



FY21 Appropriations State and Foreign Operations Subcommittee Hearing on Export and Finance Agencies

March 4, 2020

Opening Statement of Chairwoman Nita M. Lowey

Chairman Reed, Acting Director Hardy, CEO Boehler. Thank you for joining us today.

Unfortunately, the Administration has, once again, signaled its ill-advised and irresponsible approach to foreign affairs by proposing a nearly 20% cut to foreign assistance.

At a time when actors who do not share our values – like China and Russia – are increasingly influencing foreign development assistance, this proposal, if implemented, would be disastrous with no coherent strategy.

The budget request demonstrates that the Administration does not grasp the impact of global development on our own national security, nor the benefit of efforts that promote economic growth while engaging American companies.

Though the Administration touts increases to private sector engagement in global development, the budget proposes exorbitant increases to some programs while cutting, or even completely eliminating, others that have proven to have a substantial role in engaging the private sector to invest in risky emerging markets.

The Administration's proposed shutdown of the U.S. Trade Development Agency (*USTDA*) is one example of the lack of understanding by the Administration, and I do not support this proposal. *USTDA* facilitates opportunities for U.S. companies that promote sustainable development across the globe and levels the playing field, thereby increasing exports for American companies of all sizes and jobs for American workers.

Further, the agency has secured a \$111 return on investment for every \$1 spent. That's \$111 in U.S. exports for every dollar invested in emerging markets. It does not make sense to halt *USTDA*'s ability to provide such results, which achieve strategic foreign assistance objectives and indeed put "America first."

EXIM Bank also supports these priorities and helps American companies and small businesses export abroad through financing support and also by reducing the risk for U.S. goods and services to compete in overseas markets.

In fiscal year 2019, nearly 90% of EXIM's transactions supported small businesses. This promotes job creation and global competitiveness for *local* American businesses. And now that EXIM is reauthorized through 2026 and has a quorum restoring EXIM to its full financing capacity, I am interested in strengthening its ability to ramp up support for U.S. business overseas.

I have been proud to support the United States International Development Finance Corporation (*DFC*), along with colleagues from both sides of the aisle. However, I am concerned that a 288% increase for a consolidated account line that includes the DFC's equity finance program may be too much too soon. The DFC has only been operational for three months, and for this committee to further invest in a new institution, we must see evidence of success, which will take time. Building a sustainable institution must be done strategically and with consideration to lessons learned through past efforts; the context of evolving markets and related needs; and data-driven programming.

The President's budget proposal focuses on the short-term and would both hurt American businesses and damage our global standing. This is particularly concerning now, as the spread of coronavirus has disrupted markets and the potential for future shocks exists. Fortunately, this Committee recognizes that strong, sustained U.S. leadership, combined with a global effort that leverages private-sector resources toward sustainable development, helps open global market opportunities. The complementary efforts of USTDA, EXIM, and DFC are critical to this process. This is why I would like to see all of them succeed, which requires adequate resources and thoughtful policy.

As Chairwoman, I have every expectation that we will produce a bill that maximizes each taxpayer dollar while maintaining responsible investments in export and financing efforts that promote U.S. businesses while supporting sustainable global development.

Before we move to your testimony, let me turn to Mr. Rogers, the Ranking Member, for his opening statement.