVANEY. Did you count it as a small business, Mr. Hochberg?

Mr. HOCHBERG. Obviously, you are referring to a Reuters article in which some companies were miscategorized. It was about 3 percent of the total, sir; 97 percent were accurate. We had a 3 percent error. We ought to be at 100 percent, but we are striving to get there.

Mr. MULVANEY. Let's talk about mischaracterization. I like that word. Because it is not really lying, and it is not really telling the truth. Let's talk about mischaracterization.

If you look at the screen, sir, there is a graph that we have drawn up on your small business lending. In your last annual report, you said that 25 percent of your total authorizations went to small businesses. And that was an increase over the previous 2 years. That is represented by the red line. Do you see that, Mr. Hochberg?

Mr. HOCHBERG. I do.

Mr. MULVANEY. Look at the total lending that you—the authorization that you did to small businesses. That is the light blue bar.

Would you agree with me, sir, that you loaned less money or authorized less money to small businesses in 2014 than you did in 2013, and less in 2013 than you did in 2012? Your small business authorizations have gone down for 2 years in a row.

Mr. HOCHBERG. The mandate looks at a percentage of our authorizations—

Mr. MULVANEY. I understand that. I am talking about—I am not talking—

Chairman HUIZENGA. Time has expired. I will allow him to very briefly answer.

Mr. MULVANEY. I can't do it. Mr. Hochberg, it is always a pleasure.

Mr. HOCHBERG. Thank you, sir.

Chairman HUIZENGA. With that, I should make a note that votes have not been called yet. And I am monitoring and watching that.

But once votes have been called on the House Floor, we will recess, and allow Members to vote and come back. And I will make an announcement at that time, as well.

With that, the Chair recognizes the ranking member of the full Financial Services Committee, Ms. Waters of California, for 5 minutes.

Ms. WATERS. Thank you very much. There is oftentimes a lot of discussion about who is getting the support from Ex-Im. And there are those who would like to characterize it as subsidies for big business. Even though we have debunked that argument over and over again, I would like to get a better sense of how the Bank indirectly supports small businesses through the supply chains of the larger companies that you support.

For one company alone, they support in my district 152 small and medium-sized companies. They are part of the supply chains. Have you ever tried to quantify the supply chain benefits of the financing you provide? How many suppliers, if you know, do the larger users of the Bank have across the country? If Congress fails to reauthorize the Bank, what impact will this have on the thousands of small suppliers across the country that indirectly benefit from the Bank's support?

And finally, am I the only one in the Congress of the United States or on the Democrat side who has all of these suppliers that benefit from the support of larger businesses by the Export-Import Bank? Could you help us out with that, some of this information?

Mr. HOCHBERG. I am going to try. We work with a lot of suppliers. When Boeing or GE makes an export, they are really a system, they really are assembling a product. Just the way Ford Motor Company assembles automobiles. Ford doesn't manufacture a car; it assembles them.

I visited a company called Tomco right outside of Atlanta. They make fire suppression equipment. They are a small business. They supply to GE power turbines and export around the world. Because of that work, they are now getting strong enough that they want to start exporting directly. So sometimes, the supply chain helps them actually learn about those export markets.

I visited a company called Click Bond in Nevada that provides essentially the—is used in Boeing to attach the skin to the structural support of the aircraft. There is a company called LMI in Saint Charles, Missouri, also in the supply chain. Small businesses, sometimes they are small machine shops. There is a company I visited called Ace Aerospace in Memphis. Same thing. These are small businesses that are directly supplying to larger companies and thereby exporting.

It is hard to get a precise number, Ranking Member Waters. I think it is probably in the range of about another 10 percent of our small businesses are in that supply chain.

Ms. WATERS. I would like to just share with you some information. It comes from my district, from—let's take a look at Hanson Engineering Company. Hanson Engineering Company is one of the many small businesses.

"Dear Congressman Waters, Hanson Engineering Company is one of the many small businesses in the south Bay area of Los Angeles, California, that is dependent on Boeing contracts to support

our business. Hanson Engineering is a manufacturer of machine aerospace report parts and assemblies with 90 percent of our contracts supporting Boeing aircraft either directly or indirectly through our other prime aerospace companies throughout the world.

"My company staffs approximately 60 employees who live in the south bay and surrounding areas and depend upon the support of Boeing for the well-being of their families. Without the reauthorization of the Ex-Im Bank, it would have a big impact on the health of our business, its employees, and their families."

Mr. Hochberg, you need to know, and I think you do know that I have held several meetings in my district with small businesses who are directly benefiting from Ex-Im. But I have held meetings where the suppliers have come. And these suppliers have come to talk about how important it is to maintain their businesses. And even though they are small numbers of employers—60, 50, 40, what have you—they cannot understand what is going on in Congress and why anybody would put their businesses at risk this way.

They wanted to know from me why my colleagues on the opposite side of the aisle and, particularly, the chairman, was so opposed to the support for suppliers through these companies. And I could not explain it. But I asked them to pay close attention. Because Mr. Hensarling, my chairman and my friend, has absolutely said he wants to close down Ex-Im. He wants it to go out of business.

And so I think that he will probably reiterate that today, despite the fact that his leader has said to get something out of committee, do something, don't let this Bank expire. And so everybody is waiting to see what Mr. Hensarling is going to say, what he is going to do, or whether he is out to just kill this Bank.

I yield back the balance of my time.

Chairman HUIZENGA. The gentlelady's time has expired.

And with that, we will let Financial Services Committee Chairman Hensarling have his say.

Chairman HENSARLING. I thank the gentleman. Good afternoon to the ranking member.

It is interesting, when you quote one part of the article. It is interesting what the headline is on the Reuters article concerning the speaker. The headline is, "Boehner says he would support U.S. Ex-Im Bank closure." So that is what Reuters considers to be newsworthy in the speaker's comments.

Mr. Hochberg, as always, welcome. And again, you are always welcome in the Fifth District of Texas, which you have been kind enough to visit. Next time you come, perhaps I could suggest where the best cheese and onion enchiladas are to be found. It is Matt's in Lakewood, by the way, should you come back again.

You spoke about Ex-Im supporting 100,000-plus jobs. But it is interesting, because Delta Airlines says you are costing American airlines jobs. Cliff Natural Resources says you are costing American iron ore jobs. Valero says that you are costing American oil refining jobs. So that is a dubious claim on your part of "supporting jobs."

You say you return money to the taxpayers. According to the Congressional Budget Office, as you well know, if you use fair value accounting, main street accounting, that just about every

business which you “support” uses, you would be costing the taxpayer \$2 billion over the budget window.

With respect to the small businesses that the ranking member was kind enough to point out to me, well, here is a small business. Sonic Air Systems in Brea, California, 40 employees. Their owners said, “Ex-Im is arguably another form of corporate welfare.” I understand bigger companies want that cheaper money for their customers to buy planes and bulldozers, but should the taxpayers fund that?

Here’s another small businessman, Chris Roofer from Morningstar company, also in California: “Ex-Im is a case study in corporation welfare. When a company profits from the Bank’s support, it pockets the money. If it defaults, taxpayer pockets get picked. It is private gain at the expense of public pain.”

So that is the voice of small business that many of us are listening to, as well.

I wish to follow up on a question that was asked by Chairman Huizenga. I still don’t quite get it. So Chairman Hochberg, you speak about China, Inc. You frequently talk about this and being competitive with China. We had an \$18.4 million guarantee to the state-owned Ex-Im Bank of China in 2014. Ex-Im authorized \$292 million guaranteed for state-owned China Southern Airlines. In December of 2013, Ex-Im authorized \$68.5 million for Semiconductor Manufacturing International, in Shanghai, also state-owned. A \$300 million guarantee for state-owned ICBC Financial Leasing Company.

Is it your assertion, Mr. Hochberg, that the best way to compete with China is to subsidize China?

Mr. HOCHBERG. Congressman, we don’t subsidize any transaction. Customers pay a fee—

Chairman HENSARLING. Well, Mr. Hochberg, I think the Congressional Budget Office has a different opinion. I will respect your opinion, but I am going to pay a little bit more attention to their opinion.

Since we last spoke, as has been pointed out, at the time that you last appeared before us, Mr. Gutierrez had been indicted for accepting bribes. He has now pled guilty to 19 counts of bribery and kickbacks.

According to the Partnership for Public Service—their survey of small government agencies has already been alluded to—your employees were asked whether they could disclose a suspected violation of any law, rule, or regulation without fear of reprisal, and only 50 percent said “yes,” which is a pretty staggering figure to me.

Since you have taken the helm of Ex-Im, 65 matters have been referred to prosecution, 31 arrest warrants, 85 indictments, 48 criminal judgments, decades of combined prison time, and a quarter of a billion dollars in fines, restitution, and forfeiture.

And when we look at this same group of small government agencies, you are almost leading the pack when it comes to investigations and when it comes to indictments. At the end of the last fiscal year, I believe you had 41 pending investigations. The Farm Credit Administration had three. The Commodity Futures Trading Com-

mission had zero. The Pension Benefit Guaranty Corporation had 24.

And so when I look at all the various small agencies of which you are compared—I believe you have roughly 480-some-odd employees, is that correct, Mr. Hochberg?

Mr. HOCHBERG. That is correct.

Chairman HENSARLING. You didn't quite get the gold medal. Apparently, that goes to the Railroad Retirement Board—

Mr. HOCHBERG. —Chairman—

Chairman HENSARLING. —but in the area of small agency—

Chairman HUIZENGA. Sorry, Mr. Chairman. The gentleman's time has expired.

Chairman HENSARLING. Give me 5 seconds to wrap up.

In the competition of corrupt and sordid matters, you clearly take the bronze medal. And should this agency be reauthorized, Mr. Hochberg, I hope you will spend less time traveling and lobbying, and more time running the Bank.

I thank the chairman. I yield back.

Chairman HUIZENGA. The gentleman's time has expired.

With that, the Chair recognizes Mr. Perlmutter of Colorado for 5 minutes.

Mr. PERLMUTTER. Good afternoon, Mr. Hochberg. It is *deja vu* all over again. Each year your organization makes loans to American companies to manufacture goods to sell overseas, which basically creates American jobs.

And my friends on the Republican side of the aisle seem to not like small businesses that you loan money to, or medium-sized businesses that you loan money to. And I have listened to them today say they don't like the loans to Bechtel, to Exxon Mobil, to Boeing. I don't understand why they hate those companies. That makes no sense to me.

Let's talk about—Mr. Jordan cross-examined the heck out of you about this Papua, New Guinea, loan that has been made where Exxon Mobil is one of the partners in that job. You used the word—you took "certification" from Exxon Mobil. Can you explain that? He didn't give you the opportunity to answer a single question.

Mr. HOCHBERG. Thank you. Yes. Exxon Mobil was the project sponsor. They certified that the \$500 million was incurred and expended locally. We rely on corporate officers. I don't believe a corporation is going to commit fraud by sending us a false certification. They certified those numbers. And as a result, that money was loaned. That money will be paid back when the project starts. At this point, there is not a question in terms of that transaction.

Mr. PERLMUTTER. So one of the biggest corporations in the world, Exxon Mobil, an American company, certifies to you, the lender—or the Export-Import Bank, the lender—that that money is going to get paid back?

Mr. HOCHBERG. Correct.

Mr. PERLMUTTER. Is that what they do?

Mr. HOCHBERG. They certify the money is expended and that they then will pay it back when the project—

Mr. PERLMUTTER. Okay. And as the lender, you rely on that kind of certification, do you not?

Mr. HOCHBERG. We did, as did all the other lenders in the consortium that was involved in the lending. Many other export credit agencies—we had the same rights as all the others had.

Mr. PERLMUTTER. I look at the same thing that Mr. Jordan was asking you questions about. And they say the inspector general says in the aggregate, our inspection found that PNG LNG, which I guess is a liquid natural gas—

Mr. HOCHBERG. Correct.

Mr. PERLMUTTER. —facility transaction was well-structured and properly documented with Ex-Im Bank confident of full repayment. And you are confident of full repayment because you have sponsors like Exxon Mobil?

Mr. HOCHBERG. Correct.

Mr. PERLMUTTER. This is not some fly-by-night organization that is certifying to you, is it?

Mr. HOCHBERG. No, it is not.

Mr. PERLMUTTER. So his questions were really calling into question the integrity of Exxon Mobil?

Mr. HOCHBERG. Correct.

Mr. PERLMUTTER. All right. Let me ask you some other questions. You have said that the Bank loans money to American companies to manufacture goods to be exported, and that in loaning those moneys, companies to whom you have loaned money have 164,000 people working for them, is that right?

Mr. HOCHBERG. Throughout that supply chain.

Mr. PERLMUTTER. So today, I came across something in Bloomberg News that as of today, there were 262,000 new jobless claims. That is the lowest number of new jobless claims since Bill Clinton was President—since April 15th of 2000.

So is it your belief—and I know you were asked questions for specificity—that if you could not make loans to American companies, there would be additional job losses?

Mr. HOCHBERG. Without question. Let me just say one thing, that we don't actually make loans to American companies. We provide mostly loan guarantees, insurance. And frequently to their customers. But our financing—

Mr. PERLMUTTER. Is what allows them to get loans or to—

Mr. HOCHBERG. —and to support those exports and support those 164,000 jobs.

Mr. PERLMUTTER. I also want to let the record reflect that in that same article in Bloomberg News, today, under Barack Obama, there are 5.13 million jobs unfilled and about 1.7 million people unemployed. That is the highest number of jobs unfilled and the lowest number of unemployed people since Bill Clinton was President.

And so something is going right using Export-Import Bank, as well as this Administration, in terms of getting people back to work. And my friends seem to want to undercut that.

I yield back.

Chairman HUIZENGA. The gentleman yields back. Just to inform everybody, votes have been called. They have just been called a moment ago.

We are going to go to Chairman Chaffetz for his 5 minutes. After that, we will recess to allow Members to vote and come back. The joint hearing will reconvene upon conclusion of the vote series.

It looks like there are three votes, including a journal vote. So if you would do all of us a favor, find your whip and tell them whatever question they are asking you, we might get that journal vote canceled.

So with that, Oversight and Government Reform Committee Chairman Chaffetz is recognized for 5 minutes.

Chairman CHAFFETZ. Thank you.

Mr. Hochberg, Ex-Im Bank is a Federal entity, right, created by Congress?

Mr. HOCHBERG. Yes, it is.

Chairman CHAFFETZ. So being a Federal entity, do you need to abide by the ethics, for instance, that are put forward by the Federal Government?

Mr. HOCHBERG. And we fully do, sir.

Chairman CHAFFETZ. Do you follow the travel policies put forward by the Federal Government?

Mr. HOCHBERG. Yes, we do, sir.

Chairman CHAFFETZ. Do you have the same travel policies as other Federal entities?

Mr. HOCHBERG. We do, sir.

Chairman CHAFFETZ. Do you ever allow Ex-Im employees to have their travel paid for by potential clients?

Mr. HOCHBERG. For due diligence trips, if we have engineers or people actually verifying the work being done, that is sometimes paid for by a project sponsor, versus coming out of fees from the agency.

Chairman CHAFFETZ. And you think that is consistent with Federal law and Federal employment practices?

Mr. HOCHBERG. My understanding, and on the advice of counsel, is that is totally within the confines of the law, that we don't incur—that those expenses are paid for by the actual project.

Chairman CHAFFETZ. So that would be true for potential clients as well, correct?

Mr. HOCHBERG. When we are doing due diligence before we approve a deal. Plus, we don't want to expend funds on a deal that may not go through.

Chairman CHAFFETZ. Will you provide to this committee a detailed listing for the last 6 years of what you have paid for and what has been paid for by outside entities?

Mr. HOCHBERG. We can do that, sir.

Chairman CHAFFETZ. When will you provide that to us?

Mr. HOCHBERG. 2 weeks.

Chairman CHAFFETZ. 2 weeks. Fair enough. I look forward to having that.

I am going to go to a video here. One of the criticisms that we have is your characterization of small business. You claim and tout that you do so much for small business. In fact, your charter says that 20 percent is supposed to go to small business.

Yet, as I look at that article from Reuters dated November 14, 2014—I ask unanimous consent to enter that into the record.

Chairman HUIZENGA. Without objection, it is so ordered.

Chairman CHAFFETZ. You have given out some loans to some fairly large entities, have you not, that don't fall in that category? Let me show you a video. Go ahead and show the video here.

[Video plays.]

This is you in 2014. Oops. Sorry. We are going to recue that and—

Mr. HOCHBERG. I am not good at lip reading.

Chairman CHAFFETZ. I need some volume.

This is you talking about SpaceX:

“Nearly 90 percent of authorizations directly serve small business, another historic high. Gaining access to global markets is what empowers small companies to become big companies. One of those is SpaceX. And tomorrow, you will be hearing from Elon Musk, the visionary CEO.”

So you think that SpaceX, Elon Musk, is a small business? You think that SpaceX is a small business? How do you qualify SpaceX as a small business?

Mr. HOCHBERG. I said small companies become large. In 2002—Chairman CHAFFETZ. And one of those is SpaceX.

Mr. HOCHBERG. In 2002.

Chairman CHAFFETZ. But with the time you are giving out—you are involved in loans, in 2013 and 2014, totaling \$110 million, you categorize \$2.5 million of those as small business authorized amounts. And they had employees in the neighborhood of 3,000 people. So they may have been a small business when you weren’t involved with them. But when you did engage with them, they weren’t a small business, were they?

Mr. HOCHBERG. When we characterize a company—it is when we make the authorization that we determine—

Chairman CHAFFETZ. And you made the authorization in 2013 and 2014. Were they a small business?

Mr. HOCHBERG. No. We didn’t characterize them as one—

Chairman CHAFFETZ. Yes, you did. You put \$2.5 million on your listing of that. And this is a pattern. If you look at what Reuters has put out, you had more than—according to their analysis, more than 200 companies you categorized as small businesses that were not. These are businesses owned by GE, Warren Buffet, Carlos Slim. There is a lot listed out there. And if you look at this chart, there is the authorization. And you put roughly \$2.5 million in the small business from a company that employed over 3,000 people.

Mr. HOCHBERG. The data you are refer to from Reuters, there were 200 that—

Chairman CHAFFETZ. No, I want to talk about SpaceX.

Mr. HOCHBERG. SpaceX is not a small business.

Chairman CHAFFETZ. But you categorized \$2.5 million as a small business?

Mr. HOCHBERG. I will have to look at that. That is not—if that is so, that is incorrect.

Chairman CHAFFETZ. Go back then to Reuters. Is Reuters wrong?

Mr. HOCHBERG. Reuters said—97 percent of the data was correct. We strive for 100 percent. Mr. Chairman, we strive for 100 percent, I ran a company. They found a 97 percent correct ratio. We have actually updated as of April 15th our applications to get better information so we can supply more information on small businesses.

Chairman CHAFFETZ. I would appreciate 100 percent clarification if you would, sooner rather than later. You have overstated this case time and time again. We have seen lots of evidence of that.

With that, I will yield back to go vote on the Floor.

Thank you.

Chairman HUIZENGA. The gentleman's time has expired.

Okay. We are going to squeeze one more in. And with that, I recognize Mr. Green for 5 minutes.

Mr. GREEN. Thank you. Mr. Chairman, I believe I heard you say Mr. Green from Texas, is that correct?

Chairman HUIZENGA. Yes.

Mr. GREEN. Thank you very much. And I thank the ranking member.

I would like to yield now at this time to the ranking member of the Financial Services Committee, the Honorable Maxine Waters.

Ms. WATERS. Thank you very much, Mr. Green.

Chairman Hochberg, in our last joint subcommittee hearing on the Ex-Im Bank, a number of the Bank's critics asserted that the Bank is a scandal-plagued institution, and have used this excuse to call for the expiration of the Bank's charter in June.

These critics have also misleadingly suggested that because there are pending investigations of external actors who were seeking to take advantage of the Bank, that this in some way reflects in every single case on the charter and integrity of the employees within the Bank.

Can you help set the record straight here? Are most of the instances of fraud the result of external actors or Bank employees? Do most indictments of external actors result in subsequent indictments of Bank employees, as well? What policies and procedures do you have in place to minimize fraud by Bank employees, as well as the broader public?

Mr. HOCHBERG. Thank you, Ranking Member Waters.

Frankly, in addition, the inspector general said and told me that no Bank employees are involved in third-party fraud cases he is currently investigating. The 31 cases he is investigating are outside companies that tried to defraud the government of funds and loans. So these are outside companies. Frequently, they are identified by our employees who have seen something wrong. But he has also said at the current time, he does not believe there is any—he has no reason to believe and he does not expect any indictment of the Ex-Im employees.

Ms. WATERS. What evidence do you have to support the view that Ex-Im has a strong culture of high ethical standards and integrity?

Mr. HOCHBERG. The evidence I would support is the fact that—and the case we have discussed here, this hearing with Johnny Gutierrez—first, it began in 2006: A, before we had an inspector general; and B, under President Bush. It came to light in this Administration. And he has been indicted and has pled guilty.

And a case like that and others are brought to the attention of either the general counsel or the inspector general by employees who see something that does not look proper and, therefore, warrants further investigation.

Ms. WATERS. I guess you may have alluded to it, but would you agree that the inspector general's aggressive approach to going after individuals who seek to defraud the Bank is actually indicative of a system that works?

Mr. HOCHBERG. Without question, I think it is a message to everybody when someone like Johnny Gutierrez is not only indicted, but pleads guilty, and probably will be sentenced shortly.

Ms. WATERS. Okay. There are a couple of things that have been said here today in discussion and questions by the Members. Would you please recite your percentage of defaults that you have? Because I don't think that has been heard.

And you were actually accused in one of the conversations by one of the Members of having—I think he alluded to you having high default rates or something. Would you straighten that out for us?

Mr. HOCHBERG. Absolutely. We report our defaults, as the last charter required, as one of the requirements and mandates of the last charter, every 90 days. We just sent a report this week for the period through March 31st. And it is currently 0.167 percent. It is actually less than one-fifth of 1 percent.

Ms. WATERS. And I must say something about SpaceX. It happens to be in my district. And many Members of Congress on both sides of the aisle have commended Mr. Musk and have saluted his accomplishments and have talked about how futuristic he is in talking about travel.

I just want to say that I am pleased at the relationship that SpaceX has with Boeing and that they are able to supply some of Boeing's needs. And it all works very, very well.

Would you just conclude that SpaceX is a good investment and deserves support by Ex-Im?

Mr. HOCHBERG. We are very proud to support SpaceX. They are competing tooth and nail against a French-government backed, and Russian and Chinese-launched vehicles. So frankly, this is really good for America. There are, I believe, about 8,000 employees at SpaceX right now, plus a very vast supply chain.

Ms. WATERS. And lastly, I would like to commend you for going out into America and visiting companies to learn more about who they are and what they do so that it will enhance your ability to make decisions. And so I don't think you can do your job without getting out and going to these companies and understanding what they do.

So whatever happens—and I think we are going to reauthorize this Bank—I want you to keep going out into America and seeing what these companies are all about.

Thank you. And I yield back the balance of Mr. Green's time.

Chairman HUIZENGA. The ranking member yields back. The gentleman's time has expired.

With that, votes have been called. We will recess to allow Members to vote and come back. The joint hearing will reconvene upon conclusion of the vote series. And the subcommittees stand in recess.

[recess]

Chairman HUIZENGA. We will let Mr. Hochberg get seated here and then we will reconvene.

So with that, I would like to gavel back in our subcommittees. I now recognize Mr. Carter of Georgia for 5 minutes.

Mr. CARTER. Thank you, Mr. Chairman.

Mr. Hochberg, thank you for being here again. I believe we saw you not too long ago. And as a follow up of the question that I had

asked you earlier that I just didn't get the answer I was looking for, and I want to make sure I understand. And I am going to try to be as succinct as I can and ask you to do the same. It is a pretty simple yes-or-no question.

And the question is, does the Ex-Im Bank, in any instance, whether you are lending money or whether you are guaranteeing a loan or whatever, do you ever participate in a loan that results in a lower interest rate than would be available on the open market?

Mr. HOCHBERG. Congressman, what we do is we provide a guarantee. So the banks will determine what the interest rate is. We don't determine it. So we make a guarantee, the bank pays essentially an insurance premium to us for a guarantee. And then they set the interest rate. We don't—

Mr. CARTER. Okay. Wait. Yes or no, do you ever participate in a loan that results in a lower interest rate than would be available on the open market?

Mr. HOCHBERG. Probably in the few cases we do a direct loan, they might be. They are intended to replicate the market. But could be above, or it could be below. It is an imprecise measurement.

Mr. CARTER. So I am going to take that as a yes.

Mr. HOCHBERG. I would say sometimes yes, sometimes no. I—

Mr. CARTER. If it is any time yes, that is where I have a big problem, let me tell you. Because in my mind—and you correct me if I am wrong—the Ex-Im Bank should be a source of last resort.

Mr. HOCHBERG. Right.

Mr. CARTER. Is that correct? Is that the way you understand it?

Mr. HOCHBERG. That is exactly the way we run the Bank, sir.

Mr. CARTER. Okay, so whenever someone applies for a loan, is that part of the process when you approve a loan? Is it, "We have been to three banks before and they wouldn't approve it and you are our last resort?"

Mr. HOCHBERG. That is correct.

Mr. CARTER. That is correct. Because you are using the full backing of the United States Government to guarantee a loan or to lend money. And that, in my mind, has a price that goes along with it. I am a small businessman. I own three independent retail pharmacies. When I go to the bank, I do not get the same interest rate that a big company gets. And I understand that. I recognize the reason for that.

But this is what is bothering so many people in my mind is that we hear stories about companies that are utilizing the Ex-Im Bank, and it is resulting in a lower interest rate than what they could get on the open market as a source of last resort. That is not the way that it is supposed to work.

Mr. HOCHBERG. I think what we are referring to is loans that are made to buyers of U.S. goods. So when a buyer has a choice between goods from the United States or Japan, China, Germany, you name it, all of those export credit agencies charge the same rate. We all charge the same rate because we want to have a level playing field, to let people choose the best product.

Mr. CARTER. But again, the point that I am trying to make—and I think you understand it—is that as a lender of last resort, that means that the price is higher.

Now, if I could—and you and I have spoken before and you know where I am coming from, because you know that I am interested in the fact that you continue to say that you are returning a billion dollars to the U.S. Treasury. And I like that. Because to me, again, as I have said before, the national debt of \$18 trillion, even more than that right now, is the greatest threat to our national security that I know of. And that concerns me.

And I want to do something to try to get that down. I hate to throw the baby out with the bath water. And I don't want to do that. If you are generating a billion dollars—and I understand what the critics have said. They have said well, if you had to use the same accounting principles that are being used by the other banks, it wouldn't be that way. Well, you are not having to use the same accounting principles.

So if you are truly returning a billion dollars, I want to know—I don't want that to go away. And truthfully, I think you can do better. I am here to tell you I don't think you are doing your job well enough. If you were to charge the interest rate that is due to someone who is getting a loan as a result of being the last resort, then it ought to be more.

Mr. HOCHBERG. Sir, our job is to support U.S. jobs. That is first and foremost. And when we are making—providing a loan guarantee or a direct loan for a foreign buyer to buy U.S. goods, we are charging the same interest rates as, say, the French ECA, the Germans, and others. The Chinese may charge even lower. But we are trying to keep competitive so we support the jobs here. That is our mandate. Our mandate is about jobs, not—

Mr. CARTER. I understand you are trying to be competitive. But my point, again, as I have said before, is that as a lender of last resort, that comes with a price. And I don't care what China is charging. If you have a company that comes to you, and you are their last resort, it ought to be more.

Mr. HOCHBERG. Frequently, the extra cost comes into the fees that are required, like points on a mortgage. On some of those projects, we may charge 12 cents on the dollar in terms of fees. So the interest rate may be low, but the fees are very high in order to—

Mr. CARTER. I understand that. But you can go up on the fees so that the interest rate comes out—

Chairman HUIZENGA. The gentleman's time has expired.

Mr. CARTER. Thank you, Mr. Chairman. I yield back.

Chairman HUIZENGA. With that, the Chair recognizes Mr. Heck of Washington for 5 minutes.

Mr. HECK. Thank you very much, Mr. Chairman.

Chairman Hochberg, thank you so very much for being here. Indeed, thank you for your public service, sir.

I think most of us have a fairly firm grasp, or at least an intuitive grasp, about how it is Ex-Im interacts with larger businesses. But I think it would be instructive for this conversation for you to elaborate a little bit on how they interact with smaller businesses, be it traffic cones or mint extract or pickles. And the products.

And the reason I am asking this question is I have been involved in a lot of these conversations. And it always seems like an “aha” moment when they realize it is not always just a direct loan that fuels sales and growth. So maybe you can talk briefly about those products, sir.

Mr. HOCHBERG. Certainly. For our small business clients, the two products they primarily use, though not exclusively, is credit insurance, which is similar to fire and theft insurance, where they get insurance to cover their overseas receivables so they can ship goods. Like Jenny’s Pickles, as an example. They will make the shipment on an open account and get paid, say, 60 days later. So that is one product we provide. And many insurance companies have very high minimums and they won’t take some of these small clients.

The other one is working capital loans. We provide a working capital loan for a number of companies whereby they get the cash, we guarantee a bank up to 90 percent to induce the bank to make that working capital loan so that they can buy the raw material so that they can essentially assemble the goods, and extend the credit to their customer.

Those are the two primary products we provide to small businesses.

Mr. HECK. So do you apply the same standard of, that those products must be—you must be the last resort for those products, as well?

Mr. HOCHBERG. In both cases, both the insurance—usually, an insurance broker is bringing us in and saying okay, can I use the private sector or Ex-Im? So they are working with their broker to do so.

It is the same with the bank. The bank, if they could make the loan on their own, they would. They only call us in, frankly—there is additional paperwork, additional transparency, and additional scrutiny when you work with a government agency. So if the bank can do it on their own, they prefer to do it on their own. They come to us when the risk level is just outside of their normal risk parameters.

Mr. HECK. So, Mr. Hochberg, that begs the obvious question about some of these working capital loans. It is my understanding that these are generally for 1 year?

Mr. HOCHBERG. Generally speaking, they are for 1 year.

Mr. HECK. And if the Bank expires on June 30th and if these working capital loans are of the last resort and therefore have been made available only through you, what is going to happen to those small businesses when they hit the 365th day? And do you have any sense about the number who currently have working capital loans?

Mr. HOCHBERG. The working capital loan—I will give you one example, actually, in Ranking Member Waters’ district, a company called Ceilings Plus owned by a woman named Nancy Mercolino. She provides the ceiling to the Doha Airport. She used our working capital loan to support that export, because she had to assemble all that material, ship it over to the airport, get it installed, and then get paid. She needed the working capital to keep that company

going. And she has been a very extensive user of our working capital loan.

On the 365th day, the problem is we would not be there to guarantee that loan. And that has made a number of banks very anxious about extending working capital loans while this bill is being debated, because they don't want to be in a position when they don't want to have a—they are concerned about how that company will pay back that working capital loan when we are not there to guarantee it.

Mr. HECK. Do you think there would be a consequence to employment levels for those companies?

Mr. HOCHBERG. I do. And I will read you a quote from a customer, Don Nelson, who was on the letter the U.S. Chamber of Commerce sent. And he said, "This is Don Nelson, from ProGauge Technologies in Bakersfield, California. Nobody is going to take the place of Ex-Im. We are already working with a private bank. Without Ex-Im, we wouldn't have the collateral required for our project and revenues would go down by about 75 percent. I would have to lay off between 50 and 60 people. Ex-Im is critical to our business."

Mr. HECK. I am glad you referred to some of those addendum quotes to the letter from the Chamber. Because it is not clear to me that those were necessarily entered into the letter with the broader letter. But some of them are very instructive. They are all basically small businesses.

And I just might point out that we are virtually on the eve of national small business week next week. A couple I found particularly instructive, for example, A.J. Rose Manufacturing in Ohio: "We have used Ex-Im loan guarantees to build our business for engine parts. Normally, banks will not extend loans to cover a small company's overseas orders. But Ex-Im's guarantees allow us to do that. With those guarantees, we exported an additional \$2.7 million in engine parts and hired 19 people."

Davenport Aviation, low and behold also in Ohio: "We are in turbo growth right now and we need cash. Cash life cycles can be long when dealing with markets in developing countries." It was Ex-Im that he points to as the reason for the success and the growth.

NOSHOK, Inc.—I am pretty sure I butchered that—also from Ohio: "Ex-Im provides loans, loan guarantees, et cetera. It helps level the playing field for U.S. companies seeking new sales in fiercely competitive global markets. I urge Congress to support Ex-Im's swift reauthorization."

Nearly 90 percent of your activity and transactions are for small businesses on the eve of national small business week. I literally pray that we reauthorize the Bank. Thank you.

I yield back the balance of my time.

Chairman HUIZENGA. The gentleman's time has expired.

With that, the gentleman from North Carolina, Mr. Pittenger, is recognized for 5 minutes.

Mr. PITTENGER. Thank you, Mr. Chairman. I yield to the chairman of the full Financial Services Committee, Chairman Hensarling.

Chairman HENSARLING. I thank the gentleman for yielding.

Chairman Hochberg, you have been speaking about Ex-Im's mandates. So we have mentioned the green energy mandate, the renewable mandate, the sub-Saharan small business.

But you also have guidelines on high carbon intensity that many have dubbed the "no-coal rule." In the Bank's press release dated December 12, 2013, you said, "I strongly support the Administration's efforts to build an international consensus such that other nations follow our lead in restricting financing of new coal-fired power plants.

Now, as opposed to your other mandates, the no-coal mandate, Congress did not vote on that, correct?

Mr. HOCHBERG. Congress voted on an environmental standard that was put in 23 years ago into our charter, sir.

Chairman HENSARLING. Okay. Where did the no-coal policy come from? Because you were the one who announced that on December 12th, 2013. It had not previously been imposed, correct?

Mr. HOCHBERG. We actually support coal mining equipment, we support coal exports, we support coal-fired power plants in poor countries.

Chairman HENSARLING. Well, in poor countries. But in other countries, you do not. So I understand the asterisk. But the bottom line is you, and I assume your board, unilaterally made the decision not to support the other coal financing projects, correct?

Mr. HOCHBERG. The board reviewed it and—

Chairman HENSARLING. Did Congress vote on it?

Mr. HOCHBERG. The Congress voted an environmental standard. The Bank—

Chairman HENSARLING. So that is where you draw your authority from?

Mr. HOCHBERG. The Bank was sued under the Bush Administration for not applying the environmental standard sufficiently. And in the consent agreement—

Chairman HENSARLING. Oh, I know there are lots of groups that sue frequently. So I understand that. But the bottom line is Congress did not pass a standard to prohibit you from financing coal-fired projects.

Mr. HOCHBERG. Congress passed a statute that we had to take the environment into account. And we were sued—

Chairman HENSARLING. Okay. So you also talked about how this leads to a question of balance, I think is the word. Yes. You said, "The Bank engages in an important balancing act in supporting our exports, and weighs potential impacts of the environment associated with our financing."

So if you and the other board members decide to do another important balancing act, you can make other decisions. For example, to have a no-petroleum policy, I presume. I understand what Congress passed with their renewable mandate. But that is not the mandate we are talking about, is it?

Mr. HOCHBERG. We actually support the oil and gas industry. It is one of our largest—

Chairman HENSARLING. No, but you could make the decision based upon the earlier authorization. And as you have decided to essentially do a no-coal policy, you could make the decision to do a no-petroleum policy.

Mr. HOCHBERG. We don't have a no-coal policy, sir.

Chairman HENSARLING. Okay. With the exception of poor countries. How about a mostly no-coal policy? The bottom line is Congress didn't authorize it, Mr. Hochberg. You decided to do it.

Mr. HOCHBERG. Congress put it in our charter 23 years ago. The Bank was sued before I got there. And part of the consent degree before I got there was—

Chairman HENSARLING. Okay. Well, again, you were the one who came out with the statement. So I am just asking you to think about this particular hypothetical. Coming from Texas, it could be that November after next, we may be, at least in my state, celebrating the election of either President Perry or President Cruz. And say we appoint a new head of the Ex-Im Bank and new board members. At that point, I assume nothing would prevent that head of the Ex-Im Bank giving the authority you have assumed to say that Ex-Im Bank can no longer offer assistance to build any clinic that intends to provide abortions.

Under the same authority, I assume then the Bank could decide it will no longer provide assistance to countries that limit Second Amendment rights because maybe somebody sued the Ex-Im Bank. Maybe they decide that they will no longer extend credit to countries that have debt-to-GDP ratios worse than ours, although I don't think there are many on the list at the moment.

So again, this is not a congressional mandate. This is one that you and the board decided to do. And I just wanted to point out to all Members that once Ex-Im assumes this authority, it is Katy-bar-the-door on self-imposed mandates of political lending, ideologically-based lending. And that can cut both ways. That is the main point I needed to make.

Mr. Chairman, I thank the gentleman from North Carolina. And I yield him back his 1 second.

Mr. PITTENGER. And I yield back.

Chairman HUIZENGA. And the gentleman's time has expired.

Seeing no Democrats at this time who have not been recognized for the first round, we will go to Mr. Gowdy from South Carolina for 5 minutes.

Mr. GOWDY. Thank you, Mr. Chairman. Chairman Hochberg, I was a very mediocre lawyer in a previous life. But I was mediocre for a long time, which means I got to watch lots and lot of juries. And I look in 2012 and I see that 330 Members of Congress voted to reauthorize the Bank. And now I talk to my colleagues. And trust me when I tell you this, it is on life support.

So how in the course of 3 years could you go from a three-to-one majority in the people's House and then be on life support? What happened?

Mr. HOCHBERG. Sir, I am not sure I am in the position to answer that question—

Mr. GOWDY. If you can't answer that question, then you might as well call the coroner. You are the one that people are going to be looking to.

So let's start with this. I think you will agree with me that there are three categories of folks, generally. There are folks who are going to be opposed to the reauthorization for very principled reasons, many of whom are my friends. They have just—they have

made up their minds. And there are going to be folks who are going to vote for reauthorization no matter what. No matter how many indictments, no matter how many anything.

And then there is a group in the middle who would like to vote for reauthorization, provided there was some reforms. And that is the group in 2012 that gave you a 330-person vote. So I think what they are looking for is, how are you doing on the reforms? How did you do for the last 3 years on the legally-mandated reforms?

Do you agree that Chairman Hensarling is a reasonable person who would be open to factual persuasion?

Mr. HOCHBERG. He is smiling. I will let the chairman decide that question.

Mr. GOWDY. No. I am asking you. Because you have Chairman Hensarling, you have Chairman Ryan, you have Kevin McCarthy, all of whom—even though I am on the opposite side of the issue from them, I find them to be open to factual persuasion, or at least they will give me an audience, they will at least let me make the case.

So what is the case that you did what Congress asked you to do in 2012?

Mr. HOCHBERG. When I was here just 2 weeks ago, I enumerated every reform that was put in, in 2012. And I enumerated—and I am happy to do again—each report and each change that was asked for and the date we did that. So we have complied with each and every reform of the 2012 reauthorization act.

Mr. GOWDY. All right. I want to just start with one reform that I remember a lot of my colleagues discussed, which is the eventual goal of winding down the Ex-Im Bank.

Mr. HOCHBERG. That responsibility was given to the Secretary of the Treasury.

Mr. GOWDY. Who, by the way, was among the most dreadful witnesses from whom I have ever had the displeasure of hearing testimony. And he, honestly, right now is the best argument against reauthorization. So I am glad that he is not with you.

Can you make the case that Treasury has done what we asked, that it is a high priority that the Bank be wound down?

Mr. HOCHBERG. I can say the following, sir. I am actually meeting with—I have met with my colleagues just about a month ago, I am meeting with some more colleagues in the next 10 days, to talk about exactly that subject. Because I have decided I take the will of Congress seriously. I am talking to my colleagues about what do we do about winding this down.

Mr. GOWDY. You can count as well as I can count. And 330 was a good, strong vote. Now, we are struggling to get to 218. And if you do get to 218 this time and the reforms are not implemented that lots of my colleagues want to see implemented, then it won't even be close in a couple of years.

So I don't mean to put undue pressure on you, but the follow up from the Treasury is not going to help. Unless they send somebody else from the Treasury, that one is not going to help. You are going to have to make the case sometime between now and the expiration date of how you are doing what Congress asked you to do in 2012.

Mr. HOCHBERG. All the reforms that this committee has asked us to do at Ex-Im Bank—and there were more than a dozen—we have

complied with, whether it is the Federal Register, whether it is a full report to Congress, whether it is an expansion in textiles. Each one of those reforms, I enumerated at this committee hearing 15 days ago—

Mr. GOWDY. Okay. But Mr. Chairman—

Mr. HOCHBERG. —Treasury Department, it is outside of my authority.

Mr. GOWDY. I am with you. But you and I are watching the jury together. And we have gone from 330 to life support. So we can quarrel and quibble over whose responsibility that is. Maybe the Treasury. Maybe not the Treasury. But you have to make a really compelling case between now and the expiration date or we may not get to 218.

Mr. HOCHBERG. We do have—Congressman Fincher has a bill with close to 60 cosponsors. Ranking Member Waters has a bill with 190 cosponsors. There are 250 on those two different bills. They are not identical, but 250 cosponsors between those two bills just to start with.

Chairman HUIZENGA. The gentleman's time has expired.

Mr. GOWDY. Yes, sir.

Chairman HUIZENGA. Again, seeing no colleagues on the Democrat side who have not had their opportunity to ask a question in the first round, we will go to Mr. Schweikert of Arizona for 5 minutes.

Mr. SCHWEIKERT. Thank you, Mr. Chairman.

And some of the mechanical questions. Let's do something that we would find interesting, or some of us would. Discuss with me the definition you would use for "impairment" of both guaranteed debt and actual debt you have extended. Because you keep using "default." And I am not after default. I am asking, what is impairment? Is it when there is a violation of reps and warrants, when a payment is delayed? Give me a definition of what you use as impairment.

Mr. HOCHBERG. We report our defaults to Congress.

Mr. SCHWEIKERT. I am not asking defaults. One more time. Impairment, just like every other institution has to do with when there is a violation of reps and warrants. I have already looked through the statements. And you used some very interesting definitions. So walk me through why your definitions are so different than the rest of the world.

Mr. HOCHBERG. When we issue a default report to Congress—

Mr. SCHWEIKERT. Not default. One more time. Impairment.

Mr. HOCHBERG. In that report, we have an aging report. We have amounts that are overdue, that are not in default, they may be in technical default.

Mr. SCHWEIKERT. Okay. So when I looked at your report and I started saying, here is my violation of reps and warrants, where do I find that line on there?

Mr. HOCHBERG. I will have to get back to you on that.

Mr. SCHWEIKERT. When I go through your reports and I look for where I find the number of folks who—excuse me—the number of debt you have outstanding that have missed a payment, are delayed in the payment or have not fully paid the payment, where do I find it?

Mr. HOCHBERG. We have an aging report that is—

Mr. SCHWEIKERT. Not aging.

Mr. HOCHBERG. This indicates when someone is in arrears: less than 30 days; 60 days; 90 days; or 150 days.

Mr. SCHWEIKERT. And within there, I can see where it is saying this is part of the scheduled agreement within the reps and warrants—

Mr. HOCHBERG. No. They are overdue.

Mr. SCHWEIKERT. Okay. So when you are marking it as a 30-day delay, that is absolute impairment on there?

Mr. HOCHBERG. That is impairment. But then we are looking—

Mr. SCHWEIKERT. So if I were to look at your complete loan book right now of everything, what is your actual percentage of all impairments and all reps and warrants violations?

Mr. HOCHBERG. I will get back to you. I am not going to, I don't want to speculate—

Mr. SCHWEIKERT. —it borders on almost sort of a fraudulent discussion around here when we say well, we only have this percentage of default, but if I had a money center bank here, you all know, all of you from the banking business, we would not be talking about default. We talk about impairment on the book.

Mr. HOCHBERG. The report we send to you, sir, GAO has approved that it is consistent with congressional intent and we are following the law. So we are reporting—

Mr. SCHWEIKERT. Okay. No, no, no, no. I look forward to you going through it and walking me through the numbers. Because I have dug. I have a 5-hour flight home. I have taken your stuff and dug and tried to understand where—because it doesn't look the same as every other money center institution I would look at how they would provide me with that data.

Could you walk me through just a couple of other mechanics, just so I understand? How much of your book right now is direct loans, and how much of it is actually enhancements, guarantees?

Mr. HOCHBERG. I will give you a number off the top of my head. I don't have that number memorized.

Mr. SCHWEIKERT. Okay. Just give me your best guess.

Mr. HOCHBERG. Roughly speaking—

Mr. SCHWEIKERT. And I won't hold you to it.

Mr. HOCHBERG. Roughly speaking—and I will confirm this in writing—it is about 10 percent of our loans are direct and the rest are guarantees.

Mr. SCHWEIKERT. Okay. So I am holding 90 percent over here are enhancements. Now, on much of the enhancements you are doing, you are doing actually 90 percent of the liability ladder?

Mr. HOCHBERG. No. Well, banks pay us a fee. They pay essentially an insurance fee—

Mr. SCHWEIKERT. Look, everyone in this room understands mortgage insurance and those things. And so we are all familiar. So you are covering the top 90 percent of the liability?

Mr. HOCHBERG. No. We provide a 100 percent guarantee.

Mr. SCHWEIKERT. Oh, you do a 100 percent guarantee?

Mr. HOCHBERG. And they pay a fee for that.

Mr. SCHWEIKERT. Okay. So unlike any other loan enhancement I have ever heard of, you are guaranteeing 100 percent—actually,

the American taxpayers are ultimately guaranteeing 100 percent of that. Now, on your syndication, do you do any syndication of that risk?

Mr. HOCHBERG. Currently, we are part of larger syndications, but—

Mr. SCHWEIKERT. Okay. But—

Mr. HOCHBERG. —our loan book, we do not syndicate our loans.

Mr. SCHWEIKERT. No, no, no, no. I only have, like 40 seconds—

Mr. HOCHBERG. We do not—

Mr. SCHWEIKERT. —I wish we had more time because this is—

Mr. HOCHBERG. I would be happy to come to your office—

Mr. SCHWEIKERT. But the syndication of your risk to private entities is how much of that 90 percent of your book?

Mr. HOCHBERG. The loans that we guarantee, we guarantee 100 percent of those loans to foreign buyers.

Mr. SCHWEIKERT. That wasn't the—how much of then that 90 percent, on the 90 percent, are you syndicating the risk to outside entities?

Mr. HOCHBERG. We do not syndicate to outside entities.

Mr. SCHWEIKERT. Why?

Mr. HOCHBERG. We have—

Mr. SCHWEIKERT. There is a vibrant syndication market out there of doing enhancements. So remember, there is another 99 percent of our Nation's exports that go out with surety bonds, and other types of exports credit. So there is this robust world out there happening. Why aren't you reaching out and participating in some of that?

Mr. HOCHBERG. Because generally speaking, we are in the deal because the private sector cannot—

Mr. SCHWEIKERT. Even if you were taking part of the ladder of risk, they wouldn't participate?

Chairman HUIZENGA. The gentleman's time has expired.

Mr. SCHWEIKERT. I'm sorry. I know I am over, Mr. Chairman. But it is an interesting question of why they don't participate.

Thank you, sir.

Chairman HUIZENGA. Thank you. We are hoping to do a second round, so if you want to stay close, you might have another chance.

With that, we will go to Mr. DeSantis of Florida for 5 minutes.

Mr. DESANTIS. Thank you, Mr. Chairman.

Good morning, Mr. Hochberg. I noticed that Ex-Im beneficiaries have donated to the Clinton Foundation. Was there any communication between Hilary Clinton when she was Secretary of State and you or your staff about any authorizations?

Mr. HOCHBERG. Not that I recall.

Mr. DESANTIS. Would you be able to check and get back to us about that on the staff level?

Mr. HOCHBERG. We would be happy to.

Mr. DESANTIS. Okay. Thank you. The survey in 2013—I think you have been asked about this at previous hearings. But 50 percent of the employees at the Bank said that—only 50 percent said they were free to disclose a suspected violation of any law, rule, or regulation without fear of reprisal.

Do you think that that culture is problematic and is linked to some of the instances that have been discussed where there may be impropriety?

Mr. HOCHBERG. In each case where there has been some impropriety—and let me remind everybody that in all but four cases, they are outside of the Bank, they are customers and companies trying to defraud the U.S. Government—they were identified by and large by employees who saw something that was suspicious and brought it to someone's attention.

Mr. DESANTIS. Very well. Understood. People were going to try to look at different data about the Bank earlier in this year. Because I guess you had listed the Bank with the funds. But then the data was removed without warning. So one, what was the reason for that? And two, has the data been put back up?

Mr. HOCHBERG. All of the data has been put back up. It was down for about 2½ weeks. This was a government regulation that goes back to 2007–2008 where we posted data, and it came to our attention that a customer, an exporter, felt that there was too much business confidential information on the Web. We took the data down, reviewed it, and we made adjustments so we would not hurt any U.S. exporter, at the same time trying to be transparent. And so we are trying to balance those two.

Mr. DESANTIS. Understood. The Ex-Im authorized more than \$450 million in loan guarantees for First Solar, which I guess was selling, as I understand it, solar panels to itself. So how do those transactions and that setup benefit U.S. exports?

Mr. HOCHBERG. Every transaction that—if there is a related part, they are all done at an arm's length transaction. This was a company set up in Canada. It was a special purpose vehicle (SPV) that was then going to sell power to the Canadian grid. That was approved by the Bank. In fact, at the end that bank, we did not disburse that loan. That loan, the project was able to secure private sector financing, which we were happy to do. And so we never implemented that loan.

Mr. DESANTIS. There has been talk with the impending reauthorization that if the Bank is not reauthorized, you have a lot of transactions that have been done, and that somehow the jobs linked to Ex-Im financing are “at risk.”

But as I understand it, if the Bank is not reauthorized, that does not shut down any of the current streams of financing that have already been authorized, correct?

Mr. HOCHBERG. Well, yes. If we have authorized a loan, we have made a firm commitment and we will execute that. We will not do any new loans.

Mr. DESANTIS. Exactly. So any of the jobs that are specifically linked to the financing that has already been done, if people are saying that it is going to cost jobs, they have to put that aside and show how without having the Bank operating, originating new loans, then how that would cost jobs. But you can't say that the jobs that are linked to the current financing are going to be in jeopardy, is that correct?

Mr. HOCHBERG. Right. The quote I read about Don Nelson in California said that he would have to lay off between 50 and 60 people if Ex-Im Bank Bank is not there. That is just his quote.

Mr. DESANTIS. But what he is saying is that he wants to have the financing for future deals.

Mr. HOCHBERG. For future transactions.

Mr. DESANTIS. And he is, I guess, implying that there will not be financing on the private market for those transactions. And I think that is a matter that is subject to dispute. I know you would probably agree with him. I know many members of the panel would think that you may see that.

But I appreciate your testimony. I have a little bit of time left, but I will go ahead and yield back, because I know some people want to get in round two.

Chairman HUIZENGA. The gentleman yields back.

And again, seeing no new Members on the Democrat side of the aisle, we will continue on the Republican side with Mrs. Love of Utah for 5 minutes.

Mrs. LOVE. Thank you, Mr. Chairman.

I have a couple of questions. I am new here, so you are going to have to help educate me on some of these things. Is it your goal to wind down the Bank so that the private sector can participate in some of the export finance?

Mr. HOCHBERG. Our goal is to fill in gaps in the private sector. During the financial crisis, we were called to do more of that.

Mrs. LOVE. Did you ever talk about winding down the Ex-Im Bank?

Mr. HOCHBERG. No, I didn't talk—

Mrs. LOVE. In 2012, you never talked about getting to a point where you can wind down so that the private sector can take up more of the export financing?

Mr. HOCHBERG. We step back when the private sector steps forward. That is why our loans are off by almost 50 percent from 2 years ago.

Mrs. LOVE. But you never talked about winding down the Bank at all?

Mr. HOCHBERG. I guess I don't—maybe I don't fully understand the question, then.

Mrs. LOVE. Oh, okay. Well, that is interesting. Because I have all sorts of memos here that talk about what you are required to do, what the reauthorization in 2012, how you got a broad support and things that you had promised that you were going to do. And one of the things that you talked about was—one of the things that was discussed was winding down.

Mr. HOCHBERG. The Treasury Department was called to do that if the Bank is not reauthorized.

Mrs. LOVE. Okay. So I am trying to figure out what the goal—how do you reach that goal so you are not in direct competition with our private sector here?

Mr. HOCHBERG. Exactly. We are brought in, in almost every single case, by the private sector. A bank says to their customer, we can't make this loan unless we get a guarantee. An insurance broker says, I can't find you private sector insurance, let's go to the Export-Import Bank.

So it is private sector insurance brokers, private sector banks that say we need to guarantee a loan because we cannot make the loan on our books without it.

Mrs. LOVE. Okay. So do you have a set of steps, a set of stages, different things that you can actually give to this body for perusal on how you are going to get to that goal to allow some of the private sector to get into this?

Mr. HOCHBERG. The private sector is in every one of those deals. So they bring us in. The private sector says we need a—

Mrs. LOVE. Do you have any goal at all to limit your footprint in this market? Or do you have a goal to expand it?

Mr. HOCHBERG. No. I have tried to say, our loan volume is running almost half what it was 2 years ago because there is less need for us today.

Mrs. LOVE. Okay, so over a 6-year period from 2008 to 2014, the Bank's outstanding financial commitments nearly doubled, growing from \$59 billion to \$112 billion. This unprecedented growth has been attributed largely to the financial crisis and resulted as a retreat of the private sector lending from that market.

I have a problem with that. I think the biggest problem that we have with Ex-Im Bank is that it is not listening to Congress, not implementing the reforms that it has said that it would implement. And I would like to talk about something else before I lose my time.

Advocates for the Bank like to point out that the Bank is needed to counter foreign competition, that is to say that foreign ECAs, counter foreign ECAs, thereby leveling the playing field for U.S. companies. Yet, according to the Bank's own data, only about a third of the Bank's activity is characterized as countering foreign competition.

So does that mean that two-thirds aren't to counter foreign competition?

Mr. HOCHBERG. No, the other two-thirds are filling in the gap when the private sector won't make the loan.

Mrs. LOVE. Okay.

Mr. HOCHBERG. For example, in sub-Saharan Africa, there are very few private banks that will do a deal with Africa. That is why we have such a large portfolio in sub-Saharan Africa.

Mrs. LOVE. Okay. Again, I am having a really hard time here. The biggest problem—when everybody asks me what is the biggest surprise, the biggest surprise is that entities like this aren't accountable to Congress. They don't keep promises that they make. And then they come back and they say yes, we need your reauthorization. We understand that we are in trouble, we understand that there is all sorts of fraud going on. But we need you to trust us.

When do we get to the point where we trust the American people again—

Mr. HOCHBERG. We have complied with every single—

Mrs. LOVE. —to fill in the gaps?

Mr. HOCHBERG. —every single requirement that this committee has asked us to do. And I enumerated that in the committee hearing 2 weeks ago.

Mrs. LOVE. Okay. Here is what I am saying. I just got a text from my 15-year-old. She has eight classes that she is taking right now, and is getting seven As and one C. And right after that text that she said to me, "Mom, by the way, don't worry, I am getting that C up. It will be done by the end of the year. I am making up

this paper, and this is a plan, and I will have straight A's." Great. There is a plan from a 15-year-old. I think we can do a better job in making sure that we are showing a clear plan on how we are going to limit our footprint and allow the private sector to become more involved in what we are doing here.

Thank you. I yield back the remainder of my time.

Chairman HUIZENGA. The gentlelady's time has expired. I will now recognize Mr. Ellison from Minnesota for 5 minutes.

Mr. ELLISON. I would like to thank the chairman and the ranking member for the time.

Sir, welcome to the committee. And we do appreciate your presence here and do want to observe that it is the protocol to be respectful to all of the witnesses who appear before us. So I want to let you know that I personally make that commitment. Thank you for your presence, and thank you for your hard work on behalf of the American people.

Mr. HOCHBERG. Thank you.

Mr. ELLISON. If Congress didn't reauthorize the Ex-Im Bank, would there be a job impact? I don't want to put you on the spot and ask, how many jobs? Because, of course, if you know, that is fine. But I wouldn't expect you to know. But would there be a job impact? And can you kind of describe what it might look like?

Mr. HOCHBERG. It would be a large impact. Last year, as I mentioned, we supported 164,000 jobs. I read a letter from Don Nelson that talked about laying off as many as 50 to 60 employees. I visited a company in the State of Illinois, the Matthews Company, that makes grain silos. With our support, instead of laying people off in the winter months when there is not a demand in the United States, they do exporting.

So sometimes I get questions about support. That way, he keeps his employees year round on a 12-month basis versus having to lay them off 4 or 5 months a year. So all those jobs would go out the window.

Mr. ELLISON. Do you think there would be an impact in the manufacturing sector?

Mr. HOCHBERG. This grain silo is a manufacturer. Don Nelson is a company that manufactures. I was talking to Congressman Gibbs about a company in New Hampshire that is now 90 percent exports. We worked with a company in Congressman's—the Congressman has left—in Florida, that sells medical supplies, medical technology. He is 90 percent exports at this point. And we help them finance this insurance to places like Egypt, Iraq, and Sri Lanka, very difficult markets where he cannot get private sector insurance.

Mr. ELLISON. If you don't mind me interrupting for a moment, I have a business in my district, which is an engineering company, that does business in Senegal, that employs a number of people, not just engineers. And they have nothing but good things to say about the help they have received from the Ex-Im Bank. So I can tell you from my own district, the work you do is well-appreciated.

Now, I have a question for you. There has been some questioning that has implied that this committee has asked the Export-Import Bank to do certain things, and there is some implication that you

didn't do them. Are you aware of any outstanding demands the Ex-Im Bank has been charged with, but has yet to complete?

Mr. HOCHBERG. This hearing was originally on mandates. The last hearing was on the requirements of the 2012 reauthorization. And I brought with me that time a stack of every single report the committee asked for, a copy of the report, and the date we submitted it to the committee, whether it was on defaults, the Federal Register, the textile report, the small business report. Every one of those that were enumerated we have complied with and sent copies to this committee.

Mr. ELLISON. Yes, I am looking at a document here that looks like—

Mr. HOCHBERG. Yes.

Mr. ELLISON. —kind of a list of all the things we have asked you to do.

Mr. HOCHBERG. Precisely.

Mr. ELLISON. I see the word “closed” or “responded” after a lot of them. “Fully implemented” is commonly observed. And it looks like you have been doing what we asked you to do.

Mr. HOCHBERG. We got 16 recommendations from GAO, for example, and we have complied with 15 and we are working on the 16th.

Mr. ELLISON. Yes, yes.

Mr. HOCHBERG. Some of them were received more recently. They were not all received in 2012, obviously.

Mr. ELLISON. Yes, I understand. Let me ask you this though, in 2002 Congress had directed the Bank to promote export of goods and services relatable to renewable energy sources. And although it is not explicitly part of the Bank's charter, since 2008 appropriators have included language directing the Bank to make available not less than 10 percent of its aggregate authority to finance renewable energy exports.

What type of financing does Export-Import Bank make available to exporters in renewable energy products?

Mr. HOCHBERG. Most of the work that we do in the renewable energy sector has been on guaranteeing loans to foreign buyers: wind turbines in Central America and South America; solar panels in India. There is a solar project in South Africa. So they are usually guaranteed loans so the foreign buyer chooses an American product versus solar panels from Germany or China or Japan or so forth.

Mr. ELLISON. Does that help domestic makers?

Mr. HOCHBERG. One, it puts the jobs here. Two, it provides them with sufficient volume that they also can provide those products here, as well.

Mr. ELLISON. Yes. And why are the loan terms generally longer for energy projects?

Mr. HOCHBERG. By international agreement, the renewable energy can go as long as 18 years. That is the global standard. So to be consistent, and to have a level playing field, we provide that as well.

Mr. ELLISON. I want to thank the gentleman and I yield back the time that I think I don't have any more left of.

Chairman HUIZENGA. That is accurate. But we were being generous.

With that, we are going to go to a second round of questioning. And the Chair will recognize Mr. Mulvaney, from South Carolina, for 5 minutes.

Mr. MULVANEY. Thanks, Mr. Chairman.

Mr. Hochberg, I probably won't take the whole 5 minutes. I want to clean up and follow up on some questions that some other folks have started with you.

Mr. Jordan was asking you about the Ex-Im project in Papua, New Guinea. And I think you said—and I couldn't get a transcript since you made the comments earlier this morning—that the IG's office asked you for invoices on the \$500 million of local expenditures, is that correct?

Mr. HOCHBERG. \$500 million was certified by Exxon Mobil.

Mr. MULVANEY. Right.

Mr. HOCHBERG. That money was extended for the project.

Mr. MULVANEY. But what did the IG ask again? I am just asking what—

Mr. HOCHBERG. The IG was asking to see the actual invoices that Exxon Mobil had.

Mr. MULVANEY. And you said?

Mr. HOCHBERG. We do not have those, nor did any of the banks in the consortium. There were over—

Mr. MULVANEY. Why couldn't you—why not?

Mr. HOCHBERG. None of the banks in the consortium required that. So we were at odds with the rest of the—

Mr. MULVANEY. But you changed your policy on that sense or—

Mr. HOCHBERG. We are now asking for more in-depth, yes.

Mr. MULVANEY. So you were able to do it before, and you just chose not to do it?

Mr. HOCHBERG. It was not part of our standard. Listen, one of the good things about the inspector general, why I work with him closely, why I meet with him, is to get better ideas of how to operate the Bank.

Mr. MULVANEY. Again, when I am accusing you, you will probably know. I am just actually trying to figure out what the follow-up was to Mr. Jordan's question.

Mr. Schweikert asked you a question about the aging report. And here I will be a little more tongue-in-cheek with you, because you and I have done this before. Where is Cuba on that aging report—pre-Castro Cuba? How many days would that be?

Mr. HOCHBERG. That would be very long, sir.

Mr. MULVANEY. What about the loans to government Chiang Kai-shek's in—before Mao took over mainland China—that are still on your books? How long have those been there?

Mr. HOCHBERG. I will have to get back to you on that, sir.

Mr. MULVANEY. Okay. They are still there, aren't they? Both of those are still there?

Mr. HOCHBERG. Those are still—

Mr. MULVANEY. Those are still deemed to be performing loans at the Export-Import Bank, the loans to pre-Castro Cuba and Chiang Kai-shek—

Mr. HOCHBERG. No, they are not performing. They are just not written off.

Mr. MULVANEY. They are not default. They are not—

Mr. HOCHBERG. No, they are not performing loans, but we don't write them off because we are actually—in some cases, we can collect, believe it or not, 20 years later. So we don't write them off, but they are written down.

Mr. MULVANEY. Speaking of which, by the way, you haven't asked the Administration to talk about the loans Cuba owes us from before Castro as part of the current discussions about changing relations with Cuba, have you?

Mr. HOCHBERG. We have not had any discussion on that.

Mr. MULVANEY. Okay. Just checking. Mrs. Love asked you a question about the 2012 reauthorization and you said—I thought I heard you say that it was your interpretation that it was up to the Secretary of the Treasury to talk about winding down the Bank, was the term you were using, but getting out of various segments of your business, if the Bank was not reauthorized. That is not your testimony, is it?

Mr. HOCHBERG. I thought there were two separate questions, if I understand it, sir.

Mr. MULVANEY. Yes.

Mr. HOCHBERG. One was about if we are not authorized, the Treasury winds down the Bank. A second requirement of the reauthorization was to negotiate an end to export credits in general globally.

Mr. MULVANEY. Correct. And that second piece is a legal obligation of the Treasury Secretary right now under the current law, correct?

Mr. HOCHBERG. And they have sent three reports to Congress on their performance on that—

Mr. MULVANEY. How often do you talk to Mr. Lew about that?

Mr. HOCHBERG. I have talked to Mr. Lew, I have talked to Under Secretary Sheets about it.

Mr. MULVANEY. No. How often have you talked with Mr. Lew about that?

Mr. HOCHBERG. I talk with Mr. Lew perhaps twice a year on that. And I talk to Under Secretary Sheets far more frequently.

Mr. MULVANEY. So your testimony is that several times a year, you will sit down with representatives of the Treasury to go over the implementation of Section 11 of the 2012 reauthorization?

Mr. HOCHBERG. Without question, several times.

Mr. MULVANEY. And who is the Under Secretary of whom you are speaking?

Mr. HOCHBERG. It is now Nate Sheets. Before that, it was Lael Brainard.

Mr. MULVANEY. Were you aware that the CEO of Delta was here and testified under oath that Lael Brainard told him that she never intended to implement those reforms in the 2012 law? Are you aware of that testimony?

Mr. HOCHBERG. I heard about that. I am not aware of the specifics of it, sir.

Mr. MULVANEY. And I recognize the fact that she is no longer employed by you. But did you follow up on that? Did that surprise you? Is that consistent with the law, in your mind?

Mr. HOCHBERG. She was the Under Secretary of the Treasury.

Mr. MULVANEY. Right.

Mr. HOCHBERG. That is not—I Chair the Export-Import Bank.

Mr. MULVANEY. And I recognize, as I say, that she doesn't work for you. And I guess I said she doesn't work for you anymore. That is right, she has never worked for you.

But was it unusual? Did you think it was unusual for the Under Secretary of the Treasury to say—or at least allegedly to say, pursuant as we have it from sworn testimony—that she was not going to implement the law?

Mr. HOCHBERG. That has not been my experience with the Treasury Department. I think they have acted very aggressively and have submitted a report to this committee every year in November.

Mr. MULVANEY. Lastly, I know we made a big deal earlier this morning about the newspaper articles with Mr. Boehner's quotes in it about the importance of the Bank. I was just wondering if you were aware of older newspaper articles regarding the Bank where Boeing actually said that if the Export-Import Bank were to go away, it would not affect their deliveries, and that the company was, "confident they could find alternative funding sources for customers that would not require it to boost its support of aircraft sales." Are you aware of that position by Boeing?

Chairman HUIZENGA. The gentleman's time has expired, but I will allow you to answer.

Mr. HOCHBERG. The position that—I am not going to comment on that. I don't have the specifics in front of me, sir.

Mr. MULVANEY. Okay.

Chairman HUIZENGA. And the gentleman's time has expired.

With that, we will go to Ms. Moore of Wisconsin for 5 minutes.

Ms. MOORE. Thank you so much, Mr. Chairman.

Mr. Hochberg, you just have been a marvelous witness under fire here. You just have been pilloried here today about everything from fair value accounting to this being corporate welfare. I never heard of welfare where you return money to the Treasury and support jobs.

But you have been under particular attack with regard to the mandate of the Bank to support environmentally-sustainable projects. So I will give you a chance to sip some water, because I am just going to sort of talk for a couple of my minutes here.

We once had a speaker here who was oft-quoted by both Democrats and Republicans who said that all politics was local. So it really doesn't surprise me that between these two committees, by my count—and it is a rough count—there are no less than seven Members from Texas, and they are valiantly protecting the petroleum business.

Koch Industries, for example, is the second-wealthiest, I guess, company in the Nation. And they manufacture and refine fossil fuels, chemicals. And we have talked a whole lot about lawsuits. Just between 1999 and 2003, they have been fined at least \$400 million in fines, penalties, and judgments. People have died because of oil spills across six States. They have paid almost \$300

million in wrongful death suits because of a ruptured pipeline. And of course, most of the people in the fossil fuel energy support stuff like the Keystone Pipeline, even though they are very dangerous.

Koch has had the largest civil fine ever under Federal environmental law. I just want you to understand that it is not personal, Mr. Hochberg. They are defending the oil “bidness,” as they say.

In 2000, a Federal grand jury returned a 97-count indictment against Koch Industries for environmental crimes. So I just wanted you to know the environment that you are in so that you can appreciate that it is not personal. People are just simply decrying one of the mandates that you have.

Just quickly, would Koch Industries qualify for support under the Ex-Im Bank? They say we pick winners and losers and so on. And if Koch Industries were to engage in any of the other activities as other smaller businesses, would they qualify for your financing?

Mr. HOCHBERG. Yes, they would. And they, in fact, have been a beneficiary of Ex-Im financing in the past.

Ms. MOORE. Okay. Very good. There was also discussion of your financing Solyndra. There was a lot of criticism around their solar modules. Did you finance Solyndra? I wasn’t aware that you had done that.

Mr. HOCHBERG. I am glad you asked that question. There have been a lot of rumors to that effect. No, we did not. We financed a company in Belgium that was looking to buy solar panels. They had a choice between German, Chinese, and American. And they chose panels from the United States, and they chose panels actually manufactured by the Solyndra Corporation. We lent money to the Belgian company. And as a result they bought American panels and supported jobs in our country versus China or Germany.

Ms. MOORE. And so those rooftop solar panels are providing energy for a distribution center, an international supermarket chain?

Mr. HOCHBERG. Yes, and the loan is performing and is being paid back.

Ms. MOORE. Okay. Very good. I wanted to know that.

I would like to yield my last minute to Mr. Heck.

Mr. HECK. I didn’t see that one coming, but I am grateful for it. Thank you.

There was a lot of talk in my earlier question about small business. And we have had previous talks about where our country would be rendered as the only developed country without an export credit authority, should we allow it to expire.

Just briefly, however, to put it in another perspective, how big would our Export-Import Bank have to be in order to be comparable to the four that China has?

Mr. HOCHBERG. Oh, goodness. Well, China has one called SINOSURE that does their credit insurance like we do, and they do it in the range of \$325 billion, \$350 billion a year. We did in total—not just insurance, but in total—\$20 billion last year.

Thankfully, we have a better private sector. We have a better banking system so that—we are a capitalist society. Companies can rely on the private sector and don’t have to only look to us. They look to us when the private sector is not there.

Chairman HUIZENGA. The gentlelady’s time has expired.

And with that, we will recognize Mr. Hice of Georgia for 5 minutes.

Mr. HICE. Thank you, Mr. Chairman. You said that you have complied with every request of this committee. I just find that to be absolutely false. We have not received, for example, a response to any of my requests from a couple of weeks ago regarding a full accounting of all the missing Ex-Im data on data.gov 2 weeks ago. Why have we not received that, sir?

Mr. HOCHBERG. I thought the question, sir, was about the requirements of the 2012 reauthorization act. I was referring to, we have fully complied with every requirement of the 2012 act.

We have received over 24 letters from this committee and subcommittee since July. And we are replying to every one of those as quickly as possible.

Mr. HICE. When can we expect to have it?

Mr. HOCHBERG. Actually, we have responded to your letter, sir. We sent you a letter—we did respond.

Mr. HICE. Why have we not received it?

Mr. HOCHBERG. We sent it to the committee on Friday.

Mr. HICE. Okay. We will check into that and we will get back with you if that is not here. But as of a few moments ago, it had not been received.

Let's go on. Also at our last hearing, you promised to provide this panel with information explaining how Boeing knew about Delta's FOIA request for communications between Boeing and Ex-Im. You said that Boeing had knowledge of the request because the Bank notified Boeing that its information was being sought. But yet, this information was not included in your response to the panel. Again, why have you not provided that information?

Mr. HOCHBERG. What I tried to explain is that under FOIA rules—and I am not a lawyer—if a company is the subject of a FOIA request, we are obligated to inform the party that we are providing information subject to a FOIA request.

Mr. HICE. And that was not done?

Mr. HOCHBERG. We did provide that information—

Mr. HICE. You didn't provide it to us, and you didn't provide it to Delta, either. Again, as of—

Mr. HOCHBERG. Delta was the one who asked for it. So we had to—

Mr. HICE. We asked for it as well in this committee. And we did not receive it. And I want to know why.

Mr. HOCHBERG. That letter was sent to the committee on Friday, April 24th.

Mr. HICE. All right. So you are saying again that that has been received?

Mr. HOCHBERG. We sent the letter to the committee on the 24th.

Mr. HICE. All right. Why was Delta not notified?

Mr. HOCHBERG. I am not sure I understand the question—notified about—

Mr. HICE. According to your rules, your policies regarding FOIA requests and regulations, the Bank shall notify the requester—in this case Delta—in writing whenever a business—that would be you, the Bank—is given a pre-disclosure notification. And that has never been received by Delta. Even up to the last few minutes be-

fore I walked in here, Delta has never heard anything. And why is that?

Mr. HOCHBERG. If I understand correctly, sir, and if I am not—I will get back to you. But if a company request, a FOIA request or—we inform the company that—whose data we are therefore sharing with an outside party. Delta was the requester, not the subject of the FOIA.

Mr. HICE. Delta submitted a FOIA request in October of 2012. In February 2013, Boeing submitted its FOIA request for Delta's FOIA. On April 2013, Ex-Im published a FOIA log showing Delta's request was not started. So it didn't even acknowledge that Delta had put forth a request. We are clearly missing some communication here from the Bank to Boeing between October of 2012 and February of 2013. And we expect a response.

Mr. HOCHBERG. The letter I sent to the committee on April 24th explained—fully outlined all of the answers to the questions you are asking. I am sorry that somehow from the committee to your office, that letter didn't—

Mr. HICE. This has been going on for years.

Mr. HOCHBERG. We just got the letter request from you at the hearing 2 weeks ago. And I submitted a response on April 24th.

Mr. HICE. Why has it taken so long to fill the request?

Mr. HOCHBERG. Sir, listen, we have gotten from this committee and from Chairman Issa—we have submitted 100,000 pages of documents over the last several year, 50,000 of those in the last—

Mr. HICE. All right. Let me go back to this one, because I have just barely over 30 seconds.

On November 19, 2014, Delta submitted FOIA request number two. On January 12th of this year, they paid an over \$90,000 invoice. As of April of this year, April 20th, the latest status update from Ex-Im, there has still been no response to Delta. Why is it taking so long?

Mr. HOCHBERG. Sir, we have gotten this year already as many FOIA requests as all of last year. We are running at double the level. And we have also, as I have said—we prioritize responses to Congress over FOIA requests. So we just submitted 50,000 pages to Congress in the last 6, 7 months.

That said, I would like to improve our FOIA response. I think we need to get better at it and move faster.

Mr. HICE. I think you do, as well.

Chairman HUIZENGA. The gentleman's time has expired.

Mr. HICE. Thank you, sir.

Chairman HUIZENGA. With that, we will recognize the ranking member of the Health Care, Benefits and Administrative Rules Subcommittee, Ranking Member Cartwright, for 5 minutes.

Mr. CARTWRIGHT. Thank you, Mr. Chairman.

Mr. Hochberg, I want to pick up on some questioning from Mr. Hensarling who, unfortunately, has stepped out. But he raised the possibility that I have misquoted the Speaker of the House on the question of support for the Ex-Im Bank and the jobs that it creates.

And I can tell you that I have now looked at both Politico and Reuters, and they are quoting the same thing exactly word-for-word from Mr. Boehner, who said this: "There are thousands of

jobs on the line that would disappear pretty quickly if the Ex-Im Bank were to disappear.”

Both Politco and Reuters said that. And I take it you still agree with that statement, Mr. Hochberg?

Mr. HOCHBERG. Yes, I do, sir.

Mr. CARTWRIGHT. All right. And I want to talk about the bipartisan support the Ex-Im Bank and its mandates have received over the past few decades. Congress has reauthorized the Ex-Im Bank 16 times, am I correct in that?

Mr. HOCHBERG. That is correct.

Mr. CARTWRIGHT. All right. And as Business Insider has noted, 14 of the 16 times the Bank’s reauthorization has come up for a vote, it has passed by either a unanimous consent or voice vote, which is tantamount to a unanimous vote, in at least one chamber of Congress.

In addition, H.R. 597, the Reform Exports and Expand the American Economy Act—and I think you talked about this a little bit—which would reauthorize the Bank while instituting certain reforms, has 60 Republican cosponsors, as of now.

Also, H.R. 1031, the Promoting U.S. Jobs Through Exports Act of 2015, which would also reauthorize the Bank, has 189 Democratic cosponsors.

Taken together, these two bills make it clear that the Ex-Im Bank has the support of a majority of the House of Representatives, and that those who are raising their voices against it in this committee here today are a very, very small but very vocal minority.

Chairman Hochberg, I would like to turn now to the specific Bank mandates under discussion today and their support by both Democratic and Republican leaders. First, the devoting a portion to small businesses. The Ex-Im Bank Act Amendments of 1983, the bill that first directed the Ex-Im Bank to devote a portion of its financing to small businesses, was signed into law by President Reagan, correct?

Mr. HOCHBERG. That is correct.

Mr. CARTWRIGHT. And the Ex-Im Bank Reauthorization Act of 2002, which increased the small business lending target to 20 percent of the Bank’s authority, was signed into law by President George W. Bush, am I correct in that?

Mr. HOCHBERG. That is correct, yes sir.

Mr. CARTWRIGHT. And that same 2002 act signed by President Bush also established the Bank’s renewable energy mandate, am I correct in that?

Mr. HOCHBERG. Exactly, sir.

Mr. CARTWRIGHT. The same mandate that has been objected to by my colleagues across the aisle today.

I would also like to discuss the history of the Ex-Im Bank’s sub-Saharan African mandate, which requires the Bank to expand its commitments in that region. Chairman Hochberg, this mandate was established in an amendment adopted under Republican Financial Services Committee Chairman Jim Leach, am I correct in that?

Mr. HOCHBERG. That is correct, sir.

Mr. CARTWRIGHT. And this amendment received bipartisan support before being incorporated into the Ex-Im Bank Reauthorization Act of 1997, correct?

Mr. HOCHBERG. That is correct, sir.

Mr. CARTWRIGHT. Is it fair to say then that Members of both parties, including Republican and Democratic Presidents, have supported this Bank and its specific commitments to small businesses, renewable energy, and also sub-Saharan Africa?

Mr. HOCHBERG. That is absolutely correct, sir.

Mr. CARTWRIGHT. Thank you, Chairman Hochberg. I find it hard to say, speaking for myself, that I understand why, after this long-standing bipartisan support for something that is a win-win for American taxpayers and American jobs, this Bank is suddenly the focus of political controversy at all. So I thank you for appearing here today—

Mr. HOCHBERG. Thank you.

Mr. CARTWRIGHT. —and putting up with this committee.

And I yield back, Mr. Chairman.

Chairman HUIZENGA. The gentleman yields back.

And with that, we recognize Health Care, Benefits and Administrative Rules Subcommittee Chairman Jordan, from Ohio, for 5 minutes.

Chairman JORDAN. Thank you, Mr. Chairman.

Mr. Hochberg, how much financial assistance did the Export-Import Bank provide to Solyndra—or actually, not to Solyndra; you told the gentlelady from Wisconsin that it was a Belgian company that you provided assistance to who bought panels from Solyndra. How much was that package, that authorization?

Mr. HOCHBERG. The loan was \$10 million.

Chairman JORDAN. \$10 million. And do you recall when the Bank approved this financing that benefited the Belgian company, which then benefited Solyndra?

Mr. HOCHBERG. It was a loan to the Belgian company that was approved by the board in February of 2011.

Chairman JORDAN. And at that same time, our records show that Solyndra was in serious trouble and it was renegotiating a loan guarantee it already had with the Department of Energy. Are you aware of that.

Mr. HOCHBERG. I am aware of that, sir.

Chairman JORDAN. You are aware of it now. But I am asking, were you aware of it then?

Mr. HOCHBERG. I can't recall. That was over 4 years ago whether—

Chairman JORDAN. No, no, no. This is kind of important. This is the company that went bankrupt. This was the poster child for those of us who thought this 1705 program at the Department of Energy was goofy, where they had 23 companies get \$15 billion and they all had junk bond credit ratings, double D-minus ratings.

So Solyndra is in trouble. They are refinancing, and redoing their loan with the Department of Energy. And at the same time that happens, you are saying it is just coincidence that the Ex-Im Bank is doing a \$10 million financing deal with the Belgian company who is going to buy solar panels from Solyndra?

Mr. HOCHBERG. Without question, sir. That Belgian company, I tried to mention, was looking at Chinese, German, and American panels—

Chairman JORDAN. When you—

Mr. HOCHBERG. —and they chose American panels—

Chairman JORDAN. —approved the \$10 million in financing to help the Belgian company buy panels from Solyndra, did you know that Solyndra was in the process of refinancing with the Department of Energy?

Mr. HOCHBERG. I can't answer that question, sir, because I don't know the answer.

Chairman JORDAN. Did anyone at the Ex-Im Bank, to your knowledge, get on the phone and call people at the Department of Energy and ask what may be happening with this Solyndra loan at the Department of Energy at the same time you were getting ready to approve a deal that was going to benefit Solyndra?

Mr. HOCHBERG. The loan was made to the Belgian company. The panels were put in place, ensured that they were actually operating as planned before any disbursement was made. That loan is on the books. It is being paid back on time. So that loan is a good loan—

Chairman JORDAN. But that is not—my question is not about the loan. My question is, was Solyndra benefiting from what you were doing? I want to know if you also knew they were getting other taxpayer assistance from the Department of Energy? And did that factor into your decision?

Mr. HOCHBERG. That normally would not factor into our decision.

Chairman JORDAN. I am not asking if it normally did. I am asking if it did?

Mr. HOCHBERG. Sir, that was over 4 years ago. In my tenure at the Bank—

Chairman JORDAN. No, but Mr. Hochberg, you knew in February 2011 when you did this, that it was \$10 million, which was—

Mr. HOCHBERG. Actually, it was—

Chairman JORDAN. —kind of a high-profile issue at the time.

Mr. HOCHBERG. I stand corrected. It was—

Chairman JORDAN. This was the company that went—it was sort of the poster child for this program at the Department of Energy. It went bankrupt, costing the taxpayers millions of dollars. And at the same time that was going on, you were financing a company that was going to buy Solyndra panels.

Mr. HOCHBERG. And that loan is being paid back and the jobs were created and we are getting paid back in full.

Chairman JORDAN. I know. I didn't dispute that. I am just asking, did you know and did you coordinate with the Department of Energy when all this was happening?

Mr. HOCHBERG. No, we don't coordinate with the Department of Energy—

Chairman JORDAN. Did you talk to anyone at the White House, anyone at the Department of Energy, when you were doing this Belgian deal that benefited Solyndra?

Mr. HOCHBERG. Oh, absolutely not.

Chairman JORDAN. All right. Let's go back to this.

Mr. HOCHBERG. And the loan was made in June or July of that year. I just want to make sure—

Chairman JORDAN. How many project authorizations does the Ex-Im Bank do in a typical year? How many did you do last year?

Mr. HOCHBERG. In the range of 3,500.

Chairman JORDAN. 3,500. For how many of those 3,500 did the recipient pay for some travel for Ex-Im employees while those Ex-Im employees were in that timeframe of deciding whether this entity was going to get financing?

Mr. HOCHBERG. Sir, as I mentioned, we have travel that is paid for by our sponsor for large projects so that—

Chairman JORDAN. I am asking—3,500? How many of them did the recipients pay for travel?

Mr. HOCHBERG. I would be happy to get back to you on that. I don't have the precise numbers.

Chairman JORDAN. Take a guess.

Mr. HOCHBERG. I have no—I am not going to take a—I don't want to mislead you.

Chairman JORDAN. Half of them?

Mr. HOCHBERG. No. I don't want to mislead you.

Chairman JORDAN. 20 percent?

Mr. HOCHBERG. I am not going to speculate.

Chairman JORDAN. What we do know is the one I referenced in my opening questions—\$97,000, 4 employees. And those four employees got to travel to places like Tokyo, London, and the South Pacific paid for by Exxon, and Exxon got a \$3 billion deal.

Mr. HOCHBERG. Sir, those travel—it is just like a code. This is about going to investigate. Negotiations happened in London, they happened in Japan, and then there were visits to Papua, New Guinea. This was a large project with a large—

Chairman JORDAN. Mr. Hochberg, I would like for you to supply, or provide to the committee how many of the 3,500 deals you did last year involved travel paid for by the entity getting the loan, getting the guarantee, getting the financing, I want to know how many of those 3,500 had that practice in place.

Mr. HOCHBERG. I would be happy to provide that. And that practice is consistent with law. I should also add that board members who vote on these transactions never take part in those trips.

Chairman JORDAN. I yield back, Mr. Chairman.

Chairman HUIZENGA. The gentleman's time has expired.

The gentleman from Washington, Mr. Heck, is recognized for 5 minutes.

Mr. HECK. Thank you, Mr. Chairman.

I seek unanimous consent to insert in the record letters from the Export-Import Bank dated April 16th and April 24th to these combined subcommittees to remove any mystery about receipt of these letters. The committee has received them, with your permission, sir.

Chairman HUIZENGA. Without objection, it is so ordered.

Mr. HECK. Secondly, my friend, Mr. Mulvaney, made reference to a dated comment by the Boeing company about the impact of the elimination of Ex-Im. I don't know what the date was on that. But let me give you one from the last several days from Reuters.

"Boeing Company may have to relocate U.S.-based businesses and manufacturing jobs overseas if Congress eliminates funding for the U.S. Export-Import Bank. On Thursday, Chief Executive Jim

McNerney said, 'Most of my engineering and manufacturing jobs are in the United States and I would like to keep it that way. But without Ex-Im, you would have to start asking the question about where they should be.'

I have said before and I say in the most serious and somber of tones, we are playing with fire. We are playing with fire of the heart of the manufacturing base in America if we continue down this path.

My friend from South Carolina, whom I am very sorry left, asked a pretty spectacular question earlier; namely, in the 3 years since the Ex-Im was reauthorized, what happened to cause it to go on life support? What happened to cause it to go from 330 votes in favor of to life support?

The problem with that, of course, as the Chair of the Export-Import Bank began to outline, is that it is not on life support. It does, in fact, have 250 cosponsors of two bills. And my friend—I think Ms. Moore referred to 189. That is wrong. It is 190. And there are 60 from the other side of the aisle for Mr. Fincher's version.

The problem here isn't that it is on life support. The problem is that it hasn't been subjected to a vote. There is not a person sitting in this room who would dispute the fact that the votes are there to reauthorize the Export-Import Bank if it will but come to a vote.

But it is a fair question. What happened since that reauthorization? That Chair hasn't changed. That Chair has. Mr. Baucus, who chaired this committee when it was reauthorized, led it through regular order. Last year, when it was reauthorized for a short period of time, it was outside of regular order. Earlier in this term, this winter, we had an amendment to the committee oversight bill, very innocuous, very neutrally-worded, suggesting that consideration of reauthorization of the Export-Import Bank ought to be subjected to regular order.

And the new Chair, the factor that has changed, opposed it and it was defeated. Now, if I were a cynic, I would say that is because he is afraid. He knows the votes are here. He knows darn well the votes are here. That is why he won't bring it to regular order.

Mr. Gowdy asked another interesting question of Mr. Hochberg. Not a terribly fair one, but an interesting one: Did he think that facts would persuade the Chair of the committee? Well, the truth is, they don't. And the truth is, I don't even blame the Chair for that. This is a matter of philosophy and values. And the Chair of the committee, who is opposed to regular order, who has publicly announced he is opposed to reauthorization of the Export-Import Bank will not have his mind changed by facts because it is a matter of philosophy.

And he is 100 percent entitled to that philosophy. But it does not represent the majority point of view of the United States House of Representatives by any stretch of the imagination. If that were true, then he would bring Mr. Fincher's bill to markup. But he hasn't. And he hasn't scheduled it. And I think it is highly unlikely that he will schedule it.

Because, again, he knows the votes are there: 190 Democrats on Ms. Water's version of the bill, Ms. Moore's and mine; 60 on Mr. Fincher's. The votes are there to reauthorize the Export-Import Bank. He has his foot on the air hose as a matter of philosophy.

He doesn't believe in Ex-Im. He is entitled to that point of view. I don't believe he is entitled to keep the will of this body from manifesting in consideration of this institution, this 80-year-old institution that creates jobs for Americans.

And with that, I yield back the balance of my time.

Chairman HUIZENGA. The gentleman's time has expired. And with me being the last questioner, I appreciate your time. I recognize myself for 5 minutes.

But I do want to quickly explore something that was maybe touched on, but you said you talk to Secretary Lew about twice a year about particular projects.

Mr. HOCHBERG. A few times a year. I don't keep a journal on how many times—

Chairman HUIZENGA. All right. How many times do you talk to Under Secretary Sheets?

Mr. HOCHBERG. Many times.

Chairman HUIZENGA. How about the State Department interaction? Who and how often do you speak with at State Department?

Mr. HOCHBERG. Currently, I work with Under Secretary Novelli, who is in the economics. Obviously, interaction, I just saw Secretary Kerry when I was in—

Chairman HUIZENGA. So you do speak with the Secretary level, correct?

Mr. HOCHBERG. If I am on a trip—sometimes we have traveled together. I was with him coming back from Panama, in fact.

Chairman HUIZENGA. Yes, I had seen that in the paper. I assumed you had talked to him then.

So did you do any of those types of trips with Secretary Clinton, as well?

Mr. HOCHBERG. I traveled with Secretary Clinton once to China and once to Africa.

Chairman HUIZENGA. And how often would you talk to her beyond that?

Mr. HOCHBERG. Oh, I speak to Secretary Kerry more frequently.

Chairman HUIZENGA. Okay. Well, she very publicly talked about the Russian airline deal and had said in 2009 that the Export-Import Bank would be looking for their application.

So is there interaction directly? Did she have interaction on that particular deal with you?

Mr. HOCHBERG. No. Not to my knowledge.

Chairman HUIZENGA. But she threw it out there rhetorically?

Mr. HOCHBERG. We are a part of—part of our State Department is also part of economic state to craft economic diplomacy. So when we are overseas, we are trying to sell products, we are trying to advance American interests. So it is not unusual for other members of the Administration to invoke our name.

Chairman HUIZENGA. So to invoke your name and presumably follow up on that?

Mr. HOCHBERG. Sometimes—

Chairman HUIZENGA. I would hope so.

Mr. HOCHBERG. Sometimes there is, sometimes there isn't.

Chairman HUIZENGA. All right. How about Cuba? Have you granted any deals into Cuba?

Mr. HOCHBERG. No. We have been closing Cuba. And it is in our charter, a prohibition on Cuba. And it is also we have—this Congress has sanctions on Cuba. We do no business in Cuba.

Chairman HUIZENGA. Okay. But obviously, the Administration is changing that. Do you plan to approve any deals into Cuba?

Mr. HOCHBERG. Our charter prohibits it.

Chairman HUIZENGA. Okay. I am also just a little bit curious, and the hearing was supposed to be a little more on the mandates, the elements that you are required to do, both the renewable energy portfolio, as well as sub-Saharan lending.

Do you acknowledge that there are not enough deals to hit your 10 percent mandate?

Mr. HOCHBERG. In the—

Chairman HUIZENGA. In renewables?

Mr. HOCHBERG. Yes. There are not enough exports to hit that number.

Chairman HUIZENGA. Okay. So do you believe that should be in there?

Mr. HOCHBERG. I think the mandates have been good. I think they—what we have done—

Chairman HUIZENGA. But they are not achievable.

Mr. HOCHBERG. That is a target that is in there. But—

Chairman HUIZENGA. But you could argue that you are mandated to do that, just as you are mandated to not do deals into Cuba. What if there is a renewable energy deal in Cuba? You have conflicting—

Mr. HOCHBERG. No. No, we would not—there are a number of countries we do not do business in. We don't do business in Cuba. We don't do business in Venezuela, North Korea. There are a large number—

Chairman HUIZENGA. Okay.

Mr. HOCHBERG. There are a number of countries. I am not going to quantify that.

Chairman HUIZENGA. So you are not open to removing the renewable energy mandate?

Mr. HOCHBERG. Mr. Chairman, that is in the hands of Congress. Now, these three mandates were put in place by Congress, and we will execute them. It is their decision—your decision to make whether you want to continue them or not.

Chairman HUIZENGA. In general, what are the parameters of the sub-Saharan lending, and are you able to achieve those?

Mr. HOCHBERG. The sub-Saharan lending does not have a particular target in mind. So that we simply make extra effort. I travel there once a year. Our vice chair, that is part of her portfolio. We have two people who do business development there to make sure that companies understand if they are afraid of exporting there because of financing, we can let them know what tools we have.

Chairman HUIZENGA. And I am being requested for 5 seconds. So I will recognize my friend from Wisconsin.

Ms. MOORE. Thank you so much, Mr. Chairman.

I just wanted to point out there are a billion people in Africa. We really do need their business.

Chairman HUIZENGA. All right. And with that, I would like to recognize my friend from South Carolina for my remaining time.

Mr. MULVANEY. Mr. Cartwright asked why this wasn't an easy thing to do, why it was a big deal. I want to read something:

"The purpose of the Export-Import Bank is to create American jobs for American workers. Unfortunately, the Bank has a history of providing assistance to companies that have been exporting American jobs and hiring cheap foreign labor. For example, the Export-Import Bank insured a \$3 million loan to help General Electric build a factory where Mexican workers will make parts for appliances that will be exported back to the United States. As a result, 1,500 American workers will lose their jobs to Mexican workers who will be paid only \$2 an hour. I urge my colleagues to oppose S.1372, the Export-Import Bank Reauthorization Act."

That was the gentlewoman from California, Maxine Waters, in June of 2002. So it is of interest, no doubt.

Chairman HUIZENGA. And at this time, I would like to thank Chairman Hochberg for being here, for taking your time today to be with us. There is no further business.

The Chair notes that some Members may have additional questions for this witness, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to this witness and to place his responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

The hearing is adjourned.

[Whereupon, at 4:48 p.m., the hearing was adjourned.]

A P P E N D I X

April 30, 2015

**WRITTEN TESTIMONY OF
FRED P. HOCHBERG - PRESIDENT AND CHAIRMAN
EXPORT-IMPORT BANK OF THE UNITED STATES
BEFORE THE HOUSE FINANCIAL SERVICES COMMITTEE, SUBCOMMITTEE ON
MONETARY POLICY AND TRADE AND THE HOUSE COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM, SUBCOMMITTEE ON ECONOMIC
GROWTH, JOB CREATION, AND REGULATORY AFFAIRS**

“Examining the Export-Import Bank’s Mandates”

April 30, 2015

Chairman Huizenga, Chairman Jordan, Ranking Member Moore, Ranking Member Cartwright, and distinguished members of the Subcommittees, thank you for inviting me to testify before you today.

ABOUT EXIM BANK

The Export-Import Bank (Ex-Im Bank or the Bank) empowers businesses to create more American private sector jobs, while serving as a responsible steward of taxpayer dollars. In FY 2014, Ex-Im Bank supported 164,000 U.S. jobs through financing approximately \$27.5 billion worth of exports. Ex-Im Bank is demand driven. Since 1934, the Bank’s role has both expanded and contracted as a natural response to the needs and demands of the free market—as it was designed to do. Sixteen times, bipartisan majorities in Congress have reauthorized the Bank. In the course of reviewing and reauthorizing the Bank, Congress has also established several mandates requiring the Bank to support small business, environmentally beneficial exports, and exports to eligible markets in sub-Saharan Africa.

The Export-Import Bank Reauthorization Act of 2012 (P.L. 112-122), which was passed by Congress with overwhelming bipartisan support in both chambers – 330 Republicans and Democrats in the House and 78 in the Senate – continued these mandates and required some additional attention to small business and the textile industry. The Bank has complied with these mandates that Congress has placed upon us. The Bank is a self-sustaining agency that charges its customers interest and fees to fund the transactions. As a result, over the past two decades Ex-Im has sent just under \$7 billion to the U.S. Treasury.

Ex-Im Bank fulfills its mission to support U.S. jobs in two ways. First, Ex-Im Bank fills the gaps when the private sector is unable or unwilling to provide financing for U.S. exports—a particularly important role for American small businesses, which often find it difficult to obtain export financing from their local bank even in the best economic times. U.S. businesses also have difficulty securing financing when selling to the developing markets, which accounted for 68 percent of Ex-Im Bank’s authorizations in 2014. Second, Ex-Im Bank seeks to ensure a level playing field for U.S. exports in the hyper-competitive global marketplace by making available financing that encourages buyers to make decisions based on free market factors such as price and quality, rather than on foreign competitors’ state-sponsored or cut-rate financing.

The goal of leveling the playing field is also supported by the Bank's Tied Aid Program, established by President Reagan in 1986. In establishing the program, President Reagan expressed support, saying it will "give the United States needed leverage for use in negotiations to eliminate predatory financing practices whereby countries mix official export financing with concessional foreign aid in an effort to undercut bids on major overseas projects." It is important to note that when we finance exports, it is most commonly in the form of insurance or loan guarantees, and that nearly 98 percent of the time Ex-Im Bank transactions involve commercial financial institutions. The Ex-Im Bank guarantee gives commercial banks comfort to offer their loans to foreign markets, leveraging the private sector to finance a transaction. Commercial banks' willingness to lend to foreign buyers of U.S. exports can form a critical part of the decision to buy from a U.S. business instead of a foreign competitor.

In the course of fulfilling its mission, the Bank properly focuses on achieving the mandates set forth by the U.S. Congress while simultaneously meeting its other Congressional mandate of reasonable assurance of repayment. Today's hearing focuses on three of those Congressional mandates – environmentally beneficial exports, sub-Saharan Africa, and small business.

FINANCING ENVIRONMENTALLY BENEFICIAL EXPORTS

Ex-Im Bank is committed to promoting U.S. exports and jobs that encourage the use of environmentally beneficial products and services. Since the 1980s, Congress has required the Bank to promote the export of environmentally beneficial exports through its Charter and later years through appropriations acts. Congress has also enacted a number of other provisions related to Ex-Im Bank's consideration of environmental factors.

In 1989, Congress directed that Ex-Im Bank should seek to provide at least 5 percent of its energy sector financing for renewable energy projects and undertake to promote renewable energy. Following that action, in 1992 a mandate was added to Section 11(b) of the Bank's Charter by Congress to require the Bank to "encourage the use of its programs to support the exports of goods and services that have beneficial effects on the environment or mitigate potential adverse environmental effects. Similarly, Section 10(b)(5) of the Bank's Charter specifies that its Tied Aid Program "may only be used to defend potential sales by United States companies to a project that is environmentally sound."

In recognition of this mandate, Ex-Im Bank established its Environmental Exports Program in 1994 to expand support for U.S. exports of environmentally beneficial goods and services through offering enhanced financing terms. In 2002, Congress added Section 2(b)(1)(k) to the Charter, which directs the Bank to promote exports related to renewable energy sources. Complementing its efforts under the Environmental Export Program, the Bank created a Renewable Energy Business Development Initiative in 2009. Congress also mandates that the Bank have representation of the environmental community on its Advisory Committee.

In addition to the general mandates in the Charter, since 2008, through appropriations bills Congress has given Ex-Im Bank the following goal: *"That not less than 10 percent of the aggregate loan, guarantee, and insurance authority available to the Bank under this Act should*

be used for renewable energy technologies or energy efficiency technologies.” On top of the Congressional mandates, the Bank also complies with international agreements and principles in the environmental area such as those of the Equator Principles and the Organization for Economic Cooperation and Development.

With respect to greenhouse gas emissions, Congress’ Appropriations Committees also directed the Bank to post on its website any proposed use in fiscal year 2015 of “the aggregate loan, guarantee, and insurance authorities available to the Bank that would result in greenhouse gas emissions from the extraction or production of fossil fuels or the use of fossil fuels in electricity generation that exceeds the average of total emissions in the previous five fiscal years resulting from the use of such authorities, and the amount of the increase.” Additionally, the appropriations legislation continued to suspend enforcement of the Bank’s Supplemental Guidelines for High Carbon Intensity Projects through September 30, 2015. Ex-Im Bank continues to follow the requirements placed by Congress.

Ex-Im Bank, of course, operates in the context of the overall financial strength and production capacity of firms in the U.S. renewable energy industry. According to data from the U.S. International Trade Commission, the total exports of renewable energy technology (solar, wind, hydro, geothermal, and biomass) in 2014 were approximately \$1.4 billion, of which the two leading sectors were \$1.04 billion in wind turbines, towers, and blades, and \$204 million in solar exports. Even if Ex-Im Bank had financed 100 percent of U.S. renewable exports, it would not have been able to meet the 10 percent mandate set forth by Congress.

Ex-Im Bank’s work to meet the environmentally beneficial mandates has resulted in U.S. exports growing from 10 transactions in FY 1994 to 116 in FY 2014. The estimated export value of transactions in FY 2014 exceeded \$3.4 billion, supporting more than 20,300 U.S. jobs.

In 2011, Ex-Im Bank became the first international financing institution to finance a solar power project under the Indian government’s Jawaharlal National Solar Mission to develop 100,000 megawatts of solar power. Ex-Im Bank built a template for Indian solar project sponsors to use as a means to ease the application process and encourage more applications. Today, Ex-Im Bank is one of the largest international lenders for solar projects in India. To illustrate, Ex-Im Bank in July 2012 authorized a pair of loans totaling \$57.3 million to Solar Field Energy Two Private Ltd. and Mahindra Surya Prakash Private Ltd., respectively, to finance the export of American solar panels and ancillary services to India. The solar panels, which are manufactured by First Solar Inc., will be used in the construction of solar photovoltaic plants in Rajasthan, India. These transactions will support 200 U.S. jobs at First Solar’s manufacturing facility in Perrysburg, Ohio. In 2014 the Bank signed a \$1 billion Memorandum of Understanding (MOU) with the Indian Renewable Energy Development Agency (IREDA) indicating that the Bank would be willing to finance up to \$1 billion of U.S. renewable goods and services in the coming years, subject to compliance with Ex-Im Bank’s credit, environmental, and other policies and procedures.

Energy infrastructure projects often require multiple sources of funding due to the scale of the projects. For example, Ex-Im Bank has been active in supporting U.S. wind energy turbine makers to gain access to key markets, particularly those in the Americas. In 2010, Ex-Im

Bank financed the largest wind energy project in Central America in Honduras, which in part supported 800 Pennsylvania employees of Gamesa.

REALIZING OPPORTUNITIES SUB-SAHARAN AFRICA

Ex-Im Bank requires a reasonable assurance of repayment, and many economies in sub-Saharan Africa have matured to the point that they can utilize Ex-Im Bank's financing. Throughout its 81-year history, Ex-Im Bank has a long and successful track record when it comes to supporting initiatives and infrastructure development across Africa. As early as 1946, Ex-Im Bank approved a transaction to support Ethiopia's post-WWII reconstruction, including electrification.

In the early 1960s, Ex-Im Bank helped Ghana finance the Akosombo Dam on the Volta River. Praising the project, President Kennedy wrote to the Ghanaian President Dr. Nkrumah in 1961, saying: "It is a source of satisfaction that we have been able to join with [Ghana's] Government in helping to make this great day possible..."

In 1997, Congress inserted Sec 2(b)(9) of the Bank's Charter directing the Bank to "promote the expansion of the Bank's financial commitments in sub-Saharan Africa" and to establish the Sub-Saharan Africa Advisory Committee. Ex-Im Bank plays a critical role in enabling American exporters to tap the tremendous sales opportunities in sub-Saharan Africa, which is home to seven out of ten of the fastest growing economies in the world.

We have seen aggressive moves by foreign Export Credit Agencies (ECAs) to gain a foothold in Africa, establish brand loyalties, and support their exporters in these fast-growing economies. Overall, Africa's trade continues to pivot towards the emerging world, with China dominating this orientation. With strong support from institutions such as China Ex-Im and China Development Bank, China's exports to Africa reached \$105 billion in 2014 from \$93 billion in 2013. Additionally, U.S. exporters face intense competition from former colonial powers in sub-Saharan Africa.

It is essential for the United States to play a leading role in sub-Saharan Africa to support U.S. exporters and level the playing field against foreign competitors in this important market. Based on its Congressional mandate, Ex-Im Bank is pursuing new initiatives and strategies to expand financing support of U.S. manufactured goods and services to the region. Last year, the Bank supported manufacturing exports of nearly \$16.6 billion. Sixty-eight percent of total authorizations in FY 2014 went to projects in developing markets, up from 62 percent in FY 2013.

The sub-Saharan Africa region is poised to continue to grow in relevance to U.S. export interests, and Ex-Im Bank is proud of our work in the region. In the past five years, Ex-Im Bank has approved more than \$6.3 billion in financing for U.S. exports to sub-Saharan Africa, including a record \$2.1 billion in authorizations in FY 2014 and a record of 192 authorizations, surpassing the previous record of 188 in FY2013. Ex-Im Bank-supported U.S. exports to sub-Saharan Africa accounted for approximately 8 percent of an estimated more than \$25 billion of total U.S. manufacturing exports to the region in FY 2014. Ex-Im Bank finances a higher

portion of U.S. goods and services in sub-Saharan Africa than in any other region. In FY 2014, 10 percent of Ex-Im Bank's authorizations by dollar volume supported U.S. exports to sub-Saharan Africa.

New investors are also entering the market, including U.S. companies as well as many foreign players. Some companies are considering retooling their production facilities to source from the U.S. and create jobs here. Ex-Im Bank works with other government agencies to play a key role in trade with Africa.

FOCUSING ON SMALL BUSINESS

Equipping U.S. small businesses like Fritz-Pak in Mesquite, Texas, or Tooling & Equipment International in Livonia, Michigan, to grow their exports is at the heart of Ex-Im Bank's work. In FY 2014, nearly 90 percent of Ex-Im Bank's authorizations directly served small businesses, as defined by the Small Business Administration. Nearly a quarter – 24.7 percent – of Ex-Im Bank's authorizations by dollar value went directly to small business exports, and small businesses accounted for 39 percent of the total value of all exports supported by Ex-Im Bank. Those figures do not include the tens of thousands of additional U.S. small businesses in the supply chains of larger American exporters who see their sales go up each time an American company beats out a rival for a big deal overseas.

Congress clearly stated its intent for Ex-Im Bank to support small business in the Bank's Charter, which provides in Section 2 that "[it] is further the policy of the United States to encourage the participation of small business in international commerce" and "the Government should aid, counsel, assist, and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise." In 1983, Congress enacted a small business mandate as a percentage of the Bank's loan, guarantee, and insurance authority. This required the Bank to "make available not less than 6% of such authority" in fiscal year 1984, 8% in fiscal year 1985, and 10% in fiscal year 1986 and thereafter. Congress increased the percentage in 2002 to 20 percent. Congress also included several other provisions in Ex-Im Bank's Charter reaffirming its commitment to small business, including small business representation on the Bank's Advisory Committee, and Charter provisions regarding the Bank's Small Business Division, Small Business Specialists, and Small Business Committee.

Ex-Im Bank's objective is to grow small business authorizations in the context of a reasonable assurance of repayment and in response to market demand. Each year, Ex-Im Bank equips thousands of U.S. companies to convert international sales opportunities into economic growth and new jobs here at home. While Ex-Im Bank has approved more small business financing over the past six years than in the previous 16 years combined, there are still many challenges to increasing financing for small business exports. Even in stronger economic periods, small businesses frequently have difficulty securing working capital loans from banks or credit insurance policies from private insurers to support their exports.

Ex-Im Bank most typically supports U.S. small business exports in two ways. The first is export credit insurance. Export credit insurance allows exporters to insure their foreign receivables against the risk of nonpayment by overseas customers. Just like any insurance policy,

U.S. exporters pay a premium for Ex-Im Bank export credit insurance. Ex-Im Bank insurance gives businesses the confidence they need to enter new markets, increase their global competitiveness by offering credit terms, and overcome cash flow obstacles by borrowing against their insured receivables. The other heavily-utilized small business product is Ex-Im Bank's Working Capital Loan Guarantee. Often, banks are frequently hesitant to lend against export-related assets, given the risks and perceived risks associated with international business and foreign receivables. With Ex-Im Bank's Working Capital Loan Guarantee, banks gain the confidence they need to extend credit, giving U.S. exporters the confidence and liquidity they need to accept new international contracts, grow export sales, pay workers, buy inventory and compete more effectively in the international marketplace

For Main Street American small businesses, these Ex-Im Bank products remove the uncertainty of collecting on overseas sales, so that entrepreneurs can focus on beating out foreign competition with high quality, innovative products rather than worrying about whether lack of financing will keep them out of the game. A great example is Droplet Measurement Technologies (DMT) in Boulder, Colorado, which employs a team of 45 people to manufacture cutting-edge cloud and aerosol measurement devices. They export to customers in over 47 countries. DMT began using Ex-Im Bank's insurance products over four years ago to safeguard its international accounts receivable. Since then, with new confidence to pursue overseas customers, the company's export sales have risen 17.5 percent and their workforce has grown by 20 percent.

The Bank can and continues to improve its practices to increase its support of small business. Ex-Im Bank's 12 regional export finance centers focus exclusively on small businesses. In addition, Ex-Im Bank has launched several initiatives to better build awareness and educate small business decision makers on trade finance:

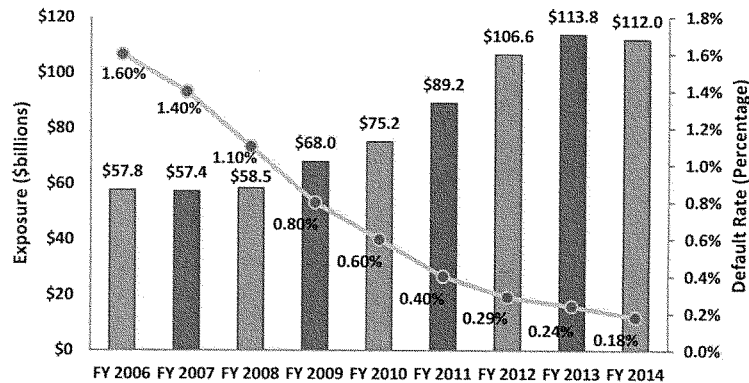
- Placing content on digital outreach channels frequented by small and medium sized enterprises. (e.g., industry publications, business news websites);
- Deployment of new customer relationship management systems to more effectively manage interaction with small businesses; and
- Launch of an Ex-Im Bank Contact Center to support Ex-Im Bank's goal to improve the ease of doing business for customers.

PROTECTING AMERICAN TAXPAYERS

As Ex-Im Bank works to finance U.S. exports, it takes its responsibility to protect the U.S. taxpayer very seriously. To that end, Ex-Im Bank has increased underwriting and exposure monitoring, taken an active stance towards fraud prevention in cooperation with our Inspector General, and implemented a robust, comprehensive risk management regime. In those rare instances where there is a default, costs are estimated to be covered by the fees and interest paid to the Bank by its customers—not by taxpayers.

The Bank's focus on comprehensive risk management is demonstrated by its low default rate of 0.167% as of March 31, 2014.¹ As a result of the 2012 reauthorization, the Bank now reports its default rate to Congress every quarter.

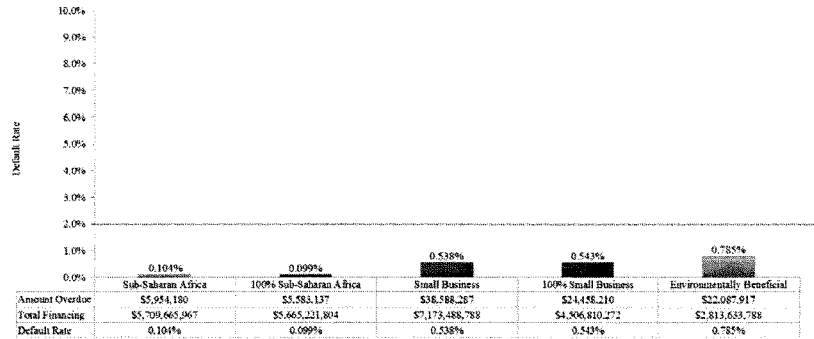
FY 2006 - FY 2014 Exposure and Default Rate



Ex-Im Bank's congressional mandates to support Small Business, Environmentally Beneficial, and sub-Saharan Africa transactions account for 11.56 percent of the total amount of Ex-Im Bank financing and have experienced a default rate well below 2 percent as shown below.²

¹ This default rate is different than the default rates published in the annual Budget Appendix due to differing definitions. The reported rate in the Budget Appendix reflects projected defaults over the life of the loan while the default rate in this report reflects actual defaults at a particular point in time.

² The Sub-Saharan Africa and Small Business categories are the total amount overdue, financed and calculated default rate. The 100% Sub-Saharan Africa and 100% Small Business are sub-categories within the respective mandates. For these sub-categories, each transaction provides 100% of the financing in support of the mandate. Therefore the overall Sub-Saharan Africa and Small Business categories include both 100% mandate supported transactions as well as the commensurate amount of other transactions that partially support the mandate.



In addition, in FY 2014, almost 80 percent of the Bank's exposure was backed by collateral or a sovereign guarantee. The Bank's risk management framework has ensured a low number of defaults, coupled with high recovery rates on those credits that have entered into default. Since the Federal Credit Reform Act went into effect in 1992, the Bank has succeeded in recovering approximately 50 cents for every dollar defaulted in the portfolio. Claims are paid from fees collected from the Bank's customers. In six of the past ten fiscal years, Ex-Im Bank recovered more money than it paid out in claims.

Since 1992, Ex-Im Bank has risk rated its portfolio using a 1 – 11 budget cost level (BCL) scale, with one being the least risk and 11 being the highest risk. The ratings are based, in general, on a borrower's (1) ability to make payments, as indicated by relevant economic factors and (2) willingness to pay, as indicated by payment record and political and social factors. Four categories, ratings 1 through 4, are roughly equivalent to "creditworthy" or "investment grade" private bond ratings. Three categories, ratings 9 to 11, are for projects either unable to pay fully, even with extended repayment periods, or currently unwilling to make a good faith effort. Using the BCL at time of authorization and the authorized amount, Ex-Im Bank's active portfolio's weighted average risk rating is 3.52, corresponding to an investment grade portfolio. In the chart below are the weighted average BCL for the various Bank mandates.

Category	Budget Cost Level
Sub-Saharan Africa	5.57
100% Sub-Saharan Africa	5.57
Small Business	3.84
100% Small Business	3.75
Environmentally Beneficial	5.23
Active Portfolio	3.52

CONCLUSION

Ex-Im Bank works to fulfill its mandates while serving as a strong steward of taxpayer dollars. We are eager to continue to support American jobs, as the Bank has done effectively and efficiently for more than eight decades. Providing long-term certainty to U.S. businesses

seeking to compete in overseas markets is imperative as they make long-term plans to grow their global sales, to hire more workers, and to invest in innovation.

Exports have accounted for nearly one-third of our total economic growth over the past five years. Right now, exports are amongst record levels, representing over 13% of our GDP, but I think we can do better, which is why the President is trying to open more markets for American goods with bipartisan free trade agreements, and why Ex-Im Bank works to fill in private sector gaps in order to encourage more U.S. exports.

Rising competition and an ever-globalizing world have made Ex-Im Bank more vital than ever for reducing the risks faced by American exporters so that they can unleash opportunity in the form of new jobs. I look forward to continuing to work with you on empowering your constituents to export, grow, and hire more American workers.

Bio of Fred P. Hochberg

Fred P. Hochberg is Chairman and President of the Export-Import Bank of the United States (Ex-Im Bank). During his nearly six years of leadership, Ex-Im Bank has supported nearly 1.3 million American jobs and financed exports with a value exceeding \$200 billion.

Prior to his two terms as the head of Ex-Im Bank, Chairman Hochberg was dean of the Milano The New School of Management and Urban Policy in New York City. From 1998 to 2001, he served as deputy, and then acting administrator of the Small Business Administration (SBA), where he quadrupled lending to minority- and women-owned small businesses.

Prior to his service at SBA, Hochberg was the long-time President and Chief Operating Officer of the Lillian Vernon Corporation, where he led the transformation of a small, family mail order company into an international, publicly traded direct marketing corporation, making him one of the highest ranking business leaders in the Obama Administration.

REUTERS

Business | Fri Nov 14, 2014 10:40am EST
 Related: JAPAN, MEXICO

US Ex-Im acknowledges errors in politically sensitive small biz data

WASHINGTON | BY HOWARD SCHNEIDER AND KRISTA HUGHES

(Refiles Nov. 13 story to fix spelling of Buffett throughout)

WASHINGTON (Reuters): The U.S. Export-Import Bank has mischaracterized potentially hundreds of large companies and units of multinational conglomerates as small businesses, a flaw in its record keeping that could undermine the export lender's survival strategy.

A Reuters analysis showed companies owned by billionaires like Warren Buffett and Mexico's Carlos Slim, as well by Japanese and European conglomerates, were listed as small businesses and Ex-Im acknowledged errors in its data in response to those findings.

Bank officials and supporters have used Ex-Im's support for American small business as the first line of defense against conservatives' campaign to shut it down as an exponent of "crony capitalism."

The bank just won a nine month extension of its mandate in September and faces a bruising battle over the next seven months to secure its future.

A comparison of some 6,000 businesses characterized by Ex-Im as "small" with information supplied by corporate data collector Dun & Bradstreet, which Ex-Im also uses to vet applicants, and other sources turns up some 200 companies that appear to be mislabeled and many more whose classification is uncertain.

A division of Austria's Swarovski jewelers shows up, as does North Carolina's Global Nuclear Fuels owned by General Electric (GE.N) and Japan's Toshiba (6502.T) and Hitachi (6501.T).

The extent of the errors, which also mean some genuine small business transactions are not labeled as such, is not clear. Separate Ex-Im databases don't even agree with each other.

Responding to a list of 10 examples provided by Reuters, Ex-Im acknowledged errors in most of them, but argued their impact was small and that the mislabeling of small firms as large ones may have a greater bigger effect on the total tally of small business support. A spokesman said the bank aimed to be as transparent as possible.

"When it comes to our data, we strive for 100 percent accuracy, and anything less is unacceptable, which is why we are constantly improving our systems," he said, pointing

to Ex-Im's recent hiring of a chief information officer, an overhaul of databases and a review of paper documents.

In an emailed response to Reuters, the bank cited five examples in which small firms were labeled as large firms by mistake.

The errors make it difficult to identify exactly how much Ex-Im support goes to big business like Caterpillar (CAT.N) and how much to small firms.

The problem is primarily political, as there are no legal implications of businesses being misclassified by Ex-Im, since it does not set money aside specifically for firms that meet industry-specific revenue and employee limits set by the Small Business Administration. The SBA guidelines exclude firms that may be small but are owned by deep-pocketed conglomerates.

SLIM AND BUFFET

Reuters calculations show that as much as \$3 billion in authorizations listed as those for small business may have been misclassified over eight years - roughly 8 percent of Ex-Im's \$38 billion in small business support over that period. Total authorizations were worth \$189 billion.

For example, among "small business" beneficiaries is Texas-based Condumex Inc. the U.S. sales operation for Mexico's Grupo Condumex, a subsidiary of Slim's Grupo Carso (GCARSOA1.MX).

Or take Brock Grain Systems, a division of CTB International Corp., which has been owned by Buffet's Berkshire Hathaway (BRKa.N) since 2002.

In its battle to survive, Ex-Im has presented its statistics with exacting precision.

Ex-Im says that in the fiscal year ending Sept. 30, it engaged in 3,347 transactions supporting small businesses, accounting for almost a quarter of financial authorizations and nearly 40 percent of the exports the agency supported.

The lender authorized \$20.5 billion during that fiscal year in low interest loans and other support for U.S. exporters and buyers of "Made in America" products.

The mislabeling of transactions, however, makes it difficult to tell exactly how the pie is divided. It extends to a Web site that allows lawmakers and others to check how Ex-Im supports businesses in each Congressional district.

The list of small businesses in Texas, for example, includes engineering giant Bechtel, which has 53,000 employees.

(Editing by David Chance and Tomasz Janowski)



EXPORT-IMPORT BANK
OF THE UNITED STATES

April 16, 2015

The Honorable Jim Jordan
Chairman, Subcommittee on Healthcare, Benefits &
Administrative Rules
Committee on Oversight and Government Reform
United States House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515

The Honorable Matt Cartwright
Ranking Member, Subcommittee on Healthcare,
Benefits & Administrative Rules
Committee on Oversight and Government Reform
United States House of Representatives
2471 Rayburn House Office Building
Washington, DC 20515

The Honorable Bill Huizenga
Chairman, Subcommittee on Monetary Policy &
Trade
Committee on Financial Services
United States House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Gwen Moore
Ranking Member, Subcommittee on Monetary
Policy & Trade
Committee on Financial Services
United States House of Representatives
4340 O'Neill Federal Building
Washington, DC 20515

Dear Chairmen Jordan and Huizenga and Ranking Members Cartwright and Moore:

This letter is in response to Chairman Chaffetz's request on April 15, 2015 at the Joint Subcommittee hearing entitled, "Oversight of Efforts to Reform the Export-Import Bank of the United States." Enclosed are records related to the fee charged by Ex-Im Bank to Delta Air Lines' litigation counsel, Kellogg, Huber, et al., in connection with a FOIA request submitted on Delta's behalf (hereafter, the "Kellogg FOIA").

On November 19, 2014 litigation counsel for Delta Air Lines, Inc. filed the Kellogg FOIA request with Ex-Im Bank seeking production of all communications between Boeing Air Lines (and affiliates) and Ex-Im Bank staff since August 1, 2012. The request was assigned FOIA number 201500008F. As is customary, FOIA staff at the Bank communicated with the requestor to clarify what was being requested. As a result, the requestor clarified that Board members and senior Bank staff were to be included in the request. The FOIA staff officer confirmed the amended request in writing.

The Kellogg FOIA request sought the production of a very large amount of documents. As a result, and in accordance with standard FOIA procedure, the Bank did an estimate of the number of hours it would take to fully process the request. FOIA regulations require that for large FOIA requests of this type the requestor deposit an advance fee to cover the anticipated costs.

The Office of General Counsel's team did an estimate of the number of hours it would take to fully respond to the Kellogg FOIA request, and the FOIA staff officer then applied the Bank's standard and published FOIA response fee rate to those hours and determined that fulfilling the request will take approximately 2,800 hours, and Delta's counsel would need to pay an advance deposit of \$90,240 as required under FOIA regulations. The FOIA staff officer communicated to Delta's counsel that it would be required to pay this fee estimate in full in advance. In January Delta's counsel submitted the check for the full fee estimate payment to Ex-Im Bank. It should be noted that the check for this fee, as is standard in all agency FOIA requests, is made payable directly to the U.S. Treasury. Ex-Im Bank reaps no monetary compensation for its work in responding to the FOIA request.

Ex-Im Bank is currently processing the Kellogg FOIA request, but as the enclosed fee estimate analysis indicates this is a huge undertaking that (approximately 2,800 hours) is expected to take many months.

Chairman Chaffetz also requested information about how Boeing was aware of a prior FOIA request filed on behalf of Delta in October 2012. The Bank is currently in the process of collecting records on that very same issue in response to the April 7, 2015 letter of Chairman Sean Duffy to Chairman Hochberg. That response is due April 21, and our review of the records is not yet complete.

Attached to this letter are:

- 1) Kellogg's FOIA request No. 201500008F dated November 19, 2014;
 - 2) E-mail of November 19, 2014 from the Ex-Im Bank FOIA staff officer confirming the requestor's amendment of the FOIA request;
 - 3) E-mail of December 1, 2014 from the Office of General Counsel to the FOIA staff officer setting forth the analysis of the approximate number of hours it would take to respond to the Kellogg FOIA request;
 - 4) Ex-Im Bank's letter of December 11, 2015 to the requestor setting forth the required fee deposit along with the calculation underlying that fee.
 - 5) Acknowledgement and payment of fee requirement from Delta's lawyers, dated January 12, 2015.
- Please let us know if you have any additional questions on this matter.

Sincerely,



Fred P. Hochberg
Chairman and President

Enclosure

201500008F

Lennell Jackson

From: foia@exim.gov
Sent: Wednesday, November 19, 2014 8:31 PM
To: FOIA
Subject: FOIA Request Form Form Submission Results

First Name: William

Last Name: Nichols

Company Name: Kellogg, Huber, Hansen, Todd, Evans & Figel P.L.L.C., on behalf of Delta Air Lines, Inc.

Street Address: 1615 M St. N.W., Suite 400

Street Address 2: Sumner Square

City: Washington

State/Province: DISTRICT OF COLUMBIA

Zip/Postal Code: 20036

Country: UNITED STATES OF AMERICA

Contact Phone Number: 202-326-7900

Fax Number:

E-mail: jnichols@khhte.com

Records Requested: All communications between the Boeing Company (or any Boeing-affiliated company or any of Boeing's representatives) and Ex-Im Bank staff (including but not limited to the Bank's General Counsel, its Vice President of Transportation, and members of the Board of Directors) since August 1, 2012.

categorysection:

Category of Request: Commercial use -- Ex-Im will charge the full cost of search, review and duplication

Fees:

Amount: 500.00

waiversection:

Explanation for request for a fee waiver:

From: [Lennell Jackson](#)
To: [Nichols, W. Joss](#)
Cc: [Inci Tonguch-Murray](#)
Subject: RE: FOIA 201500008F Amended Request
Date: Monday, December 01, 2014 9:41:42 AM

Dear Mr. Nichols:

Thank you for your amended request. We will update your request to include the additional requested information that was not included in your original request. The amended scope of your request is as follows:

"All communications between the Boeing Company (or any Boeing-affiliated company or any of Boeing's representatives) and Ex-Im Bank staff (including but not limited to the Bank's General Counsel, its Vice President of Transportation, members of the Board of Directors Ex-Im Bank employees Robert Morin (currently Senior Vice President for Business and Product Development) or Scott Schloegel (currently Senior Vice President and Chief of Staff) since August 1, 2012."

If you have any questions about this request, please do not hesitate to contact me.

Sincerely,

Lennell C. Jackson

FOIA Analyst
 Front Rowe Inc.
 EXIM Bank
 (202) 565-3290
lennell.jackson@exim.gov

From: Nichols, W. Joss [<mailto:jnichols@khhte.com>]
Sent: Wednesday, November 26, 2014 5:18 PM
To: Lennell Jackson
Cc: Inci Tonguch-Murray
Subject: RE: FOIA 201500008F Acknowledgment

Dear Mr. Jackson:

Thank you for this acknowledgment. Because the online form used to submit this FOIA request did not provide a confirmation page, I would like to confirm that the scope of this request is as follows:

All communications between the Boeing Company (or any Boeing-affiliated company or any of Boeing's representatives) and Ex-Im Bank staff (including but not limited to the Bank's General Counsel, its Vice President of Transportation, and members of the Board of Directors) since August 1, 2012.

Also, in case it's not clear, this request includes, but is not limited to, Boeing communications with Ex-Im Bank employees Robert Morin (currently Senior Vice President for Business and Product Development) or Scott Schloegel (currently Senior Vice President and Chief of Staff).

Please feel free to contact me if you have any questions about this request.

Best regards,
Joss

W. Joss Nichols
Kellogg, Huber, Hansen, Todd, Evans & Figel, PLLC
Sumner Square
1615 M Street NW, Suite 400
Washington, DC 20036
Phone: 202-326-7978
Fax: 202-326-7999
Email: jnichols@khhte.com
<http://www.khhte.com>

NOTICE: This transmission is intended only for the use of the addressee and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you are not the intended recipient or have received this communication in error, please be advised that review or distribution of this message is strictly prohibited. Please notify the sender immediately via reply e-mail, and then destroy all instances of this communication. Thank you.

From: Lennell Jackson [<mailto:lennell.jackson@exim.gov>]
Sent: Thursday, November 20, 2014 4:55 PM
To: Nichols, W. Joss
Cc: Inci Tonguch-Murray
Subject: FOIA 201500008F Acknowledgment

Dear Mr. Nichols:

The attached acknowledges receipt of your November 19, 2014, Freedom of Information Act Request to the Export-Import Bank of the United States (Ex-Im Bank). If you have any questions about this request, please do not hesitate to contact me at (202) 565-3290 or by e-mail at lennell.jackson@exim.gov.

Sincerely,

Lennell C. Jackson

FOIA Analyst

Front Rowe Inc.

EXIM Bank

(202) 565-3290

lennell.jackson@exim.gov

From: John Connor
To: Inci Tonguch-Murray; Lennell Jackson
Cc: Marina Braginskaya
Subject: FOIA Cost Estimate - FOIA No.201500008F - Kellogg
Date: Monday, December 01, 2014 1:41:00 PM

I estimate that the collection and review process for this FOIA request would take approximately 2,820 hours. This is a preliminary estimate and the actual result could vary in either direction. I break this down as follows:

1 – Collection of documents (assuming review of files at 100 pages per hour to identify communications between Boeing and Ex-Im and identify related documents included in such communications) :

A – Collection of Transportation files – 80-90 files of approximately 200 pages each. 18,000 pages – 180 hours

B – Collection of Operations files – approx. 400 files of approx. 50 pages each. – 20,000 pages – 200 hours

C- IT – Collection of e-mails – approx. 40 hours

Total hours for collection of documents – 420 hours

2 – Review and Redaction of documents – assuming documents collected = approx. 10% of original files (because in Transp. Boeing usually submits information memorandum consisting of due diligence on airline, and in operations many of the final disbursement docs relate to communications with Boeing.). Also assuming approx. 2,000 e-mails. – Total of approx. 24,000 pages and redaction of avg. of 10 pages per hour including review checks by OGC lawyers.

Total – hours for review and redaction of documents – 2,400 hours

Total hours for both collection and review/redaction – approx. 2,820 hours

Much of this time would have to be done by a contractor. Bill Boyd in contracting said we pay approx. \$68/hour for paralegal temps. I estimate that about 1,800 hours would be done by the contractor, and about 1,000 done internally.

Let me know if you need anything else. I have already asked IT to begin the e-mail search.

John G. Connor
 Lead Counsel for Fraud and Compliance
 Export-Import Bank of the United States
 811 Vermont Ave. NW
 Washington, D.C. 20571

(202) 565-3815 (Direct Line)



EXPORT-IMPORT BANK
OF THE UNITED STATES

December 11, 2015

Mr. William Nichols
Kellogg, Huber, Hansen, Todd, Evans & Figel, PLLC
1615 M Street, N.W., Suite 400
Washington, DC 20036
Via Electronic Mail at: jnichols@khhte.com

Re: FOIA Request #201500008F

Dear Mr. Nichols:

This is in further response to your Freedom of Information Act (FOIA) request to the Export-Import Bank of the United States (Ex-Im Bank), which we received in our FOIA office via E-Mail on November 19, 2014. By an E-Mail dated November 26, 2014, you amended your request. This letter provides a fee estimate applicable to processing your amended FOIA request for the following information:

"All communications between the Boeing Company (or any Boeing-affiliated company or any of Boeing's representatives) and Ex-Im Bank staff (including but not limited to the Bank's General Counsel, its Vice President of Transportation, members of the Board of Directors, Ex-Im Bank employees Robert Morin (currently Senior Vice President for Business and Product Development) and Scott Schloegel (currently Senior Vice President and Chief of Staff), since August 1, 2012."

Please be advised that you were placed in the commercial requester category and are responsible to pay for search and review time and any applicable fees. We estimate the fees for processing this request to be \$90,240.00 (2820 hours of search and review time at \$32.00 per hour).

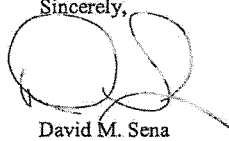
Ex-Im Bank's FOIA regulations at 12 C.F.R.404.9 (j) state that Ex-Im Bank shall require an advance payment of fees that exceed \$250.00 before we can complete processing that request. **Please be aware that charges apply even if any responsive records we may locate are determined to be exempt from disclosure in full or in part.** Please contact us and let us know how you would like to proceed. Please confirm, in writing, your willingness to pay the total estimated processing fee of \$90,240.00. Once we receive written confirmation of your willingness to pay the total estimated processing fees, an official invoice will be provided to you. Please be advised, written confirmation may be sent via E-mail.

If you would like us to process this request as described above, please make your check in the amount of \$90,240.00 payable to the "United States Treasury" and send to the following address: Export-Import Bank of the United States, 811 Vermont Avenue, N.W., Washington, D.C., 20571, ATTN.: FOIA OFFICER. **Please note:** If at all possible, please send/deliver your check via other than U.S. Mail, as we have discovered that some of our mail is still being irradiated and this has delayed, as well as damaged, some of our incoming correspondence. We will complete the processing of your request and provide our final response as soon as we receive your payment. If we do not hear from you within ten days from the date of this letter, we will assume that you do not wish to proceed and will close the file on this request.

In the alternative, you may narrow the scope of your request to reduce the universe of responsive records. If you wish to narrow the scope of your request, please send an amended request and indicate the processing fee amount you are willing to pay within 30 business days from the date of this letter. You may send your amended request to the address above or E-Mail at foia@exim.gov.

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

Sincerely,

A handwritten signature in dark ink, appearing to read "David M. Sena", with a large, stylized loop at the end.

David M. Sena
Chief FOIA Officer

81

KELLOGG, HUBER, HANSEN, TODD, EVANS & FIGEL, P.L.L.C.

SUMNER SQUARE

1615 M STREET, N.W.

SUITE 400

WASHINGTON, D.C. 20036-3215

(202) 326-7900

FACSIMILE:

(202) 326-7999

January 12, 2015

Via Hand-Delivery

FOIA Officer
Export-Import Bank of the United States
811 Vermont Avenue, N.W.
Washington, D.C. 20571

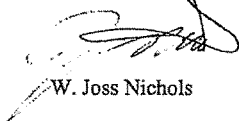
Re: FOIA Fee Request No: 201500008F

Dear FOIA Officer:

Enclosed is a check for Freedom of Information Act Request Number 201500008F. The invoice for this request is also enclosed for reference.

Please contact me if you have any questions.

Respectfully submitted,



W. Joss Nichols

Enclosure

**KELLOGG, HUBER, HANSEN,
TODD, EVANS & FIGEL, P.L.L.C.**
SUMNER SQUARE
1615 M STREET N.W., SUITE 400
WASHINGTON, DC 20036
(202) 326-7900

SUNTRUST BANK
ACH, RT 061000104
65-270650

050587

90,240.00

01/12/2015

***Ninety thousand two hundred forty and 00/100 ***

PAY

TO THE
ORDER
OF

United States Treasury
Attn: FOIA Officer
Export-Import Bank of the United States
811 Vermont Ave, NW
Washington, DC 20571





EXPORT-IMPORT BANK
OF THE UNITED STATES

FRED P. HOCHBERG

CHAIRMAN & PRESIDENT

April 24, 2015

The Honorable Jim Jordan
Chairman, Subcommittee on Healthcare, Benefits &
Administrative Rules
Committee on Oversight and Government Reform
United States House of Representatives
2157 Rayburn House Office Building
Washington, DC 20515

The Honorable Bill Huizenga
Chairman, Subcommittee on Monetary Policy &
Trade
Committee on Financial Services
United States House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Matt Cartwright
Ranking Member, Subcommittee on Healthcare,
Benefits & Administrative Rules
Committee on Oversight and Government Reform
United States House of Representatives
2471 Rayburn House Office Building
Washington, DC 20515

The Honorable Gwen Moore
Ranking Member, Subcommittee on Monetary
Policy & Trade
Committee on Financial Services
United States House of Representatives
4340 O'Neill Federal Building
Washington, DC 20515

Dear Chairmen Jordan and Huizenga and Ranking Members Cartwright and Moore:

This letter is in response to Congressman Hice's questions regarding the Export-Import Bank's (Ex-Im Bank or Bank) data on April 15, 2015 at the Joint Subcommittee hearing entitled, "Oversight of Efforts to Reform the Export-Import Bank of the United States." The Bank is committed to the President's Open Government directive and has been voluntarily and proactively reporting informational datasets on its transactions. These datasets are published in electronic open formats on EXIM.gov and Data.gov. The datasets include information on all transactions authorized by the Bank from FY 2007 – FY 2014.

In response to comments and feedback from the Bank's customers, in early 2015, the Bank undertook a review of the published datasets. This review provided an opportunity to improve our data. During this review the Bank undertook the following actions:

- Consolidated Datasets;
- Removed certain fields from the dataset based on customer concerns regarding business confidential information; and
- Included additional fields in the dataset to provide additional transparency.

811 VERMONT AVENUE, N.W. WASHINGTON, D.C. 20571
Phone (202) 565-3500 Email: fred.hochberg@exim.gov

Consolidated Dataset

To eliminate duplicative fields, the Bank consolidated two datasets into one dataset that includes all authorizations supported by the Bank. The single consolidated dataset provides easier and more user friendly access to Bank information.

Removal of Fields from the Dataset

The Bank removed certain business confidential fields in the dataset based on feedback from Bank customers. The following fields were removed from the dataset: primary supplier, primary buyer, first claim payment date, claim paid amount, Dun and Bradstreet Number (D&B), and applicant contact information (which included various fields such as name, street, city, etc.). The removal of these fields related only to the Bank's voluntary and proactive release of information in the electronic open formats.

The public dataset continues to include the exporter and primary source of repayment for all transactions. For example, for medium and long term transactions, the same information was presented in both the supplier and buyer fields (i.e. the "exporter" is also the "primary supplier", and the "primary buyer" is also the "primary source of repayment"). The dataset includes multiple participants for each authorization (i.e. applicant, lender, exporter, borrower, and primary source of repayment). These participants can be and usually are different entities within the same authorization. As such, the claim information fields and D&B number were removed from our proactive disclosure format as this information, when associated incorrectly to participants in a specific authorization, would be misleading.

The removal of these fields from the dataset does not suggest a general exclusion under FOIA guidelines. The Bank will continue to follow FOIA regulations and complete a FOIA analysis when specific requests are made for transaction information.

New Fields Added to the Dataset

The Bank added new fields in the dataset to provide more information to the public. The following data fields were added to the dataset: "Primary Export Product NAICS/SIC Code" (Column 14), "Primary Exporter City" (Column 20), "Primary Exporter State Abbreviation" (Column 21), and "Primary Exporter State Name" (Column 22).

In addition, during the hearing, the Congressman requested clarification on the specific fields in the dataset that included either "N/A" or "Various".


- **"N/A":** In most cases, the "N/A" denotes "not applicable" as certain categories do not apply to all transaction types. In some instances, the "lender" field includes authorizations where the lender is identified as "N/A." The primary reason for this designation is that these authorizations are insurance transactions where there is no lender involved. In other cases, the "exporter" field includes various records where the exporter is identified as "N/A". The primary reason for this designation relates to commercial bank-held insurance policies which involve multiple buyers and exporters that are not specifically identified at the time the policy is authorized. As the multiple transactions are entered into under the policy, the exporter and buyers are reported to the Bank. To improve clarity of data, the Bank

will revise the "N/A" value in the "exporter" field to "Multiple – Exporters" for these transactions. Lastly, a smaller subset of authorizations where the exporter name is identified as "N/A" related to older insurance transactions that migrated from a legacy system and the information is no longer available. This information is over nine years old and dates from a 2006 data conversion and is a small subset of insurance transactions.

- **"Various":** The "country" and "borrower" fields include authorizations listed as "Various-Insurance". These authorizations are for the multi-buyer insurance program where each transaction can and generally does include more than one buyer. As such, the "country" and "borrower" field include the descriptor "Various – Insurance". To better communicate this information, the Bank will revise the field name to "Multiple – Countries" and "Multiple – Borrowers" to better reflect these fields.

Attached for your reference is the list and description of all fields reported in the electronic open formats. As discussed in the hearing, the Bank is committed to continuous improvement and transparency. The Bank will continuously review and enhance our proactive and voluntary efforts on reporting information in electronic open formats.

Sincerely,



Fred P. Hochberg
Chairman and President

Enclosure

This file contains all authorizations approved between 10/01/2006 and 09/30/2014. Each application is 1 line. The columns included in the file are listed below.

Column #	Column Name	Description	Sample Values
1	Fiscal Year	Fiscal Year of the decision on a deal	2012
2	Unique Identifier	A unique identifier attached to each deal.	08075771XE0001
3	Deal Number	The deal identifier typically used in documents relating to a deal.	AP081940XX or 115642
4	Decision	Whether a deal was Approved or Denied	Approved or Denied
5	Decision Date	The date of approval or denial.	6/23/2006
6	Effective Date	For the insurance program, this is the effective date of an insurance policy. For guarantees and direct loans it is the operative date of the credit, and it is not applicable for Working Capital as the date is agreed upon between the delegated lender and the primary exporter.	6/23/2006
7	Expiration Date	The expiration date for a guarantee or insurance policy.	6/23/2006
8	Brokered (Y/N)	A flag showing whether an insurance policy was brokered or not.	Y or N
9	Transaction Cancelled (Y/N)	A flag showing if an approved transaction was cancelled after approval.	Yes or No
10	Country	The country where the credit risk is. This is typically the country of the buyer on a deal except for Working Capital guarantees or multibuyer insurance policies where the buyer is not known.	Brazil
11	Program	The financing program that was applied for.	Guarantee, Insurance, Loan, Working Capital
12	Policy Type	A code for the insurance policy type. Policy Type decode is below. Note: this only applies to the Insurance program.	see decode below.
13	Decision Authority	The level of authority that made the decision on the deal.	Board, Individual Delegated Authority, or Loan/Credit Committee
14	Primary Export Product NAICS/SIC Code	The industry code of the product that was exported when reported to Exim Bank. A Standard Industry Classification code (SIC) is 4 digits, whereas the North American Industry Classification System code (NAICS) is 6.	424910
15	Product Description	A generic description of the product that was exported.	
16	Term	The length of the financing on a deal.	Long Term, Medium Term, or Short Term

17	Primary Applicant	The company name of principal Applicant on a deal. Note: for Working Capital Delegated Authority transactions the Primary Lender serves as the Primary Applicant for the Primary Exporter.	Wells Fargo Bank Minnesota Na
18	Primary Lender	The company name of principal Lender on a deal.	Wells Fargo Bank Minnesota Na
19	Primary Exporter	The company name of principal Exporter on a deal.	Caterpillar Inc.
20	Primary Exporter City	The city of the Primary Exporter.	Thompson
21	Primary Exporter State Abbreviation	The state abbreviation of the Primary Exporter.	CT
22	Primary Exporter State Name	The state name of the Primary Exporter	New York
23	Primary Borrower	The company name of principal Borrower on a deal.	Siderurgica Lazaro Cardenas Las Truchas
24	Primary Source of Repayment (PSOR)	The primary borrower or guarantor responsible for repayment.	
25	Working Capital Delegated Authority (Y/N)	A flag showing whether a Working Capital deal was decided under its' Delegated Authority program.	No or Yes
26	Approved/Declined Amount	The amount of financing approved or declined.	\$1,000,000
27	Disbursed/Shipped Amount	The amount of the loan or guarantee that has been disbursed or the amount that has been shipped on an insurance policy as of the date this data set was generated.	\$1,000,000
28	Undisbursed Exposure Amount	The difference between the Approved Amount and the Disbursed/Shipped Amount as of the date this data set was generated.	\$1,000,000
29	Outstanding Exposure Amount	The portion of the Disbursed/Shipped Amount that has not been repaid as of the date this data set was generated.	\$1,000,000
30	Small Business Authorized Amount	The portion of an approved amount that assisted a small business.	\$1,000,000
31	Woman Owned Authorized Amount	The portion of an approved amount that assisted a woman owned company.	\$1,000,000
32	Minority Owned Authorized Amount	The portion of an approved amount that assisted a minority owned company.	\$1,000,000

Policy Type Decodes:

ASB	Short Term Exporter Held Single Buyer
ASB-A	Short Term Exporter Held Single Buyer
EBM	Short Term Bank Held Multibuyer
EBS	Short Term Bank Held Multibuyer
ELC	Short Term Bank Held Multibuyer
ELF	Medium Term Single Buyer
ENB	Short Term Exporter Held Multibuyer
ENV	Short Term Exporter Held Multibuyer
ESC	Short Term Exporter Held Multibuyer
ESP	Short Term Exporter Held Multibuyer
ESS	Short Term Exporter Held Single Buyer
ESS-A	Short Term Exporter Held Single Buyer
ESSP	Short Term Exporter Held Single Buyer
EXP	Short Term Exporter Held Multibuyer
FB	Short Term Bank Held Single Buyer
FB-A	Short Term Bank Held Single Buyer
FBIC	Short Term Bank Held Single Buyer
FV	Short Term Bank Held Single Buyer
MDF	Single Buyer
MSC	Single Buyer
MSC-E	Single Buyer
MSM	Medium Term Single Buyer
MTA	Medium Term Single Buyer
MTR	Medium Term Single Buyer
MTS	Medium Term Single Buyer
QLC	Short Term Bank Held Multibuyer

**BAFT****FINANCIAL
SERVICES
ROUNDTABLE**

April 29, 2015

The Honorable Mitch McConnell
Senate Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable John Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

The Honorable Harry Reid
Senate Minority Leader
U.S. Senate
Washington, DC 20510

The Honorable Nancy Pelosi
House Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Senator McConnell, Senator Reid, Speaker Boehner and Representative Pelosi:

On behalf of BAFT, the Bankers Association for Finance and Trade¹ and the Financial Services Roundtable (FSR)², we write to express our strong support for reauthorizing the Export-Import Bank of the United States (Ex-Im). Ex-Im plays a vital role in international trade and US job creation by providing export financing products that help fill gaps in trade financing otherwise not provided by the private sector. Ex-Im is a crucial driver of trade finance support to US companies of all sizes. The banking industry recognizes this contribution and values a continued working relationship with Ex-Im. The Ex-Im Bank remains a vital partner for the lending community to increase trade finance availability and affordability that cannot be replaced solely by the private sector.

Global trade relies upon accessible financing for trade transactions and trade finance assists customers with their import and export requirements by providing import/export financing as well as country and counterparty risk mitigation. Trade finance, as a transaction banking product, is a core banking business that supports \$18-19 trillion in global commerce annually, leading to the creation of sustainable, high quality jobs through trade. Without Ex-Im Bank programs, private-sector lenders often could not provide reasonable financing terms, which would result in lost sales for clients. Balance sheet constraints (arising from prudential capital and liquidity requirements, among other factors) along with institutional credit, country and counterparty limitations create real challenges for lenders who work with exporting clients. In today's regulatory environment, these concerns are heightened. Many US based lenders have turned to Ex-Im for decades to mitigate geopolitical and collateral risk in an effort to retain and grow client relationships and to provide viable trade financing solutions for their corporate customers.

Ex-Im works creatively with banks and exporters to help create and retain US jobs by helping ensure that deals are not lost to overseas competition and unfair trade practices. In this regard, small and medium-sized enterprises (SME) are heavily reliant on Ex-Im in collaboration with the private sector and this important financing makes up nearly 90% of Ex-Im's transactions. For example, the Working Capital Guarantee Program

¹BAFT, the Bankers Association for Finance and Trade, is an international financial services trade association whose membership includes a broad range of financial institutions throughout the global community. As a worldwide forum for analysis, discussion, and advocacy in international financial services, BAFT member banks provide leadership to build consensus in preserving the safe and efficient conduct of the financial system: www.baft.org

²The Financial Services Roundtable represents the largest integrated financial services companies providing banking, insurance, payment and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. FSR member companies provide fuel for America's economic engine, accounting for \$92.7 trillion in managed assets, \$1.2 trillion in revenue, and 2.3 million jobs. Learn more at: www.FSRoundtable.org

encourages commercial lenders to make working capital loans by providing them with a loan backing guarantee, which in turn enables businesses to facilitate the export of their products and provides much needed liquidity to conduct new overseas sales.

For all transactions, Ex-Im support is an enhancement to a client relationship, not a primary reason for conducting a deal. Lenders will not book facilities or transactions solely due to the availability of Ex-Im support. An Ex-Im Guarantee does not make a bad deal "bankable". The loans must be commercially viable and meet not only private lender risk criteria but also Ex-Im's high support requirements. As such, it is important to note that commercial banks share the risk on transactions with Ex-Im and so would not enter into arrangements where the risk trumps the viability of the deal. Additionally, claims on an Ex-Im Guarantee are only filed with Ex-Im after all attempts to cure financial defaults are completed, including liquidation of available assets. As such, Ex-Im loans and guarantees present very low risks because they are backed by the underlying commercial trade transaction, with a historically low active-default rate of 0.174 percent as of December 2014.

We stress that Ex-Im complements rather than competes with private-sector lenders and each transaction considered for support undergoes analysis by Ex-Im to determine whether an Ex-Im Guarantee is necessary to facilitate the financing of the company's export sales, including an evaluation of why funds are not available from commercial sources. As standalone private sector funding of trade transactions is not always available or affordable, Ex-Im financing helps commercial lenders, who in turn support their clients to create jobs and maintain growth.

We represent banks of all sizes and we emphasize that the private sector cannot fill the void in export financing for US companies if Ex-Im Bank were to close its doors. We strongly encourage Congress to reauthorize the Ex-Im Bank in advance of the June 30 deadline in order to ensure the continuation of American competitiveness globally, economic growth of US businesses and the creation of US jobs.

Very truly yours,



Tod R. Burwell
President and Chief Executive Officer
BAFT- Bankers Association for Finance and Trade



Tim Pawlenty
President & CEO
Financial Services Roundtable

Matthew L. Ekberg, VP, International Policy
BAFT – Bankers Association for Finance and Trade
| E: mekberg@baft.org |

Georgette Sierra, VP, Government Affairs
Financial Services Roundtable
| E: Georgette.Sierra@FSRoundtable.org |

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

1615 H STREET, N.W.
WASHINGTON, D.C. 20062-2000
202/463-5310

April 29, 2015

The Honorable Bill Huizenga
Chairman
Subcommittee on Monetary Policy
and Trade
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Gwen Moore
Ranking Member
Subcommittee on Monetary Policy
and Trade
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Jim Jordan
Chairman
Subcommittee on Health Care, Benefits
and Administrative Rules
Committee on Oversight and Government
Reform
U.S. House of Representatives
Washington, DC 20515

The Honorable Matt Cartwright
Ranking Member
Subcommittee on Health Care, Benefits
and Administrative Rules
Committee on Oversight and Government
Reform
U.S. House of Representatives
Washington, DC 20515

Dear Chairmen Huizenga and Jordan and Ranking Members Moore and Cartwright:

The U.S. Chamber of Commerce strongly supports legislation to reauthorize and reform the Export-Import Bank of the United States (Ex-Im), including H.R. 597, the "Reform Exports and Expand the American Economy Act," and H.R. 1031, the "Promoting U.S. Jobs Through Exports Act of 2015." On the occasion of your subcommittees' joint hearing entitled "Oversight of Efforts to Reform the Export-Import Bank," the Chamber urges Congress to act swiftly on this important issue before Ex-Im's charter lapses on June 30.

As you have heard, failure to reauthorize Ex-Im risks putting tens of thousands of Americans out of work. Below please find statements from more than 80 small- and medium-size businesses from all across the country on the importance of Ex-Im. To read their stories in full, please visit our website: www.uschamber.com/ex-im.

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and

defending America's free enterprise system, urges Congress to approve legislation to reauthorize and reform Ex-Im as expeditiously as possible.

Sincerely,



R. Bruce Josten

cc: Members of the Committee on Financial Services
Members of the Committee on Oversight and Government Reform

Abro Industries, Inc.
South Bend, IN
www.abro.com

"Exports today support more than 30 jobs at Abro Industries, Inc. in South Bend — and 1,500 additional jobs at its various suppliers. Abro began by purchasing credit insurance in 2003 for its African business. Sales to Africa more than doubled to more than \$20 million in just a few years. This opened the way for an Ex-Im working capital loan in 2009, and sales soared. Clearly we could not be doing what we're doing today without Ex-Im Bank." —Peter Baranay, President

Ace Manufacturing & Parts Company
Sullivan, MO
www.ace-mfg.com

"Ace Manufacturing & Parts Company has been producing American-made clutches out of Sullivan, Missouri, since 1967. We use Ex-Im Bank to extend credit terms to our overseas customers. Congress needs to reauthorize Ex-Im bank so small American businesses can stay competitive in the global market and create new jobs." —Mickie Ivie

Acme Manufacturing
Auburn Hills, MI
www.acmemfg.com

"Ex-Im supports half of our business. It gives us the means to meet the terms our foreign customers demand." —Tom McKaig, CFO

Air Products and Chemicals, Inc.

Allentown, PA

www.airproducts.com

“We manufacture our LNG heat exchangers in Wilkes-Barre, Pennsylvania. Without the support of the Ex-Im Bank it would be very difficult to keep ahead of the competition from abroad. We truly support the presence of the Ex-Im Bank and the way they have helped to generate employment through the promotion of U.S. exports.” —Murray D. Hamilton, Assistant Treasurer

AirTractor

Dallas, TX

www.airtractor.com

“The Ex-Im Bank is critical to our business and our ability to create and sustain jobs. Air Tractor is owned by its 265 employees, who would suffer dramatically if Congress fails to re-authorize the Ex-Im Bank.” —David Ickert, President of Finance

A.J. Rose Manufacturing Co.

Avon, Ohio

www.ajrose.com

“We have used Ex-Im loan guarantees to build our export business for engine parts. Normally, commercial banks will not extend loans to cover a small company’s overseas orders, but Ex-Im guarantees allow us to do just that. With Ex-Im guarantees, we exported an additional \$2.7 million in engine parts and hired 19 people.” —Doug Krzywicki, CFO

Alliance Rubber Company

Hot Springs, AR

www.rubberband.com

“Alliance Rubber Company is the largest producer of rubber bands in the United States. Ex-Im Bank gives us the peace of mind that allows us to export. We have been using Ex-Im since 2006. Since that time, we have come to know Ex-Im as a reliable, trustworthy supplier of credit insurance. I strongly support Ex-Im Bank and urge Congress to do the same.” —Bryan Smith, Chairman of the Board

Amana Tool

Farmington, NY

www.amanatool.com

“Amana Tool has been redefining woodworking since 1972 with its high-quality router bits, cutters and saw blades. Ex-Im Bank’s credit insurance lets us comfortably ship larger orders,

allowing us to more rapidly expand our business. Without it, our hands would be tied.” —
Michele Hannasch-Scott, Controller

American Biosystems Inc.
Roanoke, VA
www.americanbiosystems.com

“With many other countries providing similar or greater assistance to their businesses, how are American companies going to compete in the global marketplace? We compete with European and Asian countries for the same orders, and if we cannot offer similar terms, we will not get the order. To me, this is a no-brainer.” —Edward Goyette, President

Annamaet Pet Foods
Telford, PA
www.annamaet.com

“Annamaet is in the Petfood Industry, improving the health and well-being of canine companions through natural pet nutrition. We have been using Ex-Im for the last two years and it has helped us tremendously to expand internationally. International sales make up 30 percent of our total sales, and growing rapidly. We would not be able to enter new markets such as Hong Kong and the Czech Republic without it. We urge Congress to reauthorize the Ex-Im Bank.” —Mary Jo Downey, Owner

Auburn Manufacturing, Inc.
Mechanic Falls, ME
www.auburnmfg.com

“The Export-Import Bank is especially important to small and medium-sized businesses, which account for nearly 90 percent of the Bank’s transactions. Our company, Auburn Manufacturing, Inc., is one of those. Insuring our export shipments with Ex-Im allows us to provide the same payment terms to our export customers as we do for our domestic customers. The result is more export business for us at a low administrative cost. I urge Congress to support a swift reauthorization for Ex-Im.” —Kathie Leonard, President

Baby Elephant Ears
Cambridge, MN
www.babyelephanteears.com

“Baby Elephant Ears uses Ex-Im’s export insurance to guarantee receivables sold to South Korea, Australia, and Japan. The Ex-Im Bank is helpful to small companies like mine as it frees up working capital that we use to hire more employees and invest in the company. It’s a growth

strategy. I urge Congress to reauthorize the Export-Import Bank of the United States.” —Alicia Overby, President

Bassetts Ice Cream
Philadelphia, PA
www.bassettsicecream.com

“Our existing customers as well as prospective customers in foreign markets expect standard trade terms. If Ex-Im’s charter is allowed to expire, our small company would be unable to extend credit to our overseas customers, and we’d have to reduce exports. It would also hamper our ability to enter new markets.” —Michael Strange, President

Bingaman & Son Lumber, Inc.
Kreamer, PA
www.bingamanlumber.com

“Around 30% of the revenue of Bingaman & Sons Lumber comes from export sales to companies overseas. With Ex-Im Bank we have been able to expand our business to these customers and consequently expand our facilities and hire additional employees here in Pennsylvania.” —Chris Bingaman, V.P. Sales & Marketing

Bio-Microbics, Inc.
Shawnee, KS and St. Louis, MO
www.biomicrobics.com

“Ex-Im Bank allows us to offer end users short term loans at affordable rates as compared to their own lending environment. As a result, this allows Bio-Microbics to win bids and continue exporting from Kansas City and St. Louis.” —Robert J. Rebori, President

Bolivar Trading Inc
Miramar, FL
www.bolivartrading.com

“We find the Ex-Im Bank very useful. The commercial banks will not lend us \$1.7 million without the Ex-Im loan guarantee, and without the line of credit we would not be in business. All our receivables are foreign. No commercial bank will lend against those receivables. We export tanks, dispensers, and signage for gas stations to Latin America, the Caribbean and Africa. We employ 35 people — but couldn’t do it without the Bank.” —Oscar Ramirez, President

Bridge to Life Solutions Ltd.
Columbia, SC
www.bridgetolifesolutions.com

“Ex-Im let us move beyond the conversation with our customers of ‘How are we going to pay for it?’ to focusing on ‘How are we going to increase revenue?’ To get to the next stage of growth, we’re going to use it again. Letting the Ex-Im bank expire would eliminate my ability to talk about expansion.” —John Bruens, Chief Commercial and Business Development Officer

Chemex, LLC
Bakersfield, CA
www.chemexllc.com

“Chemex designs and manufactures petroleum processing and measuring equipment. Ex-Im programs are invaluable to the success of our business. Without it, we wouldn’t have been able to hire over a hundred local subcontractors and purchase millions of dollars of local materials.” —Alan Robinson, CEO

Combustion Associates, Inc.
Corona, CA
www.cai3.com

“The Ex-Im Bank has been instrumental in fostering our company’s growth throughout the world. The projects that the Ex-Im Bank supports not only create positive change for the lives of the local people and communities, but also generate global creativity and economic prosperity on a profound level. Had it not been for the guidance, mentorship, and assistance of the Ex-Im Bank, many small and medium-sized exporters that use the vast resources of the institution would not have the success and prosperity they do today.” —Kusum Kavia, President

Compass International
Lexington, SC
www.compassintlco.com

“Ex-Im allows us to give credit terms to our customers. We would not be in business if the Bank did not exist, as we cannot afford the credit premiums offered by private insurance companies. The Ex-Im Bank is fundamental for small companies like us.” —Cecilia Shepard, International Sales

Concept II Cosmetics, LLC
 Miami, FL
www.conceptiicosmetics.com

“Exports support all 25 jobs at Concept II Cosmetics, LLC in Miami, FL, and we have customers in more than 50 countries. We use Ex-Im Bank to insure our account receivables and offer credit to our customers, giving them better service and helping us to be more competitive. We use Ex-Im for shipments to Nicaragua, Bahrain, Jordan, and South Korea. We urge Congress to grant Ex-Im Bank reauthorization.” —Daniel Bittner, Managing Director

Coolerado Corporation
 Denver, CO
www.coolerado.com

“Without Ex-Im’s credit insurance program, we would face a significant disadvantage and risk jobs here in Denver. Private credit insurance is very difficult for startup companies to be able to afford.” —Tom Teynor, Chief Executive Officer

Cyclo Industries, Inc.
 Jupiter, FL
www.cyclo.com

“ExIm Bank has been one of the most important elements to our company’s international growth. We use ExIm’s credit insurance for nearly all of our export sales as we are able to provide affordable credit to our foreign distributors who would otherwise pay excessive interest rates. Today exports contribute to 65 percent of Cyclo Industries, Inc.’s sales, going to 85 countries globally. I urge Congress to reauthorize the Export-Import Bank of the United States.” —Lawrence Pesin, Senior Advisor

Davenport Aviation, Inc.
 Columbus, OH
www.davenportaviation.com

“We’re in turbo growth mode right now, and we need the cash. Cash lifecycles can be long when dealing with markets in developing countries, up to 120 days. We have a large backlog of orders and need the credit to fill them while waiting for payment. Private banks just do not offer a large enough line of credit to small companies like ours that would let us fill our orders. Our business needs, uses, and has had great success with Ex-Im Bank. It’s necessary for small business.” —Leah Simoes, Owner

Draper Inc.
Henry County, IN
www.draperinc.com

“Draper Inc. began as a window shade manufacturer, and today’s business has expanded to include projection screens, solar control coverings and gym equipment. With 500 employees, Draper Inc. is the largest private-sector employer in Henry County. Without Ex-Im Bank, I know that many overseas customers very likely may not be able to do business with Draper.” —Nate LaMar, International Regional Manager

DSC Dredge
Reserve, LA
www.dscdredge.com

“Without Ex-Im, we would basically cut our revenues and our workforce in half. That’s 75 people. Ex-Im helps level the playing field between us and our foreign competitors.” —Bob Wetta, CEO

Eagle Labs
Rancho Cucamonga, CA
www.eaglelabs.com

“I’m blown away that anyone could want to shut it down. It’s really bizarre. We’re a family run business, and Ex-Im is an important option for us. If our credit line came due tomorrow, we’d have to close our doors.” —Michael De Camp, Vice President of International Sales

Environmental Tectonics Corporation
Southampton, PA
www.etcusa.com

“The way our contracts are structured, money is really tight up front. Ex-Im frees up money on our smaller deals. It lets us take on additional work when cash is tight.” —Mark Prudentia, CFO

Fritz-Pak Corporation
Dallas, TX
www.fritzpak.com

“We may be small, but we think big. In an age where everything seems to be made some place else, we’re thriving here in the USA. And it is in no small part due to the services provided by Ex-Im Bank.” —Gabriel Ojeda, President

Glottal Enterprises, Inc.

Syracuse, NY
www.glottal.com

“Without congressional action on Ex-Im, we would most likely lose many of those sales and might have to close.” —Marcia Rothenberg, Vice President

Grain Millers, Inc.

Eden Prairie, MN
www.grainmillers.com

“Nearly 30% of Grain Millers’ dairy sales are international, and much of that is covered by Ex-Im credit insurance. You’re going to hurt businesses at home, in your district. Ex-Im assists all sizes of business. It’s been a very big help to us and needs to be reauthorized.” —Steve Shogren, Credit Manager

Healthy Oilseeds, LLC

Carrington, ND
www.healthyoilseeds.com

“The Export-Import Bank is a big deal for my family business. This program is the best the federal government has to offer for small business exporters. We use the insurance program and our customers have never defaulted. It’s a win-win! Reauthorization of the Ex-Im Bank is vital to our company’s growth and my family business.” —Roger Gussiaas, President

Heart of Nature

Bakersfield, CA
www.heartofnature.biz

“We use the Ex-Im Bank to insure our export orders. Ex-Im allowed us to create a better process that frees distributors up to order more product at a faster rate. Losing Ex-Im now would be tragic for us.” —Jerry Tyler, Managing Director

Heavy Equipment Resources of Florida, Inc. (HERO FL)

Jacksonville, FL
www.herofl.com

“We began to use the Bank’s export credit insurance to provide competitive terms to buyers, and our sales increased. As business progressed, we used Ex-Im’s small business insurance policy for Africa — \$436,000 of sales covered from 2010 to 2013. Reauthorizing the Bank is vital to the continued success of American small businesses like HERO FL, where 100 percent of the jobs here rely on exports.” —Leslie Smith, President

Holmatro, USA
Glen Burnie, MD
www.holmatro.com

“Holmatro has been using the Export-Import Bank since 2009. We use the credit insurance product for sales to Canada and South America, which supports 30 percent of sales. We urge Congress to reauthorize Ex-Im Bank to allow for America’s small businesses to continue to create growth and jobs through exports.” —Tony Barboza, National Sales Manager

Innova Technologies
Las Vegas, NV
www.innovanv.com

“If not for Ex-Im, we wouldn’t be pursuing this type of work. With Ex-Im, I don’t have to think ‘what happens if they don’t pay?’ or ‘what happens if their currency goes down?’ I can just focus on my job, which is engineering, construction management and bringing money into the U.S. economy.” —Carlos Banchik, Principal

ISCO Industries
Louisville, KY
www.isco-pipe.com

“ISCO Industries sells a wide variety of customized piping solutions and applications worldwide from their Louisville, KY, headquarters. We have used Ex-Im Bank trade credit insurance when doing business in Peru in 2008. ExIm gave us the certainty we needed to grow our business in that market, and in turn create jobs and growth here in Kentucky. I urge Congress to reauthorize the Export-Import Bank of the United States.” —Darren Srebnick, International Trade Compliance Manager

Liquid Waste Technology (LWT)
Somerset, WI
www.lwtpithog.com

“We have half a dozen competitors from Europe, all of which have access to ECAs, which are already more aggressive than Ex-Im, as well as some new Asian suppliers. Ex-Im is absolutely critical to keeping our business at the level it is today. Without it, I’m sure we’d lose some sales to our European competitors.” —Peter Bowe, President and CEO

Los Kitos Produce, LLC
Orange County, CA
www.loskitosproduce.com

“Los Kitos exports world famous California-grown oranges, cantaloupes, and strawberries and supports between 800-900 workers involved in the growing, packing, and shipping of produce. Congress needs to support American small businesses by reauthorizing Ex-Im Bank. The bottom line is: without Ex-Im Bank, we wouldn’t be able to export.” —Martha Montoya, Founder

Marlin Steel Wire Products LLC
Baltimore, MD
www.marlinwire.com

“One-fourth of our 33 employees are employed as a direct result of the company’s export business, and we continue to look for new markets, bringing our products to customers all over the world. Ex-Im Bank gave me the courage to do business in a new market. I would not have been able to execute a deal without the Ex-Im Bank.” —Drew Greenblatt, President

Mathews Company
Crystal Lake, IL
www.mathewscompany.com

“Shutting down Ex-Im would cost us our ability to do business with some of our customers. We wouldn’t have been able to sell 5 grain dryers to Mexico last year. That doesn’t sound like much, but that’s 2.5% of our business. Ex-Im fills a void no one else can fill. We’ve looked.” —Jeremy Kemp, Sales and Marketing Manager

McSweeney Holdings
Trussville, AL
www.mcsweeneyholdings.com

“Southern Comfort Automotive, Starcraft, Star Limo, MCM Vehicles and MCX are some of the brands that McSweeney has made world famous. Ex-Im lets us sell our products to places that private lenders won’t go alone. It allows us to offer better payment terms to our buyers and give them a longer grace period to pay for our products. I urge Congress to support America by reauthorizing Ex-Im Bank.” —Michael McSweeney, Managing Partner and Owner

MGN International

Indianapolis, IN

<http://www.mgninternational.com/>

“Without Ex-Im reauthorization, we will simply be leaving those revenues on the table for other countries.” —Stephen Gituku, CFO

Miner Elastomer

Geneva, IL

www.minerelastomer.com

“For over two decades, Miner Elastomer Products Corporation (MEPC) has supplied the global industrial marketplace with quality manufactured TecPak thermoplastic elastomer energy management systems. We use ExIm’s accounts receivable insurance. They are great. They are one of the few agencies that turns a profit, and helps small businesses create jobs. Congress should act swiftly to reauthorize the Ex-Im Bank.” —Richard Beranek, President

Miss Jenny’s Pickles

Kearnersville, NC

www.missjennyspickles.com

“Ex-Im Bank’s export-credit insurance enables us to offer terms to our foreign buyers, so they don’t have to pay for the whole order at once. Our export sales have permitted us to hire our first full-time employee and four part-time employees, and with the new orders from China supports by Ex-Im’s Express Insurance we hope to turn those part-time jobs into full-timers by the end of the year.” —Jenny Fulton, Chief Pickle Officer

Murray Equipment, Inc.

Fort Wayne, IN

www.tcsimeters.com

“For over 60 years, Murray Equipment, Inc. has been an industry leader in the design, manufacture, and distribution of liquid handling solutions. Today 50 percent of our sales are international, and it’s increasing rapidly. Ex-Im Bank plays a key role in our international growth. It is part of doing business and is a great opportunity.” —Steve Murray, President

Murray Equipment, Inc.

Fort Wayne, IN

www.murravequipment.com

“The question was how to meet our customer’s need to be able to purchase our product on credit terms. For this small company, the answer was Ex-Im credit insurance. Since we began using

Ex-Im in 2001, the firm's exports have grown to 50% of its total revenue." —David Musselman, CFO

National Drug Source, Inc.
Concord, NC
www.nationaldrugsource.com

"If the Ex-Im Bank were to close down, we would lose sales and jobs as we are forced to draw upon lower credit limits for customers." —Ethel Torres, Owner

NOSHOK, Inc.
Berea, OH
www.noshok.com

"Ex-Im provides loans, loan guarantees and export credit insurance to help cover financing gaps for American exporters like NOSHOK, Inc. It helps level the playing field for U.S. companies seeking new sales in fiercely competitive global markets. I urge Congress to support Ex-Im's swift reauthorization." —Jeff Scott, President

NOW International
Bloomington, IL and Sparks, NV
www.nowfoods.com

"Ex-Im Bank has supported \$6.1 million of sales to the Netherlands, Poland, the UAE and new buyers in Italy and China. Through Ex-Im's credit insurance, we can offer customers flexible payment terms while Ex-Im insures our receivables. Nearly 35 jobs at NOW International are directly supported by the sales through Ex-Im Bank." —Philip Pittsford, International Sales Manager

Omni Specialty Packaging
Shreveport, LA
www.osp.cc

"If we don't have insurance on foreign receivables, we can't use that collateral to borrow working capital. We employ about 250 people, and most of those manufacturing jobs are in the Shreveport area. We wouldn't have gotten our foreign business off the ground without Ex-Im in 1999. We're proof that it works." —David Barber, CFO

Optical Cable Corporation (OCC)

Roanoke, VA

www.occfiber.com

“Optical Cable Corporation (OCC) is a leading manufacturer of a fiber optic and copper data communication cabling and connectivity solutions used in the most demanding military field applications. The Export-Import Bank is critical to OCC’s growth. We use Ex-Im credit insurance for 100% to of our international sales. Without Ex-Im, our export business would suffer, along with the jobs it supports. I urge Congress to act quick and reauthorize Ex-Im Bank.”

—Michael Newman, Vice President of International Sales and Global Marketing

OptiLedge LLC

Newnan, GA

www.optiledge.com

“Ex-Im is essential for the continued growth of OptiLedge. Congress needs to reauthorize the bank to allow small American businesses reach their full potential as export powerhouses. Our economic future depends on it as do American jobs.” —Jeff Lamb, President

Patton Electronics Co Inc.

Gaithersburg, MD

www.patton.com

“Patton Electronics Co Inc. makes a wide range of data and telecommunications products including VoIP Gateways, Routers, Mobile Surveillance and various connectivity devices. We started exporting in the 1990s and now sell to over 120 countries. The Ex-Im Bank enables us to export to this many markets, as it provides loan guarantees and insurance on our receivables.”

—Bobby Patton, President & CEO

PERMAC Industries

Burnsville, MN

www.permacindustries.com

“PERMAC custom manufactures precision parts for an increasingly complex supply chain that services many large and small business customers worldwide. Ex-Im Bank’s support for the sale of the end product, provides my company a critical source of revenue that would not otherwise be there.” —Darlene Miller, President

Pexco LLC
Fife, WA
www.pexco.com

“Pexco is a plastics company specializing in the design and manufacture of traffic and safety products, privacy fence products, and custom thermoplastic extrusions. The low credit insurance rates available through Ex-Im make it financially viable for us to pursue business with new customers in new countries.” —Peter A. Speer, Vice President of Sales

Planson International Corporation
New Gloucester, Maine
www.plansonintl.com

“Ex-Im Bank’s Working Capital Guarantee program gave us the ability to achieve this growth. We simply could not have reached this level of success without Ex-Im’s backing.” —Connie Justice, President

Polyguard Products
Ennis, TX
www.polyguardproducts.com

“Ex-Im helps us to cover the credit risk and takes out one element of uncertainty from a business point of view.” —John Muncaster, CEO

Process Equipment, Inc.
Pelham, AL
www.processbarron.com

“Several years ago, Process Equipment, Inc. made the conscious decision to step out in the world arena. Knowing Ex-Im Bank existed to help small and medium size businesses was one of the main reasons we did so. It has paid off significantly in terms of sales and jobs. I encourage Congress to reauthorize the Export-Import Bank.” —Cynthia Parker, International Trade/Project Manager

ProGauge Technologies, Inc.
Bakersfield, CA
www.progauge.us

“Nobody is going to take the place of Ex-Im. We’re already working with a private bank. Without Ex-Im, we wouldn’t have the collateral required for our projects and revenues would go down by about 75%. I’d have to lay off between 50-60 people. Ex-Im is critical to our business.” —Don Nelson, President

Quality Float Works

Schaumburg, IL
www.metalfloat.com

“We are working with Ex-Im to secure an export for the largest order in our history, which would enable us to grow our workforce by 20% and employ dozens more through local suppliers. Without Ex-Im, this deal may not come through, along with the potential jobs for Illinois workers.” —Jason Speer, President

Quest Automotive Products

Masillon, OH
www.quest-ap.com

“We urge Congress to act swiftly to reauthorize the bank before its charter lapses, enabling us to continue to enjoy growth in our export sales and protect the jobs that we have created to support those sales.” —Cindy Spino, International Sales Manager

Reliable Industries

Elmwood, LA
www.reliableindustries.com

“As a small business owner, I appreciate what Ex-Im has done. We are given the same advantages of larger companies. This is a valuable tool for our ability to finance new customers. We would be harmed if it were not renewed.” —Mike Rongey, CEO

ResinTech Inc

West Berlin, NJ
www.resintech.com

“A lot of our customers get credit terms from our competitors. Ex-Im credit insurance lets us do the same.” —Seth Rockmacher, International Sales Manager

Resin Technology, LLC

Groton, MA
www.resintek.com

“We’re a small business and we don’t have hard assets to lend against other than accounts receivable and inventory. Ex-Im gives us the ability to go head to head with our competitors in India, Japan, Korea and the Netherlands.” —Carly Seidewand, Director of Sales and Marketing/Global Markets

Rosenbauer America

Lyons, SD, Fremont, NE, and Wyoming, MN
www.rosenbaueramerica.com

“Many of our overseas customers are local municipalities which are not allowed to pay until the product arrives in their country. Without Ex-Im, we’d lose them and other customers who require open account terms.” —Timm Reifschneider, Export Sales Manager

SB Global Foods, Inc.

Lansdale, PA
www.sbglobalfoods.com

“Our company is a small snack food company. Eighty percent of our business is export and almost all is insured by Ex-Im Bank. Our primary use of Ex-Im products is the export credit insurance product, which has been critical to our ability to extend open account terms to our customers. If we were not able to offer open account terms, our export business would be substantially less and would cripple our ability to grow. If Ex-Im Bank was not reauthorized, this would without question severely inhibit our export sales and result in a dramatic drop in our business and result in potential layoffs at my company as well as those co-packers who manufacture our export products.” —Karl Brown, President

ServerLIFT

Phoenix, AZ
www.serverlift.com

“Since 2010, ServerLIFT has been able to use Ex-Im to grow its exports by over 500%. Ex-Im Bank programs have provided the launch pad that enables us to export at the scale in which we do today.” —Ray Zuckerman, CEO

Shank’s Veterinary Equipment Inc.

Milledgeville, IL
www.shanksvet.com

“Our Export Credit Insurance policy with the Ex-Im Bank has been instrumental in growing our export sales. We have specifically been using this in recent months to offer to distributors/resellers in India and Mexico.” —Jennifer Dettman, Secretary and Treasurer

Spectrum Aeromed

Fargo, ND

www.spectrum-aeromed.com

“We sell life support equipment and custom medical aircraft interiors in countries in Latin America, the Middle East, and Asia, which represents 70% of our company’s sales. We use Ex-Im Bank because selling internationally is a significant part of our business strategy. Ex-Im is a great agency. They return a profit to the U.S. Treasury and enable small companies to take on risk while looking at new markets. I urge Congress to reauthorize the Ex-Im Bank.”

—Chad Kost, COO

Spring Health Products

Norristown, PA

www.springhealthproducts.com

“The export market for dental equipment is growing rapidly, especially in Asia and the Middle East. Without Ex-Im, we would not be able to export our made-in-USA products and create new American jobs.” —Jolie Berg, Sales and Marketing for Spring Health Products

Sullivan – Palatek, Inc.

Michigan City, IN

www.palatek.com

“There is no way that the private sector banks and insurers will be able to replace Ex-Im.”

— Steve Watkins, Vice President

SunDial

Dallas, TX

www.sundialsmartpower.com

“We’re a small, veteran-owned company that supports American jobs in five different states, and we need Ex-Im.” —Daniel Rice, President and Co-Founder

Team Askin Technologies, Inc.

Fairfax, VA

www.teamaskin.com

“We have very good technology workers in the U.S. The only way we are going to export is with the backing of the Ex-Im Bank. It is a must. We have to have it.” —Debbie Askin, President and CEO

Titan Steel Corporation
Baltimore, MD
www.titansteel.com

“Titan Steel Corporation is a processor and distributor of steel products with customers located in more than 30 countries worldwide. Credit insurance provided by Ex-Im Bank has been essential to our being able to maintain our export presence, and has enabled our company to compete successfully against overseas firms much larger than ourselves. The Ex-Im Bank has been supportive of our efforts to grow our exports and thereby increase employment. We rely on Ex-Im Bank as a strategic partner in our export business development efforts.” —Bill Hutton, President

Tomad International Inc.
Indianapolis, IN
www.tomad.us

“I can see firsthand the impact Ex-Im has on American jobs. Without Ex-Im, we couldn’t have brought in so many new customers and new employees. Over the years, who knows how much business not being able to extend credit has cost us.” —Crystal Coons, Director of Operations

Tulco Oils
Tulsa, OK
www.tulco.com

“We’re a small business, with only 68 employees and \$35 million of sales a year. Since we began using Ex-Im Bank, we’ve added five jobs in the manufacturing side of our business. If Ex-Im shut down, our international growth would be restricted.” —Rick Meyers, CFO

Unitron LP
Dallas, TX
www.unitronlp.com

“Here in Dallas, TX, Unitron is manufacturing electronic equipment that is exported around the world. As a supplier to the aviation and marine industries, Ex-Im enables us to sell our equipment to a yacht builder in Europe. Ex-Im Bank guarantees our receivables and provides the terms our customers want. We have 100 employees and nearly 30 percent of our manufactured goods are exported. Ex-Im Bank is absolutely necessary for small businesses like Unitron.” —Robert Saxon, Controller

US International Foods LLC
St. Louis, MO
www.usinternationalfoods.com

“We focus on exporting food and beverages from the USA to China and other markets in Asia. We work with many small and medium-sized manufacturers to help them export. Many other small American businesses rely on US International Foods to expand their sales and create new jobs. Ex-Im bank is a key component to our continued growth. Ex-Im bank’s credit insurance is an essential tool that lets us break into foreign markets and expand our workforce.” —David Shogren, COO

Wheeling Truck Center, Inc.
Wheeling, WV
www.wheelingtruck.com

“Ex-Im is a win-win for everybody. We grow larger, and our foreign buyers do too. Losing Ex-Im would cause significant disruption to our business. Ex-Im is a necessity for us to conduct international business.” —Chad Remp, Operations Manager

Zeigler Bros. Inc.
Gardners, PA
www.zeiglerfeed.com

“Ex-Im is critical to our industry and business. If we lost Ex-Im, it would negatively impact our sales and, subsequently, our employment.” —Kim Crooks, Financial Director

360 International, Inc.
Duson, LA
www.360-Intl.com

“It’s time to rebuild America by helping the small business owners of America compete in today’s global economy! Failure to reauthorize the bank would put millions of dollars in export contracts at risk, potentially threatening these businesses and Louisiana jobs.” —Jonathan Mann, Owner



April 14, 2015

The Honorable John A. Boehner
Speaker of the House of Representatives
House of Representatives
H-232, Capitol Building
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
S-230, Capitol Building
Washington, DC 20510

The Honorable Nancy Pelosi
Minority Leader
House of Representatives
H-204, Capitol Building
Washington, DC 20515

The Honorable Harry Reid
Minority Leader
U.S. Senate
S-221, Capitol Building
Washington, DC 20510

Dear Speaker Boehner, Leader McConnell, Leader Pelosi and Leader Reid:

As governors of states whose economies and workforces depend on exports, we strongly urge you to support legislation that provides for the long-term reauthorization of the U.S. Export-Import Bank (Ex-Im Bank) before its charter expires on June 30, 2015. The Ex-Im Bank is a crucial tool that both small and large businesses use to compete fairly in the world market, increase their exports, stimulate job creation, and contribute to the growth of our states' economies.

As the official export credit agency of the United States, the Ex-Im Bank assumes the credit and country risks that private sector lenders are unable or unwilling to accept, and without it, U.S. firms would lose many sales to overseas competitors. The Ex-Im Bank allows our companies and workers to compete on a level playing field against international competitors who receive extensive support from their own export credit agencies.

As the economies of our states continue to grow, the Ex-Im Bank is currently playing a vital role in promoting exports and jobs. In federal fiscal year 2014, the Ex-Im Bank supplied more than \$20 billion in financing to support approximately \$27 billion in exports. In that same fiscal year, the Ex-Im Bank supported more than 160,000 American jobs. And the overwhelming majority of the Ex-Im Bank's transactions – nearly 90 percent – assisted small businesses.¹

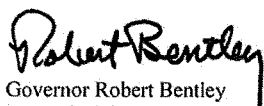
¹ *Annual Report 2014 - Highlights*. Export-Import Bank of the United States, 30 Dec. 2014. Web. 6 Feb. 2015.
<<http://www.exim.gov/about/library/reports/annualreports/2014/exim-04-highlights.html>>


In a tight federal fiscal environment, we are encouraged that the Ex-Im Bank is financially self-sustaining, and operates at no cost to hard-working American taxpayers. In fact, in fiscal year 2014 alone, the Ex-Im Bank returned approximately \$675 million in deficit-reducing receipts to the U.S. Treasury.²

Last year, an overwhelming majority of the nation's governors urged Congress to reauthorize the Ex-Im Bank. While we appreciate that Congress extended the Bank's charter until June 30, 2015, it is essential that both chambers act again, this time to pass a long-term, multi-year reauthorization, before that deadline. We also welcome opportunities to continue to reform and improve the Ex-Im Bank moving forward. Failure to act will place American industries at a significant disadvantage in the global marketplace and harm businesses in our states.

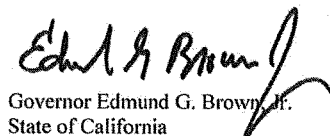
We strongly encourage you to pass a long-term reauthorization of the Export-Import Bank. Thank you for your consideration and your leadership as we work together to increase job opportunities in our states and grow our national economy.

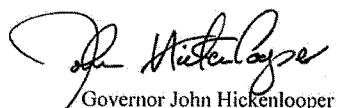
Sincerely,



Governor Robert Bentley
State of Alabama


Governor Jay Inslee
State of Washington



Governor Bill Walker
State of Alaska


Governor Edmund G. Brown, Jr.
State of California

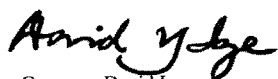

Governor John Hickenlooper
State of Colorado


Governor Dannel P. Malloy
State of Connecticut

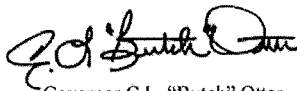

Governor Jack Markell
State of Delaware


Governor Eddie Baza Calvo
Island of Guam

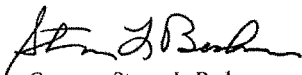
² *Ibid.*



Governor David Ige
State of Hawaii



Governor C.L. "Butch" Otter
State of Idaho



Governor Steven L. Beshear
Commonwealth of Kentucky



Governor Paul LePage
State of Maine



Governor Charles D. Baker
Commonwealth of Massachusetts



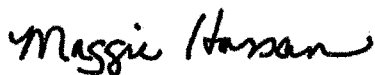
Governor Mark Dayton
State of Minnesota



Governor Steve Bullock
State of Montana



Governor Brian Sandoval
State of Nevada



Governor Maggie Hassan
State of New Hampshire



Governor Susana Martinez
State of New Mexico



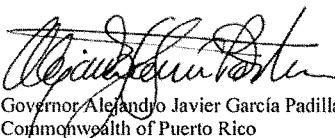
Governor Mary Fallin
State of Oklahoma



Governor Kate Brown
State of Oregon



Governor Tom Wolf
State of Pennsylvania




Governor Alejandro Javier García Padilla
Commonwealth of Puerto Rico



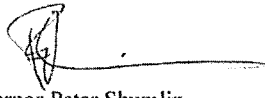
Governor Gina Raimondo
State of Rhode Island




Governor Nikki R. Haley
State of South Carolina




Governor Dennis Daugaard
State of South Dakota



Governor Peter Shumlin
State of Vermont



Governor Terence R. McAuliffe
Commonwealth of Virginia



Governor Earl Ray Tomblin
State of West Virginia

1. *Chairman Hochberg – You mentioned the Export-Import Bank advises some developing governments on export financing “from time to time.” Please provide a complete list of these meetings’ dates from the time of passage of the 2012 reauthorization through today. Please list all meeting attendees, including name, professional title, and country. Please also provide a list of the topics Ex-Im employees discussed with attendees. In addition, please provide a detailed summary of all technical, political, and strategic advice provided before, during and since these visits, including a representative sample of agendas and presentations.*

EXIM staff has participated in limited, informal discussions with other Export Credit Agencies (ECAs) from both developing and developed countries. These are discussions that simply come up in the ordinary course of interaction with these other ECAs. Generally, they are initiated at the request of foreign ECAs that have questions about technical issues regarding export financing. EXIM staff also gathered information and contacts in these discussions to help guide our research for the annual congressionally mandated competitiveness report. As these were informal discussions and/or meetings, there was no set agenda or formal presentations, nor was there a formal list of attendees. We have compiled below a responsive listing to the extent the list could be reconstructed from individual’s memory.

Date	ECA	Topic	Location
May 2015	NEXI (Japan)	Approaches to civilian nuclear financing	Washington
May 2015	CESCE (Spain), SACE (Italy), Coface (French)	General issues surrounding short-term insurance programs	Italy
April 2015	EDC (Canada)	EDC’s re-organization, co-financing and due diligence practices	Washington
Fall 2014	Bancomext (Mexico)	Overview of EXIM Bank programs and cooperative efforts such as co-financing	Mexico
March 2015	BNDES (Brazil)	Technical questions concerning aircraft finance product offerings	Washington
July 2012	Thailand Ex-Im Bank	Gain understanding of Thai Ex-Im Bank’s programs	Thailand
April 2013, November 2013, March 2014	Nigerian Ex-Im Bank	Nigerian inquiry on applying OECD rules. EXIM advised they contact OECD about becoming an Observer to the OECD Export Credits Group.	Washington, France, France

3. *[as submitted] Chairman Hochberg – Have such meetings only taken place at the Export-Import Bank here in the U.S., or were any held abroad? Did meetings take place before the 2012 reauthorization was passed? Are any similar or related meetings planned or being considered for the future? How do these meetings further the goal of eliminating export subsidies in accordance with Section 11(a)(1) of Ex-Im’s 2012 reauthorization?*

The above chart indicates the meetings or discussions that have taken place since 2012 to the best of our ability to recall. These were held both at the EXIM Bank in Washington, DC and abroad, however it is important to note that the meetings or discussions were not solely for the purpose of advising foreign ECAs and as part of the meetings, the Bank was able to gather information which is useful in guiding our research for the annual congressionally mandated competitiveness report. No future meetings have been planned, and as noted, previous meetings or discussions were very informal, so there was minimal planning involved. There were likely

similar types of meetings or discussions with foreign ECAs prior to 2012, but given the informal nature of these meetings, there is no record.

These meetings did not address the issue of eliminating export subsidies. Rather, as indicated above, these meetings were in response to questions being asked by foreign ECAs. To be clear, the Export-Import Bank Reauthorization Act of 2012 required the Department of the Treasury to undertake and report on negotiations to reduce export credit financing. Specifically, Section 11 required the Secretary of the Treasury to initiate and pursue negotiations with other major exporting countries, including members of the Organisation for Economic Co-operation and Development (OECD) and non-OECD members, to substantially reduce, with the ultimate goal of eliminating, subsidized export financing programs and other forms of export subsidies.

Though Congress made it clear that the Secretary of Treasury should lead these negotiations, earlier this year, I met with many of my foreign counterparts at the Berne Union, to discuss the future of export credits. At that meeting, I wanted to know whether they anticipate doing more or less to support their domestic exporters over the next five years than they currently do. Japan, Korea, Russia, Germany, France, United Kingdom, Brazil, and others all indicated that they expect to accelerate their official export credit backing for their exporters. Generally, China is hesitant to share such forecasts with the world—but no serious observer could possibly anticipate anything other than rapid, aggressive acceleration of official export financing support from China in the years to come. In fact, when asked about a possible lapse in EXIM's charter, a senior official from China's ECA recently indicated that "With respect to competition in strategy and policies between the U.S. and China, this is a good thing¹". Only Austria and Norway indicated they did not expect significant growth in the coming years.

Additionally, as my foreign counterparts acknowledged their export credit agencies have become increasingly critical resources in the face of financial crises—both global and regional. When private financiers withdraw from regions or sectors that are experiencing downturns, export credit agencies are equipped to step in so that their domestic exporters don't experience a drop in sales—thereby maintaining domestic jobs. Export credit agencies are like firetrucks in that sense—not always necessary, but, when disaster strikes, absolutely essential. Like firetrucks, export credit agencies have a security function, safeguarding U.S. exporters' sales from the fires of global and regional financial meltdowns. You don't sell off the firetruck just because there doesn't happen to be a fire burning at this time. No one can predict when or where the next crisis will hit.

2. *[as submitted] Chairman Hochberg – Did you or your staff facilitates contact or communication in any way between any private foreign company and any aforementioned attendee or attendee's government? If so, please name all of the relevant individuals, companies, and governments and describe the how contact was facilitated.*

EXIM personnel have not facilitated communication between private foreign companies and foreign Export Credit Agencies. EXIM Bank focusses on supporting private U.S. companies engaged in exporting, not exports of private foreign companies which would compete with U.S. exports

¹ <http://www.reuters.com/article/2015/06/24/us-usa-congress-exim-insight-idUSKBN0P40C320150624>