

Welcome and Remarks (*Regency Ballroom*)
Scott P. Schloegel, Acting First Vice President and
Vice Chairman, Export-Import Bank of the United States

Announcer: Good morning ladies and gentlemen, please welcome to the stage EXIM Bank acting Vice Chairman and First Vice President, Scott Schloegel.

Scott Schloegel: Thank you and good morning. Welcome to the day two of EXIM Bank's 2017 annual conference. As a reminder, you can join the conference by tweeting @EximBankUS and #EXIMac2017. If you can't remember that it's right on the back of your little name tag that you've got. We've got a great group of people here this year. We've got nearly a thousand people who have joined us for the conference and they're coming from 35 different countries as well. We have nearly 300 small businesses and they would love to be doing business in each of those 35 countries.

We also have more that 325 bankers and brokers here with us at the conference. I hope you're taking time and making the most of the networking sessions that are going on, and I hope you had some fun last night at the receptions. We look forward to having a lot of deals that are taking place as a result of the conference here this couple of days. I know just last night at one of the receptions I was at we had a couple of folks who were talking about possible deals that they could do which is fantastic.

We had a great day one where we learned about the global challenges and trends, we got an update on that. We heard the local perspective from Mayor Fischer. We had the Washington perspective from Congressman Kelly and Collins, and we had the administration perspective from Secretary Ross in his video. We'll also have SPA administrator McMahon here a little bit later at lunch time and you can hear some more about what the administration's position is. Of course, CJ kicked it off with his fantastic presentation on the China Challenge. Great job CJ and thank you for so eloquently laying that out.

I mentioned the 300 small businesses that we have here and you are direct exporters, right? You're here because you're looking to do deals and directly sell your goods and services outside of the United States. When you read our small business statistics that we put out every year, that's who that involves is those direct, small business exporters, and that's what congress asked for in the report that we send to them each year.

I would like to take a few minutes to highlight three more of the impacts that we have. The impact of indirect exporters, the local impact and the ripple effect of financing in local communities, and then a small business sets doing big deals. Thousands of small businesses export indirectly each year because they're a part of a larger business export. Some opponents of EXIM look at these large businesses and see only the final product. They see a plane, a train, mining

equipment or even a satellite rather than seeing the sum of all the inputs that go into it.

They look at the logo on the product that might say "Caterpillar" or "Boeing" or "GE" or "SpaceX", and they want you to believe that 100% of that benefits just that company. When the fact is that there are thousands of suppliers, many of which are small businesses that go into each one of those exports. We call them hidden exporters. Let me give you a few examples.

On the screen here we've got one of the Caterpillar mining trucks that operate and mines all around the world. EXIM is proud to finance this to many different countries. When you look at this massive truck, there's not very many times a guy my size feel small, but when you're up next to one of these trucks and your head is not above the tire, it gives you a little bit of perspective as to the enormity of a project like putting together a vehicle like this.

As you can see, this truck doesn't just come out of Moline, Illinois or one of the other Caterpillar facilities. There are 2,781 parts from 372 suppliers across 31 states that make up this vehicle, and many of those are suppliers of small businesses who rely on contracts with Caterpillar for their continued success. Another larger exporter that we have, a customer that we have at EXIM is General Electric.

In Erie County, Pennsylvania, GE transportation supports one in eleven jobs in that county. Let me repeat that, one out of every eleven jobs in Erie County, Pennsylvania is supported by GE transportation. These are well-paying jobs that put food on the table, they help pay for healthcare, they generate a significant local tax pays, and they put kids through college. GE supply chain impact on communities all across the nation is very significant.

This is true whether it's locomotives that are being manufactured in Pennsylvania, jet engines that are made in Ohio, turbines in New York, wind energy in California, or high tech medical machines coming out of Wisconsin. Every time one of those are sold and EXIM finances it, there are thousands of small businesses and there are small business parts inside.

Speaking of hidden small business parts, Click Bond is a small business located in Carson City, Nevada. It was founded by the current CEO Karl Hutter's grandparents. Click Bond supplies fasteners and bonding material to Cessna, Boeing and Gulfstream. Their technology attaches the interior of the cabin to the exterior airframe of the aircraft.

Mr. Hutter recently noted in the Nevada Appeal newspaper that "While our products and services may be obscure from public view, their critical content contributions are no less important. Each Textron, Gulfstream or Boeing aircraft or satellite contains thousands of high value parts from thousands of proud

American manufacturers. Many of them are small family-owned companies like Click Bond."

This is a picture here of Wendell Maddox. He's the founder of ION Corporation, a veteran-owned manufacturing and engineering company in Eden Prairie, Minnesota that supplies Boeing. Wendell is passionate about helping Minnesota compete on the global stage, and he encourages youth to pursue STEM careers so that we can continue to make the best products right here in America.

This is Patriot Machine, a woman-owned aerospace supplier in St. Charles, Missouri. Over the past 25 years, the co-founders, Judy and Bob Burns have grown their small business to more than 130 employees, but they're concerned that politics in Washington are threatening their customers and indirectly, their very own business.

Here's another small business hidden exporter, Frontier Electronic System, a native American woman-owned small business in Stillwater, Oklahoma. They take pride when they go to work everyday knowing that their space flight products are keeping people safe around the world. That's a bit about the hidden exporters, but our customers provide benefits that are also ripple into the community very significantly, they go well beyond the exports that we finance.

I grew up in a small business family, we owned restaurants, it was a small community that we lived in. We had the two main job providers were paper plants and there is a ship building yard that was located nearby. When those industries were healthy, our restaurants were healthy. When those industries were bustling, hiring employees and having people come to town, they were eating at our restaurants, they were buying catering from us. It's not different in the communities of all of our customers.

Industrial shoe company headquartered in Sta. Ana, California provides EXIM's customer SpaceX with an onsite safety boot foot service. This includes in-person fitting for more than 3,000 SpaceX employees at their Hawthorne, California facility. You may have heard that last week SpaceX successfully launched and landed a reused falcon rocket, once again, making history within the industry.

Waco Custom Meats and Seafood in Waco, Texas is a small business. They provide fresh and frozen products to SpaceX's McGregor, Texas test facility. This 18 employee company is essential to serving daily meals to approximately 500 of SpaceX's employees. Fishlips Waterfront Bar and Grill is located in the heart of the space coast off of Port Canaveral, Florida. They benefit from SpaceX by hosting launch parties and it's a frequent hang out for SpaceX employees after a long days work.

I've spoken about the hidden exporters like Click Bond and Patriot, we've also talked about the ripple effect in the local community such as one in eleven jobs

being supported in Erie County, and the food and clothing suppliers that supply those companies. Let me close by touching on a small business that's at risk due to the lack of quorum here at EXIM.

One of EXIM's direct small business exporters is Boyle Energy Services and Technology up in Concord, New Hampshire. This is a picture here of Mike Boyle, the CEO, along with Chuck Withee, President of Provident Bank. When Boyle Energy's former bank shifted away from international transactions, the Provident Bank took up Boyle Energy's banking needs and their growing export-related business. You'll hear more about the Provident Bank at lunch time during our award ceremony.

While Boyle Energy has a great banking partner that's working with them, without a quorum at EXIM, they risk losing two large deals in the Middle East and Africa worth over \$100 million. That's a lot of money to a small business. If those deals fall through, it means fewer shipping containers and specialized equipment held by Sammons Trucking from Missoula, Montana, and lost purchases of critical butterfly valves from New England Controls in Mansfield, Massachusetts along with dozens and dozens of other suppliers across the country.

Mike Boyle is with us here today. Mike, welcome, thank you for joining us. It's his wife, Kim's birthday, I see Kim didn't make it in here this morning with you, but don't worry, I was not going to sing happy birthday. Unlike Jesse, maybe he could do that a little later, but I would clear the room if I try that.

Mike is a Navy veteran, he's proud to source from the United States, the country that he honorably served and defended. The last thing that he wants is to source from foreign suppliers but he may be forced to do just that if we can't get a quorum. There are at least six other export credit agencies here in the room today, so there are 85 other export credit agencies that did the same thing that we do, six of them are actually here today at our conference. I know that they want to grow the exports from their country, but Mike I want you to resist the temptation to source from elsewhere.

I know that President Trump agrees with Mike and he wants to see things that are made in America as well. I look forward to President Trump nominating five board members, and I call on the senate to approve them quickly to keep jobs here in America. Thank you.