

>> Announcer: Ladies and gentlemen, our next panel is Congressional Update: Trade, Economic Opportunity, and EXIM. Please welcome our moderator Kevin Cirilli, reporter, Bloomberg. He's joined by Congressman Denny Heck and Congressman Frank Lucas.

>> Thank you, Congressmen, for both joining us. This is a rare opportunity, I think, to have a Republican and a Democrat together. I didn't even know that we could both do this, Congressman Heck and Congressman Lucas. So we just heard from House Financial Services Committee chairwoman, Maxine Waters, speaking--

>> Frank: What she said.

>> But speaking right after Peter Navarro. What did you make of his remarks in terms of where things stand for the bank?

>> Refreshing and encouraging, but how 'bout we get the quorum approved?

>> Denny and I have worked on this a long time.

>> Together.

>> Together. Reauthorization in a bipartisan fashion, even though now this session of Congress, I'm the conscience of the body, Denny was the conscience of the body in the committee in the last session. Our common goal of making it happen but the words from our new chairman, the comment from your keynote speaker today, the general feel, we're making progress, aren't we Denny?

>> We are. And, it's important to be encouraged by it, but I think it's really important as well to be clear-eyed about this and cold-blooded about this. 'Cause it hasn't happened for a long time. It still needs to happen desperately. And it's not gonna happen on its own. This effort needs each and every single person in this room in order to get over the finish line. It's not for nothing that we have not been able to get a quorum approved and basically disabled in large part the EXIM bank. It's not for nothing. We need your help.

>> It looks like in terms of the political landscape, walk us through the reality here. Because while there does seem to be increasing momentum behind getting a quorum on the Export-Import Bank board, you look at Senate leadership for example, and, respectfully, it looks like Senate Majority Leader Mitch McConnell is an unknown here in terms of getting this through, no?

>> What? Go ahead, Frank.

>> I would suggest that in this session of Congress we're working with divided government. A Democrat house, a Republican United States

Senate. While it makes it more difficult to force something through, it makes it easier to achieve a consensus. And Export-Import reauthorization has always been something that a consensus needed to be achieved on. I believe, and I think Denny would agree with me, that we will have a reauthorization bill clear committee. I believe that we'll have a reauthorization bill clear the floor of the House. It might not be the document that perhaps all of my Republican colleagues in the Senate would want, but it will compel them to take action and achieve that consensus. And if we can achieve a consensus between House and Senate, then it makes it much easier when the bill arrives at the White House, doesn't it, Denny?

>> Agreed. And in fact, while I agree with everything you said, the bill will pass the House, it will pass the House by a large margin, over 300 votes, I confidently predict. As it did before, as a matter of fact, when Frank and I led the discharge petition. Which, by the way is a unique parliamentary tactic available that has only been successfully prosecuted once in modern history, and it was the effort to reauthorize the EXIM bank last time. But despite the fact that it's going to pass by a large margin in the House, it's still going to meet a lot of active resistance in the Senate. And Kevin, the answer to your question, is Senator McConnell a mystery, no. He's been an opponent. He's been an opponent implicitly by not putting out for confirmation the members of the board so that they could get on with business. And there are gonna be a lot of cries for reform, to change. Every time we go through this there's this reform and that reform. Frankly the only reform I'm interested in is not having to do this every three or four years. Let's get with it. And re-authorize this for a long period of time and get on with business. But it will be subject to the process of compromise.

>> Absolutely. Congressman, you know this, I've covered the reauthorization battles of the Export-Import Bank for several years now. But I was struck in terms of today to hear Larry Kudlow and Peter Navarro speak so positively about supporting the Export-Import Bank. And quite frankly, I'm curious if you think that that will help provide momentum to someone like Leader McConnell as he looks to be a political referee between the Republican Caucus?

>> Oh absolutely. Remember that we've now entered in to the re-election cycle for the President of the United States. We're engaged in trade negotiations and trade struggles around the world. Having the tools that enable us to prevail in these trade struggles, having the tools that enable us to make progress forward are in the best interest of everyone. Whether you're the chief executive officer of the United States of America, the President of the United States, or you're the leader of the United States Senate, or for that matter the leadership of the United States House, they all want to be able to say that we're moving the economy forward, we're creating opportunities. I would tell you the political landscape that we are now in benefits us down at the

White House. Remember White Houses, all White Houses, it doesn't matter which party, are very philosophical the first two years. And then they're in re-election mode. Then they become a bit more philosophical their last four years. We just have to take advantage of these two years.

>> Congressman Heck, in terms of, so you've got the looming Presidential cycle and the elections. But literally as we speak, Treasury Secretary Steven Mnuchin, US Trade Representative Lighthizer, are over in Beijing negotiating with the Chinese on a new US-China trade agreement. And in just a few short days, the Vice-Premier from China is gonna be here in Washington. From an international perspective, what has not fulfilling a quorum on the Export-Import Bank done to US companies, big and small in terms of being competitive in this global environment?

>> It's obviously cost us 240000 jobs. Which are at the avail of a hit enter button upon the meeting of the first quorum of the board of directors. But look, there are a couple of things that are different, I think, than from before. And one of them is we now seem to have the administration leaning into this. Doctor Navarro, Larry Kudlow, Steve Mnuchin, Secretary Mnuchin has always been favorably inclined toward it, and the President's kind of sent mixed signals over the years, but now it seems to be definitely leaning into the positive. The other thing that is different is, it's pretty apparent now that the United States have several strategic threats for our future. We all know what they are. Russia, Iran, North Korea, non-state or terrorist actors, and most notably long-term, China, just as you suggest. Now Frank and I were in the Green Room listening to all the factoids thrown out. I didn't hear, so we decided to do color commentary, I didn't hear this factoid and if you heard it, I apologize for my redundancy. But it's important to know. In the last two years, China, through its various export credit authorities, has done deals totalling more than the Export-Import Bank in its entire 85 year history. In just the last two years. And we all know now, we're all much more aware, that China exercises and deploys a whole-of-government strategy for their long-term objectives, thus making reauthorization of the bank, getting a quorum, putting this arrow in our quiver, that much more important in our ability to compete with China long-term.

>> I would just observe that in this period of time when we've been down, it's not only immediate sales that have cost us. Think about the nature of any product. If you don't sell the plane, if you don't sell the locomotive, if you don't sell the power plant, if you don't sell this, that, or the other, then you miss out on servicing and maintaining the products, you miss out on the opportunity to sell additional products, there is a cascading effect. Being out of the business has been incredibly destructive to the United States economy.

>> I have to say it feels a little bit odd as a journalist to, number

one, see Larry Kudlow and Peter Navarro agreeing on something, let alone seeing them agree with Chairwoman Maxine Waters. So this, and a Republican and a Democrat. So you have the ongoing trade discussion, you have the politics of this, but there's a national security argument here too, right? Right?

>> Absolutely. And it's what I attempted to allude to. Our biggest long-term threat to America's way of life is the strategic competition with China. And this is one of the tools that we ought to have. There are a lot of them. Let's not pretend like this is the silver bullet. It isn't. Last year I was deeply involved in reforming the Committee on Foreign Investment in the US, CFIUS. Trade agreements, tariffs, there are all these things that we need to do in order to be competitive, and this is one of them. But the competition is so fierce, so pitched, so serious, and the threat so existential, that we can't afford to leave any tools behind, most notably the Export-Import Bank.

>> From a national security perspective, what disadvantage is the US at, Congressman, by not utilizing this tool?

>> It's a matter of economic survival, and it doesn't matter what kind of a military machine, if you don't have the economic base underneath it to sustain it. Reauthorizing Export-Import Bank, putting it back to work, passing the negotiated United States-Mexico-Canada Agreement, coming to an understanding with the Europeans, just applies that much more pressure to the ultimate trading challenge in China. If we're not willing to provide our economy with the tools that are necessary to prevail, then our competitors are just gonna smile and decline to engage in equitable or fair-trade negotiations with us because ultimately they're gonna win. That's why we have to reauthorize Export-Import. We have to address the trade agreements that are already in place. We have to move forward to show that we are prevailing, use the leverage to drive our very capable competitors into real negotiations.

>> So if-- If I might just add on to that. I have the honor to represent a congressional district in Washington State. We make airplanes. The total number of people involved in that process, including in the supply chain, is two million. It's really hard to evaluate the manufacturing base of the United States of America, without concluding that its heart is aerospace production. So you wanna talk about a threat to national security? Damage the manufacturing base. Damage the aerospace industry. In really good times, the Boeing Company has not availed itself of the Export-Import Bank as much because alternative means are available. In fact it's down below 20% of sales. In bad times, when the economy is a little bit tougher and credit is a little less available, it goes all the way up to 40%. Now I make this point because I think we're coming off a few years where the cost of not having the quorum has been masked by

the overall economic context. But if there's anybody here who believes that God has outlawed the business cycle, please raise your hand. We will have another downturn. And if we don't have the EXIM in place, fully functional, we are gonna pay an even greater cost than we have today.

>> I don't see any hands, no?

>> I don't see anybody period, with the lights, but.

>> I come at this from the perspective in my Third District of Oklahoma, we have a number of subcontractors who do business with companies that use the Export-Import Bank. So we're not a primary source. But my district is agriculture and it's energy. We produce more of oil and gas, more wheat, cattle, pork, cotton, than we can possibly consume. And in the agricultural sector, more, we produce more ag-products since the founding of the country than we can consume. We have to move our products into the world markets. That's what brought me into this struggle with Denny. As important as exports are to agriculture products, I appreciate why it makes the difference in the industrial sector. And Export-Import Bank is one of those key tools.

>> You know, you look at so many of the emerging markets around the world and you look at our competitors, such as China, for example, as we've discussed, and how there's, they've been able to make inroads quickly in some of these markets. Whether it's in Venezuela or in Africa, on the continent of Africa. How important is it for the US, not just from a domestic economic perspective, but from a soft-power perspective, to really be at the forefront, and culturally as well as economically, in some of these emerging markets, Congressman?

>> Critically important. And again, especially vis-a-vis China as indicated earlier because, they employ a whole-of-government approach to their efforts and their ambitions. And unless we are fully tooled up, we're simply not gonna be able to be competitive. When you step back and think about what is it the EXIM bank does, I have always tried to characterize it this way. Markets aren't perfect and sometimes markets fail. And in effect the credit market isn't perfect and fails often when it comes to three kinds of international lending. Small businesses, sales into developing countries, and long-life capital items. Those are three areas where it's particularly difficult, at times, to get credit. That's the need, the unmet need in the marketplace that the EXIM Bank fills. And which we need to continue to fulfill if we're gonna have these kinds of strong economic bilateral and multilateral relations.

>> Doing business in a variety of countries around the world where perhaps there are not the standards that we enjoy in property law, in contract law, and in the way businesses are conducted. Enabling US

businesses to do their contracts there brings our system to the front in these countries where they need to adopt the same policies in order to drive themselves forward economically. It is just critical and by the same token, the places we're talking about don't have the local financial resources, don't have the intermediate resources, don't have the necessary day-to-day cashflow to do this. They have to have these kind of vehicles to use. Are they gonna use ours? Are they gonna use one of the four export-import type banks the Chinese have? Are they gonna use one of the 90-plus other facilities for credit around the world? They're gonna use somebody's. But they're gonna utilize the facility because they have to. And if we're not available, they're not gonna utilize us.

>> It's been a long day and we've got about five minutes left. I know that, Congressman, you want to get out of here to start preparing for the Gonzaga game tonight, which is--

>> I'm going to prepare for a game, Kevin, but not the Gonzaga game. It's the Gonzaga game.

>> Gonzaga.

>> It's the 'Zags, not the 'Zogs.

>> Sorry, it must be my Philadelphia accent. Villanova lost, so I'm, I don't really, I've tuned it off.

>> Well neither one of you speak Okie, so you're misfortunate in your accents, but...

>> But in terms of the broader trade discussion, stepping back for a second from the Export-Import bank, enforcement mechanisms, intellectual property, how to close this deal finally with the Chinese, what are you both going to be looking for from a US-China trade perspective about what ultimately needs to get done?

>> I'm particularly focused on intellectual property and intellectual property theft. I had a lunch a couple of three years ago with the head of the economic development entity in my home town, and he talked to me about just having returned from a trade mission to China and that he was in, I think it was Shanghai, in this skyscraper, he said, where every office was a copy center. And every space was a copy center. And so I'm thinking, you know, what, were you going, Xerox? And we had this conversation I clearly wasn't tracking, and his name was Michael, and Michael finally said, "Denny, what's, what are you confused about?" I said, "You mean it's like a skyscraper "full of copy machines?" He said, "No, every retail shop "sold knockoff stolen items." We know for a fact that as a part of their whole-of-government approach to expanding economic influence that they are very inclined to take our stuff. It's part of why I was so motivated to be involved

in modernizing the Committee on Foreign Investment in the US. So I will, in particular, Kevin, be looking for ways that we have strengthened our ability to protect the intellectual work-product of American engineers, software, other kinds of engineers, artists, and all nature of stuff that comes out of America.

>> My colleague Denny is exactly right in the the points that he raised. I would simply add this. From the perspective of my constituents, I want us to be able to sell the products that we are the most efficient producer in the world into that economy. Ag, energy, a variety of things no-one can compete with us as long as they're not artificial phytosanitary standards, or they're not artificial import fees. I just want my folks to have a fair chance. And they, and all of our fellow citizens here in the United States can compete with anybody, given a fair chance.

>> Should the tariffs be part of the enforcement mechanisms or I would take it both of you would like to see different tools other than tariffs utilized?

>> Sure tariffs should be part of the tools, but they should be used very sparingly, very strategically, and they should be a part of a broader, comprehensive plan to drive the people with whom we're negotiating to a mutually acceptable conclusion.

>> I would argue that this is a fight to preserve our economic capacity to produce. You fight with everything.

>> And lastly, I think, you know, many people, especially to outside political observers, it's an incredibly polarizing time. Both of you know this, being in your respective camps. What does this particular issue, whether it's the Export-Import Bank, and we make light of it, but to have Chairwoman Waters agreeing with Peter Navarro, for example, for people who are, you know, maybe not obsessive, putting it nicely, news-consumers like some of us in this room, what does this issue in particular show about the state of bipartisanship today in American politics?

>> It actually happens more often than you would think. It certainly happens more often than if all you do is watch cable news. I will --

>> Not Bloomberg, though.

>> Not, except for Bloomberg, Kevin, yes. Look, they love covering train-wrecks in slow motion. And some in fast motion. But the fact of the matter is efforts like this occur a whole lot more often than you would think if all you did was consume cable news. And here's the dirty little secret that you probably would never guess. People like Frank and I, we take particular joy in when we are able to work across the aisle. It means even more to us than when we are able to pass

something with just the votes on our own side of the aisle. This is psychically gratifying. More so than the average issue. And that's true of almost all members.

>> I sincerely believe that a majority of my colleagues, both Republicans and Democrats alike, want to do the right thing. They want to make the right decision. The challenge is providing them with enough information, enough clear, straight-forward information, to make the right decision. That's why all of you have to be engaged in the process of helping educate some of our colleagues. The freshman class, when the three vacancies are filled this time, will be, I believe, 111 members in the House. That's almost 1/4th of the body brand new. They need the education to understand why things like Export-Import Bank reauthorization are so important for the country's survival.

>> Actually, Frank, 111 is more than 1/4th of 435. I'm just saying.

>> I think we'll end there. I wanna thank --

>> I still ride your Boeing planes.

>> I wanna thank Congressman Lucas and Congressman Heck as well as the Export-Import Bank for hosting this. Thank you.

>> Denny: Thank you.