

Ranking Member Pat Toomey (R-Pa.)
Opening Statement
Markup: To Vote On Nominations
November 3, 2021 at 5:45 PM

Mr. Chairman, thank you.

Today we'll be voting on four nominees: Reta Jo Lewis for EXIM President and Board Chair, Judith Pryor for EXIM First Vice President, Owen Herrstadt for EXIM Board Member, and Matthew Axelrod for Commerce Assistant Secretary for Export Enforcement. I'll be opposing all three EXIM nominees.

I'm concerned they will not protect U.S. taxpayers from EXIM's inherently risky transactions. For example, Ms. Lewis and Ms. Pryor both support the Biden administration's deeply flawed request to double EXIM's statutory default rate cap from 2 percent to 4 percent.

Since 2018, EXIM's default rate has tripled to 1.5%, and may soon breach the 2% statutory cap on defaults. Congress has laid out a clear corrective measure in the event the default rate cap is breached.

EXIM must temporarily freeze lending that exceeds its current book of business until the default rate drops back below the 2% statutory cap. Unfortunately, the administration wants to avoid such reasonable taxpayer protections by asking Congress to double EXIM's default rate cap to 4 percent.

Instead of fixing the problem of more EXIM loans going into default, the Biden administration wants to ignore the problem and simply tolerate still more defaults. These defaults can lead to taxpayer bailouts of EXIM as has happened in the past.

I'm also concerned the nominees will continue EXIM's unacceptable practice of providing taxpayer-financed subsidies to some of the world's largest and most well-capitalized companies. At their nomination hearings, I noted a recent example of this.

Earlier this year EXIM guaranteed an \$82 million loan from JP Morgan to Qantas for the purpose of buying jet engines from General Electric. JP

Morgan is the largest bank in America. Qantas is the largest airline in Australia. And General Electric is one of the largest industrial companies in the world. They do not need American taxpayers to subsidize this deal.

Yet, as an EXIM Board Member, Ms. Pryor voted to approve it. And at her hearing when I asked her if these companies can easily access the capital markets, she refused to acknowledge that they can do so.

Similarly, I asked Ms. Lewis in a question for the record to commit to ensuring that large corporations having access to private capital do not turn to EXIM financing without first exhausting all efforts to obtain credit elsewhere. Unfortunately, her response failed to make this sensible commitment.

Finally, I'm concerned about their suitability to serve in such important positions at EXIM. For example, while Ms. Lewis has some experience in international policy, she lacks the financial background that should be a prerequisite for serving as the president of a bank. Without such a background, she will likely have to rely heavily on EXIM's staff.

Mr. Herrstadt has experience with EXIM from his prior role as a chair and member of the bank's advisory committee. Given that experience, I expected him to be able to provide well-informed responses to straightforward questions for the record about important issues facing EXIM, including the bank's reinsurance practices and its competitiveness against foreign export credit agencies. Unfortunately, he repeatedly dodged questions by replying, "I look forward to learning more about" the issue raised. In my view, answers like that simply don't cut it when you've previously chaired EXIM's advisory committee and are seeking a promotion to EXIM's Board.

For all of these reasons, I will be voting against these three EXIM nominees. I will, however, be supporting Matthew Axelrod to serve as Assistant Secretary for Export Enforcement in the Commerce Department's Bureau of Industry and Security, or BIS.

BIS determines which U.S. goods are too sensitive to be shipped abroad. In the face of China's drive for dominance in key tech sectors, BIS's mission today is as important as ever. But export controls are only as good as their enforcement.

Based on his years of experience as a federal prosecutor and senior Department of Justice official, Mr. Axelrod appears to be well-suited to take on the important responsibility of enforcing our nation's export controls on sensitive goods. As a result, I will be supporting his nomination.