

Wanda Felton: Now I will have the honor to introduce the secretary of the treasury Jacob J Lew. Secretary Lew was confirmed by the senate on February 27th 2013 to serve as the 76th secretary of the treasury, previously he served as the white house chief of staff, but before that as director of the office of management and budget, a position he also held in president Clinton's cabinet from 1998 to 2001. Before going to join the Obama administration, secretary Lew served in key roles at Citi bank, New York University under the board of the corporation for national and community service. Calling on his experience as deputy secretary for state for management of resources secretary Lew has balanced an extraordinary array of domestic economic policy priorities with an international outlook that makes the treasury critical to our national security. With recent global events leaving us all concerned about the world's economic future, we are privileged to hear from him today. Please join me in welcoming secretary Jack Lew.

Jacob Lew: Thanks Wanda, and thank you all for being here, I appreciate that introduction, and it's really a pleasure to be here, and I'd like to thank Fred Hochberg and the whole team at the Exim bank for organizing and hosting this event. This gathering itself is testament to the broad support for Exim which was apparent in the final vote when congress voted on Exim's re-authorization, finally. Given the critical role that Exim plays in supporting US exports, getting the bank's fully back in business is really a high priority for this administration, and it should be a priority for the senate as well. Which is why I urge the senate to approve a new board member to Exim's board of directors as soon as possible.

Before speaking further about Exim and the role that it plays in the US economy I'd like to take just a minute to review the economic development since the administration took office in the middle of a global financial crisis. Since 2009 our economy has seen sustained growth, the federal budget deficit has declined by almost three-quarters as a share of GDP, and businesses have added more than 14 million new jobs producing the longest streak of job growth on record, and cutting unemployment, the unemployment rate in half from its 2009 peak. These economic numbers are strong but the administration has also worked hard to make sure that these headline gains are shared among all Americans. We instituted financial sector reforms to prevent the excesses that led to the last financial crisis, and the hardship that it brought to households all over this country. We reformed the healthcare system finally making healthcare available to all Americans, and we negotiated the trans-pacific partnership that once passed by congress, and signed by the president will open vital markets in the Asia-Pacific region, so that goods and services produced by US workers.

Exports played an important role in the US recovery from the financial crisis, they also are major contributor to US jobs supporting nearly 12 million of them in 2015. As the people in this room know, international competition is tough, and becomes even tougher when your competitors are benefiting from generous support from their governments. Exim's job is to make sure that US exporters and their workers are able to compete on a level playing field. The support that Exim provides is essential to offset the advantage that foreign competitors receive from their governments, so US exporters can compete on the basis of the quality and price of their products rather than the quantity of government supported financing. Exim also plays an important role in filling market gaps, and

this is particularly essential in emerging markets where risks may be higher, and potential customers may lack access to traditional commercial financing.

It's also the case for a small and medium sized enterprises which often face challenges getting access to the capital that they need to export. Less frequently but just as importantly, Exim provides liquidity during times of financial stress, and we saw this so clearly during the financial crisis when Exim stepped in to provide an important, and necessary financing backstop to US exporters. In each of these circumstances Exim is essential in providing support that helps US businesses remain competitive in an ever changing landscape of global competition. We need to promote a level playing field for US exporters, and fill gaps that the market won't, but we also need to make sure that we aren't participating in a race to the bottom in which governments seek to outspend each other to the detriment of tax payers, and benefit of foreign buyers. To that end Exim's work is complemented by US participation in the international guidelines that regulate government export financing.

Housed at the OECD this framework is known the arrangement and officially supported export credits, a catchy title. Over 40 years ago OECD members recognized that competing on the basis of government financing was a lose-lose proposition, and [that 00:06:13] multi-lateral disciplines on this financing were the only practical way to address it. US participation in the arrangement helps to neutralize the effect of government financing on export competition, so that exporters could compete on the basis of quality and price of products. In addition, to promoting fiscal prudence and level playing field, the arrangement helps to maximize private participation in export financing. I think we all agree that the first source of financing for any transaction should be the private sector, if such financing is available.

Treasury has led the US government effort to make arrangement terms and conditions as market oriented as possible to help ensure that government support is only sort when private financing is unavailable. For example, once the aircraft sector understanding which treasury negotiated in 2011 went into full effect, we saw buyers of aircraft turn increasingly towards commercial market financing, contributing to a deeper and more liquid market for aircraft finance. The arrangement has been successful in disciplining government export financing among OECD countries, but we've seen increasing growth and such financing from emerging markets which are not part of the OECD arrangement. For example, China has come to provide more export financing than all G7 countries combined, this is why in 2012 President Obama and then Chinese Vice-President, now President Xi agreed to negotiate a new arrangement, one that would apply to all major providers of export financing. The growth and export financing from other emerging markets such as India, Brazil, and Russia also points to the need for new arrangement that covers non-OECD providers of export financing.

Since 2012 the international working group on export credits has engaged in the process of developing new international export financing guidelines with the goal of achieving the same success as the arrangement. A level playing field for US exporters, and maximum private participation in export finance. As the world's largest provider of government supported export financing, China's participation in the new international guidelines is critical to the IWG's ultimate success, and

has been a key point of emphasis in our bilateral relationship. While China views the need for discipline on government supported export financing very differently from the United States, we continue to press this issue at all levels, and through all appropriate channels. This includes the US-China strategic economic dialogue later this year where achieving progress on the international guidelines is a high priority. Establishing these guidelines is an important US priority, and it's one that I believe is critical to the long term competitiveness of US exporters and the US economy. While the administration is pursuing this goal with vigor, Exim again plays a critical role in demonstrating to our trading partners that US exporters can compete effectively in foreign markets, we will not settle for less. I believe the administration's track record demonstrates a commitment to a vision, an interconnected global economy, one that is less protectionist, less mercantilist, and has more trade. While we work towards our vision of the world as we would like to see it, we must also live in the world as it is, even as we pursue disciplines that will level the playing field in the long run, Exim will continue to play a critical role in bridging the financing gap. As long as US exporters are contending with competitors backed by government export financing, and the unavailability of private financing, Exim remains a critical tool for the administration's goal of supporting US exporters and promoting global trade. We need a strong Exim that is optimized in its ability to do its job. US companies and exporters have proven to be among the best in the world, and they should be able to compete on a level playing field both today, and in the long run. Thank you all very much for being here, and thank you Fred, and to the Exim bank for the great work that you do.