

**TESTIMONY OF  
FRED P. HOCHBERG - PRESIDENT AND CHAIRMAN  
EXPORT-IMPORT BANK OF THE UNITED STATES  
BEFORE THE SENATE COMMITTEE ON BANKING,  
HOUSING AND URBAN AFFAIRS  
MAY 7, 2013**

I would like to thank President Obama for nominating me for a second term as President and Chairman of the Export-Import Bank of the United States (“Ex-Im Bank” or “Bank”). I also want to thank Chairman Johnson for calling this hearing today and thank the members of this committee, including ranking member Crapo and others who I met with prior to the hearing. If confirmed, I will do everything in my power to assure that U.S. businesses, large and small, will be able to compete on a level playing field in support of American jobs.

The Ex-Im Bank is the official export credit agency of the United States. The mission of Ex-Im Bank is to enable U.S. companies – large and small – to turn export opportunities into sales that help maintain and create U.S. jobs which contribute to a stronger national economy. The Bank achieves its mission by providing export financing through its loan, guarantee, and insurance programs in cases where the private sector is unable or unwilling to do so. Ex-Im Bank also provides support when necessary to level the playing field when financing is provided by foreign governments to their companies who compete for export sales with U.S. exporters.

I was fortunate to be nominated and confirmed four years ago during a very difficult time for our economy. We were in the midst of a recession and commercial banks were reluctant to lend, making Ex-Im Bank’s ability to fill the void all the more critical. Over the past four years, thanks to the dedicated staff of Ex-Im Bank, we have grown export financing significantly, supporting more and more U.S. jobs. In 2008, using Department of Commerce data, it was estimated that Ex-Im Bank financing supported 144,800 jobs. By FY 2012, our financing supported an estimated 255,000 jobs across the country. These efforts have contributed to the President’s National Export Initiative goal of doubling exports by 2015. If confirmed, I look forward to continuing that job growth as our nation continues its economic recovery.

Before entering federal service, I was a businessman for 20 years running the Lillian Vernon company. Lillian Vernon was a small mail order catalog company my mother started on our family’s kitchen table and it grew into a large publically traded company. Whether at Lillian Vernon or the Export-Import Bank, I have always placed a premium on serving our customers. In providing better service to the Bank’s customers, we have reduced the amount of time it takes to approve applications and have offered new products to meet the needs of exporters.

A critical component to job growth is small business, for which Congress has mandated we make available 20 percent of our financing. In FY 2008 Ex-Im Bank financed \$3.2 billion in direct small business exports. In FY 2012 we financed a total of \$7.5 billion in small business exports of which \$6.1 billion was direct. Total small business exports include those directly exported by small business to a foreign buyer, plus small business inputs into the supply chain of larger U.S. companies' products which are ultimately exported. At Ex-Im Bank, small business accounted for 88 percent of all transactions last year and small business is essential for job growth in coming years.

To address the needs of our small business customers, we have implemented new products such as *Supply Chain Finance* to increase liquidity for small businesses, *Global Credit Express* for smaller transactions of half a million dollars or less and our most popular product *Express Insurance* which received an innovation in government award from Harvard's Kennedy School and has helped more than 500 small businesses get a response to their application within 5 business days.

And we are not stopping there. In April, we launched a new pilot program called *U.S. Global Business Solutions*. The program streamlines U.S. government trade-finance products for lenders and exporters. The programs and products will be combined into a single menu of options tailored to the exporter's needs. Working together, Ex-Im Bank, the Small Business Administration and the U.S. Department of Commerce, make it easier and more cost-effective for exporters and their lenders to avail themselves of the programs and products of multiple agencies.

The key to expanding exports is marketing and communicating to small businesses. To increase awareness, Ex-Im Bank has partnered with the U.S. Chamber of Commerce, the National Association of Manufacturers, government agencies and commercial banks to hold more than 50 small business forums that we call *Global Access for Small Business*. From Billings, Montana to Shreveport, Louisiana and from Charlotte, North Carolina to San Bernardino, California, thousands of businesses have learned how to access foreign markets and use Ex-Im Bank to give them a competitive edge when exporting.

During my tenure at Ex-Im Bank I have worked to ensure that we make significant progress in supporting our other congressional mandates to finance more renewable energy exports and exports to sub-Saharan Africa. Our support for renewable energy has increased more than tenfold from \$30.4 million in FY 2008 to \$355.5 million in FY 2012.

I am proud of our work in sub-Saharan Africa which is home to seven of the ten fastest growing economies in the world. Many countries in sub-Saharan Africa have developed to the point

where they are now eligible for Ex-Im Bank financing. The Bank has grown sub-Saharan Africa financing from \$576 million in FY 2008 to \$1.5 billion in FY 2012. While Ex-Im Bank supports approximately 2 percent of all U.S. exports, we financed approximately 7 percent of all U.S. exports to sub-Saharan Africa.

Lastly, if confirmed, I will ensure that the Bank continues its prudent oversight and due diligence standards to protect taxpayers. As a result of provisions inserted into the Bank's charter during last year's re-authorization, every 90 days Ex-Im Bank submits a default rate report to Congress. I am pleased to inform you that our most recent report dated March 31, 2013, showed a default rate of 0.307 percent. In addition to this low default rate, over the past five years Ex-Im Bank has generated \$1.6 billion for US taxpayers, above and beyond all administrative operating costs, claims and loan loss reserves we have set aside. We operate at no cost to the taxpayers and actually generate revenue for them while supporting U.S. jobs.

As a businessman myself, I know U.S. companies still need to compete globally on the basis of price and quality. The world wants services and products that are made in America. If confirmed, I will continue to work with Congress, the Administration, U.S. businesses and their workforce to enhance competitiveness and support U.S. jobs.

Thank you.