

>> Announcer: Ladies and gentlemen, our next panel is A Congressional Perspective on the Role of Trade Supporting U.S. Jobs and Growth Opportunity. Please welcome our moderator, Doug Palmer, senior trade reporter, Politico. He's joined by Congressman Frank Lucas and Congresswoman Gwen Moore.

>> Well good morning, everybody. As the voice of God said, I'm Doug Palmer and I'm the senior trade reporter for Politico. And I'm pleased to be here with two distinguished members of Congress who, from their track record, have established themselves as strong supporters of U.S. Export-Import Bank. In fact, just their being here is sort of evidence of that. Since there are no votes today in the House, many members of Congress have gone back to their districts. So I think that the fact that the Congresswoman and Congressman are here today is a real sign of their interest in EXIM Bank. Of course, they're not completely alike. Representative Moore is a Democrat, who hails from Milwaukee, Wisconsin. Representative Lucas is a Republican, who comes from Oklahoma's largely rural 3rd congressional district. So you have kind of a rural/urban contrast here. Representative Lucas has been in Congress for over 20 years. Representative Moore for over ten years. Both have cast hundreds, if not thousands, of votes, I'm sure. As a trade reporter, I tend to focus on a few in particular. And many of you in this room probably remember the fight back in 2015 over giving President Barack Obama trade promotion authority. Here we have another kind of contrast. Representative Moore, like most House Democrats, voted against TPA. Representative Lucas, like most Republicans, voted for that. And I just bring that up because later in the conversation, I hope to try to talk a little bit about NAFTA negotiations and the current trade tensions with China. But first I wanted to leap into EXIM Bank, sort of the topic of the day. And I wanted to begin with Congresswoman Moore. So Congresswoman Moore, what do you think of the current situation? It's been more than two years since this bank has been fully operational, for reasons that everybody in this room knows. Is that having impact on businesses back in your district?

>> Well it's had a tremendous impact on businesses in my district. You know Milwaukee, Wisconsin, for decades, had been known as the machine maker of the world. And we continue, in my district, you can go miles throughout my district, the north end to the south end, and on both side of the street, find small manufacturers that employ 30 people, 10 people. Part of the supply chain that provide tools for projects as far away as the Panama Canal. Believe it or not, there are small businesses in my district that have 30 people and then they have subcontractors there in Milwaukee, that have 10 employees. In the district, just next door to mine, represented by Congressman Sensenbrenner, Republican, but literally just 10 or 15 miles from where I live, the GE plant moved it's operations to Canada. 350 jobs, 33 bucks an hour. And so many of my constituents made that short commute every day and have lost their jobs. As quiet as it's been kept, Milwaukee, Wisconsin still relies on manufacturing as its bread and butter issue. So the crippling disability of the EXIM Bank has a huge impact on good paying jobs in my district. And as a matter of fact, you'll excuse my bringing my notes along. My birthday was yesterday, I'm 67. I'm an old lady. So I don't have to remember stuff anymore. But we have a 154 exporters just in Wisconsin. 93 small businesses. Six minority owned, very important to me. Nine women owned, slightly interested in that. Two renewable energy companies and six environmentally beneficial companies. You know, two billion dollars. And just in my district, alone, 260 million dollars. Top destinations: China, India, and Mexico. And of course, top products: manufacturing machinery, manufacturing in sales, chemical manufacturing and plastics. This is, what the EXIM Bank does for Wisconsin, in my district, is substantial. Sorry if I went too long.

>> No, no, that's okay. Well Congressman Lucas, I kind of have the same question for you. But when I think of western Oklahoma, I think of farm country, I mean, you talked about cattle and pork, and corn, sorghum, wheat, all those rural crops. But I mean, the absence of the EXIM Bank, does that have an impact, even on a district like yours?

>> It does affect, Doug. I've got subcontractors in Tulsa and Oklahoma City, Stillwater, Norman, Lawton, who provide pieces and parts to major exporters. So it matters. But I would also say, Doug, you referenced my ag background. I come at this from a philosophical point of view. Agriculture in this country, since even before there was a United States of America, we've always raised more than we could consume. We've always had to have world markets to move our products out into. If we don't have export on our products, we don't have a market. Therefore, I come at that perspective on export/import issues. If wheat farmers need to sell into the world

market, then obviously my manufacturers, my neighbors, my friends need to move product in the world too. And when some of our friends in Congress, that Gwen and I deal with, say philosophically this is a terrible thing, I respond quite simply with responses like, well if the Chinese have financed more sales through their export/import banks, plural, in the last two years than the U.S. Export-Import Bank has financed in 85 years, maybe we're behind. Maybe we need to catch up.

>> Doug: Right, right. Well, kind of on that point, finally late last year, the Senate Banking Committee voted on a slate of nominees. Everybody in this room knows the story. I believe four of them were approved, one of them was rejected, and that was Scott Garrett for chairman of the bank. And since then, there hasn't been any new nominees. Have you had an opportunity to talk with the White House about whether they're gonna nominate

>> I have had polite conversations with senators and I've had polite conversations with White House staff. Gwen and I can't make the United States Senate do something. But we will, in eight months and a few days, have a new session of Congress begin. There will be a change in leadership of the House Financial Services Committee. Now, whether Gwen is in the majority or I am in the majority, by the way, I think I'll be in the majority. No offense, Gwen. But we're gonna have new leadership there. The ability to do a longer reauthorization of Export-Import, the ability to put language in to make the board function on every bill we send to the Senate, on every appropriation bill we try to send over. We can ratchet up the pressure. Right, Gwen?

>> Right, well, you make a really excellent point about no matter who's in the majority. I think the thing that is so frustrating for both of us is that the majority of the House agrees with the EXIM Bank reauthorization, having a quorum. But it's a small number of members of the majority that have prevented us from executing the will of the majority. And so I think with the new leadership on the Financial Services Committee, Democrat or Republican, we oughta see something happen. But in the meantime, the bank is crippled. And you make an excellent point about there being 60 EXIM banks around the world. And particularly in China, as people talk about the trade imbalances, real or perceived, in China. China, again, those numbers you quoted, they've done more in a couple of years than we've done in 85 years. And they're continuing, their influence is continuing. Brazil and other places, and we're gonna be swamped. You talk about trade deficits. You haven't seen any trade deficits yet until other export agency banks around the world support their business country's products and we don't do it.

>> Doug, don't underestimate the importance in 2015 of when we, in the House, used a 1910 rule, through a discharge petition, to take reauthorization away from the committee and the committee chairman, brought it to the floor. Had a overwhelming number of members sign the discharge petition. Overwhelming number of members vote for the language. The will is there amongst the rank and file. We want jobs. We want economic progress. We just have some internal hurdles to overcome.

>> Right. And those internal hurdles, is that something that Congress has to work out itself, or is this a situation where it would be helpful if President Trump stepped up and maybe leaned on a few people to get this done.

>> If I can auto for an editorial comment.

>> Okay.

>> Yes, we need to help encourage the president to focus on this. Notice I was very careful in how I worded that. But everyone in this room, from across this great nation, you need to get the attention of your members of the United States House, your members of the United States Senate. You have to help us by pushing people in the right direction. Gwen and I are trying to pull 'em along. But you gotta push 'em to get to the right spot.

>> Well Congresswoman, how do you push some of those reluctant members?

>> Again, the problem is, let's pause this. I just want for it to reflect, you've been in Congress twice as long as

I've been.

>> My campaign manager would tell me not to admit that, but yes, that's correct.

>> But voting for reauthorization of the EXIM Bank was like a suspension bill.

>> Frank: For decades, for decades.

>> It's like voting on a post office, naming a post office. And it has gotten so political, by the admission of some of the people who are holding this up, because with the intent to pay for tax cuts and numbers of other initiatives that the majority wants to do, there has been this reasoning that if we hold out one of our projects, the EXIM Bank, and create a narrative that it's corporate welfare, then that will create a sort of *raison d'être*. That here we are bludgeoning corporate welfare. And so therefore, we can dismantle Social Security, Medicare, Medicaid, food stamps, all of this other welfare, social welfare. Because look, we're even willing to do it for something that the United States Chamber of Commerce finds is a darling. And this is not my speculation or imagination. This is what is actually been put forward as a reasoning for destroying the EXIM Bank.

>> And Doug, if we go this route, then what's to protect federal flood insurance, the Terrorism Reinsurance Act, all of those kind of things out there that are critically important to our ability to compete in the world and keep prices of services at a reasonable level in the United States.

>> Right. Well Congresswoman Moore, Representative Lucas was somewhat polite about maybe the need for President Trump to get more involved. What do you think about that? Is there something that he could do to help move this along?

>> He's got his Twitter handle.

>> Right. Should he be tweeting about this?

>> He should be tweeting something. But we don't know what he will tweet. Maybe I could pose as a McDonald's person and deliver that last Burger King to him. No, but with all seriousness, it's the kind of thing, we could use some presidential leadership right now. And certainly I don't know what his trade representative thinks about the EXIM Bank. But if he supports it, it would be a really good thing for him to brief him on the importance of this for small bank. The EXIM Bank has made a lot of reforms that are very, very attractive. This has been a blunt instrument against Boeing, as an example. But the supply chain.. There was an example that occurred right in committee, where we had a so-called small government company come in and rag against the EXIM Bank, and talk about how it's just big government. And through the questioning process, these people came to realize that, wait a minute now, we're part of the supply chain. And though we don't benefit directly, we benefit as part of the supply chain. And they totally changed their story. And went on the record, and rethought it, and said, "we think we need that EXIM Bank". So I think education is extremely important. And to take the big boogie man, Boeing out of it. We have pickles that are being exported. And the point that is often made in trade discussions is really important here. 5% of the world's population lives in these United States of America. 95% of the world's population lives somewhere else in the world. Duh. We've gotta export.

>> Doug: Right.

>> Doug, there is language out there that would.. There is language that would allow Export-Import to temporarily function in its present state. And we've had it in appropriation bills in the House and appropriation bills in the Senate, and it just can't quite get past leadership on my side of the aisle.

>> Doug: Right, right.

>> Well the leadership is changing.

>> Well do you think that if the Democrats take control of the House that they'll have a smoother ride?

>> Again, the speaker is leaving. So I don't know what the Republican conference will do. But he's not gonna be there. I think the chairman of our committee, Mr. Hensarling, is leaving and these are my friends. And they're entitled to have a different opinion, but neither one of them will be in place. So this is an opportunity. This guy could, he'd be alright as chair or ranking member of the Financial Services Committee. I can live with that.

>> Well, in terms of the authorization, do you think that there'll be any activity on that this year, or is that all just gonna begin with the new Congress?

>> I believe we're in a situation where depending on when the speaker leaves, and he says he's staying 'til the end of the term, and I take the speaker at his word, there'll be some efforts when we do the final set of appropriation bills to try and put this language through there. It'll be difficult. Most likely though, it comes in January with a new setting of Congress, whoever's in control. Again, Gwen's fairly confident, I'm fairly confident, we may not both be right at the same time, but there will be changes in January. Yes, I'm hopeful.

>> Okay.

>> I'm a wheat farmer, by training. You have to be hopeful.

>> Exactly, exactly. Well, we have about ten minutes left, and I was hoping to talk a little bit about NAFTA and China. And this time, I would like to start the conversation with you since you're also a member of the House Agriculture Committee, and come from a farming background. How are farmers in western Oklahoma feeling now about the NAFTA negotiations? Are they nervous or are they feeling like it's gonna turn out alright?

>> Frank: Holding their breath is the way to describe it. Waiting to see what happens. There was a lot of hesitation about NAFTA when it was passed two decades ago. It's been surprisingly successful. If you buy a corn tortilla in Mexico City, there's a high probability it came from the United States. The products we move back and forth. So not losing some of the good things we've accomplished is important to ag. Because after all, as I said earlier, we have to sell our surpluses into the world markets. I was at the White House last week with a number of Republicans, where the president had a discussion with us about the trade process. Basically, noting that he was working hard to get the better deals and he needed time. I think my ag friends in rural America are willing to give him time. But there are certain circumstances, not just NAFTA, the Trans Pacific Partnership, and now the negotiations with the Chinese. The Chinese started, just a matter of days ago, or hours ago, 168% tariff on grain sorghum. They have been one of our best markets for the last five years. Grain sorghum is not as sexy as corn, but it's another feed grain, and they utilize it for a lot of purposes in China. But when you put a tariff that's one and a half times the value of the product on it coming in, you basically stop the ships in the ocean. So the results of these efforts are beginning to be felt. My folks are nervous. My folks are concerned. And this is one where the president better win.

>> Doug: Okay, okay. Congresswoman Moore, I've covered trade for quite awhile and Democrats generally have had a bad view of NAFTA over the years. Although, the president's threat to withdraw from the agreement, I was talking to one congressional aide, and he said, "well, that's kind of made NAFTA more popular than ever." Because people kind of realize if we actually withdrew from the agreement, that the consequences could be significant and negative for many businesses. So I just wondered, where are you in this debate? Do you think that we would be better off without NAFTA? Can you see yourself voting for a reform NAFTA bill? Just would be interested in your thoughts.

>> Well, okay, thank you. I wasn't here when the original NAFTA bill was passed. But of course, I heard the many, many complaints about NAFTA. I have no idea what a NAFTA reform package would look like. I have to

admit, I have no idea what it would look like, or whether I would vote for it or not. Who'd be in charge of putting that kind of renegotiation together? But I'll tell you what I have heard. With regard to immigration, that the flood of immigrants coming across the border. Much of it was caused by poverty and by seeking better opportunities for people and their families. And a lot of that was stanching with NAFTA passing. That there was a lot more collaboration. And I'm learning now, when people talk about the consequences of unraveling NAFTA, that one of the problems could be that we would increase the poverty and the desperation in Mexico that lead to the border problems that we're having. Now, just the discussion of unraveling NAFTA has already created rumblings and talks of tariffs on aluminum and that kind of thing. My daughter bought a washing machine like, a day or two after that was announced. It cost \$600, for God's sake. The price increased overnight. I told her, "you better hurry up "and get that washing machine." And it was too late. The price had gone up already. And so when they start talking about trade problems, it's caught my attention. Cranberries, where you get cranberries from? Wisconsin. Harley Davidsons, aluminum. Where you get Harley Davidson from? Milwaukee, Wisconsin, where I represent. Aluminum cans for beer. So I've started to pay attention, a little bit, to discussions of renegotiating trade. And I'm gonna be a lot more careful. Well from somebody who's covered trade for a long time, this is a particularly active period with lots of things going on, and on lots of different fronts. It's sort of hard to keep track of everything.

>> I would note, Doug, that clearly the pressure is on the president. Because his election, which was a surprise to many people.. I don't know if it was more of a surprise to him or Hillary Clinton, but it was a surprise to many people. The president did extremely well in rural America, and in fairness, he did really well amongst blue collar America. These trade agreements affect the ability of his base political group, at least from the last election, to be able to prosper and go forward. There's a huge amount of pressure on him to succeed, because if he succeeds, that base holds. And I will tell you, it doesn't matter who the president of the United States is, I have, in my time, observed that the only thing more important than being elected president, is their desire to be reelected.

>> Doug: Right, right. Well, in your meeting at the White House last week, did he give you any indication of what he plans to do in regards to withdrawal? Because there's this kind of one sort of theory out there that if they reach an agreement, then that might give him the opportunity to make good on his promise to withdraw from the old pact. But then the situation would be that Congress doesn't vote on, it's not taking a vote on the new deal versus the old deal. It's taking a vote on the new deal versus no deal at all.

>> The way he worded it to the members in the cabinet on that day to us was that great progress was being made on NAFTA, whether it was days or weeks or months, he felt like success was achievable. He turned to the topic of China, and basically said this is going to be a tough negotiation. You've got to give me time. You've got to give me patience. We all understood that. And then the topic of the Trans Pacific Partnership came up, and he acknowledged, while the original deal that he pulled us out of, he didn't believe was a good deal, there were opportunities there. So the members in the room, now this is an ag perspective, the members in the room left more optimistic than we came. But the president's background, his billions of dollars had been made in negotiations, and wheeling and dealing, and elbowing, and pushing and shoving, and getting the best of something done. This should be his forte. I'm willing to give him the benefit of the doubt. But he has to deliver.

>> Okay, okay. Well, there's just a few minutes left. Maybe switch back to EXIM Bank. If you were to look in your crystal ball, and make a forecast of where things are gonna be a year from now, when everybody returns for the 2019 spring conference, do you think we'll have a board up and running by then, Representative Moore?

>> Before the election?

>> Yeah, before the election. Well if the last couple of days are any indication, we aren't doing very much. That's just to be honest. It's very difficult to see. I wish I had thought about it, because there are actually, somebody in this room knows exactly how many days are left. Come on, we've got, what is this, April?

>> Doug: Yeah.

>> We got May and June. Then there's the 4th of July recess. And then it's kind of a wrap after that. People are running back to their districts, trying to get reelected. Nothing more important than that. So I can't promise anybody that we're going to be able to resolve this. I think Frank said the appropriations bill, that's the first train we can sort of load it on to. And that initiative would just be to allow the bank to operate without a quorum. And I don't know whether that's temporary or permanent. But if could load that initiative on, then the bank could do its business.

>> Frank: For the record, Doug, we swear in a new Congress in eight months, 15 days, one hour and 51 minutes, 32 seconds, but who's counting?

>> So that's the compass that we should look to. That's for when we can see progress.

>> And reauthorizing the bank, putting board members on, will someday become a yawner again. It will be just the most boring vote anyone takes.

>> Okay. Well on that note, I think we'll close the discussion. I'd like to thank Congresswoman Moore and Congressman Lucas.

>> Thank you, Doug.

>> For being here today.

>> I'm headed to Oklahoma.

>> Okay.