

>> Ladies and gentlemen, welcome to the 2024 Annual Conference of the Export Import Bank of the United States. Now, please welcome to the stage Eric Gertler, executive chairman and CEO US News and World Report. He's joined by the Honorable Rob Portman, former United States Senator Ohio.

>> Well, good morning and happy 90th birthday to the Export Import Bank. US News itself just celebrated its 90th birthday, so lots of great stuff happening back in the 1930s. Today it is my privilege to talk with someone that has had an incredible career in public service whose career has spent three decades including, and I think it's important to have some of the background, three presidential administrations, two terms in the United States Senate, six terms in the United States House of Representatives. He has served in two cabinet level jobs, including as United States Trade Representative. So lots of important topics. What I'd like to start off with, Senator, is we, there was a great panel this morning on global Outlook. I would love for you to share with us your global perspective, particularly at a time when we're seeing a world that is more divisive than it was a decade ago. Yeah.

>> Well, thanks Eric. First, thank you for coming and for the invitation from Chair Lewis. And I've been a big fan and supporter of EXIM during my time in office, and it's incredibly important that they are flexible and ready at this point in, in, you know, the global economy. We heard from this panel a moment ago, as you said, just how things are fast changing, including technology and the cyber attacks that come with that, including a discussion about great power competition coming back. And we probably immediately think about, you know, the military or strategic side of that, but it's really more and more economic and that's where EXIM plays a huge role, particularly vis-a-vis China, but also others. So I guess my conclusion from listening that panel one, it's kind of sobering what's going on around the world. It's fast moving, it's, it's, it's, it's confusing to a lot of people that technology changes particularly, but it's, it's dangerous and volatile too. It's important that EXIMB out there and that X and B effective and, and again, ready to take on the challenges.

>> Well, thank, thank, thank you for that. You, you have a unique perspective, not only looking at the global perspective and the global outlook, but also its impact on, on Americans and Real Jobs. Tell us what you saw in, in Ohio. What was the impact of these policies or maybe lack thereof on manufacturing or small businesses in, in Ohio and, and around the country? Yeah,

>> Well, I, I, a supporter and a fan of EXIM because of that, you know, and I I, in touring businesses in Ohio as an example, you find out that EXIM does in fact help small businesses and mid-size businesses, as we've talked about today. We're gonna hear more about that in the next panel, which we'll focus on manufacturing. But also there are a lot of companies that are suppliers to larger companies that benefit from EXIM. As an example, we have General Electric Aerospace in Ohio, and there are literally thousands of suppliers. So these are smaller businesses that benefit indirectly. So there's both the direct benefit and the indirect benefit. I saw that I talked to the workers, you, you see that leveling the playing field for American companies is really about leveling the playing field for American workers. And that's why I think it's so important that we're out there, and by the way, we are PIRs compared to so much of the rest of the world who have export credit agencies that are, you know, much more aggressive, they're able to lend more, they're able to provide more guarantees, they're able to do things that we can't do. So my view, we need to strengthen X them and certainly avoid what happened, which I lived through back in 2018, 2019, which was the lack of an authorization. Other countries recognizing that, taking advantage of it, taking market share away from American exporters and American service providers and American workers ultimately. So we need to be sure that EXIM is ready for the challenge, but I think even strengthened further

>> Be beyond just small business or large companies. Had you've seen an impact on particular industries, on technology, on the green economy, is there a special role that the export import bank or the, the, the benefits from it play in any particular

>> Sector? Well, I was, I was thinking this morning, listening to the panel, you know, we talked about the, the great power competition heating up, and that's, that's economic as well as, you know, military, we talked about technology and how that's fast moving and, and creating opportunities as well as challenges. But another thing that I was struck by was the discussion about the energy transition and the fact that, again, we're all going through this as a country. We are certainly, but the, the, the global changes as relates to green energy and how to make that transition in a way that is appropriate for the economy, for workers. And I think EXIM has a huge role to play there. And there, there will be a transition and there, there will be the use of natural gas for a while. There will be the opportunity to move to more nuclear. There will be other things that come in addition to renewable power like oil, like wind and solar, which are incredibly important. But I, I think, you know, America needs to be in the mix and other countries are providing significant subsidies. Other countries are providing certain tariff and non tariff barriers in this area. And EXIM plays a big role there because there are so many American companies that have the opportunity to do more. There was also discussion about rare earth minerals and, and others that are necessary for this transition, particularly with regard to electric car batteries. But more generally, even again, as, as was as Ray said, well in the last panel we're already using a lot of these rare earth and other minerals. So there's an opportunity too. And the last discussion about Africa, a huge opportunity. So yeah, I I think that, again, EXIM is not exclusively playing, you know, the, the lead role in terms of the energy transition, but has a huge role to play in terms of maturing. Again, there's a level playing field where the private sector can't come in and provide the, the funding and, and the, and the lending that, you know, we have an alternative

>> Talk a little bit, although not directly related to the export import bank, but talk a little bit about, for example, with, with the CHIP Act, I've seen the impact in my home state in New York, micron recently in Ohio with, with with Intel. Part of the changing economy today is also about greater skill up upskilling workers. How do you see that as part of this changing economy as well? Yeah,

>> Well first I, I believe in markets. I believe that this ought to be market driven. As I said earlier, there already is an unlevel playing field in the sense that other countries do more than we do in terms of providing help with regard to exports and, and guarantees and loans and so on. The same is true with regard to semiconductors. So I did support the CHIPS Act. It ends up benefiting Ohio quite a bit because Intel has chosen in outside of Columbus, Ohio to build the largest plant so far in the country. And the biggest investment ever in Ohio, by the way. But it's bigger than this. This is about the United States having the ability to have a supply chain that is reliable. And you think about it, you know, we came up with the technology and Silicon Valley largely, but it was a, it was US technology chips, semiconductors. At one point 30 or 40 years ago, we had about 40% of the market. Now we're down to about 12% of the manufacturing here in the United States and very little of the high end, hardly any. That puts us in a tough position. And during Covid, you know, we saw that very visibly where we had parking lots full of cars that were waiting to be sold because they didn't have a semiconductor in the, because we didn't have the supply chain that was reliable. So whether it's an F-150 or whether it is the F 35 for our military, we've got to have the ability as Americans to access that technology. So, in my view, other countries, whether it's allies like South Korea or Japan, Taiwan, certainly China, they subsidized significantly. And were taking more and more of that market share of the manufacturing. So it was important for us to take the steps. We still have a long way to go, by the way, you know, even with Micron and with Intel and others making these investments and some foreign companies coming in and making investments like TSMC from Taiwan, we still are gonna be, you know, in the, in the high twenties maybe in terms of the percent of manufacturing here in the United States, but more high end and it's going in the right direction. So this was necessary and it's created great in Ohio. The one challenge here, and you and I have talked about this before, is the workforce. And this is something that we all need to

address, and EXIM doesn't have this as their primary mission, but honestly it's all part of the success, right? You gotta have the skilled workforce to be able to compete and win. And that's our biggest problem right now in Ohio. We are in, in a sense, we are victims of our own success. You know, there's not just Intel, but there's a lot of data centers being built. We have electric car, Manu, battery manufacturing facilities around Ohio, and we're doing all we can to try to develop that workforce quickly. And I know you've worked a lot on this. Those you don't know, Eric is not only CEO of US News and World Report, but he was CEO of the New York Empire State Development Agency. And I know one of your big issues was workforce and getting community colleges and, and high school career training. Absolutely. Up to speed. Yeah.

>> You know, clearly in a changing economy, such an important, important issue. You spent two terms, a senator, six terms in, in the house. We have an international audience here too. Give us a sense of the political climate on, on the Hill with respect to trade these days.

>> Well, I think globally you see a pullback. It's not just in, in this country, but I do think you see a more nationalistic populist approach to trade. I think there is a way for the United States to benefit more by engaging more around the world in terms of trade agreements. And you can do it in a balanced way. So we can protect our workers, be sure that there is a level playing field, be sure the trade is fair, but by the same token, engage more. One of my big disappointments, frankly, in this administration is that they have not moved forward with any trade agreements. And I think that's, that's a missed opportunity for American workers. And so I, I think we've gotta come up with a new paradigm for trade, which is fairness, balance level, playing field, but engaging more with the rest of the world. By the way, while we have not been engaging the rest of the world has been engaging. Sure. So our, you know, adversaries like China have been very aggressive in doing trade agreements, but so has the eu so have other countries which traditionally have been, you know, very active trading partners with us. So other countries are getting the benefit of lower tariffs, lower non tariff barriers that we're missing out on. So I, I do think that we've gotta figure out how to address the issue of, of fairness. And that's why I think people pull back. But then also make sure people understand that it's important that we trade. By the way, half of our exports go to 10% of the world, half of our exports go to 10% of the world. This is where EXIM is most involved. Why? Because we have a trade agreement with that part of the world. So we don't have a trade agreement with China. We don't have a trade agreement with Europe. With Europe. We do have one with Mexico and Canada, which is where most of our exports are going. So I, I think it's very important we acknowledge the fact that these trade agreements properly designed, properly enforced, can be very helpful for American workers.

>> As, as, as you point out, part of the paradigm is the role of the export import bank. You were involved with the last reauthorization, it lapsed, it's up for reauthorization again, I believe in 2026. Tell us, give us lessons learned and what should we be thinking about at this current time? Well,

>> We, we cannot relive what happened when the authorization lapsed. And, and as I said earlier, it resulted in the loss of jobs here in this country because other countries took advantage of that. The US not having a presence to be able to, again, level the playing field, provide that gap in funding that was necessary, where the private sector couldn't step in. And then also we had an issue, as some of you know, very well, where we couldn't manage to confirm members of the board. So not having a quorum, it was impossible to move forward on important projects. So we've gotta avoid that. And the end of 2026 is coming soon. It's really in the next two years, we've gotta get our act together. My own view is we ought to protect taxpayers every way we can, but we also ought to provide more flexibility to the bank. And I like the CTE program. This is a program focused mostly on China, but it provides more flexibility. As an example, with regard to CTEP, if you've got 51% US content, you can get 85% financing. Now that sounds great, but guess what, the UK and the Swiss are doing only 20% content. You can get 85% financing. So again, we're being undercut and

they're happy to work with companies that are also companies that could work with EXIM. Right? So I think the flexibility of CTEP is important. I think it's important to spread that flexibility more generally out to other areas. And I think we also have to acknowledge the fact that we are competing day to day on these issues. We also have another issue that I think ought to be addressed in terms of the reauthorization. And that is raising the default cap. The 2% cap, as you know, is in place right now for EXIM. To my understanding, there's no other export credit agency that has a cap, and yet we have one. And we should, again, protect the taxpayers. We can do so with robust security arrangements and other means, but, but let's give them more flexibility and, and let's look at raising that cap to make sure that EXIM can be more helpful for our American workers and American companies.

>> So Im important points in terms of, of where we need to go, what we need to think, think about, we've got about a minute left. The next panel is on re restoring American leadership on manufacturing. What thoughts would you have for, for, for that panel as we go forward? And maybe some of the things you've already said, but as as, as they get ready, what what should they be thinking about?

>> Well, it's an exciting time for American manufacturing. Advanced manufacturing's growing not just in Ohio, but around the country. Some of it's related to the CHIPS Act chips directly helps with regard to semiconductors. It also helps generally with regard to research. 'cause ultimately, as Americans, our competitive edge is to stay on the cutting edge in terms of new technologies, new innovations. I mentioned earlier that, you know, the semiconductor industry came out of America. You know, it's, it's, it's one of our great innovative successes. So I think that's, that's the lesson here is that for manufacturing, we cannot rest on our laurels. We've gotta continue to move forward because of the way technology works and automation, now, artificial intelligence manufacturing is going to have fewer workers to produce the same amount of product. What does that mean? That means we just gotta produce more product, right? And make sure that the jobs are high, paying good jobs, which is what you see in the semiconductor industry as an example. So I, I'm, I'm, I'm excited about what I see in manufacturing on the international stage. We have to compete. And it's very difficult right now because you see a retrenching everywhere in terms of a more populous nationalist approach in terms of supporting domestic industries. China's been doing it for years. They have not played by the rules. They subsidize, they sell it below cost. They target certain US in industrial sectors, manufacturing in particular. And we have to, we have to respond to that. And of course, one way to do it is through fair trade practices, tariffs, non tariff barriers, and so on. But a much more effective way, I think, is to give American companies the ability to not just compete, but to win by providing what, what EXIM and, and DFC and others provide to give us that level playing field and provide the ability for America to continue to lead the world. We're the beacon of hope and opportunity still well, despite all of our issues. And we need to continue

>> That. I, I certainly agree with that. Well, Senator, in, in, in a world where we see a, a, a changing global outlook, we see changing economy changing jobs. I I thank you for your very salient important points this morning. Please everybody join me and give the senator a round of applause. Thank you. Thank you.

>> Appreciate it.