

>> Okay, we're ready to get started here. I hope everyone enjoyed their break. Just as important, we're having a health moment right now, and I assume everybody ate their greens. Our great first day is about to get even better. EXIM is thrilled and honored to have the Secretary of Commerce, Wilbur Ross, with us today as our keynote speaker. Before joining, just a little bit of history, before joining the Trump administration, Secretary Ross, he set the gold standard on Wall Street for navigating turnarounds, distressed debt, and bankruptcies. Secretary Ross has also been the chairman or lead director on more than a hundred companies in over 20 countries. He's the only person elected to both the Private Equity Hall of Fame, and the Turnaround Management Hall of Fame. And he has been an outspoken supporter of EXIM since joining the administration. Please join me in giving Secretary Ross a warm welcome.

>> Good afternoon everyone, and thank you Jeffrey for that kind introduction and warm welcome. I wish my wife had been here to hear those nice remarks. You can always use a little more credit at home. It's an honor to join you at the Export Import Bank's annual conference. As all of us know, EXIM has lacked a board quorum since 2015. And this has limited the institution to making loans with a \$10 million maximum. As an ex-officio member of the EXIM board, because of my position in the administration, I'm not going to deal with the bank's complex political situation. I will speak to the U.S. need for export financing, in order to maintain our position in international markets. We have to increase U.S. exports. The total U.S. deficit in goods and services increased by 12.1% last year. And the trade imbalance accounted for 2.9% of our gross domestic product. The U.S. trade deficit in goods alone reached \$810 billion in 2017. And as of last year, 95 other countries' export credit agencies throughout the globe were fighting aggressively for export sales and jobs for their countries. Let me give you a few examples. The Italian and German export credit agencies each provided more than \$10 billion in medium and long-term financing to their exporters in 2016. Korea's export finance arm underwrote nearly 9 billion in transactions. Canada approved 3 billion of export financing. And outside the OECD, the BRICKS have become major providers of export finance. 51 billion in medium and long-term export credit support in 2016. And in 2016, two Chinese export credit agencies, the China EXIM Bank, and Sinosure provided \$34 billion in medium to long-term export credits for Chinese exporters. This is two-thirds of the BRICK total. The Commerce Department is working together with EXIM, the Treasury, and state departments, and our interagency partners, to negotiate new international trade rules limiting official export credits. But I must say, we have not made an awful lot of success thus far. This would help ensure that U.S. exporters can compete for foreign sales on a fair and level playing field. Through the International Working Group on Export Credits, we're engaged with China, Brazil, India, and others, to establish transparency and rules restricting overly generous government financing support. U.S. cannot cede leadership in exports to growing markets that want to do business with American companies. Africa and Latin America are two major focuses. As we need these markets, but they are capital constrained, especially in terms of their infrastructure needs. For infrastructure, Latin America needs at least \$150 billion annually for the next couple of decades in order to get to a satisfactory level. And the World Bank estimates that Africa will need to spend as much as 90 billion on infrastructure in each year. U.S. companies should be competing for this business, and despite the handicaps, we every now and again do get some. But, U.S. exports to Sub-Saharan Africa have actually declined by 44% from 26 billion in 2014, to 14 billion in 2017, despite the very rapid growth in that continent's GDP. During similar periods, China's sales to Africa have zoomed, from \$5.6 billion in 2001, to \$83 billion in 2017. And along with that trend, Chinese global lending has surged from \$1.7 trillion in 2001, to 25.5 trillion in 2016. The Chinese accounted for three-quarters of the increase in such debt during the past decade. Latin America is a similar story. Chinese exports have grown from 8 billion in 2001, to 131 billion in 2017. According to the Inter-American Dialogue, China's two biggest development banks have provided \$125 billion to Latin America over the last 10 years, more than the combined total lending of the World Bank and the Inter-American Development Bank. It's a little wonder why we've lost market share. We cannot afford to let these trends continue. Our economic collaboration with these regions is not only important economically, but also geopolitically. U.S. firms at present have weaknesses in global markets, especially in rapidly growing emerging markets. All of them are capital constrained. These global markets need at least three different forms of capital. First, they need financing at more or less market rates of return for one tranche. Second, they need another tranche of concessionary debt financing. And finally, they need equity, or quasi-equity funding. It is true that there are entities other than EXIM to fill some of these needs. These include the World Bank, the IMF, Asia Development Bank, Africa Development Bank, IFC, Inter-American

Development Bank, OPEC, USAID, etc. But each has its own board of directors, its own management team, and its own differing objectives and chart of responsibilities. These factors limit the ability of these to meet all of our competitive needs. And there's no one entity to coordinate their activity. I have another observation. One of the most neglected segments of American industry is smaller business, and especially in terms of the export markets. Less than 3% of all the companies in the United States have ever exported a single product. But e-commerce poses a dynamic opportunity for them. And most entrepreneurs in the LDCs similarly are small consumer businesses. The non-exporting American companies, and their counterparts elsewhere, have a vast opportunity to grow via social media. Let me give you an example. Recently, in Laos, I encountered a young couple who had built a big business selling high end fabrics to decorators in London, Paris, and New York. They didn't share with me any of their financial information, but I did see a brand new Rolls Royce and a brand new Jaguar in their driveway, so they must be doing pretty well. Their business was built on two things, social media without either one of them ever leaving Laos, and second, that a bank, an international bank, led them through the intricacies of financing their exports, even though the couple themselves had no idea how to do business internationally. That kind of activity multiplied over and over among smaller U.S. companies could have a very positive impact on U.S. exports. But just like the couple in Laos, it will need someone to hold their hands and get them through the intricacies of how you do conduct business off-shore. Regardless of these observations, it is clear that financing exports is a major battleground in international trade. So I look forward to working with those of you in this room to unleash even more economic growth by helping American companies conquer overseas markets. And I wish you a productive rest of your conference. Thank you very much. Thank you, thank you.

>> Thanks again to Secretary Ross. I think there's more evidence there that we need EXIM up and running. Some interesting ideas there about other trade finance opportunities emerging, and how the administration and various agencies are looking at that. The other takeaway I took, the other takeaway I had there was, it's really good to see somebody with a Yale/Harvard background do good. I think that's just, it just warms my heart to know that. We're now gonna finish up our lunch and then move to the breakout sessions. Take your time, I don't know where everybody is in terms of all the food so far. We put together a great line-up of subject matter experts, on a variety of finance topics, so please catch as many of them as you can. As a reminder, conference reception starts at 4:30-- at 5:30, I need it sooner. Starts this evening in the Blue Room on the other side of the hotel lobby. Tomorrow we'll have another great group of speakers, and so please reconvene in time for our start at 9:00 a.m. For the early risers, once again we'll be serving coffee and breakfast in the exhibit hall at 7:30. So enjoy the rest of your meal, thank you again, and I look forward to seeing all of you at the reception. Thanks very much.