

PRESS RELEASE

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EXIM Board Unanimously Approves Historic Policy to Support U.S. Exporters Competing with the People's Republic of China

Board Establishes Path for 5G, Renewable Energy, AI, Fintech and Other Transformational Export Sectors to Access EXIM Financing After Adoption of Amendment

WASHINGTON – The Export-Import Bank of the United States (EXIM) Board of Directors yesterday unanimously voted to establish a narrowly-tailored content policy specific to the agency's new Program on China and Transformational Exports (China Program) after a comprehensive stakeholder outreach and public comment period, creating a path for U.S. exporters in [10 transformational export sectors](#) to utilize EXIM support.

Under the targeted content policy, projects or procurements involving the Congressionally-mandated 10 transformational export sectors will qualify for EXIM financing if the proposed transaction meets a 51 percent U.S. content threshold, at which point EXIM may support up to 85 percent of the value of all eligible goods and services in the U.S. export contract.

In addition, EXIM may approve financing for an export in one of the 10 transformational export sectors, even if the transaction does not meet the 51 percent threshold, if certain requirements are met. First, the proposed export transaction must advance the comparative leadership of the United States with respect to the People's Republic of China (PRC) in the relevant sector. Second, the U.S. exporter must provide to EXIM an actionable written plan that describes a pathway to expand meaningfully its U.S.-based jobs in the supported sector in the subsequent three-to-five years. Third, EXIM will assess if a lower percentage threshold may be justified by applying one or more of [seven unique factors](#) to the proposed transaction.

Of note, with the goal of fostering greater U.S. employment, for transactions with higher percentages of U.S. content, EXIM will seek to provide more favorable terms and conditions than those with lower percentages of U.S. content; this may include adjustments to term, premia, shipping costs, commitment fees, etc. In addition, content in a proposed offering that is of Chinese origin shall be presumptively ineligible for EXIM financing support.

“The unanimous action taken by EXIM’s Board of Directors is an overwhelming win for American workers, further empowering them to succeed in the face of fierce competition from entities backed by the People’s Republic of China,” said EXIM President and Chairman Kimberly A. Reed. “Congress provided EXIM with a bold and needed authority, and EXIM took an important step that will set U.S. exporters up for success and further U.S. economic and national security. I thank Director Pryor and Director Bachus, as well as the entire EXIM team, for their hard work resulting in the unanimous board action to support American jobs.”

The Board also unanimously approved an amendment proposed by Director Judith Pryor setting forth direction to the EXIM staff on the implementation framework for the adopted policy. This includes a requirement for EXIM staff to submit a report to the Board annually on the impacts and results of the new policy. In addition, the amendment provided direction to the EXIM staff to provide detailed information and analysis to Congress, as well as:

1. Collect additional data and research on the proposed content threshold, in addition to alternative thresholds, in each of the 10 established transformational export sectors, including existing U.S. manufacturing footprint and jobs estimates.
2. Review alternative methods for providing content flexibility, such as origin requirements, modified definitions, waivers for goods not procurable in the United States, or transformation of foreign content into U.S. content.
3. Solicit input from key external stakeholders including, but not limited to, labor and civil society.

“From my days as a nominee to my time on EXIM’s board, content requirements and American competitiveness have repeatedly been raised in conversations with industry, and I have been supportive of a policy review to determine whether such a change would make us more competitive,” said Director Pryor. “Today’s vote was intended to address the 10 sectors Congress incorporated into the Program on China and Transformational Exports. I was able to introduce and have adopted an amendment that provides EXIM’s Board of Directors with additional oversight on implementation of this policy, including ongoing data collection, reporting of results, and further engagement with stakeholders. I will be paying close attention to how this change advances our mission of supporting U.S. jobs through exports in these sectors, from renewable energy, storage and efficiency, to 5G, to water treatment and sanitation.”

“The aggressive nature of China’s state-driven, heavily-subsidized, export business is increasingly putting U.S. firms and workers at a disadvantage. Today’s targeted approach focuses on 10 transformational export sectors, as outlined by Congress, that are imperative to the national security and economic prosperity of the United States. The policy explicitly asks future EXIM board members to carefully consider its effectiveness over the next 3-5 years, with an intent to course-correct if needed. We are also requiring exporters to do their part to support high-quality U.S. jobs by reshoring supply chains during the same window,” said EXIM Board Member and former Member of Congress Spencer Bachus.

Of note, a wide range of stakeholders, including many U.S. exporters directly facing competition from China, expressed support for the adopted change. Public comments in support of yesterday’s Board action can be found [here](#).

Yesterday’s open Board meeting featured 115 participants, including presentations from the following:

- U.S. Secretary of Commerce and [EXIM Board Member ex officio Wilbur Ross](#)
- U.S. Under Secretary of State for Economic Growth, Energy, and the Environment Keith Krach.
- EXIM Chief of Staff Ryan McCormack
- EXIM SVP for Policy Analysis and International Relations Jim Cruse
- Counselor to the Chairman and SVP for the Program on China and Transformational Exports David Trulio
- EXIM SVP for External Engagement Luke Lindberg

Chairman Reed also noted support from U.S. Secretary of State Mike Pompeo and U.S. Treasury Under Secretary for International Affairs Brent McIntosh.

“The continued expansion of companies like Huawei and ZTE, backed by the financial power of the People’s Republic of China, threatens the security and integrity of telecom networks around the world,” said Under Secretary of State for Economic Growth, Energy, and the Environment Keith Krach. “EXIM performed a great service to America’s economic and national security by modernizing its U.S. content policy. This expansion of the scope of U.S. financing available for 5G deals will help further the Clean Network and secure people’s data, companies’ intellectual property, and countries’ national security.”

“With the adoption of this content policy for transformational exports, EXIM is underscoring to the market the Board’s commitment to U.S. workers and maintaining America’s competitive advantage in technologies key to American prosperity and security. EXIM will be able to support a broader range of opportunities, and is eager to develop new transactions with U.S. exporters as they compete and grow globally,” said David Trulio, Counselor to the Chairman and Senior Vice President for the Program on China and Transformational Exports.

The Board’s vote follows a comprehensive public outreach and stakeholder engagement process. Between May and August 2020, EXIM hosted its [“Strengthening American Competitiveness”](#) initiative, a highly productive and informative series of public engagements with over 1,100 exporters and stakeholders in key sectors. The insights and feedback from the Initiative are playing a crucial role in ensuring EXIM’s Program on China and Transformational Exports is best positioned to deliver on EXIM’s mission to support American jobs by facilitating U.S. exports.

Though not required, the agency published in the Federal Register on November 25, 2020, as part of a further commitment to transparency and open process, a [notice](#) for [public review and comment](#) that EXIM—in implementing the Congressional directive to establish the China Program—was considering changes to its content policy with respect to the new Congressional mandate.

In addition, the Congressionally-mandated EXIM [Advisory Committee](#), which is chaired by former Member of Congress Stevan Pearce, held its quarterly meeting [December 2, 2020](#), voting to send a letter encouraging the EXIM Board of Directors to modernize EXIM’s content policy for transformational exports. Prior to that, the newly established [EXIM Advisory Committee Subcommittee on Strategic Competition with the People’s Republic of China](#), which is chaired by Ambassador Paula Dobriansky, met [November 23, 2020](#), to make recommendations to EXIM’s Advisory Committee in support of EXIM modernizing its content policy.

At EXIM’s 2020 Annual Conference, U.S. Secretary of Energy Dan Brouillette, National Economic Council Director Larry Kudlow, and National Security Advisor Robert O’Brien expressed support for the important role EXIM has to play in global competition. Their video remarks can be viewed [here](#).

EXIM’s [Program on China and Transformational Exports](#), which was established in EXIM’s historic [seven-year Congressional reauthorization](#) and signed into law by President Trump on December 20, 2019, directs EXIM to provide financial products to directly neutralize export subsidies offered by the PRC, helping to ensure a level playing field for U.S. businesses and workers as they compete globally. The China Program was established to advance the comparative leadership of the United States and

support U.S. innovation, employment, and technological standards globally in ten transformational export industries, including:

- Artificial Intelligence.
- Biotechnology.
- Biomedical sciences.
- Wireless communications equipment (including 5G or subsequent wireless technologies).
- Quantum computing.
- Renewable energy, energy efficiency, and energy storage.
- Semiconductor and semiconductor machinery manufacturing.
- Emerging financial technologies.
- Water treatment and sanitation.
- High-performance computing.

The law charges EXIM with a goal of reserving not less than 20 percent of the agency's total financing authority (i.e., \$27 billion out of a total \$135 billion) for support made pursuant to the China Program.

EXIM's [long-standing content policy](#) states that for medium- and long-term transactions, the level of support for the net contract price will be the lesser of 85 percent of the value of all eligible exports in the U.S. Export Contract, or 100 percent of the U.S. content in all eligible exports in the U.S. Export Contract.

EXIM's narrowly-tailored content policy applies only to transactions involving Transformational Exports as set forth in Section 402 of the Export-Import Bank Extension codified as 12 USC 635(l)(1)(B), regardless of whether they are short-, medium- or long-term in nature.

The text of EXIM-related Congressional reauthorization provisions (P.L. 116-94 - Division I, Title IV—Export-Import Bank Extension), including the Program on China and Transformational Exports (Section 402), has been codified and incorporated into EXIM's Charter and is available [here](#).

ABOUT EXIM:

EXIM is an independent federal agency that promotes and supports American jobs by providing competitive and necessary export credit to support sales of U.S. goods and services to international buyers. A robust EXIM can level the global playing field for U.S. exporters when they compete against foreign companies that receive support from their governments. EXIM also contributes to U.S. economic growth by helping to create and sustain hundreds of thousands of jobs in exporting businesses and their supply chains across the United States. In recent years, approximately 90 percent of the total number of the agency's authorizations has directly supported small businesses. Since 1992, EXIM has generated more than \$9 billion for the U.S. Treasury for repayment of U.S. debt.

For more information about EXIM, please visit www.exim.gov.