

**TESTIMONY OF  
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CHAIRMAN AND PRESIDENT  
OF THE EXPORT-IMPORT BANK OF THE UNITED STATES  
BEFORE THE COMMITTEE ON SMALL BUSINESS  
OF THE UNITED STATES HOUSE OF REPRESENTATIVES**

**JANUARY 17, 2008**

Madam Chair, Representative Chabot, Members of the Committee:

I am pleased to appear before you today to discuss Ex-Im Bank's efforts to promote exports within the U.S. small business sector.

We continue to foster a culture throughout the Bank that provides tailored small business assistance at every stage of the transaction lifecycle. There is always room for improvement, but I am quite pleased with the progress we have made.

**EXPORT-IMPORT BANK PROGRAMS FOR SMALL BUSINESS CUSTOMERS**

Allow me first to briefly review with the Committee Ex-Im Bank's mandate. The Bank has a primary directive – to create and sustain jobs here in the United States by helping to finance exports of U.S. goods and services that the private sector cannot or will not finance on its own. This can occur when there is official foreign government-supported assistance from competing exporters, or when the transaction is too risky to attract funding from standard commercial sources. Over the 73 years of its existence, the Bank has provided financing for an estimated \$500 billion in U.S. exports. In FY 2007 alone, we supported over \$16 billion in U.S. exports. And since the institution of credit reform, the Bank has maintained an overall loss rate of less than 2%.

Our basic operating principle is to support loans on behalf of U.S. exports when there is a "reasonable assurance of repayment." Fulfilling this mission is akin to navigating between two beacons. One beacon is the Bank's aggressive support of U.S. small business and jobs. The other is the exercise of prudent stewardship of taxpayer resources.

In addition, each transaction is subject to our environmental guidelines and procedures. Moreover, our economic impact process ensures that our financing does not support an export that could result in a net harm to the U.S. economy.

The Bank supports exports through four basic programs. Let me begin with those that are most important to our small business customers. First, our insurance program offers exporters a range of policies that allow them to offer terms to foreign buyers, instead of insisting on full payment up front. \$2.1 billion, or 58%, of our credit insurance transactions in FY 2007 involved small business exporters. Second, under our working capital guarantee program, we will guarantee 90% of a commercial bank loan to a U.S. exporter to fund the purchase of the equipment necessary to meet an export contract.

\$989.6 million, or 79%, of our working capital guarantees authorized in FY 2007 directly supported small businesses.

Our other programs involve direct loans to foreign buyers and guaranteeing commercial bank loans to foreign buyers. In FY 2007, the Bank did not make any direct loans, and of the loan guarantees processed, \$274.8 million, or 4%, directly benefited small business exporters.

Information on all of these programs is available on our web page, [www.exim.gov](http://www.exim.gov), which has a small business portal that is very informative, accessible and easy to use.

### IMPLEMENTING REAUTHORIZATION AND INSTITUTIONALIZING SMALL BUSINESS AS THE TOP PRIORITY THROUGHOUT THE BANK

Congress has reauthorized the Bank's charter for five years to 2011. I am proud to report that Ex-Im Bank has implemented the vast majority of the requirements included in the reauthorizing legislation. I have made implementation of the small business requirements the Bank's highest priority.

Our senior business and financial executives meet regularly as members of the Bank's Small Business Committee, focusing on how the Bank can be more proactive as it serves small businesses.

This group, drawn from personnel across the Bank, is taking great strides towards making it easier for small businesses to interact with the Bank. To this end, the Bank has increased its commercial bank delegated lending levels to speed up transaction processing and has increased internal delegated authority limits to facilitate quicker decisions by the Bank's front-line business officers. Moreover, we have strengthened our partnership with the Small Business Administration (SBA).

The Small Business Committee has created additional financial incentives for its business development multipliers in the private sector to utilize Ex-Im Bank to serve small business exporters. For example, the Bank has extended the 25% discount on its multibuyer credit program to users of the SBA's export working capital guarantee program and increased brokers' commissions for small business multibuyer policies.

We are not only taking action we believe beneficial to our small business customers, but we are also being mindful to listen to their suggestions. Members of the Bank's Small Business Committee have conducted focus groups and customer surveys to learn what is most important from their perspective.

A critical component of attracting greater small business activity at Ex-Im Bank is simply letting small business exporters throughout the country know that the Bank is here to assist them. This is why in August 2006 I directed our network of seven regional

business development offices to dedicate their outreach and marketing efforts exclusively to small businesses.

Within the Ex-Im Bank's headquarters in Washington, D.C., we also have personnel dedicated exclusively to reaching out to minority- and women-owned exporters, as well as personnel that are responsible for developing new products and services designed to meet the specific needs of small business.

In addition, we have designated throughout all of the Bank's business units small business specialists who possess the knowledge and training to assist small business customers. These specialists' contributions to the Bank's small business activity are an integral part of their performance evaluation and incentives.

Ex-Im Bank's specialized small business experience does not end once a transaction is approved, but rather continues for the entire lifecycle of the transaction. We have small business specialists who work with small business customers to expedite their claims processing. We have also instituted a speedy claims appeals process for small businesses in which the Senior Vice President for Small Business plays a major role.

We have also improved our information technology resources to make it easier for small businesses to work with Ex-Im Bank. Ex-Im Online, the Bank's automated transaction processing system, has been implemented and now serves all insurance and medium-term guarantee products. This includes virtually all of the small business transactions approved internally. Ex-Im Online provides our customers with a user-friendly application process with greatly reduced paperwork, the ability to track applications in real-time and, most importantly, quicker decisions from the Bank. The Bank's web site has a user-friendly small business portal to walk first-time customers through the transactional process as well as provide education for avoiding mistakes when filing claims.

#### HELPING SMALL BUSINESS EXPORTERS – A POSITIVE TREND OF RESULTS

Now that I have explained how we have reformed our operations at the Bank over the past two years in accordance with your guidance, let me review the results of our small business performance with you.

First, in absolute terms, our small business continues to grow. In FY 2007, we authorized \$3.352 billion in direct support of small business transactions, up from \$3.185 billion in 2006. Indeed, the value of our small business authorizations has increased every fiscal year since 2001. I am also pleased to announce that for the past two fiscal years, we have exceeded the target set for us by the Congress that the value of our small business authorizations be at least 20% of our overall authorizations. This target was reached for the first time in FY 2006, when 26.2 % of our authorizations were devoted exclusively to small business, and that figure increased to 26.7% in FY 2007. Over the past decade, 85% of our transactions have been exclusively for small business.

This data set is important as it provides a picture of our overall success in supporting small business exports. However, the people who work at Ex-Im Bank know the true success story are the exporters supporting U.S. jobs by doing concrete deals. For example, in FY 2007, American Tank and Vessel (AT&V), a small business engineering/construction firm headquartered in Mobile, Alabama, secured a \$109.5 million Ex-Im Bank loan guarantee for the export of oil storage tanks and pipelines to a company in Ghana. Not only will Ghana benefit, but the new pipeline will be used to transport petroleum products to landlocked Mali and Burkina Faso. AT&V has more than 250 employees, working mainly at its fabricating facility in Lucedale, Mississippi, and its headquarters in Mobile. It has regional offices in Houston, Texas; Baton Rouge, Louisiana; and Birmingham, Alabama. The company also sources from other small businesses in the United States.

The Robbins Company of Solon, Ohio, utilized a \$25 million loan facility backed by an Ex-Im Bank working capital guarantee to secure the advance payments of an Indian customer so that it could fulfill a \$131 million contract for the export of two large tunnel-boring machines and related equipment. This 27-mile-long tunnel will supply potable water to 300,000 acres of drought-stricken farmland and 516 villages in the state of Andhra Pradesh. The tunnel will be built 300 feet below the Nagarjunasagar Tiger Reserve to avoid building a pipeline through the tigers' habitat. For this project, The Robbins Company won Ex-Im Bank's 2007 Small Business Environmental Exporter of the Year Award at our Annual Conference held last April in Washington, D.C. The company has 170 employees in its manufacturing facilities and offices in Solon, Ohio; Kent, Washington; and Oak Hill, West Virginia. To meet this contract, The Robbins Company has added 50 employees to its payroll.

While I cannot guarantee increases in our small business numbers every year, I can promise you that we will work tirelessly to improve the quality of the small business experience at Ex-Im Bank. Small business is going to retain its seat at the table because it is at the core of our mission and I have personally made it my top priority to institutionalize the changes in our operations I described above. Moreover, it simply makes good business sense.

I will be happy to answer your questions.