

International Monetary Policy and Trade Subcommittee Hearing:

“Legislative Proposals on Scrutinizing American Jobs through Exports: Export-Import Bank Reauthorization”

Opening Statement of Ranking Member Carolyn McCarthy (NY-04)

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Throughout the financial crisis, The Export-Import Bank has played a crucial role in ensuring that export companies were able to continue operating at a time when private trade financing options were not available. The Bank’s role has allowed the U.S to remain competitive in the global economy by fulfilling its mission of creating or sustaining U.S. jobs through exports. It is important to remember that the work of the Bank is done at no cost to the American taxpayer, as the Bank is self-sustaining, funding its finance programs and administrative costs from the fees paid by the returns on its investments. The Bank is also a key contributor towards the implementation of the President’s National Export Initiative- to double U.S. exports by 2015.

The legislative draft we are discussing today incorporates important provisions that enhance the Bank’s ability to meet the increased demand from U.S. export companies, such as a 4-year reauthorization of the Bank’s charter and an overall increase in the Bank’s exposure limit, which will be divided up in increments over a 3-year period. In addition, the draft includes provisions to enhance the Bank’s accountability by allocating funds for much-needed technology upgrades and to require the Bank to monitor the default rate on financing programs and report to Congress if the default rate rises above 2%.

Unfortunately, by positioning content as a competitive disadvantage for U.S exporters, as opposed to a measure of the jobs supported or created in the United States, the legislation opens the door to lowering domestic content provisions set forth by the Bank. While I wholeheartedly agree the process by which content is measured should be transparent and clearly formulated, the current draft goes beyond that intent, requiring the Bank to produce a policy related to domestic content based on a series of considerations, all of which pressure the Bank to reduce their current content standards. Before a discussion on the adequacy of the current content standards can begin, we should identify and measure if content serves as an effective proxy for jobs created or sustained in the U.S. As well, we should consider the effectiveness of the formula used to quantify the number of jobs created or sustained through the Bank’s activities. Such valuable information allows for an honest discussion on how content should be defined and how content and other factors affect U.S. companies’ ability to remain competitive and the Bank to fulfill its mission of supporting trade finance, while creating or sustaining jobs in the U.S.

I look forward to hearing feedback from the witnesses here today. I will continue discussions with my Republican colleagues, in an effort to produce a legislative proposal that ensures the Bank is successful in fulfilling its mission to support export financing while creating and sustaining jobs in the United States.