

EXPORT-IMPORT BANK HEARING #2
HOUSE COMMITTEE ON FINANCIAL SERVICES

SUBCOMMITTEE ON INTERNATIONAL MONETARY POLICY
AND TRADE

MAY 8, 2001
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OPENING REMARKS
REP. JULIA CARSON

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- Mr. Chairman, I would like to thank you for convening this important hearing.
 - This hearing is important because it addresses an institution that directly affects the small businesses and workers in our districts. Just as importantly, the Export-Import Bank reflects the values of U.S. taxpayers to governments and people all over the world.
 - For these reasons, I take very seriously our jurisdiction over the legislation to reauthorize the Export-Import bank.
 - Mr. Chairman, fossil fuel projects release carbon dioxide into the atmosphere, contributing to global warming. In its fiscal year 2000 annual report, Ex-Im reported that the loans and loan term guarantees it authorized totaled \$7.8 billion.
 - The agency devoted 28 percent of that total-or \$2 billion- to fossil fuel projects. These investments pollute local communities and the global environment.

- However, the most troubling aspect of the bank's fossil fuel investments is that it contradicts the 1997 Resolution authored by Senator Bird and Senator Hagel.
- In this resolution, the Senate unanimously demanded that developing countries, such as China and India, commit to reducing their global warming emissions before the U.S. takes similar action domestically.
- Thus, at the same time that the U.S. is demanding better energy policies from developing countries, we allow the Ex-Im Bank to support destructive energy policies around the world.
- The bank's support of fossil fuel projects comes at the expense of cleaner, renewable energy sources and oftentimes portrays the U.S. as insensitive to local demands around the world.
- **For example**, the Ex-Im Bank recently considered supporting a coal-fired power plant in Bo Nok, Thailand that was opposed by local communities. The police injured dozens of peaceful protestors who were concerned about the project, and local communities are now threatening to burn the plant down if it is built. Local residents have stated they would prefer clean, renewable energy.
- Mr. Chairman, these are not the projects that U.S. taxpayers want to fund.
- Mr. Chairman, the reauthorization of the Ex-Im bank provides this subcommittee with an excellent opportunity to respond to these alarming issues.
- To address these problems, the Ex-Im bank must:

#1. Increase its accountability by establishing an independent evaluation office, or an ombudsperson. This position would provide the public with a mechanism to ensure that the Ex-Im bank is following its own environmental policies.

Furthermore, the Ex-Im bank would be following a precedent set by other international financial institutions—such as the World Bank—that have recognized the importance of transparency and accountability.

2. The Ex-Im Bank has a 15-member Advisory Committee that advises the agency on its program and reports to Congress on whether or not it is following its mandate.

Finance, agriculture, services, commerce and labor are represented on the committee. The committee should be further expanded to include at least two representatives from the environmental community.

3. The Ex-Im Bank should be required to publicly disclose environmental impact assessments of applicable projects, and to provide the public with 120 days to comment.

Disclosure and public comment periods are key elements of project finance at the World Bank and U.S. Overseas Private Investment Corporation. They improve the quality of projects, ensure against negative environmental impacts, and make the institutions more accountable to the public.

4. The Ex-Im Bank energy lending has overwhelmingly supported fossil fuel projects, from coal fired power plants to oil and gas extraction. The Ex-Im bank should move away from this type of energy lending and toward renewable energy and energy efficiency.

- I support the proposal by Green Scissors to cut the 28 percent of Ex-Im subsidies that support destructive energy projects.
- Mr. Chairman, while the Exim bank reports that 86% of its transactions directly benefit small businesses, the reality is that just 20% of the bank's subsidies go to small businesses.
- Meanwhile, 80% of the bank's subsidies go to Fortune 500 companies. Nearly half of that money goes to just 15 big firms.
- Mr. Chairman, this lending pattern must change. U.S. taxpayers should NOT be funding the exports of big business. To the contrary, the reauthorizing legislation of the ExIm Bank must require the bank to return to its founding mission: to finance export projects that would otherwise not be possible.
- My colleague Chris Shays asked a wonderful question during the hearing last week and that was—"how is it possible that a company such as GE is unable to finance its export projects?"
- Mr. Chairman, I don't believe that question was adequately answered and it remains a question to which I would like an answer. I do not believe that the Ex-Im Bank follows its mandate to provide assistance to those who could not otherwise export. This must change.
- One of the most oft-repeated justifications for the Ex-Im Bank's funding for big business is that through export-assistance, the bank creates jobs. Mr. Chairman, I am wondering how this argument can be supported when two of the Bank's biggest recipients either halved their work force or are employing **more people in other countries** than in the **United States?**

- IBM has received over \$20 million in direct loans and loan guarantees from the Ex-Im Bank. However, IMB now has more workers employed abroad than it does in the U.S.
- Mr. Chairman, beginning in 1987, companies have been allowed to receive Ex-Im assistance as long as 50 percent of the products they want to export are made in the U.S. This policy must be followed.
- Then there is the case of General Motors, which has received over \$500 million in direct loans and loan guarantees from Ex-Im Bank. GM has shrunk their U.S. workforce from 559,000 to 314,000.
- Mr. Chairman, I support small business and I support efforts to foster employment and create jobs. However, from every indication we have received, the Ex-Im Bank is subsidizing the same companies that are exporting good, U.S. jobs overseas.
- Finally, I would like to go on the record to support the efforts of Congresswoman Maxine Waters who has introduced a bill to address the role of the Ex-Im Bank in the global fight against the HIV/AIDS crisis.
- As many of you know, on April 19, 2001, the 39 pharmaceuticals that had brought suit against the South African Government responded to worldwide opposition and dropped their 4-year lawsuit.
- Though I, along with my colleagues on the Congressional Black Caucus, applaud this decision, we are fully aware that these same companies continue to pressure developing countries to enact programs that benefit pharmaceutical interests.

- Mr. Chairman, the case of Brazil is telling. Brazil has developed a model program for the treatment and prevention of HIV/AIDS through the local manufacture and free distribution of generic AIDS medicines. This program has cut the number of AIDS-related deaths in half in just four years.
- However, as speak, Brazil is facing pressure from pharmaceutical companies to discontinue the program. The U.S. Trade Representative is supporting the pharmaceutical industry's claim that Brazil is violating intellectual property rights. The WTO has granted a request from the USTR to establish a panel to rule on whether Brazil is in violation of WTO intellectual property laws.
- Mr. Chairman, these disciplinary actions in the face of a worldwide pandemic that is killing 6,000 Africans every day are scandalous. I DO NOT support the Pharmaceutical companies, the USTR, or the WTO in this regard and I urge them to withdraw their request and focus the world's attention on getting cheap drugs to the millions of people worldwide who are living with HIV and AIDS.
- Mr. Chairman, until Ex-Im Bank financing supports the environment and American workers, this institution will continue to come under attack.
- Again, I thank you for convening this important hearing. I look forward to hearing from our witnesses and I look forward to the subcommittee's involvement in ensuring that import reforms are made at the Export-Import Bank.