>> Announcer: Ladies and gentlemen, our next panel is Global Competitiveness and the ECA Landscape. Please welcome our moderator, Douglas Holtz-Eakin, president of American Action Forum. He's joined by Jason Cooper, president and CEO of Linde Engineering North America, Bill Killeen, CEO Acrow Corporation of America, David Thompson, president and CEO Orbital ATK, and Ernie Thrasher, CEO Xcoal Energy and Resources.

>> Well thank you. Appreciate the chance to be here today. This is a panel of four outstanding business leaders and me so I'm going to immediately get out of the way. I thought we'd start by asking each of these gentlemen to talk a little bit about their business, what their opportunities are globally, whether they're getting better, worse than the risk associated them and how the ECAs around the world including EXIM here fit into that business model. So, why don't we start over here with ATK Orbital. Go. David.

>> Okay, thanks Doug. Good morning, everyone. My company Orbital ATK is about a five billion dollar a year airspace and defense systems manufacturer. Company was founded back in the early 1980s. We currently employ roughly 14 thousand people. Almost all of our workforce is based in the U.S., and it includes almost five thousand engineers and scientists. We provide satellites, rockets, missiles, and armament systems to U.S. government agencies, to a variety of commercial aircraft and satellite operators, and increasingly to international customers for those same types of applications. Our, it varies a bit from year to year, but typically we export between 20 and 25% of our annual sales to a couple dozen countries in Europe, the Middle East, Asia, and South America. Our background with EXIM goes back a little less than 15 years. In the early part of the last decade, EXIM became more involved in supporting U.S. satellite builders as they competed for opportunities in various other locations around the world, and we were a part of that. Our company's built about 300 satellites. A little over half of them, almost 60%, have been for commercial and international customers. The latter representing operators that are based in about 20 countries and they provide their services to many more countries than just their home locations. Our first international satellite sale that was facilitated by EXIM financing took place in 2006 to an operator based in Malaysia, and since then particularly during the period 2010 through 2014 we ended up selling about a half dozen additional satellites that were exported which over that period had to us a value of roughly 700 million dollars representing perhaps 25 to 30% of our commercial satellite sales during that time. From our standpoint, EXIM is important to our business in two ways. One of which is probably common to all U.S. exporters, in that it helps to level the competitive field against our competitors particularly satellite builders in Europe, China, and to a lesser degree, Canada that we compete with. If you look back just at the five-year period up through 2014, EXIM facilitated by my count 19 satellite contracts across the U.S. manufacturing industry. Those involved in some cases multiple satellites that when you added it all up came to a market value of about five and a half billion dollars. The absence of EXIM from supporting U.S. competitors has been particularly evident over the last three years which unfortunately has coincided with a cyclical downturn in demand for new commercial satellites. And from the standpoint of what that has meant to the U.S. satellite industry, every time we lose a satellite and sometimes the rocket that transports it into space to an international competitor that means the loss of between 200 and 250 million dollars in foregone business, which translates over the period of time it takes to design and build one of these satellites to about two thousand person years of high-quality employment, of engineers and high-end manufacturing employees. Over the last three years the U.S. has lost on average about four satellite opportunities a year. So, when you do the math on that what that's meant to our domestic workforce is the loss of jobs or the lack of sustaining existing positions that number counting the direct economic multiplier effects on the order of 15 thousand positions during that time. The second reason that EXIM is important to us though, is looking more to the future. Our industry is going through the advent of a number of new technologies and these include everything from in-space refueling and repairs of satellites that we're involved in, to new architectures that involve hundreds, in some cases thousands, of satellites and fleets and also new forms of technology in the ground equipment that customers use to link in to satellite networks. The willingness of my company and others in the U.S. to make the investments in research and development and capital equipment to put us in a position to take advantage of these new technologies as they emerge into the market will depend in part on our confidence of our ability to compete internationally as we look out to the early years of the next decade. And so the prospect of EXIM continuing to be sidelined is a very worrisome one for us, not only for business that we're competing for today but for investments that we would make over the next

couple of years to support our longer-term growth.

>> Thanks, David, that's fantastic. Jason Cooper for Linde Engineering.

>> Yeah, thank you. I'll make just a few words about the business that I manage to start off with. Linde Engineering North America is part of the Linde Group. Linde Group consists of two main divisions. One is a industrial gas division. The other one is the engineering division, and I manage the engineering activities for the Americas. And you know, why is EXIM important for us, is because typically we're involved in global projects executed around the world. They could be in ethylene plants in Indonesia, India, or places like that. We make plants that produce products like oxygen, nitrogen, argon, also hydrogen, ethylene, a lot of different types of products. And you know the role that EXIM plays in this is quite straightforward. For a lot of our clients in different parts of the world, you know the availability of financing and then the competitiveness of that financing is usually what drives how the project is developed. And to the extent that EXIM has a role in that that means in my business in the U.S. will certainly benefit from that. So, I'm here today really just to say how important EXIM is for our business for the Americas, but also for the Linde Group as a whole in terms of building our business. We have used several different ECA entities around the world. Since we're a German organization we use Hermes quite a bit, but EXIM is also one of our favorites. So, with that again looking forward to a spirited dialogue today.

>> So are things looking better in 2018 than past years?

>> This year I think what we're seeing is just a general turnaround in the marketplace, certainly in the U.S. because of the shale gas activity. We're seeing a lot of plant sales. So in the U.S. we're seeing interesting developments on the mega projects that we hadn't seen in the past. Ethylene plants, polypropylene plants, things that were traditionally going to places like the Middle East or other parts of the world, China. So it's interesting the big markets for us right now, you know, the U.S. is certainly one of those big markets.

>> And if EXIM's not involved, you would just go right back to the German bank and use them?

>> I mean, if we're not using EXIM, typically the first port of call would be Hermes because, again, we are a German-based organization, but depending upon what the client prefers in terms of the type of financing product for the project if they choose EXIM that's great for me in my business here in the U.S. because a lot of that would flow through my business.

>> Great, thank you. Bill Killeen, Acrow.

>> Thank you, thank you. First of all thanks, Doug, and thank you to EXIM for having me here. Hopefully I can share a few tidbits of information that you might find interesting. I'll start of by just telling you a little bit about Acrow, 'cause I'm sure many of you don't know who we are. We're a medium-sized enterprise. We're based in New Jersey. What we do for a living is we actually design, manufacture, and ship steel modular prefabricated bridges both here domestically and also internationally. If I took you back to about 1990, we were quite a small company. We were only doing about two million a year, and we had about 10 personnel. We made a couple major decisions in '95, and those major decisions were to move our manufacturing from the U.K. over to the United States, and also to look at the international markets as the growth area. So things have changed quite a bit, and we did move the manufacturing. It's now stationed in a small heartland town Milton, Pennsylvania. It's just south of Williamsport, Pennsylvania. And today if I bring you full circle, today in 2018 the company's about 200 people. We have about 140 out in Milton, and we're turning about, on average, 70 million U.S. dollars a year. In terms of EXIM I think the first time I thought of using EXIM probably goes back to '99. And I met Jim Harmon at that time. He was the chairman of EXIM and he was in Princeton and he was just telling me about EXIM Bank at that time. And so it got us curious about how we might be able to utilize the services of EXIM. So, it took about 10 years before we found what you might call a bankable project, but then we'd need about another five years to consummate it. But we finally have two ongoing projects right now with EXIM Bank that were both

approved before the bank was unable to approve, so that's 2015. The first project's in Cameroon, and this is where the loan is provided by Societe Generale. EXIM is guaranteeing it. It's 42 bridges. We actually have the bridges now on the ground. That is, the steel's been exported from the United States and it's on the ground in, oh gosh, Holtz-Eakin, I'm forgetting the port, but anyway Yaounde I'll say. And we're gonna start mobilizing those bridges out to the field. And one of the things that I'm really happy about is that the bridges that we supply they're mostly those bridges that you wouldn't even pay attention to as you cross a bridge. They're your 30 meter to say a kilometer long bridge. And all these bridges that we're supplying into Cameroon are strictly for the rural roads. They happen to all be two-lane bridges, but they're for the rural roads, reaching out to that 60% of the population of Africa that very often is forgotten. The other project that we have and that's in Zambia. Zambia is being financed by CitiBank, again EXIM doing the guarantee. And this is about 140 bridges that we're supplying into Zambia. Those are a combination of one and two-lane bridges. Again though, all going out into the rural regions of the country. As far as ECAs you know having an ECA is vitally important to us and we had believed that EXIM would be an ongoing entity. At this moment, it's not. Our customers, they absolutely need the services of an ECA. And I say that because most of our customers are public-sector customers and they don't necessarily have the avenues to putting the structured financing together that others have to be able to do a large bridge-development project. An ECA is vitally important to us. So in the meantime, yes, of course we're starting to look around to see whether EDC can help us. We're also talking to SACE in Italy. I was very interested recently when I saw EXIM India is providing 500 million to sub-Saharan Africa for infrastructure. So these are things that are catching our attention. If we needed to add value to our products somehow in those countries we would. I think in closing just to kinda summarize things a bit here you know, there's not a day that goes by that I don't think about the 200 or so people that work for Acrow and having some kind of a sustainable revenue stream, and I can say to you that EXIM Bank has been vitally important. It has been one of the main facets as to maintaining that sustainable stream of revenue. The team at EXIM Bank has been absolutely excellent. It's almost like they've been our close partner in making these jobs in Cameroon and Zambia happen. And I can assure you, it would not have happened, and the EXIM Bank financing absolutely created jobs in Pennsylvania, New Jersey, and elsewhere here in the United States. There's no doubt about it. So, in a sense I actually am saddened by our Senator Toomey for almost looking at our 140 workers in Pennsylvania as if they're somehow tied into cronyism and they're not, I can tell you that. I hope Senator Toomey changes his position on this. I would love actually to invite Senator Toomey to the Milton factory so he can meet these 140 people that we have there that are really quite dependent on us coming up with these structured deals so that we can do bridge-development projects around the globe. And the one thing he would see, I know he would see, is that these people are really good people doing a good job. They're having their personal prosperity enhanced through their jobs and of course that's affecting regionally. So, with that I'll pass it off, Doug.

>> Great, thank you. Ernie Thrasher.

>> Doug, thanks. I'd also like to thank the EXIM Bank for the opportunity to be here today. I'll talk a little bit about Xcoal. We're the largest exporter of coal from the United States. Approximately three billion dollars per year in revenue. We've had a relationship with EXIM Bank since 2009. We directly support jobs in 10 states, primarily in coal mining and railway, their supply-chain companies. 100% of our business is export, which is somewhat unique for a U.S. company. But EXIM Bank's been very important to us, where our largest competitors or other mining and exporting companies in Australia and Canada which have very strong ECA support. 63% of our business is in Asia, so we start out with a geographical disadvantage to those competitors. So financing's very important not only for our customers, but to keep the flow of working capital to these mining companies in West Virginia, Virginia, Kentucky, Pennsylvania, and I'd echo the comments about Senator Toomey. We're the largest user of EXIM in Pennsylvania, very critical to the coal mining and railway industry in Pennsylvania. We struggle sometimes to realize why that message doesn't resonate to our elected officials on how important EXIM is to support these companies and the growth of these companies. We're currently experiencing also the new administration's emphasis on coal and energy.

>> Doug: Yeah, I wanted to ask you about that.

>> And exports being a big part of that. We recently were awarded, we were the first U.S. company to supply U.S. thermal coal to the Ukraine, which was quite a foreign policy having energy as a foreign policy tool. But once again there's a mixed message coming from the government. On one hand we have the administration supporting the exports of energy, and on the other hand we're not getting that support from EXIM when we want to go out and promote U.S. products. Our relationship with EXIM is great. They've been extremely supportive. We have transactions that turn over quite quickly. We've had over three and a half billion dollars of EXIM transactions since 2009. Terms of normally 30 to 90 days. We've had 100% compliance and satisfactory closure of those transactions, so it's somewhat troubling to go into the market and compete with Australian and Canadian companies and not have that tool in your portfolio of full support of EXIM Bank financing. Just some numbers. At one time we had a 100 million dollar EXIM facility. Due to the lack of chairmen in quorum, it's been reduced to 25 million dollars. So, if you take 75 million dollars and you turn that once a month you suddenly lose 900 million dollars of financing capacity in a three billion dollar business. So it's not an insignificant impact on what we can do. We're trying to, there are opportunities for growth and those opportunities are in areas of the country where the renewal of economic activity's critical. Rural areas where some of the speakers mentioned earlier today. And that growth is being constrained by the absence of EXIM Bank funding. So we're pushing very hard, supporting wherever we can support. We're trying to get the message out to these representatives and senators in the states where we're active to try to change this ideology that seems to be stymieing the process. I hope venues like this give everyone the opportunity to get the message out and to people to realize that the EXIM Bank as I think all the other speakers have said it supports jobs and it supports U.S. business overseas.

>> I wanna say for the record, I did not come here to orchestrate a lobbying effort with Pat Tooomey.

>> It is what it is.

>> Well, as someone said earlier, facts are facts.

>> Yes. So from the think tank perspective on these things, there's been a lot of attention paid to the things you've mentioned, which is deals that can't get financed because EXIM's hobbled, but there's also this longer-term issue about other countries, China in particular, using their ECA capability as a strategic economic development tool. And I guess for you, Dave, you said you've been losing contracts recently to foreign ECAs. The Chinese stand out? Do you see this kind of concerted effort to get the supply chain as well as the final products?

>> Yeah, we have seen that. In the last two years in particular there've been two occasions that I'm aware of where U.S. companies, mine and others, just weren't even really invited to propose on satellite infrastructure projects. One country in Africa, another country in southeast Asia where the Chinese came in, were very aggressive. I think we would've been able to offer a better technology, probably better delivery, but we couldn't in these instances. We really weren't in the game because of the lack of domestic ECA partner. We've seen in the last, particularly the last three years, we have data of course for the last full year that EXIM was active, 2014, and then for last year, 2017, that not only are the home countries of some of our traditional competitors but of some emerging competitors in places like India are coming on strong. We try to do our best to stay ahead from a technological standpoint but sometimes our international competitors can make a more compelling case just based on the economics. So it's something that is a serious this has had serious impacts over the last two years in particular.

>> I guess the other question I had about the policy landscape, is the importance in trade agreements. I mean, it's one of the big political footballs right now and from your experience how important is it for the U.S. to be in the trade agreement game? How important would be the sort of reentry into TPP for example? How big a loss was it to not go forward with that? Do you see that?

>> Well, I actually think walking away from the TPP was not the correct move to make. I feel the more we can take down the barriers to trade, the easier we can flow the products. Our goods then are priced more

competitively hopefully because there's less duties being applied etc. So I'm an advocate for whether they're multilateral or bilateral trade agreements. I feel we need them, so.

>> You know, I would agree. There's work to be done. The system isn't perfect and I think one of the benefits of these recent maybe high-profile trade issues is we are bringing to light some of the disparities, but I think we're also giving mixed messages on what we believe the solution will be. So when I interact with our customers I think it creates an opportunity to say, "Here's something that both sides can give." To reach a whether it's bilateral, multilateral agreement but the two steps forward, one step back sending mixed signals to different trading partners I think it has an element of confusion in the marketplace that not only stymies the solutions but in any market confusion and uncertainty is probably your worst enemy. And I think that's what we're facing now as U.S. exporters trying to determine how our trading partners view us and what opportunities they present to us.

>> Well, you probably have a unique insight into this with your superiors over in Germany, your business in the U.S.

>> How's it look?

>> Right. I mean any barriers that are placed in front of trade to prevent the free trade of goods and services is an issue. I mean, a lot of our competition is coming from companies in Asia, whether they're fabricators, manufacturers, or otherwise. So they sense that they can support projects in the region where the growth is whether that's China or southern Asia or India at an advantage to us. I mean that's a problem, obviously, and that's what's gonna happen if we're not part of these agreements. So, you know I think for us it's very important that we find a way around this. The recent tariffs on steel and other products coming into the U.S. that's gonna be a problem for us as well to remain competitive in the U.S. market alone. So, yeah, it's an issue.

>> Now the steel tariffs have been raised they wanna aim right at you.

>> It's hurting us, that's all I can say. It's hurting us. We buy all of our steel from U.S. sources, every ounce of it, and I have to say plate has jumped more than double, you know flat plate, has jumped more than doubled in the last six months. What I call long products are probably up about 15 to 18% right now. Long products are I-beams for people out there. So it's definitely that's just another layer making us that much more non-competitive.

>> So, full disclosure. I was in the Bush White House when then President Bush raised steel tariffs, so I have made this policy decision as well. My apologies.

>> It's okay.

>> I was just wondering, Dave, give you a chance to weigh in on the importance of these trade agreements you know looking forward at the sort of next-generation technologies and things.

>> Well, like Bill and Ernie, our business I think will do better if there are fewer articial factors in the market. Barriers, tariffs, and so on. We compete primarily on the basis of fast innovation. We develop technology and build it into products faster than pretty much all of our international competitors. Hopefully we do it faster than most of our domestic competitors, too. And that allows us to offset higher labor cost here with just greater productivity. So, yeah the barriers are not helpful to that billion dollars or so in export business that makes up our company. Now we export about half of what we export is done purely on a commercial basis, and about half takes the form of defense sales that are either facilitated through the U.S. military or through commercial arrangements that have some oversight. And even in those areas trade barriers do factor in and so to the extent we see more of those developing in different regions around the world that won't be good for us.

>> I might give you a--

>> Yeah, go for it.

>> Real-time example.

>> Approximately 800 million dollars of our business are the steel mills in Japan so Prime Minister Abe's here now trying to sort out the tariffs on Japanese steel. We don't know if a consequence of those tariffs may be this Japanese steel mills deciding not to purchase U.S. coal as a kind of a tit-for-tat trade war. So we're sitting here hoping we're going to get some solution in that. And again I think as I mentioned earlier, the discussions have highlighted some inequalities but I think the important thing is having a commitment to solve these issues and move forward.

>> So when you say it, it's not so common sense that we wouldn't want to do these kinds of things. How do you improve the broad public climate for trade for the things that you do every day? We seem to be in a bad place.

>> I think there's a lack of full knowledge of what trade means to the U.S. and trade means to companies and I think people reach conclusions or they have ideologies or beliefs based on either misinformation or incomplete information and I think some of the steel tariff issues are an example of that. When you look at the broader scope of how much steel is imported into the U.S. and where it comes from and then you step back and take a look at the global steel market and where the, if there are offenders, where those offenders are. I think a very succinct and select policy of trades and tariffs will go a long way to solving that. But these broad shotgun type approaches I think cause everyone a lot of uncertainty.

>> Yeah, and I think one of the issues we have is that people right now are trying to figure out how to react. And I think as a business we're trying to understand what we can do to defend against this and it's very difficult right now in terms of getting let's say a strategy together on what is gonna happen long term. I think a lot of people believe that the tariffs are just a temporary tool to force certain countries to the table to start renegotiating. And okay, that's fine. But near-term you're gonna be looking at probably you know six months to 12 months of uncertainty that will result in manufacture not just steel bar and steel plate and aluminum raw material but actually manufactured finished products increasing in costs. Which for me, that means that you know as I try to export on against EXIM financed projects globally that means I'll be less competitive. So that's a real problem for us.

>> So, in the sort of big picture we've had this synchronized global expansion for a number of years now. It's pretty unusual and a good situation. But there's always a risk that that might taper off, turn down. I guess I'd be curious from each of you sort of how you view the sort of overall economic risks. Where are your global opportunities? Are they concentrated in Asia? Or is it more broadly defined? And are the economic risks the top thing still, or is it these policy risks? ECAs and trade agreements and the sort of trade relations.

>> I mean from my side one of the things that we're seeing in the U.S. that's unique. We're kind of riding a wave of unemployment. At the same time as hydrocarbon revolution with the shale gas situation, so energy's cheap, growth is there, life is good, right? But then on top of that you layer tariffs and you begin to close borders and it becomes a little complex so that if one variable doesn't fall into place i.e. if the price of oil drops dramatically for whatever reason, conflict in the Middle East, whatever, and then all of the sudden we stop drilling we stop you know the flow of gas and all of the sudden energy rises. I mean, you just don't know what's gonna happen right now in this landscape. So the uncertainty is what I think is the biggest issue right now.

>> Yeah, thinking about where in the focus for us. I feel our focus has been the African continent for a number of years now and the greatest opportunities are there. But then debt levels are rising in the African continent so I do have reservations on whether we'll be able to continue the flows of capital into that continent or not. But I had another idea but I'm forgetting what it is. That's what I see right now for us is that the African continent is the focus for us as far as the opportunity because there's a lot of developing nations there. As we can assist these nations with improving their infrastructures it further helps them have a sustainable economic platform to work

from because then commerce can flow more freely both regionally and beyond from country to country or beyond.

>> Ernie, you said you have about 60% of your business in Asia?

>> That's correct.

>> Do you see that as the future or is this Ukrainian initiative the beginning of another set of markets? And how's the administration sort of looking at you as something that they have favored greater focus on? Fossil fuels.

>> I think you have two potentials there. You have the mature developed economies of Europe. Energy consumption is diminishing as new forms of energy and efficiencies come into play. The steel industry is mature, but you have opportunities in countries such as Ukraine and Poland where their existing indigenous resources are being depleted. Both of those are very high on the government's radar screen because of their geo-political location in Europe but the real growth for the energy and steel industry in the world remains in Asia because of population growth and improving standards of living for a large portion of the world's population. And that really starts in India, goes across southeast Asia, and into China. Even the more developed economies of Japan and Korea where our products are going in to make finished products they're going out to support those developing countries. So I see most of our growth let's say from India to Japan. But again we're competing with a very vibrant resource sector in Australia which has very strong ECA support and EXIM Bank is quite critical to our remaining competitive in that environment.

>> And you do LNG as well as coal? Is the LNG story roughly the same?

>> Well, as we watch the energy sector transform and coal transitions to LNG in a lot of markets I wanna position us as a U.S. company just to be part of that global energy mix. The development of shale gas then pipelines LNG terminals in the U.S. is a great economic contributor to the U.S. both from jobs and balance of trade. So a lot of the trade deficits that are being discussed in these trade talks, a lot of that can be solved by energy transactions from the U.s. to China, U.S. to Korea, U.S. to India. China's going to be a big consumer of not only U.S. resources, but also U.S. energy in the form of LNG.

>> Dave?

>> Well, I think from a geographic standpoint somewhat similar to what Ernie was saying, I would rank Asia, particularly South Asia, as probably our best near-term opportunity. That would be followed more or less in equal measures by Latin American and the Middle East and some parts of Africa. In our case a lot of that growth is driven by expanding economies, growing populations, and providing to those countries services that are similar to what is available today in the U.S. and throughout Europe and other, some of the more developed countries in the Pacific area. But on top of that one of the other developments in satellite-based communications is providing increasingly capable mobile services not only to individuals but to aircraft, to ships, to automobiles. And the customers for those tend to be in many cases in pretty developed countries although they may be traveling to some other location. So I guess I would, although that's still a small part of the business it's maybe the most rapidly growing and five years from now it probably will continue to grow and it'll be a much bigger part of the equation.

>> So the other question I had coming into this was sort of what kinds of products the ECAs provide you with and are there products out there that would be especially useful? You put on my radar screen this non-mainstream currencies the transaction in Nigeria. Walk through that, how you came across that. I'm just curious how important this would be to the others.

>> It just came on the radar screen for me you might say. I've been picking up I guess you might call it news feeds and it was primarily about UKEF and what they're doing out there to support British businesses. And what

I thought was in a way unusual is that UKEF is starting or they say they're going to start writing transactions in non-mainstream currencies, whether it be the one I'm thinking of most currently was the Nigerian I think it's nora, or naira, I'm not sure how to pronounce it, and what that does is it's showing to me that UKEF is thinking how can we really help British businesses coming out of the EU and they're caught up in Brexit and how do we make them more competitive against whether it be us or others. And typically I think we're always denominating say in dollars or possibly euro but if we could come into a market as the Brits I think are trying to do with a local currency you're taking a lot of the risk away from the buyer. They certainly have to pay some kind of a fee I guess for having that risk absorbed. But I was sharing with Doug earlier that there was a glaring example of this a number of years ago in the country of Papua New Guinea where they have the kina. And they had a transaction structured through at that time it was ECGD, and it was structured in Japanese yen to the kina. Things went wrong in the forex and the project price it wasn't ours, but the project price literally doubled. So if there's a way that some kind of a portfolio could be put together where we could do transactions in non-mainstream because again I said our focus is Africa. To the point, Africa's about a billion people now and it's gonna be two billion in another 30 years. So I just see an immense opportunity there and if there's a way to take risk away from from the currency exposure I think it would actually sell a lot more American products.

>> How's that sound?

>> I mean, I think that's a great path forward if that's possible. I mean, we see currency exposure I've seen it throughout my career when I was based in India and Singapore and Europe. So currency is a big deal. Also a lot of clients are willing to transact in dollars and euros because they're just used to doing that as well. I think the less sophisticated clients would certainly prefer local currency. So that would open up you know an avenue into some of the smaller tier clients that perhaps right now aren't available to us.

>> Most commodities currently are traded in U.S. dollars but it, especially in India I think there's an opportunity to expand business for U.S. products in India if there was a facility or a program that would allow you to sell into local currency in India. That's probably, at least in my experience, one of the prime places where rupee dollar exchange rates have a huge impact on competitiveness.

>> And how much, we had this discussion in the green room about India and India came up in every conversation. How important are the financing features versus all the other challenges in India?

>> For me it's just the other challenges. You know, India doesn't necessarily need the financing. It's just the bureaucratic challenges. We've been knocking on the door of India for six years now and we've had minimal success in the country but we keep knocking on that door. So, until we have real opportunities I don't think the you know having any kind of financing will help us.

>> My experience is that because the interest rates in India have traditionally been much higher than what you see in Western Europe or in the U.S. often to make these mega projects or large projects viable you have to find a way to reduce your costs of capital. And so for those reasons alone you'll find some sort of export credit arrangement facility being developed to support the business case objectives. So I think that they do in some cases you know with clients. The issue in India also is you don't have a lot of you know private sector clients, at least not in my business. Most if it's the PSUs which are the large government-type institutions, oil companies. But for those private clients that are trying to improve their business case they are going to EXIM, they're going to Hermes, they're going to whomever in Wester Europe and the U.S. to try to reduce their cost of capital. With an EXIM that's not you know functioning right now for the larger projects, that's an issue. So that means they're going to Hermes and others right now. So we're definitely losing that business.

>> Is this an impact for you, Dave?

>> Well, just at least in our experience it hasn't been a first-order factor. From a currency standpoint we've historically dealt dollars, euros, occasionally yen, but that hasn't at least so far has not been a major obstacle.

>> Just another add on India to full out the case. And I think the Indian, the recent administration in India and the last two RBI governors in India have done a lot to improve the financing picture in India to get the banks stabilized. And it makes it easier for a U.S. company to transact in India and obviously that's important, not only for EXIM but the sponsor bank that's sitting in front of that. I think India will continue to be a strong destination for U.S. exports and U.S. companies.

>> Fantastic. One of the things I wanted to give you all a chance to weigh in on is what is the one thing out there that you know risk that you hasn't been mentioned yet, policy development you'd like to see, help you need to be successful that is in the realm of U.S. policy or just something you're worried about in terms of the global outlook and the opportunities for your business.

>> I think from an exporter standpoint what our concerns always are trade policy, dollar monetary policy, strong dollars are tough for U.S. exporters and because of the venue here today I think we're bringing to light the importance of EXIM as a strong ECA partner for U.S. exporters.

>> I pretty much echo what he just brought up.

>> Yeah, I agree and for all those reasons it also impacts us. We have to make sure that we have a strong EXIM credit facility for international clients who are looking to tap into cheaper financing. Otherwise we'll lose business. And I think that between 20018 and 2019 I can already point my finger to one project where if EXIM is not sitting and providing the financing I'll probably lose 300 million dollars of order intake, so that's an issue.

>> I'd say the same thing, and in our case, the one non-ECA related concern that I would add to our international position is the protection of intellectual property and that's increasingly challenging with cyber developments. Something we work very hard on. Fortunately we haven't had any major cases where we know we've been compromised but that continues to be a real challenge in our business. It depends on staying ahead of most of our competitors by virtue of rapid innovation and the development and refinement of new generations of technology that come along every two or three years.

>> Yeah?

>> You talked about common sensical issues.

>> Yeah, I'm an economist, so I need to know what that is.

>> But all the focus on trade deficits. The solution obviously is increased exports of goods and services and anything government policy or EXIM can do to support that it removes that lightning rod from some of these very contentious discussions we've talked about. So I think shifting the focus to help the U.S. become a better partner in the global trading system will solve a lot of the issues we're seeing today.

>> I think yeah, I just wanted to share. Someone said it yesterday, so I'm actually repeating what they said. They said that working with U.S. businesses let's say like Acrow right now, it's risky. We really can't bring the financial structure with the deal. So this individual was actually saying to Secretary Ross that we need to be able to bring the cash and we just don't have that latitude right now if we don't have the EXIM Bank at least.

>> And one of the questions I always get asked is you know this is the United States. We have the largest, most deep and liquid capital markets on the planet. Why can't you get the cash?

>> Well, it's just that she was trying to share with us that we needed the government backing in a lot of these markets to be able to break into 'cause we're again specifically talking Africa. So.

>> Right. Yeah?

>> A lot of people ask us that question. U.S. banks we use trade finance. Most U.S. banks are not, I don't wanna say they're not experienced, but they're not willing to engage in huge trade finance facilities and the only U.S. bank in our trade finance portfolio is there because of EXIM Bank. So if EXIM disappears we will not have one U.S. bank supporting our trade finance portfolio.

>> Same story?

>> Yeah.

>> Yeah.

>> Did you see a big change in even the capacity to sort of gauge the private sector after Dodd-Frank where a whole lot more restrictions were placed on risk taking by the--?

>> No.

>> I think the U.S. banks because they're such a strong domestic market here they just don't focus on trade finance. It doesn't fit their portfolio of business that they feel comfortable with so mainly its support comes from European and Asian banks.

>> So the clock is ticking down, so this is the lightning round. If you read the Wall Street Journal this morning, Greg Ip had a column on one of the issues that a lot of folks like me have been wondering about. Which is, we've done the big tax bill last December. If it generates increased growth, it's gonna generate increased capital inflows. That's gonna mean larger trade deficits. It's probably gonna mean a stronger dollar. And so as you look at that piece of legislation, if that's the way it plays out, is it still worth it or not?

>> Is the tax bill still worth it you're saying?

>> Yeah.

>> If it starts creating stronger dollars it's only gonna hurt what we do, because 90% of our business is overseas now.

>> And you don't benefit enough from the other aspects in your capacity to invest, more productive--?

>> Yeah, the benefit that we get directly is that we're able to invest in our capital equipment at the factory and we're able to take a depreciation immediately. That's the biggest benefit we get out of it.

>> I would agree. I think the big benefit is depreciation on equipment investment.

>> Yeah.

>> Near term it's good for our business, but I think long term I'm concerned about what it means to the overall economy. I think all these things when you bundle them together it can't be good long term. I think an overstimulated economy will not be good for consumption, but near term with owners and clients investing more in plant infrastructure it's all good.

>> Yeah.

>> The last words--

>> And I do think we need to figure out how we're gonna pay for it.

>> Excellent last words.

>> And with that piece of wisdom we thank you very much. Please join me in thanking the panel.