

EXPORT-IMPORT BANK REAUTHORIZATION ACT OF 2001

NOVEMBER 15, 2001.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. OXLEY, from the Committee on Financial Services,  
submitted the following

R E P O R T

together with

DISSENTING VIEWS

[To accompany H.R. 2871]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 2871) to reauthorize the Export-Import Bank of the United States, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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The amendment is as follows:

Strike all after the enacting clause and insert the following:

**SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This Act may be cited as the “Export-Import Bank Reauthorization Act of 2001”.

(b) **TABLE OF CONTENTS.**—The table of contents of this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Clarification that purposes include United States employment.
- Sec. 3. Extension of authority.
- Sec. 4. Administrative expenses.
- Sec. 5. Increase in aggregate loan, guarantee, and insurance authority.
- Sec. 6. Activities relating to Africa.
- Sec. 7. Small business.
- Sec. 8. Technology.
- Sec. 9. Tied Aid Credit Fund.
- Sec. 10. Expansion of authority to use Tied Aid Credit Fund.
- Sec. 11. Renaming of Tied Aid Credit Program and Fund as Export Competitiveness Program and Fund.
- Sec. 12. Annual competitiveness report.
- Sec. 13. Renewable energy sources.
- Sec. 14. GAO reports.
- Sec. 15. Human rights.
- Sec. 16. Steel.
- Sec. 17. Correction of references.
- Sec. 18. Authority to deny application for assistance based on fraud or corruption by the applicant.
- Sec. 19. Consideration of foreign country helpfulness in efforts to eradicate terrorism.
- Sec. 20. Outstanding orders and preliminary injury determinations.
- Sec. 21. Sense of the Congress relating to renewable energy targets.

**SEC. 2. CLARIFICATION THAT PURPOSES INCLUDE UNITED STATES EMPLOYMENT.**

Section 2(a)(1) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(a)(1)) is amended by striking the 2nd sentence and inserting the following: “The objects and purposes of the Bank shall be to aid in financing and to facilitate exports of goods and services, imports, and the exchange of commodities and services between the United States or any of its territories or insular possessions and any foreign country or the agencies or nationals of any such country, and in so doing to contribute to the employment of United States workers. To further meet the objective set forth in the preceding sentence, the Bank shall ensure that its loans, guarantees, insurance, and credits are contributing to maintaining or increasing employment of United States workers.”.

**SEC. 3. EXTENSION OF AUTHORITY.**

Section 7 of the Export-Import Bank Act of 1945 (12 U.S.C. 635f) and section 1(c) of Public Law 103–428 (12 U.S.C. 635 note; 108 Stat. 4376) are each amended by striking “2001” and inserting “2005”.

**SEC. 4. ADMINISTRATIVE EXPENSES.**

(a) **LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS.**—Section 3 of the Export-Import Bank Act of 1945 (12 U.S.C. 635a) is amended by adding at the end the following:

“(f) **LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS FOR ADMINISTRATIVE EXPENSES.**—

“(1) **IN GENERAL.**—For administrative expenses incurred by the Bank, including technology-related expenses to carry out section 2(b)(1)(E)(x), there are authorized to be appropriated to the Bank not more than—

“(A) for fiscal year 2002, \$80,000,000; and

“(B) for each of fiscal years 2003 through 2005, the amount authorized by this paragraph to be appropriated for the then preceding fiscal year, increased by the inflation percentage (as defined in section 6(a)(2)(B)) applicable to the then current fiscal year.

“(2) **OUTREACH TO SMALL BUSINESSES WITH FEWER THAN 100 EMPLOYEES.**—Of the amount appropriated pursuant to paragraph (1), there shall be available for outreach to small business concerns (as defined under section 3 of the Small Business Act) employing fewer than 100 employees, not more than—

“(A) \$2,000,000 for fiscal year 2002; and

“(B) for each of fiscal years 2003 through 2005, the amount required by this paragraph to be made available for the then preceding fiscal year, increased by the inflation percentage (as defined in section 6(a)(2)(B)) applicable to the then current fiscal year.”.

(b) **REQUIRED BUDGET SUBCATEGORIES.**—Section 1105(a) of title 31, United States Code, is amended by adding at the end the following:

“(34) with respect to the amount of appropriations requested for use by the Export-Import Bank of the United States, a separate statement of the amount requested for its program budget, the amount requested for its administrative expenses, and of the amount requested for its administrative expenses, the amount requested for technology expenses and the amount requested for ex-

penses for outreach to small business concerns (as defined under section 3 of the Small Business Act) employing fewer than 100 employees.”.

(c) SENSE OF THE CONGRESS ON THE IMPORTANCE OF TECHNOLOGY IMPROVEMENTS.—

(1) FINDINGS.—The Congress finds that—

(A) the Export-Import Bank of the United States is in great need of technology improvements;

(B) part of the amount budgeted for administrative expenses of the Export-Import Bank is used for technology initiatives and systems upgrades for computer hardware and software purchases;

(C) the Export-Import Bank is falling behind its foreign competitor export credit agencies’ proactive technology improvements;

(D) small businesses disproportionately benefit from improvements in technology;

(E) small businesses need Export-Import Bank technology improvements in order to export transactions quickly, with as great paper ease as possible, and with a quick Bank turn-around time that does not overstrain the tight resources of such businesses;

(F) the Export-Import Bank intends to develop a number of e-commerce initiatives aimed at improving customer service, including web-based application and claim filing procedures which would reduce processing time, speed payment of claims, and increase staff efficiency;

(G) the Export-Import Bank is beginning the process of moving insurance applications from an outdated mainframe system to a modern, web-enabled database, with new functionality including credit scoring, portfolio management, work flow and e-commerce features to be added; and

(H) the Export-Import Bank wants to continue its e-commerce strategy, including web site development, expanding online applications and establishing a public/private sector technology partnership.

(2) SENSE OF THE CONGRESS.—The Congress emphasizes the importance of technology improvements for the Export-Import Bank of the United States, which are of particular importance for small businesses.

**SEC. 5. INCREASE IN AGGREGATE LOAN, GUARANTEE, AND INSURANCE AUTHORITY.**

Section 6(a) of the Export-Import Bank Act of 1945 (12 U.S.C. 635e(a)) is amended to read as follows:

“(a) LIMITATION ON OUTSTANDING AMOUNTS.—

“(1) IN GENERAL.—The Export-Import Bank of the United States shall not have outstanding at any one time loans, guarantees, and insurance in an aggregate amount in excess of the applicable amount.

“(2) APPLICABLE AMOUNT.—

“(A) IN GENERAL.—In paragraph (1), the term ‘applicable amount’ means—

“(i) during fiscal year 2002, \$100,000,000,000, increased by the inflation percentage applicable to fiscal year 2002;

“(ii) during fiscal year 2003, \$110,000,000,000, increased by the inflation percentage applicable to fiscal year 2003;

“(iii) during fiscal year 2004, \$120,000,000,000, increased by the inflation percentage applicable to fiscal year 2004; and

“(iv) during fiscal year 2005, \$130,000,000,000, increased by the inflation percentage applicable to fiscal year 2005.

“(B) INFLATION PERCENTAGE.—For purposes of subparagraph (A) of this paragraph, the inflation percentage applicable to any fiscal year is the percentage (if any) by which—

“(i) the average of the Consumer Price Index (as defined in section 1(f)(5) of the Internal Revenue Code of 1986) for the 12-month period ending on December 31 of the immediately preceding fiscal year; exceeds

“(ii) the average of the Consumer Price Index (as so defined) for the 12-month period ending on December 31 of the 2nd preceding fiscal year.

“(3) SUBJECT TO APPROPRIATIONS.—All spending and credit authority provided under this Act shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.”.

**SEC. 6. ACTIVITIES RELATING TO AFRICA.**

(a) EXTENSION OF ADVISORY COMMITTEE FOR SUB-SAHARAN AFRICA.—Section 2(b)(9)(B)(iii) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(9)(B)(iii)) is amended by striking “4 years after the date of enactment of this subparagraph” and inserting “on September 30, 2005”.

(b) COORDINATION OF AFRICA ACTIVITIES.—Section 2(b)(9)(A) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(9)(A)) is amended by inserting “, in consultation with the Department of Commerce and the Trade Promotion Coordinating Council,” after “shall”.

(c) CONTINUED REPORTS TO THE CONGRESS.—Section 7(b) of the Export-Import Bank Reauthorization Act of 1997 (12 U.S.C. 635 note) is amended by striking “4” and inserting “8”.

(d) CREATION OF OFFICE ON AFRICA.—Section 3 of the Export-Import Bank Act of 1945 (12 U.S.C. 635a) is further amended by adding at the end the following:

“(g) OFFICE ON AFRICA.—

“(1) ESTABLISHMENT.—There is established in the Bank an Office on Africa.

“(2) FUNCTION.—The Office on Africa shall focus on increasing Bank activities in Africa and increasing visibility among United States companies of African markets for exports.

“(3) REPORTS.—The Office on Africa shall, from time to time not less than annually, report to the Board on the matters described in paragraph (2).”.

#### SEC. 7. SMALL BUSINESS.

(a) IN GENERAL.—Section 2(b)(1)(E)(v) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)(E)(v)) is amended—

(1) by striking “10” and inserting “20”; and

(2) by inserting “, and from such amount, not less than 8 percent of such authority shall be made available for small business concerns employing fewer than 100 employees” before the period.

(b) OUTREACH TO BUSINESSES OWNED BY SOCIALLY DISADVANTAGED INDIVIDUALS OR WOMEN.—Section 2(b)(1)(E)(iii)(II) of such Act (12 U.S.C. 635(b)(1)(E)(iii)(II)) is amended by inserting after “Bank” the following: “, with particular emphasis on conducting outreach and increasing loans to businesses not less than 51 percent of which are directly and unconditionally owned by 1 or more socially disadvantaged individuals (as defined in section 8(a)(5) of the Small Business Act) or women.”.

(c) OFFICE FOR SMALL BUSINESS EXPORTERS.—Section 3 of such Act (12 U.S.C. 635a) is further amended by adding at the end the following:

“(h) OFFICE FOR SMALL BUSINESS EXPORTERS.—

“(1) ESTABLISHMENT.—There is established in the Bank an Office for Small Business Exporters.

“(2) FUNCTION.—The Office for Small Business Exporters shall focus on increasing Bank activities to enhance small business exports and to meet the unique trade finance needs of small business exporters.

“(3) REPORTS.—The Office for Small Business Exporters shall, from time to time not less than annually, report to the Board on the how the Office for Small Business Exporters is achieving the goals as described in paragraph (2).

“(4) SENSE OF CONGRESS.—It is the sense of the Congress that the Bank should redirect and prioritize existing resources and personnel to establish the Office for Small Business Exporters.”.

#### SEC. 8. TECHNOLOGY.

(a) SMALL BUSINESS.—Section 2(b)(1)(E) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)(E)) is amended by adding at the end the following:

“(x) The Bank shall implement technology improvements which are designed to improve small business outreach, including allowing customers to use the Internet to apply for all Bank programs.”.

(b) ELECTRONIC TRACKING OF PENDING TRANSACTIONS.—Section 2(b)(1) of such Act (12 U.S.C. 635(b)(1)) is amended by adding at the end the following:

“(J) The Bank shall implement an electronic system designed to track all pending transactions of the Bank.”.

(c) REPORTS.—

(1) IN GENERAL.—During each of fiscal years 2002 through 2005, the Export-Import Bank of the United States shall submit to the Committees on Financial Services and on Appropriations of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and on Appropriations of the Senate an interim report and a final report on the efforts made by the Bank to carry out subsections (E)(x) and (J) of section 2(b)(1) of the Export-Import Bank Act of 1945, and on how the efforts are assisting small businesses.

(2) TIMING.—The interim report required by paragraph (1) for a fiscal year shall be submitted April 30 of the fiscal year, and the final report so required for a fiscal year shall be submitted on November 1 of the succeeding fiscal year.

#### SEC. 9. TIED AID CREDIT FUND.

(a) PROCESS AND STANDARDS.—Section 10(b) of the Export-Import Bank Act of 1945 (12 U.S.C. 635i-3(b)) is amended—

(1) in paragraph (2)(A), by striking “Secretary’s recommendations” and all that follows and inserting “process and standards developed pursuant to paragraph (5);” and

(2) by adding at the end the following:

“(5) PROCESS AND STANDARDS GOVERNING USE OF THE FUND.—

“(A) IN GENERAL.—The Secretary shall develop a process for, and the standards to be used in, determining how the amounts in the Tied Aid Credit Fund could be used most effectively and efficiently to carry out the purposes of subsection (a)(6).

“(B) CONTENT OF PROCESS AND STANDARDS.—

“(i) CONSIDERATION OF CERTAIN STANDARDS.—In developing the standards referred to in subparagraph (A), the Secretary shall consider administering the Tied Aid Credit Fund in accordance with the following standards:

“(I) The Tied Aid Credit Fund will be used to counter a foreign tied aid credit confronted by a United States exporter when bidding for a capital project.

“(II) Credible information about an offer of foreign tied aid will be required before the Tied Aid Credit Fund is used to offer specific terms to match such an offer.

“(III) The Tied Aid Credit Fund will be used to enable a competitive United States exporter to pursue further market opportunities made possible by the use of the Fund.

“(IV) Each use of the Tied Aid Credit Fund will be in accordance with the Arrangement unless a breach of the Arrangement has been committed by a foreign export credit agency.

“(V) The Tied Aid Credit Fund will be used to defend potential sales by United States companies to a project that is environmentally sound.

“(VI) The Tied Aid Credit Fund will be used to preemptively counter potential foreign tied aid offers without triggering foreign tied aid use.

“(ii) LIMITATION.—The process and standards referred to in subparagraph (A) shall not result in the Secretary having the authority to veto a specific deal.

“(C) INITIAL REPORT.—As soon as is practicable but not later than 6 months after the date of the enactment of this paragraph, the Secretary shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report on the process and standards developed pursuant to subparagraph (A).

“(D) TRANSITIONAL STANDARDS.—The standards set forth in subparagraph (B)(i) shall govern the use of the Tied Aid Credit Fund until the report required by subparagraph (C) is submitted.

“(E) UPDATE AND REVISION; REPORTS.—The Secretary should update and revise, as needed, the process and standards developed pursuant to subparagraph (A), and, on doing so, shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report on the process and standards so updated and revised.”

(b) RECONSIDERATION OF BOARD DECISIONS ON USE OF FUND.—Section 10(b) of such Act (12 U.S.C. 635i-3(b)) is further amended by adding at the end the following:

“(6) RECONSIDERATION OF DECISIONS.—

“(A) IN GENERAL.—Taking into consideration the time sensitivity of transactions, the Board of Directors of the Bank shall expeditiously reconsider a decision of the Board to deny an application of the use of the Tied Aid Credit Fund if the applicant submits the request for reconsideration within 3 months of the denial.

“(B) PROCEDURAL RULES.—In any such reconsideration, the applicant may, but shall not be required to, provide new information on the application.”

**SEC. 10. EXPANSION OF AUTHORITY TO USE TIED AID CREDIT FUND.**

(a) UNTIED AID.—

(1) NEGOTIATIONS.—The Secretary of the Treasury shall seek to negotiate an OECD Arrangement on Untied Aid. In the negotiations, the Secretary shall seek agreement on subjecting untied aid to the rules governing the Arrangement, including the rules governing disclosure.

(2) REPORT TO THE CONGRESS.—Within 1 year after the date of the enactment of this Act, the Secretary of the Treasury shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report on the successes, failures, and obstacles in reaching the agreement described in paragraph (1).

(b) MARKET WINDOWS.—

(1) NEGOTIATIONS.—The Secretary of the Treasury shall seek to negotiate an OECD Arrangement on Market Windows. In the negotiations, the Secretary shall seek agreement on subjecting market windows to the rules governing the Arrangement, including the rules governing disclosure.

(2) REPORT TO THE CONGRESS.—Within 2 years after the date of the enactment of this Act, the Secretary of the Treasury shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report on the successes, failures, and obstacles in reaching the agreement described in paragraph (1).

(c) USE OF TIED AID CREDIT FUND TO COMBAT UNTIED AID AND MARKET WINDOWS.—Section 10 of the Export-Import Bank Act of 1945 (12 U.S.C. 635i-3) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by inserting “, and market windows used by” before “other countries”;

(B) in paragraph (4), by striking “and” at the end;

(C) in paragraph (5), by inserting “, or market windows,” before “for commercial” the 1st and 3rd places it appears; and

(D) by redesignating paragraph (5) as paragraph (6) as inserting after paragraph (4) the following:

“(5) the Bank has, at a minimum, the following two tasks:

“(A)(i) First, the Bank should match, and even overmatch, foreign export credit agencies when they engage in tied aid outside the confines of the Arrangement and when they exploit loopholes, such as market windows and untied aid;

“(ii) such matching and overmatching is needed to provide the United States with leverage in efforts at the OECD to reduce the overall level of export subsidies;

“(iii) only through matching or bettering foreign export credit offers can the Bank buttress United States negotiators in their efforts to bring these loopholes within the disciplines of the Arrangement; and

“(iv) in order to bring market windows within the discipline of the Arrangement, the Bank should sometimes initiate highly competitive financial support when the Bank learns that foreign market window support may be part of a transaction; and

“(B) Second, the Bank should support United States exporters when the exporters face foreign competition that is consistent with the letter and spirit of the Arrangement and the Subsidies Code of the World Trade Organization, but which nonetheless is more generous than the terms available from the private financial market; and”;

(2) in subsection (b)(1)—

(A) in subparagraph (A), by inserting “and market windows used” after “extended”; and

(B) in subparagraph (B)(i), by inserting “or market windows” after “untied aid credits”.

(d) DEFINITION OF MARKET WINDOW.—Section 10(h) of such Act (12 U.S.C. 635i-3(h)) is amended by adding at the end the following:

“(7) MARKET WINDOW.—The term ‘market window’ means the provision of export financing through an institution (or a part of an institution) that claims to operate on a commercial basis while benefiting directly or indirectly from some level of government support.”.

**SEC. 11. RENAMING OF TIED AID CREDIT PROGRAM AND FUND AS EXPORT COMPETITIVENESS PROGRAM AND FUND.**

Section 10 of the Export-Import Bank Act of 1945 (12 U.S.C. 635i-3) is further amended—

(1) by striking all that precedes paragraph (1) of subsection (a) and inserting the following:

**“SEC. 10. EXPORT COMPETITIVENESS FUND.**

“(a) FINDINGS.—The Congress finds that—”;

(2) in subsection (a)(6) (as so redesignated by section 9(c)(1)(D) of this Act), by striking “tied aid program” and inserting “export competitiveness program”;

- (3) in the heading of subsection (b), by striking “TIED AID CREDIT” and inserting “EXPORT COMPETITIVENESS”;
- (4) in subsection (b)(1)—
  - (A) by striking “tied aid credit program” and inserting “export competitiveness program”; and
  - (B) by striking “Tied Aid Credit fund” and inserting “Export Competitiveness Fund”;
- (5) in subsection (b)(2), by striking “tied aid credit program” and inserting “export competitiveness program”;
- (6) in subsection (b)(3)—
  - (A) by striking “tied aid credit program” and inserting “export competitiveness program”; and
  - (B) by striking “Tied Aid Credit Fund” and inserting “Export Competitiveness Fund”;
- (7) in subsection (b)(5) (as added by section 9(a)(2) of this Act), by striking “Tied Aid Credit Fund” each place it appears and inserting “Export Competitiveness Fund”;
- (8) in subsection (b)(6) (as added by section 9(b) of this Act), by striking “Tied Aid Credit Fund” and inserting “Export Competitiveness Fund”;
- (9) in subsection (c)—
  - (A) in the subsection heading, by striking “TIED AID CREDIT” and inserting “EXPORT COMPETITIVENESS”; and
  - (B) in paragraph (1), by striking “Tied Aid Credit” and inserting “Export Competitiveness”;
- (10) in subsection (d), by striking “tied aid credit” and inserting “export competitiveness”; and
- (11) in subsection (g)(2)(C), by striking “Tied Aid Credit” and inserting “Export Competitiveness”.

**SEC. 12. ANNUAL COMPETITIVENESS REPORT.**

(a) **TIMING.**—

(1) **IN GENERAL.**—Section 2(b)(1)(A) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)(A)) is amended in the 4th sentence by striking “on an annual basis” and inserting “on June 30 of each year”.

(2) **APPLICABILITY.**—The amendment made by paragraph (1) shall apply to reports for calendar years after calendar year 2000.

(b) **ADDITIONAL MATTERS TO BE ADDRESSED.**—Section 2(b)(1)(A) of such Act (12 U.S.C. 635(b)(1)(A)) is amended by adding at the end the following: “The Bank shall include in the annual report a description of the volume of financing provided by each foreign export credit agency, and a description of all Bank transactions which shall be classified according to their principal purpose, such as to correct a market failure or to provide matching support.”

(c) **NUMBER OF SMALL BUSINESS SUPPLIERS OF BANK USERS.**—Section 2(b)(1)(A) of such Act (12 U.S.C. 635(b)(1)(A)) is further amended by adding at the end the following: “The Bank shall estimate on the basis of an annual survey or tabulation the number of entities that are suppliers of users of the Bank and that are small business concerns (as defined under section 3 of the Small Business Act) located in the United States, and shall include the estimate in the annual report.”

(d) **OUTREACH TO BUSINESSES OWNED BY SOCIALLY DISADVANTAGED INDIVIDUALS OR BY WOMEN.**—Section 2(b)(1)(A) of such Act (12 U.S.C. 635(b)(1)(A)) is further amended by adding at the end the following: “The Bank shall include in the annual report a description of outreach efforts made by the Bank to any business not less than 51 percent of which is directly and unconditionally owned by 1 or more socially disadvantaged individuals (as defined in section 8(a)(5) of the Small Business Act) or women, and any data on the results of such efforts.”

**SEC. 13. RENEWABLE ENERGY SOURCES.**

(a) **PROMOTION.**—Section 2(b)(1) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)), as amended by section 8(b) of this Act, is amended by adding at the end the following:

“(K) The Bank shall promote the export of goods and services related to renewable energy sources.”

(b) **DESCRIPTION OF EFFORTS TO BE INCLUDED IN ANNUAL COMPETITIVENESS REPORT.**—Section 2(b)(1)(A) of such Act (12 U.S.C. 635(b)(1)(A)) is further amended by adding at the end the following: “The Bank shall include in the annual report a description of the efforts undertaken under subparagraph (K).”

**SEC. 14. GAO REPORTS.**

(a) **POTENTIAL OF WTO TO REMEDY UNTIED AID AND MARKET WINDOWS.**—Within 1 year after the date of the enactment of this Act, the Comptroller General of the

United States shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report that examines—

(1) whether a case could be brought by the United States in the World Trade Organization seeking relief against untied aid and market windows, and if so, the kinds of relief that would be available if the United States were to prevail in such a case; and

(2) the scope of penalty tariffs that the United States could impose against imports from a country that uses untied aid or market windows.

(b) **COMPARATIVE RESERVE PRACTICES OF EXPORT CREDIT AGENCIES AND PRIVATE BANKS.**—Within 1 year after the date of the enactment of this Act, the Comptroller General of the United States shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report that examines the reserve ratios of the Export-Import Bank of the United States as compared with the reserve practices of private banks and foreign export credit agencies.

**SEC. 15. HUMAN RIGHTS.**

Section 2(b)(1)(B) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)(B)) is amended by inserting “(as provided in the Universal Declaration of Human Rights adopted by the United Nations General Assembly on December 10, 1948)” after “human rights”.

**SEC. 16. STEEL.**

(a) **REEVALUATION.**—The Export-Import Bank of the United States shall re-assess the effects of the approval by the Bank of an \$18,000,000 medium-term guarantee to support the sale of computer software, control systems, and main drive power supplies to Benxi Iron & Steel Company, in Benxi, Liaoning, China, for the purpose of evaluating whether the adverse impact test of the Bank sufficiently takes account of the interests of United States industries.

(b) **REPORT TO THE CONGRESS.**—Within 1 year after the date of the enactment of this Act, the Export-Import Bank of the United States shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report on the re-assessment required by subsection (a).

**SEC. 17. CORRECTION OF REFERENCES.**

(a) Section 2(b)(1)(B) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)(B)) is amended by striking “Banking and”.

(b) Each of the following provisions of the Export-Import Bank Act of 1945 is amended by striking “Banking, Finance and Urban Affairs” and inserting “Financial Services”:

- (1) Section 2(b)(6)(D)(i)(III) (12 U.S.C. 635(b)(6)(D)(i)(III)).
- (2) Section 2(b)(6)(H) (12 U.S.C. 635(b)(6)(H)).
- (3) Section 2(b)(6)(I)(i)(II) (12 U.S.C. 635(b)(6)(I)(i)(II)).
- (4) Section 2(b)(6)(I)(iii) (12 U.S.C. 635(b)(6)(I)(iii)).
- (5) Section 10(g)(1) (12 U.S.C. 635i-3(g)(1)).

**SEC. 18. AUTHORITY TO DENY APPLICATION FOR ASSISTANCE BASED ON FRAUD OR CORRUPTION BY THE APPLICANT.**

Section 2 of the Export-Import Bank Act of 1945 (12 U.S.C. 635) is amended by adding at the end the following:

“(f) **AUTHORITY TO DENY APPLICATION FOR ASSISTANCE BASED ON FRAUD OR CORRUPTION BY PARTY TO THE TRANSACTION.**—In addition to any other authority of the Bank, the Bank may deny an application for assistance with respect to a transaction if the Bank has substantial credible evidence that any party to the transaction has committed an act of fraud or corruption in connection with a transaction involving a good or service that is the same as, or substantially similar to, a good or service the export of which is the subject of the application.”

**SEC. 19. CONSIDERATION OF FOREIGN COUNTRY HELPFULNESS IN EFFORTS TO ERADICATE TERRORISM.**

Section 2(b)(1) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)) is further amended by adding at the end the following:

“(L) It is further the policy of the United States that, in considering whether to guarantee, insure, or extend credit, or participate in the extension of credit in connection with the purchase of any product, technical data, or information by a national or agency of any nation, the Bank shall take into account the extent to which the nation has been helpful or unhelpful in efforts to eradicate terrorism. The Bank shall consult with the Department of State to determine the degree to which each relevant nation has been helpful or unhelpful in efforts to eradicate terrorism.”

**SEC. 20. OUTSTANDING ORDERS AND PRELIMINARY INJURY DETERMINATIONS.**

Section 2(e) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(e)) is amended—

(1) in paragraph (2), by striking “Paragraph (1)” and inserting “Paragraphs (1) and (2)”; and

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4) and by inserting after paragraph (1) the following:

“(2) OUTSTANDING ORDERS AND PRELIMINARY INJURY DETERMINATIONS.—

“(A) ORDERS.—The Bank shall not provide any loan or guarantee to an entity for the resulting production of substantially the same product that is the subject of—

“(i) a countervailing duty or antidumping order under title VII of the Tariff Act of 1930; or

“(ii) a determination under title II of the Trade Act of 1974.

“(B) AFFIRMATIVE DETERMINATION.—Within 60 days after the date of the enactment of this Act, the Bank shall establish procedures regarding loans or guarantees provided to any entity that is subject to a preliminary determination of a reasonable indication of material injury to an industry under Title VII of the Tariff Act of 1930. The procedures shall help to ensure that these loans and guarantees are likely to not result in a significant increase in imports of substantially the same product covered by the preliminary determination and are likely to not have a significant adverse impact on the domestic industry. The Bank shall report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on the implementation of these procedures.

“(C) COMMENT PERIOD.—The Bank shall establish procedures under which the Bank shall notify interested parties and provide a comment period with regard to loans or guarantees reviewed pursuant to subparagraph (B).”.

**SEC. 21. SENSE OF THE CONGRESS RELATING TO RENEWABLE ENERGY TARGETS.**

(a) ALLOCATION OF ASSISTANCE AMONG ENERGY PROJECTS.—It is the sense of the Congress that, of the total amount available to the Export-Import Bank of the United States for the extension of credit for transactions related to energy projects, the Bank should, not later than the beginning of fiscal year 2006, use—

(1) not more than 95 percent for transactions related to fossil fuel projects; and

(2) not less than 5 percent for transactions related to renewable energy and energy efficiency projects.

(b) DEFINITION OF RENEWABLE ENERGY.—In this section, the term “renewable energy” means projects related to solar, wind, biomass, fuel cell, landfill gas, or geothermal energy sources.

**PURPOSE AND SUMMARY**

H.R. 2871, the Export-Import Bank Reauthorization Act of 2001, extends the charter of the U.S. Export-Import Bank for 4 years and creates offices on Small Business Exporters and Africa within the Bank. The legislation also improves the operation of the Tied Aid Credit Program, increases the value of transactions that the Bank can hold in its portfolio at any time, and raises the percentage of small business transactions the Bank should pursue. This measure further mandates that the Bank take into consideration U.S. trade laws, corrupt practices of a recipient company and a country’s efforts to combat terrorism when considering a transaction.

**BACKGROUND AND NEED FOR LEGISLATION**

Congress last authorized the U.S. Export-Import Bank (Ex-Im) in 1997 for a 4 year term, which expired on September 30, 2001. The mission of the Ex-Im is to support export financing of U.S. goods and services. Ex-Im is designed to help U.S. exporters match competition from foreign export credit agencies (ECAs) in Japan, Germany, France, Canada, and other countries. By law, Ex-Im is in-

tended only to fill gaps in commercially available financing for U.S. exports by serving as a “lender of last resort,” and not competing with private lenders. Ex-Im is also required by law to work toward securing international agreements to reduce government-subsidized export financing, thereby promoting a level playing field for U.S. exporters.

Today, Ex-Im finances approximately 2 percent of U.S. exports annually. In FY 2000, Ex-Im financed \$12.6 billion in loans, guarantees, and insurance for the export of U.S. non-military goods and services. Examples of some of the goods that Ex-Im helped to export include, U.S. civilian aircraft, electronics, energy-related products, engineering services, medical equipment, vehicles, and agricultural equipment.

During the Committee’s review of the Ex-Im Bank, several issues arose which needed to be addressed in this reauthorization. First, the Administration had called for a 25 percent reduction in the operating budget of Ex-Im. Industry witnesses at the hearings argued that the reduction was too great and that such a cut could adversely affect U.S. workers and the U.S. economy. In response to those concerns, H.R. 2871, as reported by the Committee, signals strong support for Ex-Im funding by raising the statutory ceiling on the dollar value of the loans, guarantees, and insurance Ex-Im can have outstanding at any one time and by authorizing an increase in Ex-Im’s administrative expenses to \$80 million, adjusted annually for inflation. Additionally, the Committee raised the ceiling on the total amount of loans, guarantees and insurance that Ex-Im can have outstanding at any one time from \$75 billion to \$130 billion, adjusted for inflation, by 2005.

Second, the Committee discovered that there were inconsistencies in the administration of the Tied Aid Credit Program. Specifically, procedures for communication between the Treasury Department and Ex-Im regarding the use of tied aid credit were found to be inadequate. The Committee commends Treasury and Ex-Im for working together to formulate an agreement to improve communication; however this is a non-binding agreement holding no force of law. The Committee wants to ensure that these two agencies follow statutory guidelines in order to effectively administer the Tied Aid Credit Program. Thus, the bill mandates that the Treasury Department establish a set of guidelines to govern the use of tied aid and to report back to Congress on its progress. The bill’s provisions effectively deny Treasury Department any veto power over specific tied aid transactions and require Ex-Im to establish procedures for the reconsideration of applications that have been turned down. The Committee further authorizes the Tied Aid Credit Fund to be used to combat both market windows and untied aid. This authorization will strengthen the United State’s negotiating position in the Organization for Economic Cooperation and Development (OECD) negotiations to eventually eliminate such market altering tools.

Finally, the Committee sought to expand access and awareness of Ex-Im to small businesses. The bill expands the percentage of small business transactions Ex-Im must pursue from 10 percent to 20 percent of total lending volume annually. Additionally, the bill, for the first time, establishes a requirement that 8 percent of Ex-Im lending be reserved for small business of less than 100 employ-

ees. The reauthorization further establishes an Office of Small Business Exporters and urges Ex-Im to improve its outreach to small businesses through improvements in technology.

During the full Committee markup three amendments were accepted. The first prohibited Ex-Im from proceeding with a transaction if the product in question is subject to a countervailing duty or anti-dumping order pursuant to U.S. trade laws. This measure went further to require that Ex-Im establish an additional review process when there has been a preliminary affirmative determination of a material injury to an industry under title VII of the Tariff Act of 1930. The second amendment removed provisions adopted by the Subcommittee on International Monetary Policy and Trade which would have created a new Office of Human Rights assessment Ex-Im. In the opinion of the Committee, this proposed office would be wasteful and duplicative since Ex-Im does not have the expertise to do these assessments and the State Department already performs this work. Finally, the Committee accepted an amendment expressing the sense of Congress that no more than 95 percent of Ex-Im's transactions should relate to fossil fuels while at least 5 percent should be directed toward renewable energy projects.

#### HEARINGS

The Subcommittee on International Monetary Policy and Trade held two hearings in preparation for the reauthorization of Ex-Im. On May 2, 2001, the Subcommittee received testimony from Ex-Im officers. The witness list included: Mr. James Hess, Chief Financial Officer of the Export-Import Bank; Mr. William Redway, Group Vice President of Small and New Business, Export-Import Bank; and Mr. Bert Ubamadu, Office of the General Counsel, Export-Import Bank.

The Subcommittee held a second hearing on May 8, 2001. Witnesses included: Mr. Richard M. Christman, President, Case IH Agricultural Businesses on behalf of the National Foreign Trade Council and the Coalition for Employment Through Exports; Mr. Ian McLaughlin, President and CEO, Watson Machinery International, on behalf of the National Association of Manufacturers; Mr. C. Fred Bergsten, Director, Institute for International Economics; Dr. Ian Vasquez, Senior Fellow, CATO Institute; Mr. Brent Blackwelder, President, Friends of Earth; and Mr. George Becker, former President, United Steel Workers of America. A statement for the record was submitted by Citigroup, Inc.

#### COMMITTEE CONSIDERATION

On September 21, 2001, the Subcommittee on International Monetary Policy and Trade met in open session and approved H.R. 2871 for full Committee consideration, as amended, by a voice vote.

On October 31, 2001, the Committee met in open session and ordered H.R. 2871 reported to the House with a favorable recommendation, with an amendment, by a voice vote.

#### COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion

to report legislation and amendments thereto. No record votes were taken with in conjunction with the consideration of this legislation. A motion by Mr. Oxley to report the bill to the House with a favorable recommendation was agreed to by a voice vote.

Record votes were taken on the following amendments. The names of Members voting for and against follow:

An amendment by Mr. Sanders, no. 2, requiring certain information and certifications from companies seeking or receiving new assistance, was not agreed to by a record vote of 14 yeas and 28 nays (Record vote no. 14).

YEAS	NAYS
Mr. Frank	Mr. Oxley
Ms. Waters	Mr. Leach
Mr. Sanders	Mrs. Roukema
Mr. Gutierrez	Mr. Bereuter
Mr. Watt of North Carolina	Mr. Baker
Mr. Maloney of Connecticut	Mr. Bachus
Mr. Sherman	Mr. Royce
Mr. Meeks of New York	Mr. Lucas of Oklahoma
Ms. Lee	Mr. Barr of Georgia
Ms. Schakowsky	Mr. Ryun of Kansas
Mr. Capuano	Mr. Riley
Mr. Ford	Mr. Manzullo
Mr. Clay	Mr. Ose
Mr. Israel	Mrs. Biggert
	Mr. Green of Wisconsin
	Mr. Toomey
	Mr. Gary G. Miller of California
	Mrs. Capito
	Mr. Ferguson
	Mr. Rogers of Michigan
	Mr. Tiberi
	Mrs. Maloney of New York
	Mr. Bentsen
	Ms. Hooley of Oregon
	Mr. Inslee
	Mr. Moore
	Mr. Lucas of Kentucky
	Mr. Crowley

An amendment by Mr. Watt to the amendment by Mr. Sanders (as modified by unanimous consent), no. 2a, permitting the Bank to continue to provide assistance subject to certain findings, was not agreed to by a record vote of 15 yeas and 22 nays (Record vote no. 13).

YEAS	NAYS
Mr. Frank	Mr. Oxley
Ms. Waters	Mr. Leach
Mr. Sanders	Mrs. Roukema
Mr. Gutierrez	Mr. Bereuter
Mr. Watt of North Carolina	Mr. Baker
Mr. Bentsen	Mr. Bachus
Mr. Maloney of Connecticut	Mr. Royce

Ms. Hooley of Oregon	Mr. Lucas of Oklahoma
Mr. Sherman	Mr. Barr of Georgia
Ms. Lee	Mr. Ryun of Kansas
Mr. Inslee	Mr. Riley
Ms. Schakowsky	Mr. Manzullo
Mr. Capuano	Mr. Ose
Mr. Lucas of Kentucky	Mrs. Biggert
Mr. Israel	Mr. Green of Wisconsin
	Mr. Toomey
	Mr. Gary G. Miller of California
	Mrs. Capito
	Mr. Ferguson
	Mr. Rogers of Michigan
	Mr. Tiberi
	Mr. Crowley

An amendment by Mr. Bereuter, no. 3, striking provisions creating an Office of Human Rights, was agreed to by a record vote of 25 yeas and 17 nays (Record vote no. 15).

YEAS	NAYS
Mr. Oxley	Mr. Frank
Mr. Leach	Ms. Waters
Mrs. Roukema	Mr. Sanders
Mr. Bereuter	Mrs. Maloney of New York
Mr. Bachus	Mr. Watt of North Carolina
Mr. Castle	Mr. Ackerman
Mr. Royce	Mr. Bentsen
Mr. Lucas of Oklahoma	Mr. Maloney of Connecticut
Mr. Ney	Ms. Hooley of Oregon
Mr. Ryun of Kansas	Mr. Sherman
Mr. Riley	Mr. Sandlin
Mr. Manzullo	Ms. Lee
Mr. Ose	Ms. Schakowsky
Mrs. Biggert	Mr. Moore
Mr. Green of Wisconsin	Mr. Crowley
Mr. Toomey	Mr. Clay
Mr. Fossella	Mr. Israel
Mr. Gary G. Miller of California	
Mr. Cantor	
Mr. Grucci	
Mrs. Capito	
Mr. Ferguson	
Mr. Rogers of Michigan	
Mr. Tiberi	
Mr. Lucas of Kentucky	

An amendment by Ms. Waters, no. 4, banning Export-Import Bank assistance for companies challenging intellectual property law or government policy of a developing country which regulates and promotes access to HIV/AIDS pharmaceutical or medical technology, was not agreed to

by a record vote of 16 yeas and 28 nays (Record vote no. 16).

YEAS	NAYS
Mr. Frank	Mr. Oxley
Ms. Waters	Mr. Leach
Mr. Sanders	Mrs. Roukema
Mrs. Maloney of New York	Mr. Bereuter
Mr. Gutierrez	Mr. Castle
Mr. Watt of North Carolina	Mr. Royce
Mr. Ackerman	Mr. Lucas of Oklahoma
Mr. Meeks of New York	Mr. Ney
Ms. Lee	Mr. Weldon of Florida
Mr. Mascara	Mr. Ryun of Kansas
Ms. Schakowsky	Mr. LaTourette
Mr. Gonzalez	Mr. Manzullo
Mr. Capuano	Mr. Ose
Mr. Ford	Mrs. Biggert
Mr. Crowley	Mr. Green of Wisconsin
Mr. Israel	Mr. Toomey
	Mr. Shays
	Mr. Fossella
	Mr. Gary G. Miller of California
	Mr. Cantor
	Mr. Grucci
	Ms. Hart
	Mrs. Capito
	Mr. Ferguson
	Mr. Rogers of Michigan
	Mr. Tiberi
	Mr. Kanjorski
	Mr. Lucas of Kentucky

An amendment by Mr. Crowley, no. 6, prohibiting assistance for the export of goods or services for the Baku-Ceyhan Pipeline that avoids Armenia, was not agreed to by a record vote of 20 yeas and 24 nays (Record vote no. 17).

YEAS	NAYS
Mrs. Roukema	Mr. Oxley
Mr. Royce	Mr. Leach
Mr. Paul	Mr. Bereuter
Mr. Cantor	Mr. Castle
Mr. Ferguson	Mr. Lucas of Oklahoma
Mr. Rogers of Michigan	Mr. Gillmor
Mr. Tiberi	Mr. Weldon of Florida
Mr. Frank	Mr. Ryun of Kansas
Ms. Waters	Mr. Riley
Mrs. Maloney of New York	Mr. Manzullo
Mr. Gutierrez	Mr. Ose
Mr. Sherman	Mrs. Biggert
Ms. Lee	Mr. Green of Wisconsin
Mr. Inslee	Mr. Toomey
Mr. Moore	Mr. Shays

Mr. Capuano	Mr. Gary G. Miller of California
Mr. Ford	Ms. Hart
Mr. Lucas of Kentucky	Mrs. Capito
Mr. Crowley	Mr. Sanders
Mr. Israel	Mr. Watt of North Carolina
	Mr. Ackerman
	Mr. Bentsen
	Mr. Maloney of Connecticut
	Mr. Mascara

The following amendments were also considered by the Committee:

An amendment by Mr. Toomey, no. 1, prohibiting the Bank from providing loans or guarantees to an entity that is the subject of an outstanding order or preliminary injury determination, was agreed to by a voice vote.

An amendment by Mr. Ose to the amendment by Ms. Waters, no. 4a, banning Export-Import Bank assistance for companies challenging intellectual property law or government policy of a developing country which regulates and promotes access to agricultural equipment and technology, was withdrawn.

An amendment by Mr. Ose to the amendment by Ms. Waters, no. 4b, banning Export-Import Bank assistance for companies challenging intellectual property law or government policy of a developing country which regulates and promotes access to agricultural equipment and technology, was ruled nongermane by the Chair.

An amendment by Mr. Gary G. Miller of California, no. 5, striking provisions mandating that 8 percent of the Bank's transactions be set aside for businesses of less than 100 employees, was not agreed to by a voice vote.

An amendment by Mr. Inslee (as modified by unanimous consent), no. 7, expressing the sense of congress that the bank should extend not less than 5 percent of funds available for the extension of credit for energy projects for renewable energy projects, was agreed to by a voice vote.

#### COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee held hearings and made findings that are reflected in this report.

#### PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

The U.S. Export-Import Bank will use the authority granted by this legislation to promote U.S. exports overseas, increase the amount of small business transactions it pursues, combat efforts by foreign export credit agencies to alter international markets and to the promotion and maintenance of U.S. jobs.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX  
EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that this legislation would result in new budget authority, entitlement authority, or tax expenditures or revenues consistent with the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, November 14, 2001.*

Honorable Michael G. Oxley,  
*Chairman, Committee on Financial Services,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H. R. 2871, the Export-Import Bank Reauthorization Act of 2001.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Joseph C. Whitehill.

Sincerely,

BARRY B. ANDERSON  
(For Dan L. Crippen, Director).

Enclosure.

Summary: H.R. 2871 would extend the authority of the Export-Import Bank of the United States (Eximbank) to enter into new direct loan obligations and new guaranteed loan commitments through 2005 and would increase the bank's statutory ceiling on its aggregate outstanding loans, guarantees, and insurance. The bill would rename the Tied Aid Credit Program and expand its use. It also would authorize new efforts by the U.S. government to bring export financing (so called "market windows") offered by certain foreign banks owned or supported by their governments and untied foreign aid into compliance with the terms of the export credit arrangement among the major exporting countries. It also would direct the bank to expand outreach to small business exporters and exporters owned by socially disadvantaged individuals and women, and would increase the Eximbank's set-aside for financing exports by small businesses from 10 percent to 20 percent of its credit obligations and commitments. Finally, the bill would establish new offices within the Eximbank for small business and Africa, and would require additional reports.

Assuming the appropriation of the necessary amounts, CBO estimates that implementing H.R. 2871 would cost \$215 million in 2002 and \$3.1 billion over the 2002–2006 period. In addition, the bill contains provisions that would increase obligations from available balances in the Tied Aid Credit Fund. CBO estimates implementing those provisions would increase direct spending by \$9 million in 2002 and \$128 million over the 2002–2006 period. Because the bill would affect direct spending, pay-as-you-go procedures would apply.

H.R. 2871 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 2871 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

	By fiscal year, in millions of dollars—					
	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Eximbank:						
Estimated Authorization Level <sup>1</sup> .....	910	49	41	37	31	31
Estimated Outlays .....	813	628	306	186	102	68
Proposed Changes:						
Estimated Authorization Level <sup>2</sup> .....	0	902	933	960	985	46
Estimated Outlays .....	0	215	585	738	848	680
Spending Under H.R. 2871 for Eximbank:						
Estimated Authorization Level <sup>1,2</sup> .....	910	951	974	997	1,016	77
Estimated Outlays .....	813	843	891	924	950	748
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority .....	0	0	0	0	0	0
Estimated Outlays .....	0	9	25	31	35	28

<sup>1</sup>The 2001 level is the amount appropriated for that year. The 2002–2006 levels are the estimated amounts necessary for administrative costs to service loans made through fiscal year 2001.

<sup>2</sup>The estimate assumes that funding for Eximbank credit subsidies would continue at the 2001 level adjusted for inflation. Funding at the 2001 level without adjustments for inflation would lower outlays by \$5 million in 2002 and by \$135 million over the 2002–2006 period.

Basis of estimate: The Eximbank provides about \$12 billion annually in loans and guarantees to finance the export of U.S. goods and services. H.R. 2871 would extend the Eximbank's authority to provide financing through 2005, an additional four years. The estimate assumes the Eximbank would receive appropriations for administrative expenses and for the cost of new loans and guarantees, as defined by the Federal Credit Reform Act, at the start of each fiscal year and that outlays would follow historical patterns.

#### *Spending subject to appropriation*

CBO's estimate of spending under current law for 2002 through 2006 show the amounts estimated to be necessary for administrative expenses to service outstanding credits if the program were not reauthorized. Under the bill, CBO estimates that Eximbank could increase financing from \$12 billion to \$14 billion a year over the 2002–2005 period with a subsidy appropriation comparable to the 2001 level adjusted for inflation. Subsidy appropriations at those levels would support an increase in financing relative to 2001 because the Administration's economic and technical assumptions for 2002 would lower the estimated cost, as defined by the Federal Credit Reform Act, of all Eximbank financing. That is, the Admin-

istration projects a drop in the average subsidy rate for Eximbank loans. For example, CBO estimates that a program level of \$13 billion in new credits in 2002 would require \$100 million less in subsidy appropriations than it did in 2001.

The bill would authorize the bank to undertake special outreach programs for small businesses and businesses owned by socially disadvantaged individuals and women. H.R. 2871 would direct the bank to create an office for small business exporters and an office on Africa. It also would direct the bank to invest in management technology. To pay for these activities, the bill would authorize an appropriation of \$80 million for administrative expenses in 2002 and similar amounts, adjusted for annual inflation, over the 2003–2005 period.

The bill would increase the ceiling on the aggregate level of outstanding loans, guarantees, and insurance to \$100 billion in 2002 with an annual increase of \$10 billion plus inflation over the 2003–2005 period. Because the current ceiling of \$75 billion has not constrained the bank’s financing activity, CBO estimates that increasing the ceiling would not, in itself, result in additional financing.

*Direct spending*

The bill would change the name of the Tied Aid Credit Fund to the Export Competitiveness Fund and would set more permissive standards for using the fund. According to the Eximbank, it has about \$325 million in unobligated balances designed as the Tied Aid Credit Fund. Monies in the fund are available until expended, but its use has been limited in recent years to defending the existing export-credit arrangement of the Organization for Economic Cooperation and Development, averaging \$10 million in obligations a year since 1994. In addition, the bill would limit the Secretary of Treasury’s authority to veto individual transactions and would authorize the Eximbank to use the Tied Aid Credit Fund to offer financing on terms and conditions more generous than permitted under the existing arrangement, if necessary, to further negotiations to bring the terms of market windows and untied foreign aid into compliance with the export-credit arrangement.

CBO estimates that, under the provisions outlined above, obligations from the fund would increase to levels similar to those experienced before 1994, or about \$50 million a year. We estimate that change would increase outlays by \$9 million in 2002 and \$128 million over the 2002–2006 period.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

	By fiscal year, in millions of dollars—									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in outlays .....	9	25	31	35	28	12	7	3	1	1
Changes in receipts .....	Not applicable									

Intergovernmental and private-sector impact: This bill contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Federal Costs: Joseph C. Whitehill. Impact on State, Local, and Tribal Governments: Elyse Goldman. Impact on the Private Sector: Paige Piper/Bach.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

#### FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

#### ADVISORY COMMITTEE STATEMENT

Section 6 reauthorizes the Sub-Saharan Africa Advisory Committee for 4 years. The goal of this committee is to help the U.S. Export-Import Bank expand its efforts in this region. Additionally, the Bank is required to report to Congress annually for each of the four years on steps taken in Sub-Saharan Africa. Pursuant to the requirements of section 5(b) of the Federal Advisory Committee Act, the Financial Services Committee finds that the functions of the proposed advisory committee are not and cannot be performed by an existing Federal agency or advisory commission or by enlarging the mandate of an existing advisory committee.

#### CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional Authority of Congress to enact this legislation is provided by Article 1, section 8, clause 1 (relating to the general welfare of the United States) and clause 3 (relating to the power to regulate interstate and foreign commerce).

#### APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

#### SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

##### *Section 1. Short title; table of contents*

This Section establishes the short title of the bill, the “Export-Import Bank Reauthorization Act of 2001,” and provides a table of contents.

##### *Section 2. Clarification that purposes include United States employment*

This section amends section 2(a)(1) of the Export-Import Bank Act to provide that the objects and purposes of the Bank include contributing to the employment of United States workers.

*Section 3. Extension of authority*

This section amends section 7 of the Export-Import Bank Act by reauthorizing the Bank for 4 years until September 30, 2005. Current law authorized the Ex-Im Bank through September 30, 2001.

*Section 4. Administrative expenses*

This section amends section 3 of the Export-Import Bank Act by authorizing \$80 million for the administrative budget of the Bank for FY2002. For FY2003 through 2005, the amount authorized for administrative expenses is \$80 million plus an annual inflation index. The following two new budget subcategories are created within the Administrative expenses budget category: technology, and outreach to small businesses with fewer than 100 employees. For FY2002, the bill authorizes \$2 million for outreach to small businesses with fewer than 100 employees. For FY2003 to FY2005, this \$2 million authorization figure will be indexed annually for inflation. This section also includes sense of the Congress language on the importance of technology improvements at the Bank.

*Section 5. Increase in aggregate loan, guarantee, and insurance authority*

This section amends section 6(a) of the Export-Import Bank Act by increasing the current statutory ceiling of \$75 billion on the total amount of Ex-Im loans, guarantees, and insurance outstanding at any one time to \$100 billion in FY2002, \$110 billion in FY2003, \$120 billion in FY2004 and \$130 billion in FY2005. This statutory ceiling will also be indexed for inflation in each year of the authorization.

*Section 6. Activities relating to Africa*

This section amends section 2(b)(9) of the Export-Import Bank Act by reauthorizing the Sub-Saharan Africa Advisory Committee for four years until September 30, 2005. The authorization for this committee expired on September 30, 2001. The Bank is required to continue to report to Congress annually for each of the four years on steps taken in Sub-Saharan Africa and to consult with the Department of Commerce and the Trade Promotion Coordinating Council on Africa activities. This section also creates an Office on Africa within the Bank.

*Section 7. Small business*

This section amends section 2(b)(1)(E) of the Export-Import Bank Act by increasing the volume of small business lending the Bank must pursue from the current statutory minimum of 10 percent of all authorizations annually to a minimum of 20 percent of total Bank financing. The Bank is required to set-aside a minimum of 8 percent of the total Bank financing to be used for small businesses with less than 100 employees. The Bank must also conduct outreach and increase loans to businesses owned by socially disadvantaged individuals or women and also must establish an Office of Small Business Exporters.

*Section 8. Technology*

This section amends section 2(b)(1)(E) of the Export-Import Bank Act by requiring the Bank to focus on technology improvements,

which will improve small business outreach. The legislation directs the Bank to implement both an electronic system designed to track all pending transactions and technology to allow customers to use the Internet to apply for all Bank programs. The Bank is also directed to submit to Congress an interim report and an annual report for each year of the four-year authorization on technological progress made by the Bank and on how this is assisting small businesses.

*Section 9. Tied aid credit fund*

This section amends section 10(b) of the Export-Import Bank Act by mandating that the Department of Treasury develop the process and standards governing how the Tied Aid Credit Fund is used. The Department of Treasury must report on this process and standards to the House Financial Services and Senate Banking Committees as soon as possible but no later than 6 months after enactment of this legislation. Any subsequent updates to the process and standards must likewise be reported to Congress. The Export-Import Bank will administer the Tied Aid Credit Fund on a deal-by-deal basis in accordance with these standards. The Department of Treasury will not have the power to veto specific Tied Aid Credit Fund transactions. Until the Department of Treasury has reported back to the House Financial Services and the Senate Banking committees on standards for the Tied Aid Credit Fund, the standards enumerated in the legislation will govern the use of the Tied Aid Credit Fund. Finally, this section also requires the Bank to reconsider a denial of the use of Tied Aid funds if the applicant requests reconsideration within 3 months of the original decision.

*Section 10. Expansion of authority to use tied aid credit fund*

This section directs the Secretary of the Treasury to seek to negotiate agreements or “arrangements” on untied aid and market windows within the Organization for Economic Cooperation and Development (OECD). One year after the enactment of the legislation, the Treasury Department must report to the House Financial Services Committee and the Senate Banking Committee on progress in reaching this OECD agreement on untied aid. Two years after enactment of the legislation, the Treasury Department must report to the House Financial Services Committee and the Senate Banking Committee on progress in reaching an OECD agreement on market windows. This section allows the Tied Aid Credit Fund to be used to combat both untied aid and market windows.

*Section 11. Renaming of tied aid credit program and fund as export competitiveness program and fund.*

This section amends section 10 of the Export-Import Bank Act by renaming the Tied Aid Credit Program and Fund as the Export Competitiveness Program and Fund. This change is necessary since section 10 of this legislation allows the Tied Aid Credit Program and Fund to be used to combat untied aid and market windows.

*Section 12. Annual competitiveness report*

This section amends Section 2(b)(1)(A) of the Export-Import Bank Act by requiring the Bank to submit its annual competitiveness report by June 30 of each year. Under current law, there is no deadline for this report. Within this report, the Bank is directed to list the volumes of financing of the different Foreign Export Credit Agencies and classify its transactions according to their principal purpose, such as to correct a market failure or provide matching support. This report must also include an estimate, on the basis of an annual survey or tabulation of the number of entities that are small business suppliers of users of the Export-Import Bank. The annual competitiveness report must include a description of the Bank's efforts on outreach to businesses owned by socially disadvantaged individuals or by women.

*Section 13. Renewable energy sources*

This section amends section 2(b)(1) of the Export-Import Bank Act by requiring the Bank to promote the export of American goods and services related to renewable energy sources. As part of the Bank's annual competitiveness report requirement, the Bank must report to the House Financial Services and Senate Banking Committees on efforts to promote exports in renewable energy sources.

*Section 14. GAO reports*

This section requires the GAO to submit a report, within one year after enactment, examining the legal merits of potential U.S. cases brought in the WTO seeking relief against untied aid and market windows and examining the scope of penalty tariffs that the United States could impose against imports from countries that untied aid or market windows. Second, the GAO must submit a report, by one year after enactment, examining the Ex-Im reserve ratios as compared to the reserve practices of private banks and foreign Export Credit Agencies.

*Section 15. Human rights*

This section amends section 2(b)(1)(B) of the Export-Import Bank Act by clarifying that the Universal Declaration of Human Rights, as adopted by the United Nations General Assembly on December 10, 1948, should be used in making the the human rights determination under the Chafee procedure.

*Section 16. Steel*

This section requires that the Bank reevaluate its adverse impact test on United States industries as a result of the Benxi Iron and Steel Company Bank loan guarantee in Benxi, Liaoning, China. The Bank must report back to Congress on this reassessment within one year after enactment of this legislation.

*Section 17. Correction of references*

This section changes references to House Banking Committee to House Financial Services Committee.

*Section 18. Authority to deny application for assistance based on fraud or corruption by the applicant.*

This section amends section 2 of the Export-Import Bank Act giving the authority to the Bank to deny an application for assistance if there is credible evidence that a party to a transaction has committed an act of fraud or corruption regarding a good or service that is either the same or substantially similar to the subject of the application.

*Section 19. Consideration of foreign country helpfulness in efforts to eradicate terrorism.*

This section amends section 2(b)(1) of the Export-Import Bank Act by requiring the Bank, when considering whether to guarantee, insure, or extend credit, to take into account the extent to which a nation has been helpful or unhelpful in efforts to eradicate terrorism.

*Section 20. Outstanding orders and preliminary injury determinations.*

This section amends section 2(e) of the Export-Import Bank Act by addressing the effect of outstanding trade orders and preliminary injury trade determinations on the Bank's financing. The Bank is prohibited from providing any loan or guarantee to an entity for the resulting production of substantially the same product that is subject of a countervailing duty or anti-dumping order under title VII of the Tariff Act of 1930 or a determination under title II of the Trade Act of 1974. The Bank is also directed to establish procedures, within 60 days after enactment of this bill, regarding loans or guarantees provided to any entity that is subject to a preliminary determination of a reasonable indication of material injury under title VII of the Tariff Act of 1930.

*Section 21. Sense of the Congress relating to renewable energy targets.*

This section expresses the sense of Congress that no more than 95 percent of Ex-Im's energy related transactions should include fossil fuel projects and not less than 5 percent should be related to renewable energy and energy efficiency projects.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

**EXPORT-IMPORT BANK ACT OF 1945**

\* \* \* \* \*

SEC. 2. (a)(1) There is hereby created a corporation with the name Export-Import Bank of the United States which shall be an agency of the United States of America. [The objects and purposes of the Bank shall be to aid in financing and to facilitate exports and imports and the exchange of commodities and services between the United States or any of its territories or insular possessions

and any foreign country or the agencies or nationals thereof.] *The objects and purposes of the Bank shall be to aid in financing and to facilitate exports of goods and services, imports, and the exchange of commodities and services between the United States or any of its territories or insular possessions and any foreign country or the agencies or nationals of any such country, and in so doing to contribute to the employment of United States workers. To further meet the objective set forth in the preceding sentence, the Bank shall ensure that its loans, guarantees, insurance, and credits are contributing to maintaining or increasing employment of United States workers.* In connection with and in furtherance of its objects and purposes, the Bank is authorized and empowered to do a general banking business except that of circulation; to receive deposits; to purchase, discount, rediscount, sell, and negotiate, with or without its endorsement or guaranty, and to guarantee notes, drafts, checks, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and other evidences of indebtedness; to guarantee, insure, co-insure, reinsure against political and credit risks of loss; to purchase, sell, and guarantee securities but not to purchase with its funds any stock in any other corporation except that it may acquire any such stock, through the enforcement of any lien or pledge or otherwise to satisfy a previously contracted indebtedness to it; to accept bills and drafts drawn upon it; to issue letters of credit; to purchase and sell coin, bullion, and exchange; to borrow and to lend money; to perform any act herein authorized in participation with any other person, including any individual, partnership, corporation, or association; to adopt, alter, and use a corporate seal, which shall be judicially noticed; to sue and to be sued, to complain and to defend in any court of competent jurisdiction; to represent itself or to contract for representation in all legal and arbitral proceedings outside the United States; and the enumeration of the foregoing powers shall not be deemed to exclude other powers necessary to the achievement of the objects and purposes of the Bank. The Bank shall be entitled to the use of the United States mails in the same manner and upon the same conditions as the executive departments of the Government. The Bank is authorized to publish or arrange for the publications of any documents, reports, contracts, or other material necessary in connection with or in furtherance of its objects and purposes without regard to the provisions of section 501 of title 44, United States Code, whenever the Bank determines that publication in accordance with the provisions of such section would not be practicable. Subject to regulations which the Bank shall issue pursuant to section 553 of title 5, United States Code, the Bank may impose and collect reasonable fees to cover the costs of conferences and seminars sponsored by, and publications provided by, the Bank, and may accept reimbursement for travel and subsistence expenses incurred by a director, officer, or employee of the Bank, in accordance with subchapter I of chapter 57 of title 5, United States Code. Amounts received under the preceding sentence shall be credited to the fund which initially paid for such activities and shall be offset against the expenses of the Bank for such activities. The Bank is hereby authorized to use all of its assets and all moneys which have been or may thereafter be allocated to or borrowed by it in the exercise of its functions. Net earnings of the Bank after reasonable provi-

sion for possible losses shall be used for payment of dividends on capital stock. Any such dividends shall be deposited into the Treasury as miscellaneous receipts.

\* \* \* \* \*

(b)(1)(A) It is the policy of the United States to foster expansion of exports of manufactured goods, agricultural products, and other goods and services, thereby contributing to the promotion and maintenance of high levels of employment and real income, a commitment to reinvestment and job creation, and the increased development of the productive resources of the United States. To meet this objective in all its programs, the Export-Import Bank is directed, in the exercise of its functions, to provide guarantees, insurance, and extensions of credit at rates and on terms and other conditions which are fully competitive with the Government-supported rates and terms and other conditions available for the financing of exports of goods and services from the principal countries whose exporters compete with United States exporters. The Bank shall, in cooperation with the export financing instrumentalities of other governments, seek to minimize competition in Government-supported export financing and shall, in cooperation with other appropriate United States Government agencies, seek to reach international agreements to reduce government subsidized export financing. The Bank shall, [on an annual basis] *on June 30 of each year*, report to the appropriate committees of Congress its actions in complying with these directives. In this report the Bank shall include a survey of all other major export-financing facilities available from other governments and government-related agencies through which foreign exporters compete with United States exporters and indicate in specific terms the ways in which the Bank's rates, terms, and other conditions compare with those offered from such other governments directly or indirectly. Further the Bank shall at the same time survey a representative number of United States exporters and United States commercial lending institutions which provide export credit to determine their experience in meeting financial competition from other countries whose exporters compete with United States exporters. The results of this survey shall be included as part of the annual report required by this subparagraph. The Bank shall include in the annual report a description of its role in the implementation of the strategic plan prepared by the Trade Promotion Coordinating Committee in accordance with section 2312 of the Export Enhancement Act of 1988. The annual report required under this subparagraph shall include the report required under section 10(g). *The Bank shall include in the annual report a description of the volume of financing provided by each foreign export credit agency, and a description of all Bank transactions which shall be classified according to their principal purpose, such as to correct a market failure or to provide matching support. The Bank shall estimate on the basis of an annual survey or tabulation the number of entities that are suppliers of users of the Bank and that are small business concerns (as defined under section 3 of the Small Business Act) located in the United States, and shall include the estimate in the annual report. The Bank shall include in the annual report a description of outreach efforts made by the Bank to any business not less than 51 percent of which is directly and unconditionally owned by 1 or more socially disadvan-*

*taged individuals (as defined in section 8(a)(5) of the Small Business Act) or women, and any data on the results of such efforts. The Bank shall include in the annual report a description of the efforts undertaken under subparagraph (K).*

(B) It is further the policy of the United States that loans made by the Bank in all its programs shall bear interest at rates determined by the Board of Directors, consistent with the Bank's mandate to support United States exports at rates and on terms and conditions which are fully competitive with exports of other countries, and consistent with international agreements. For the purpose of the preceding sentence, rates and terms and conditions need not be identical in all respects to those offered by foreign countries, but should be established so that the effect of such rates, terms, and conditions for all the Bank's programs, including those for small businesses and for medium-term financing, will be to neutralize the effect of such foreign credit on international sales competition. The Bank shall consider its average cost of money as one factor in its determination of interest rates, where such consideration does not impair the Bank's primary function of expanding United States exports through fully competitive financing. The Bank may not impose a credit application fee unless (i) the fee is competitive with the average fee charged by the Bank's primary foreign competitors, and (ii) the borrower or the exporter is given the option of paying the fee at the outset of the loan or over the life of the loan and the present value of the fee determined under either such option is the same amount. It is also the policy of the United States that the Bank in the exercise of its functions should supplement and encourage, and not compete with, private capital; that the Bank, in determining whether to provide support for a transaction under the loan, guarantee, or insurance program, or any combination thereof, shall consider the need to involve private capital in support of United States exports as well as the cost of the transaction as calculated in accordance with the requirements of the Federal Credit Reform Act of 1990; that the Bank shall accord equal opportunity to export agents and managers, independent export firms, export trading companies, and small commercial banks in the formulation and implementation of its programs; that the Bank should give emphasis to assisting new and small business entrants in the agricultural export market, and shall, in cooperation with other relevant Government agencies, including the Commodity Credit Corporation, develop a program of education to increase awareness of export opportunities among small agribusinesses and cooperatives, that loans, so far as possible consistent with the carrying out of the purposes of subsection (a) of this section, shall generally be for specific purposes, and, in the judgment of the Board of Directors, offer reasonable assurance of repayment; and that in authorizing any loan or guarantee, the Board of Directors shall take into account any serious adverse effect of such loan or guarantee on the competitive position of United States industry, the availability of materials which are in short supply in the United States, and employment in the United States, and shall give particular emphasis to the objective of strengthening the competitive position of United States exporters and thereby of expanding total United States exports. Only in cases where the President, after consultation with the Committee on [Banking

and] Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate, determines that such action would be in the national interest where such action would clearly and importantly advance United States policy in such areas as international terrorism, nuclear proliferation, environmental protection and human rights (*as provided in the Universal Declaration of Human Rights adopted by the United Nations General Assembly on December 10, 1948*) (including child labor), should the Export-Import Bank deny applications for credit for nonfinancial or noncommercial considerations. Each such determination shall be delivered in writing to the President of the Bank, shall state that the determination is made pursuant to this section, and shall specify the applications or categories of applications for credit which should be denied by the Bank in furtherance of the national interest.

\* \* \* \* \*

(E)(i) \* \* \*

\* \* \* \* \*

(iii) In furtherance of this policy, the Board of Directors shall designate an officer of the Bank who—

- (I) \* \* \*
- (II) among other duties, shall be responsible for advising small business concerns of the opportunities for small business concerns in the functions of the Bank, *with particular emphasis on conducting outreach and increasing loans to businesses not less than 51 percent of which are directly and unconditionally owned by 1 or more socially disadvantaged individuals (as defined in section 8(a)(5) of the Small Business Act) or women, and for maintaining liaison with the Small Business Administration and other departments and agencies in matters affecting small business concerns.*

\* \* \* \* \*

(v) To assure that the purposes of clauses (i) and (ii) of this subparagraph are carried out, the Bank shall make available, from the aggregate loan, guarantee, and insurance authority available to it, an amount to finance exports directly by small business concerns (as defined under section 3 of the Small Business Act) which shall be not less than **[10]** 20 percent of such authority for each fiscal year, *and from such amount, not less than 8 percent of such authority shall be made available for small business concerns employing fewer than 100 employees.*

\* \* \* \* \*

(x) *The Bank shall implement technology improvements which are designed to improve small business outreach, including allowing customers to use the Internet to apply for all Bank programs.*

\* \* \* \* \*

(J) *The Bank shall implement an electronic system designed to track all pending transactions of the Bank.*

(K) *The Bank shall promote the export of goods and services related to renewable energy sources.*

(L) *It is further the policy of the United States that, in considering whether to guarantee, insure, or extend credit, or participate*

*in the extension of credit in connection with the purchase of any product, technical data, or information by a national or agency of any nation, the Bank shall take into account the extent to which the nation has been helpful or unhelpful in efforts to eradicate terrorism. The Bank shall consult with the Department of State to determine the degree to which each relevant nation has been helpful or unhelpful in efforts to eradicate terrorism.*

\* \* \* \* \*  
 (6)(A) \* \* \*

\* \* \* \* \*  
 (D)(i) The Board shall not give approval to guarantee or insure a sale of defense articles or services unless—

(I) \* \* \*  
 \* \* \* \* \*

(III) such determinations have been reported to the Speaker and the Committee on **Banking, Finance and Urban Affairs** *Financial Services* of the House of Representatives, and to the Committee on Banking, Housing, and Urban Affairs and the Committee on Foreign Relations of the Senate, not less than 25 days of continuous session of the Congress before the date of such approval.

\* \* \* \* \*  
 (H) Once in each calendar quarter, the Bank shall submit a report to the Committee on Banking, Housing, and Urban Affairs of the Senate, and the Committee on **Banking, Finance and Urban Affairs** *Financial Services* of the House of Representatives on all instances in which the Bank, during the reporting quarter, guaranteed, insured, or extended credit or participated in an extension of credit in connection with any credit sale of an article, service, or related technical data described in subparagraph (G) that the Bank determined would not be put to a military use or described in subparagraph (I)(i). Such report shall include a description of each of the transactions and the justification for the Bank's actions.

(I)(i) Subparagraph (A) shall not apply to a transaction involving defense articles or services if—

(I) \* \* \*  
 (II) at least 15 calendar days before the date on which the Board of Directors of the Bank gives final approval to Bank participation in the transaction, the Bank provides notice of the transaction to the Committees on **Banking, Finance and Urban Affairs** *Financial Services* and on Appropriations of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and on Appropriations of the Senate.

\* \* \* \* \*  
 (iii) Not later than September 1 of each fiscal year, the Comptroller General of the United States, in consultation with the Bank, shall submit to the Committees on **Banking, Finance and Urban Affairs** *Financial Services* and on Appropriations of the House of Representatives and the Committees on Banking, Housing, and Urban Affairs and on Appropriations of the Senate a report on the end uses of any defense articles or services described in clause (i)

with respect to which the Bank provided support during the second preceding fiscal year.

\* \* \* \* \*

(9)(A) The Board of Directors of the Bank shall, *in consultation with the Department of Commerce and the Trade Promotion Coordinating Council*, take prompt measures, consistent with the credit standards otherwise required by law, to promote the expansion of the Bank's financial commitments in sub-Saharan Africa under the loan, guarantee, and insurance programs of the Bank.

(B)(i) \* \* \*

\* \* \* \* \*

(iii) The advisory committee shall terminate **[4 years after the date of enactment of this subparagraph]** *on September 30, 2005*.

\* \* \* \* \*

(e) LIMITATION ON ASSISTANCE WHICH ADVERSELY AFFECT THE UNITED STATES.—

(1) \* \* \*

(2) *OUTSTANDING ORDERS AND PRELIMINARY INJURY DETERMINATIONS.—*

(A) *ORDERS.—The Bank shall not provide any loan or guarantee to an entity for the resulting production of substantially the same product that is the subject of—*

*(i) a countervailing duty or antidumping order under title VII of the Tariff Act of 1930; or*

*(ii) a determination under title II of the Trade Act of 1974.*

(B) *AFFIRMATIVE DETERMINATION.—Within 60 days after the date of the enactment of this Act, the Bank shall establish procedures regarding loans or guarantees provided to any entity that is subject to a preliminary determination of a reasonable indication of material injury to an industry under Title VII of the Tariff Act of 1930. The procedures shall help to ensure that these loans and guarantees are likely to not result in a significant increase in imports of substantially the same product covered by the preliminary determination and are likely to not have a significant adverse impact on the domestic industry. The Bank shall report to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate on the implementation of these procedures.*

(C) *COMMENT PERIOD.—The Bank shall establish procedures under which the Bank shall notify interested parties and provide a comment period with regard to loans or guarantees reviewed pursuant to subparagraph (B).*

**[(2)] (3) EXCEPTION.—[Paragraph (1)] Paragraphs (1) and (2) shall not apply in any case where, in the judgment of the Board of Directors of the Bank, the short- and long-term benefits to industry and employment in the United States are likely to outweigh the short- and long-term injury to United States producers and employment of the same, similar, or competing commodity.**

[(3)] (4) DEFINITION.—For purposes of paragraph (1)(B), the extension of any credit or guarantee by the Bank will cause substantial injury if the amount of the capacity for production established, or the amount of the increase in such capacity expanded, by such credit or guarantee equals or exceeds 1 percent of United States production.

(f) AUTHORITY TO DENY APPLICATION FOR ASSISTANCE BASED ON FRAUD OR CORRUPTION BY PARTY TO THE TRANSACTION.—In addition to any other authority of the Bank, the Bank may deny an application for assistance with respect to a transaction if the Bank has substantial credible evidence that any party to the transaction has committed an act of fraud or corruption in connection with a transaction involving a good or service that is the same as, or substantially similar to, a good or service the export of which is the subject of the application.

SEC. 3. (a) \* \* \*

\* \* \* \* \*

(f) LIMITATIONS ON AUTHORIZATION OF APPROPRIATIONS FOR ADMINISTRATIVE EXPENSES.—

(1) IN GENERAL.—For administrative expenses incurred by the Bank, including technology-related expenses to carry out section 2(b)(1)(E)(x), there are authorized to be appropriated to the Bank not more than—

(A) for fiscal year 2002, \$80,000,000; and

(B) for each of fiscal years 2003 through 2005, the amount authorized by this paragraph to be appropriated for the then preceding fiscal year, increased by the inflation percentage (as defined in section 6(a)(2)(B)) applicable to the then current fiscal year.

(2) OUTREACH TO SMALL BUSINESSES WITH FEWER THAN 100 EMPLOYEES.—Of the amount appropriated pursuant to paragraph (1), there shall be available for outreach to small business concerns (as defined under section 3 of the Small Business Act) employing fewer than 100 employees, not more than—

(A) \$2,000,000 for fiscal year 2002; and

(B) for each of fiscal years 2003 through 2005, the amount required by this paragraph to be made available for the then preceding fiscal year, increased by the inflation percentage (as defined in section 6(a)(2)(B)) applicable to the then current fiscal year.

(g) OFFICE ON AFRICA.—

(1) ESTABLISHMENT.—There is established in the Bank an Office on Africa.

(2) FUNCTION.—The Office on Africa shall focus on increasing Bank activities in Africa and increasing visibility among United States companies of African markets for exports.

(3) REPORTS.—The Office on Africa shall, from time to time not less than annually, report to the Board on the matters described in paragraph (2).

(h) OFFICE FOR SMALL BUSINESS EXPORTERS.—

(1) ESTABLISHMENT.—There is established in the Bank an Office for Small Business Exporters.

(2) FUNCTION.—The Office for Small Business Exporters shall focus on increasing Bank activities to enhance small business

exports and to meet the unique trade finance needs of small business exporters.

(3) *REPORTS.*—The Office for Small Business Exporters shall, from time to time not less than annually, report to the Board on the how the Office for Small Business Exporters is achieving the goals as described in paragraph (2).

(4) *SENSE OF CONGRESS.*—It is the sense of the Congress that the Bank should redirect and prioritize existing resources and personnel to establish the Office for Small Business Exporters.

\* \* \* \* \*

**SEC. 6. AGGREGATE LOAN, GUARANTEE, AND INSURANCE AUTHORITY.**

[(a) **LIMITATION ON OUTSTANDING AMOUNTS.**—The Export-Import Bank of the United States shall not have outstanding at any one time loans, guaranties, and insurance in an aggregate amount in excess of \$75,000,000,000. All spending and credit authority provided under this Act shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.]

(a) **LIMITATION ON OUTSTANDING AMOUNTS.**—

(1) *IN GENERAL.*—The Export-Import Bank of the United States shall not have outstanding at any one time loans, guaranties, and insurance in an aggregate amount in excess of the applicable amount.

(2) **APPLICABLE AMOUNT.**—

(A) *IN GENERAL.*—In paragraph (1), the term “applicable amount” means—

(i) during fiscal year 2002, \$100,000,000,000, increased by the inflation percentage applicable to fiscal year 2002;

(ii) during fiscal year 2003, \$110,000,000,000, increased by the inflation percentage applicable to fiscal year 2003;

(iii) during fiscal year 2004, \$120,000,000,000, increased by the inflation percentage applicable to fiscal year 2004; and

(iv) during fiscal year 2005, \$130,000,000,000, increased by the inflation percentage applicable to fiscal year 2005.

(B) *INFLATION PERCENTAGE.*—For purposes of subparagraph (A) of this paragraph, the inflation percentage applicable to any fiscal year is the percentage (if any) by which—

(i) the average of the Consumer Price Index (as defined in section 1(f)(5) of the Internal Revenue Code of 1986) for the 12-month period ending on December 31 of the immediately preceding fiscal year; exceeds

(ii) the average of the Consumer Price Index (as so defined) for the 12-month period ending on December 31 of the 2nd preceding fiscal year.

(3) *SUBJECT TO APPROPRIATIONS.*—All spending and credit authority provided under this Act shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

\* \* \* \* \*

SEC. 7. The Export-Import Bank of the United States shall continue to exercise its functions in connection with and in furtherance of its object and purposes until the close of business on September 30, ~~2001~~ 2005, but the provisions of this section shall not be construed as preventing the Bank from acquiring obligations prior to such date which mature subsequent to such date or from assuming prior to such date liability as guarantor, endorser, or acceptor of obligations which mature subsequent to such date, or from issuing either prior or subsequent to such date, for purchase by the Secretary of the Treasury or any other purchasers, its notes, debentures, bonds, or other obligations which mature subsequent to such date or from continuing as a corporate agency of the United States and exercising any of its functions subsequent to such date for purposes of orderly liquidation, including the administration of its assets and the collection of any obligations held by the Bank.

\* \* \* \* \*

**[TIED AID CREDIT PROGRAM AND FUND**

**[SEC. 10. (a) FINDINGS.—The Congress finds that—]**

**SEC. 10. EXPORT COMPETITIVENESS FUND.**

(a) *FINDINGS.—The Congress finds that—*

(1) tied aid and partially untied aid credits offered by, and market windows used by other countries are a predatory method of financing exports because of their market-distorting effects;

\* \* \* \* \*

(4) support of commercial exports by donor countries with tied aid and partially untied aid credits impedes the growth of developing countries because it diverts development assistance funds from essential developmental purposes; **[and]**

(5) *the Bank has, at a minimum, the following two tasks:*

(A)(i) *First, the Bank should match, and even overmatch, foreign export credit agencies when they engage in tied aid outside the confines of the Arrangement and when they exploit loopholes, such as market windows and untied aid;*

(ii) *such matching and overmatching is needed to provide the United States with leverage in efforts at the OECD to reduce the overall level of export subsidies;*

(iii) *only through matching or bettering foreign export credit offers can the Bank buttress United States negotiators in their efforts to bring these loopholes within the disciplines of the Arrangement; and*

(iv) *in order to bring market windows within the discipline of the Arrangement, the Bank should sometimes initiate highly competitive financial support when the Bank learns that foreign market window support may be part of a transaction; and*

(B) *Second, the Bank should support United States exporters when the exporters face foreign competition that is consistent with the letter and spirit of the Arrangement and the Subsidies Code of the World Trade Organization, but which nonetheless is more generous than the terms available from the private financial market; and*

[(5)] (6) there should be established in the Bank a [tied aid program] *export competitiveness program* to target the export markets of those countries which make extensive use of tied aid or partially untied aid credits, or *market windows*, for commercial advantage for the purposes of—

(A) \* \* \*

(B) facilitating efforts to negotiate, establish, and enforce new or revised comprehensive international arrangements effectively restricting the use of tied aid and partially untied aid credits, or *market windows*, for commercial purposes; and such program should be used aggressively for such purposes.

(b) ESTABLISHMENT OF [TIED AID CREDIT] *EXPORT COMPETITIVENESS PROGRAM*.—

(1) IN GENERAL.—The Bank shall establish a [tied aid credit program] *export competitiveness program* under which grants shall be made from funds available in the [Tied Aid Credit fund] *Export Competitiveness Fund* established under subsection (c)—

(A) to supplement the financing of a United States export when there is a reasonable expectation that predatory financing will be provided by another country for a sale by a competitor of the United States exporter with respect to such export and with special attention to matching tied aid and partially untied aid credits extended *and market windows used* by other governments—

(i) \* \* \*

\* \* \* \* \*

(B) to supplement the financing of United States exports to foreign markets which are actual or potential export markets for any country which the Bank determines—

(i) engages in predatory official export financing through the use of tied aid or partially untied aid credits or *market windows*, and impedes negotiations or violates agreements on tied aid to eliminate the use of such credits for commercial purposes; or

\* \* \* \* \*

(2) ADMINISTRATION OF PROGRAM.—The [tied aid credit program] *export competitiveness program* shall be administrated by the Bank—

(A) in consultation with the Secretary and in accordance with the [Secretary's recommendations on how such credits could be used most effectively and efficiently to carry out the purposes described in subsection (a)(5);] *process and standards developed pursuant to paragraph (5)*;

\* \* \* \* \*

(3) COORDINATION WITH OTHER EXPORT FINANCING.—Under the [tied aid credit program] *export competitiveness program*, the Bank may combine grants from the [Tied Aid Credit Fund] *Export Competitiveness Fund* with—

(A) \* \* \*

\* \* \* \* \*

(5) *PROCESS AND STANDARDS GOVERNING USE OF THE FUND.—*

(A) *IN GENERAL.—The Secretary shall develop a process for, and the standards to be used in, determining how the amounts in the Export Competitiveness Fund could be used most effectively and efficiently to carry out the purposes of subsection (a)(6).*

(B) *CONTENT OF PROCESS AND STANDARDS.—*

(i) *CONSIDERATION OF CERTAIN STANDARDS.—In developing the standards referred to in subparagraph (A), the Secretary shall consider administering the Export Competitiveness Fund in accordance with the following standards:*

(I) *The Export Competitiveness Fund will be used to counter a foreign tied aid credit confronted by a United States exporter when bidding for a capital project.*

(II) *Credible information about an offer of foreign tied aid will be required before the Export Competitiveness Fund is used to offer specific terms to match such an offer.*

(III) *The Export Competitiveness Fund will be used to enable a competitive United States exporter to pursue further market opportunities made possible by the use of the Fund.*

(IV) *Each use of the Export Competitiveness Fund will be in accordance with the Arrangement unless a breach of the Arrangement has been committed by a foreign export credit agency.*

(V) *The Export Competitiveness Fund will be used to defend potential sales by United States companies to a project that is environmentally sound.*

(VI) *The Export Competitiveness Fund will be used to preemptively counter potential foreign tied aid offers without triggering foreign tied aid use.*

(ii) *LIMITATION.—The process and standards referred to in subparagraph (A) shall not result in the Secretary having the authority to veto a specific deal.*

(C) *INITIAL REPORT.—As soon as is practicable but not later than 6 months after the date of the enactment of this paragraph, the Secretary shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a report on the process and standards developed pursuant to subparagraph (A).*

(D) *TRANSITIONAL STANDARDS.—The standards set forth in subparagraph (B)(i) shall govern the use of the Export Competitiveness Fund until the report required by subparagraph (C) is submitted.*

(E) *UPDATE AND REVISION; REPORTS.—The Secretary should update and revise, as needed, the process and standards developed pursuant to subparagraph (A), and, on doing so, shall submit to the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a*

*report on the process and standards so updated and revised.*

(6) RECONSIDERATION OF DECISIONS.—

(A) IN GENERAL.—*Taking into consideration the time sensitivity of transactions, the Board of Directors of the Bank shall expeditiously reconsider a decision of the Board to deny an application of the use of the Export Competitiveness Fund if the applicant submits the request for reconsideration within 3 months of the denial.*

(B) PROCEDURAL RULES.—*In any such reconsideration, the applicant may, but shall not be required to, provide new information on the application.*

(c) [TIED AID CREDIT] EXPORT COMPETITIVENESS FUND.—

(1) IN GENERAL.—There is hereby established within the Bank a fund to be known as the “[Tied Aid Credit] Export Competitiveness Fund” (hereinafter in this section referred to as the “Fund”), consisting of such amounts as may be appropriated to the Fund pursuant to the authorization contained in subsection (e).

\* \* \* \* \*

(d) CONSISTENCY WITH ARRANGEMENT.—Any export financing involving the use of a grant under the [tied aid credit] export competitiveness program shall be consistent with the procedures established by the Arrangement, as in effect at the time such financing is approved.

\* \* \* \* \*

(g) REPORT TO CONGRESS.—

(1) IN GENERAL.—The Bank, in consultation with the Secretary, shall submit an annual report on tied aid credits to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on [Banking, Finance and Urban Affairs] *Financial Services* of the House of Representatives.

(2) CONTENTS OF REPORTS.—Each report required under paragraph (1) shall contain a description of—

(A) \* \* \*

\* \* \* \* \*

(C) any use by the Bank of the [Tied Aid Credit] *Export Competitiveness* Fund to match specific offers, including those that are grandfathered or exceptions under the Arrangement; and

(h) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) \* \* \*

\* \* \* \* \*

(7) MARKET WINDOW.—*The term “market window” means the provision of export financing through an institution (or a part of an institution) that claims to operate on a commercial basis while benefiting directly or indirectly from some level of government support.*

\* \* \* \* \*

**SECTION 1 OF THE ACT OF OCTOBER 31, 1994**

(Public Law 103-428)

**SECTION 1. AUTHORITY TO PROVIDE FINANCING FOR THE EXPORT OF NONLETHAL DEFENSE ARTICLES OR SERVICES THE PRIMARY END USE OF WHICH WILL BE FOR CIVILIAN PURPOSES.**

(a) \* \* \*

\* \* \* \* \*

(c) PERIOD OF EFFECTIVENESS.—The amendments made by this section shall remain in effect during the period beginning on the date of enactment of this Act and ending on September 30, [2001] 2005.

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**SECTION 1105 OF TITLE 31, UNITED STATES CODE**

**§ 1105. Budget contents and submission to Congress**

(a) On or after the first Monday in January but not later than the first Monday in February of each year the President shall submit a budget of the United States Government for the following fiscal year. Each budget shall include a budget message and summary and supporting information. The President shall include in each budget the following:

(1) \* \* \*

\* \* \* \* \*

*(34) with respect to the amount of appropriations requested for use by the Export-Import Bank of the United States, a separate statement of the amount requested for its program budget, the amount requested for its administrative expenses, and of the amount requested for its administrative expenses, the amount requested for technology expenses and the amount requested for expenses for outreach to small business concerns (as defined under section 3 of the Small Business Act) employing fewer than 100 employees.*

\* \* \* \* \*

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**SECTION 7 OF THE EXPORT-IMPORT BANK REAUTHORIZATION ACT OF 1997**

**SEC. 7. ADVISORY COMMITTEE FOR SUB-SAHARAN AFRICA.**

(a) \* \* \*

(b) REPORTS TO CONGRESS.—Within 6 months after the date of enactment of this Act, and annually for each of the [4] 8 years thereafter, the Board of Directors of the Export-Import Bank of the United States shall submit to Congress a report on the steps that the Board has taken to implement section 2(b)(9)(B) of the Export-Import Bank Act of 1945 and any recommendations of the advisory committee established pursuant to such section.

## DISSENTING VIEWS

The legislation to reauthorize the Export-Import Bank (H.R. 2871) that was reported by the Financial Services Committee fails to address serious problems in our nation's trade policies, and should, in its current form, be rejected by the House of Representatives.

The trade policies of the United States have been a disaster for the average worker. Even before the September 11 terrorist attacks, layoffs were up 624% from last year as over 1 million decent-paying manufacturing jobs in this country were lost. Our trade deficit of some \$450 billion is unsustainable.

The United States now has an \$84 billion trade deficit with China, a \$24 billion trade deficit with Mexico, and a \$50 billion trade deficit with Canada which has more than doubled since the passage of NAFTA. This is a recipe for disaster.

Today, tens of millions of American workers are working longer hours for lower wages than was the case 25 years ago. In fact, young, entry level workers without a college education saw their average real wages plummet by 28% between 1979 and 1997 because they are forced to work in the low wage service industry as opposed to manufacturing—where wages are much higher.

The United States today has the most uneven distribution of wealth and income of any industrialized nation, and many people in the middle class are working incredibly long hours to keep their heads above water. It used to be that in the United States one worker could work 40 hours a week and bring in enough income to support the entire family. Today, real wages have not kept pace with inflation for many workers and most families need two breadwinners in order to pay the bills.

The International Labor Organization (ILO), recently reported that the United States now has the dubious distinction of having its workers work longer hours than any other industrialized country in the world. One of the reasons for this is that our failed trade policy is exporting decent paying manufacturing jobs, rather than goods.

Meanwhile, the top five recipients of Export-Import Bank subsidies over the past decade have reduced their workforce by 38%—more than a third of a million jobs down the drain—according to an article that appeared in Time magazine on November 9, 1998. These same five companies have received over 60 percent of all Export-Import Bank subsidies.

There are many examples of the Export-Import Bank subsidizing corporations that lay off American workers and move their production facilities overseas.

- The Export-Import Bank is subsidizing Boeing aircraft sales to China. In 1995, Boeing's machinist union went on strike, protesting the company's deal with China because it required that a portion

of the jets sold to China be made with Chinese labor. According to the President of IAM Local 751: “Boeing used to make tail sections for the 737 in Wichita, but they moved the work to a military factory in Xian, China. Is this Boeing’s definition of free trade, to have American workers compete with Chinese labor making \$50 a month under military discipline?”

- AT&T has received an Ex-Im Loan Guarantee to underwrite an \$87.6 million loan for AT&T’s export sales to China. According to the Telecom Publishing Group, “While some equipment for AT&T’s network projects in China will be built in the U.S., the Chinese are demanding that eventually the bulk of the equipment in their system be built in China.”

- General Electric has received over \$2.5 billion in direct loans and loan guarantees by the Ex-Im Bank. From 1985–1995 GE reduced its workforce from 243,000 to 150,000.

- General Motors has received over \$500 million in direct loans and loan guarantees from the Ex-Im Bank. GM has shrunk their U.S. workforce from 559,000 to 314,000.

- IBM has received over \$20 million in direct loans and loan guarantees from the Ex-Im Bank. IBM now has more workers employed abroad than in the U.S. (155,000 abroad vs. 145,000 in the U.S.).

- Motorola has received almost \$500 million in direct loans and loan subsidies from the Ex-Im Bank, yet it’s total workforce is only 56 percent U.S.

In our view, if the Export-Import Bank is not truly effective in increasing decent-paying jobs in this country, we should cut funding for the program or even eliminate it.

The fundamental issue is whether working families in this country, who for many years have seen a decline in their real wages and are working longer hours, should be putting hundreds of millions of dollars each year into helping large multinational corporations that have laid off hundreds of thousands of American workers during the last 15 years. That is the issue we should focus on.

Some have said that we should support the Export-Import Bank because we need a level playing field in international trade. They are subsidizing exports in Europe and in Japan. And there is some truth to that argument. But there is another side to the story, and that is that corporations in Japan and Europe have a different ethic in many ways. Their systems are different.

In Europe, they have a national health care system guaranteeing health care to all people. In Europe, German workers make 25 percent more than manufacturing workers in the United States. In many countries in Europe, college education is free, as opposed to costing \$25,000 or \$30,000 a year. In many European countries, corporations pay significantly more in taxes than do companies in our country.

We need dramatic reforms in our trade policies in this country, and the Export-Import Bank legislation should be a good place to begin that reform. However, the legislation reported out of the Financial Services Committee fails to make those reforms.

In addition to the substantive deficiencies in the Financial Services Committee’s Export-Import Bank legislation, the process by which the legislation was moved through the Committee was unfair

to the members of the Minority, and did not meet the test of bipartisanship.

Earlier this year, the Chairman of the Subcommittee on International Monetary Policy and Trade worked with the Subcommittee's Minority to draft a bipartisan Export-Import Bank bill. Together, we developed and introduced a bill to reauthorize and reform the Bank. That bill, H.R. 2517, included groundbreaking provisions to require companies seeking Export-Import Bank assistance to protect American jobs, and to increase the Bank's small business efforts.

However, just two days before it was to be marked up in the Subcommittee, the mark-up was cancelled. Our bi-partisan bill was replaced by an industry-supported bill, with absolutely no input from the Minority. And that new bill was used as the mark-up vehicle in Subcommittee.

The bill that the Subcommittee Chairman and the Minority developed in a bipartisan spirit should have been allowed to be marked up in the Subcommittee. Those who opposed our efforts to protect American jobs would have had the opportunity to offer amendments to our bill—a bill that was supported by a number of the major unions in this country. If those who disagreed with us had enough votes they would have won, but there would have been at least a serious debate on an issue of enormous consequence to American workers.

When the bill reached the full Committee, Minority members of the Committee attempted to offer amendments to correct serious deficiencies in the bill. However, despite the fact that these amendments were pre-filed with the Committee and thus entitled to priority consideration, the full Committee markup of the bill was gavelled to a close without objection before many of these amendments could be offered.

These amendments included amendments to restore provisions of the bi-partisan bill that the Subcommittee Chairman and the Minority introduced earlier this year. For example, members of the Minority sought to offer amendments to increase the Bank's small business set-asides and outreach efforts.

In addition, Minority members of the Committee sought to offer amendments to add provisions that were not in the original, bi-partisan bill, which were not originally offered because members of the Minority believed we had arrived at a bi-partisan compromise. For example, Minority Members of the Committee sought to offer amendments to require a 60-day public comment period on environmental assessments; a prohibition on assistance for tobacco exports; an amendment to reduce the credit subsidy for the Bank, as proposed by President Bush; and an amendment to require human rights impact assessments of projects funded by the Export-Import Bank.

We feel strongly that these amendments should have been considered by the Committee, and accepted or rejected on their merits.

For all of these reasons, both substantive and procedural, we oppose the Export-Import Bank reauthorization legislation reported out of the Financial Services Committee.

BERNARD SANDERS.  
MAXINE WATERS.  
BARBARA LEE.  
WILLIAM LACY CLAY.

## DISSENTING VIEWS OF HON. RON PAUL

Congress should reject HR 2871, the Export-Import Reauthorization Act, for economic, constitutional, and moral reasons. The Export-Import Bank (Eximbank) takes money from American taxpayers to subsidize exports by American companies. Of course, it is not just any company that receives Eximbank support—rather the majority of Eximbank funding benefits large, politically powerful corporations.

Proponents of continued American support for the Eximbank claim that the bank “creates jobs” and promotes economic growth. However, this claim rests on a version of what the great economist Henry Hazlitt called “the broken window” fallacy. When a hoodlum throws a rock through a store window, it can be said he has contributed to the economy, as the store owner will have to spend money on getting the window fixed. The benefits to those who repaired the window are visible for all to see, therefore it is easy to see the broken window as economically beneficial. However, the “benefits” of the broken window are revealed as an illusion when one takes into account what is not seen: the businesses and workers who would have benefited had the store owner not had to spend money repairing a window, but rather would have been free to spend his money as he chose.

Similarly, the beneficiaries of Eximbank are visible to all; what is not seen is the products that would have been built, the businesses that would have been started, and the jobs that would have been created had the funds used for the Eximbank been left in the hands of consumers.

Some supporters of this bill equate supporting Eximbank with supporting “free trade” and claim that its opponents are “protectionists” and “isolationists.” This claim is nonsense, Eximbank has nothing to do with free trade. True free trade involves the peaceful, voluntary exchange of goods across borders, not forcing taxpayers to subsidize the exports of politically powerful companies. Eximbank is not free trade, but rather managed trade, where winners and losers are determined by how well they please government bureaucrats instead of how well they please consumers.

Expenditures on the Eximbank distort the market by diverting resources from the private sector, where they could be put to the use most highly valued by individual consumers, into the public sector, where their use will be determined by bureaucrats and politically powerful special interests. By distorting the market and preventing resources from achieving their highest valued use, Eximbank actually costs Americans jobs and reduces America’s standard of living!

The case for Eximbank is further weakened considering that small businesses receive only 12–15% of Eximbank funds; the vast majority of Eximbank funds benefit large corporations. These cor-

porations can certainly afford to support their own exports without relying on the American taxpayer. It is not only bad economics to force working Americans, small business, and entrepreneurs to subsidize the exports of the large corporations: it is also immoral. In fact, this redistribution from the poor and middle class to the wealthy is the most indefensible aspect of the welfare state, yet it is the most accepted form of welfare. It never ceases to amaze me how members who criticize welfare for the poor on moral and constitutional grounds see no problem with the even more objectionable programs that provide welfare for the rich.

The moral case against Eximbank is strengthened when one considers that the government which benefits most from Eximbank funds is Communist China. In fact, Eximbank actually underwrites joint ventures with firms owned by the Chinese government! Whatever the position on trading with China, I would hope all of us would agree that it is wrong to force taxpayers to subsidize in any way this brutal regime. Unfortunately, China is not an isolated case: Colombia, the Republic of Yemen, and even the Sudan benefit from taxpayer-subsidized trade courtesy of the Eximbank!

There is simply no constitutional justification for the expenditure of funds on programs such as Eximbank. In fact, the drafters of the Constitution would be horrified at the thought the federal government was taking hard-earned money from the American people in order to benefit the politically powerful.

In conclusion, Eximbank distorts the market by allowing government bureaucrats to make economic decisions in place of individual consumers. Eximbank also violates basic principals of morality, by forcing working Americans to subsidize the trade of wealthy companies that could easily afford to subsidize their own trade, as well as subsidizing brutal governments like Red China and the Sudan. Eximbank also violates the limitations on congressional power to take the property of individual citizens and use them to benefit powerful special interests. It is for these reasons that I urge my colleagues to reject HR 2871, the Export-Import Bank Reauthorization Act.

RON PAUL.

