

>> Ladies and gentlemen, please welcome back to the podium, Executive Vice President and Chief Operating Officer at the EXIM Import Bank of the United States, Jeffrey Goettman.

>> You know, how is an MC to know? I mean-- All right. I hope everyone enjoyed lunch, and a great first day is about to get even better. EXIM is thrilled and honored to have Dr. Peter Navarro with us today as a keynote speaker. Dr. Navarro is Assistant to President Trump and the Director of White House Office of Trade and Manufacturing Policy where he works to defend America's workers and manufacturers. He advises the President on policies to grow our economy, lower the trade deficit, and strengthen our manufacturing and defense industrial bases. He's also the forward looking author of numerous books on economics and financial markets. These include The Prescient, The Coming War With China done in 2006, Death by China in 2011, also a great documentary, and Crouching Tiger in 2015. Please join me in giving a warm welcome to Dr. Peter Navarro.

>> How y'all doing today? I can't see any of you here. The lights are too bright. I don't know what it is. I feel like I'm in Hollywood or something again. This is kinda where I come-- But thanks for that kind introduction. It is a great pleasure to be with you here. Today I'd like to do two things for you: Provide a chess board view of President Trump's winning economic strategies, and talk about why Congress needs to get off the sidelines and give EXIM a working quorum. Thank you I'll leave right there. May be the only applause I'll get. Anyway. In talking about President Trump's grand economic strategy, for me it's always good to go back to the beginning and the time I spent on the campaign trail back in 2016. I kept hearing over and over from the other side about this so-called new normal in which the American economy would never grow over 2% again. That our manufacturing jobs were gone forever, and rapid wage gains were a relic of a blue collar picket fence past. Well, let's look at how we're doing so far. In 2019 real GDP growth hit 3.1%. You can applause the President for that. Yeah. Wage growth in 2018 was the fastest among the lowest earning decile. Based on the latest data the unemployment rate is at an historic low for Hispanics and slightly above the historic low reached in May 2018 for African Americans. This too is interesting. The unemployment rate for adult women last year reached 3.3%, its lowest since 1953. Now, here's a statistic that, given my role as the Director of the Office of Trade and Manufacturing Policy, always makes my heart beat a little faster. While almost 200,000 manufacturing jobs were lost during the lost Obama years, nearly half a million new manufacturing jobs have been created since election day. None of this is happening by accident, rather it is the result of a Trump strategy that seeks on a daily basis to hit four points of the economic growth compass. What are they? Number one, corporate tax cuts to stimulate investment, boost productivity, and drive up real wages. President Trump cut the corporate tax rate from 35% to 21% and since then investment has been on a productivity enhancing tear. Number two,

deregulation to make our manufacturers more competitive. In fiscal year 2018 loan net regulatory costs fell by \$23 billion, and we're looking at another possible \$18 billion in FY 2019. Number three, the unleashing of our energy sector to cut costs for America manufacturers and boost demand by increasing the purchasing power for American consumers. Well, guess what, since election day we've added almost 140,000 jobs that support production and transport of oil and natural gas. And yes, America remains the world's number one oil producer ahead of Saudi Arabia and Russia. And of course, the fourth point of the economic growth compass and certainly a priority of my office at the White House is trade policy. The broad strategic goal here is to level the global playing field so America can export more, produce more at home, and reduce the large persistent and pernicious trade deficit that annually transfers more than a half a trillion dollars of American wealth into foreign hands. As the President likes to say, "We're the world's piggy bank." On the critical issue of trade, no President has performed so successfully, or has a better record of promises made and promises kept than Donald J. Trump. On his first working day in office he withdrew from the disastrous Trans-Pacific Partnership, which would have devastated the American auto industry. He success-- He successfully renegotiated the horrible Korean deal. He also successfully renegotiated NAFTA. Now it's up to Congress to pass the new United States, Mexico, Canada Agreement. And we urge Congress to do so as quickly as possible. That won't be the only thing I'll be urging Congress to do as quickly as possible, by the way, so we'll get to that in a minute. On the trade front, President Trump also made the courageous decision to impose tariffs in defense of two key pillar industries vital to national security, steel and aluminum. These tariffs have been one of the great successes of this administration as they have spawned billions of dollars of new investment across this great land. Just yesterday NewCORE announced the largest investment in that company's history, \$1.3 billion. And it's gonna create jobs in Kentucky. The average wage is \$70,000 a year. In Ohio alone we're seeing new facilities that will spring up from Cuyahoga Heights in Marion, Domingo Junction, and Toledo, and America's Iron Range that rims Lake Superior and runs across the northern reaches of Minnesota is booming. And for those naysayers who warned of so-called downstream effects from higher price steel and aluminum I'm happy to report we've added 56,000 new jobs in the auto industry alone. While Chrysler is opening the first new factory in Detroit in a generation, Toyota just announced \$13 billion in new investment across four states. Ford is up in it's game in Chicago. And Volkswagen is creating a thousand new jobs in Tennessee. Only GM, yes GM, has failed to notice that we have a President that rewards companies that invest in this nation and penalizes those who want to send our factories off shore and then try to sell back into the American market. Of course President Trump is also the first President to hold China accountable for a list of unfair trade practices and bad behaviors longer than my sleeve. Let me count the seven ways: First, cyber intrusions into our business networks to steal trade secrets for commercial gain. Two, forced

technology transfer. Three, intellectual property theft. Four, weaponized over capacity and related dumping in industries ranging from basic commodities to advanced technology. Five, the long march across the globe of heavily subsidized state owned enterprises. Six, a chronically undervalued currency. And seven, against the backdrop of the slaughter of tens of thousands of Americans annually. The President is also taking China to task for flooding some of America's most economically disadvantaged communities with enough fentanyl to wipe out entire counties. In carefully documenting these unfair trade practices and bad behaviors, and recognizing China as a strategic competitor, the Trump Administration's whole of government China policy has forever changed the narrative, forever changed the narrative. Today few would disagree that China is engaged in economic aggression against the United States. And the only debate is about how America should defend itself against such aggression. Right now, as we speak, U.S. Trade Representative, Bob Lighthizer, with by the way EXIM's acting President, Jeff Gerrish, at his side is leading historic negotiations with China because negotiations should always be conducted behind closed doors. The only thing I'm gonna say about this matter is that Bob Lighthizer is the best United States Trade Representative and toughest in our country's history. Although, so Bob doesn't get a big head, I hasten to add that the USTR has only been around since 1963. Now the last thing I want to say about trade, and this is a key thing to the President, is that it's long past time to address the nonreciprocal nature of trade between the U.S. and the rest of the world that is harming this country. Under the nonreciprocal rules of the World Trade Organization, America's trading partners can charge systematically higher tariffs on our products than the U.S. currently applies on the same or similar products. So while the auto tariff, the U.S. tariff on autos, is only 2.5%, U.S. auto exporters face a 10% tariff in Europe, four times higher; a 15% tariff in China; and a tariff of 60% to 75% in India. My office at the White House has been carefully documenting the extent of these nonreciprocal tariffs, and I'd like to share with you just one startling statistic. Listen to this one really carefully. Think about this. Across a hundred countries that we don't have free trade agreements with, from Brazil, China, and India to Malaysia, Thailand, and Vietnam, these countries apply higher tariffs than the U.S. on about 80% of product lines. Just think about that. 80% of the time America's farmers, ranchers, and manufacturers face significantly higher tariffs on their exports than their foreign competitors face in the U.S. market. It's precisely because of this fundamental lack of reciprocity that President Trump in his 2019 State of the Union Address urged Congress to pass the U.S. Reciprocal Trade Act. This landmark legislation, carried by representative Sean Duffy and modeled in part of the highly successful 1934 Reciprocal Trade Agreements Act, would provide the President with the authority to raise tariffs to the levels of our foreign trading partners if they refuse to lower their tariffs to our levels. It's long past time that America be treated fairly in the International Trade Arena, and passing the U.S. Reciprocal Trade Act

is one of the most important goals of President Trump. Now let's turn to what you really want to hear. You wanna hear about what is a needless conundrum the EXIM bank has been facing since 2015. To put this conundrum most simply, the EXIM Bank does not have a quorum to properly do its job. The EXIM Bank does not have a quorum because the U.S. Congress has refused to confirm the nominees this Administration has sent to Capitol Hill. These nominees are not being voted down. They're not even reaching the floor for votes that would surely confirm them. Exhibit A here, right here, Kimberly Reed, voted out of committee how many times? Three times she's been voted out of committee, can't get a vote. Maybe three times will be a charm. And there's others that are ready and ready to go. It's time for Congress to break this log jam. It's time. The cost of keeping the EXIM Bank on the sidelines can be measured in tens of billions of dollars in products we fail to export, and in the thousands of jobs we fail to create when this country does not have a fully functioning export credit agency to compete with its counterparts around the world. And heres the brutal truth, more than 100 other export credit agencies compete on behalf of their country's exporters, and we are getting hammered, hammered particularly by China, South Korea, and the other countries in the G7. Consider this, as of 2017 the export credit agencies of Japan and Korea had \$187 billion in medium and long term exposures. Canada, Germany, France, Italy, and the U.K. had \$306 billion, and China had an estimated \$364 billion. So what's the EXIM Bank's number by comparison? Take a guess out there. It's audience participation time. Take a guess. What do you think? You want to take a guess? No, she doesn't want to take a guess. Just like one of my students used to be. \$70 billion. About one dollar for every five of China's. Some of EXIM's critics have accused it of providing corporate welfare. A lot of people in this audience know that I'd be the first one to level that accusation if it had any ring of truth to it. But now hear this. When EXIM supports a large American manufacturer-- I see a few here in the audience, just a few. Tomorrow's gonna be for the smaller ones. It's also nourishing the thousands of small and medium size companies across the supply chains of America that support thousands of good paying manufacturing jobs. And here's another brutal truth. The fight for exports in world markets is no longer just company to company. It's also country versus country. It's America's DowDuPont versus Germany's BASF. America's Boeing versus Europe's Airbus. America's caterpillar versus Japan's komatsu, and America's capitalist corporations against wave after wave after wave of China's state owned and state directed enterprises. You know the name: Sinopec, Sinocam, CRRC, China Mobile, SAIC Motor, China Railway, China Aerospace Science and Technology. The list of China's national champions spans virtually every industrial and technology sector. Now here's the deal, since EXIM lost its quorum in 2015, the U.S. economy has lost \$20 billion in overseas opportunities. Right now, right now EXIM has \$40 billion in transactions sitting in its pipeline just waiting for a quorum. If these transactions were simply to move forward they would support almost a quarter of a million American

jobs. As just one example, EXIM will set to finance \$4 billion in U.S. exports for a major petrochemical facility in Egypt. Companies in Germany, China, the U.K. and Canada are now taking that work, and their export credit agencies are handling the financing. Meanwhile, critical nuclear projects using Westinghouse technology in Saudi Arabia, India, and Poland are stalled while China, with its mercantilist belt and road initiative is running circles around us. The USTR, Bob Lighthizer, rightfully calls this lack of a functioning EXIM a serious blow to the U.S. economy. The Trump fiscal year 2020 budget supports a fully functioning EXIM to implement reforms and help American exporters compete in an increasingly unfair global marketplace. So what do you think? I think it's time for Congress to end its delaying tactics and get on the side of America's farmers, ranchers, manufacturers, and workers. Long past time. As Benjamin Franklin once said-- As Benjamin Franklin once said, "For want of a nail the shoe was lost. For want of the shoe the horse was lost." To paraphrase Franklin, for want of a quorum America's exports are being lost. For want of those exports, American jobs are being lost. So here's my bottom line. It's great to see so many people in this audience committed to what could be a very bright future for EXIM Bank. I hope that all the good work you will do over the next two days may serve as a catalyst for Congressional action, and I urge each of you to speak both up and out about this situation. And when you do please also press for reauthorization of EXIM ahead of its current mandates expiration on September 30th, 2019. We don't just need a quorum at EXIM. We also need longer term assurance that EXIM will be fully functional and properly funded to strongly support U.S. businesses and keep our exporters competitive. If these steps are taken, and with appropriate tax payer protections, EXIM should be available to level the playing field for American exporters for decades to come. In closing, let me say that within the White House we like to do things on what I call Trump time. That's in days or weeks, sometimes months, but certainly not years. Perhaps next year, if I'm invited back to this important gathering, we will all be able to look in the rear view mirror and see a solid quorum, a bright long term future for EXIM, and a great year of accomplishments over the course of 2019. Thank you all for your patience. Take care.