

November 14, 2019

The Honorable Nancy Pelosi

Speaker of the House
House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell

Senate Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy

House Minority Leader
House of Representatives
Washington, D.C. 20515

The Honorable Chuck Schumer

Senate Minority Leader
United States Senate
Washington, D.C. 20510

Dear Speaker Pelosi, Majority Leader McConnell, Minority Leader Schumer, and Minority Leader McCarthy:

As former stewards of U.S. national security interests, we write to encourage you to prioritize a long-term reauthorization of the U.S. Export-Import Bank, or Ex-Im Bank, which plays an underappreciated and vital role in advancing the national security and foreign policy interests of the United States.

During recent years while the Ex-Im Bank struggled to maintain political support, other nations have deployed their export credit agencies at the center of trade policy to increase their economic and political influence. No longer do other nations use their export credit agencies as the United States uses Ex-Im Bank, as a financier of last resort. Rather, they are seeking out transactions and putting forward financing packages in order to maximize the number of domestic suppliers in the transaction and to advance other national interests.

Particularly in strategically important industrial sectors, nations such as China and Russia have integrated export finance into national strategies to foster long-term dependencies and promote their geostrategic influence – to the detriment of the interests of the United States and our allies.

- In the nuclear energy sector, the initial supply of a reactor typically leads to the supplier's involvement throughout the hundred-year life of the nuclear program, enabling long-term influence on nuclear safety, security and nonproliferation, as well as the ability to advance energy security and broader foreign policy interests. Export credit agency support is a bid requirement for virtually all international nuclear energy tenders. Russia has exploited favorable export financing to become today's dominant nuclear supplier and China has emulated its model. As an example, China has agreed to finance non-Chinese reactor designs in Argentina and the United Kingdom in exchange for Chinese content and subsequent construction of Chinese reactors. Both Russia and China have used their freedom from OECD limits on nuclear financing for competitive advantage.
- Similarly, the export of satellite and space launch services extends the influence of U.S. trade controls, improves interoperability with close friends and allies, and supports research and

development to maintain U.S. technology leadership. Because commercial space tenders increasingly require export credit agency support, Ex-Im Bank's limited functionality has severely impacted the U.S. competitiveness. In 2014, the last full year of authority for the Bank, it supported nearly \$1 billion in satellite and launch service exports. In 2015, that number fell to \$4 million, with some of those sales going to foreign competitors with export credit financing from other countries. That loss of sales opportunities directly impacted the commercial space industrial base, from suppliers and satellite builders to launch providers. Many of these companies also lost revenue that they use to fund innovation and expansion of their civil and national security space capabilities.

U.S. companies may offer the best products in the world but only with a reliable and competitive Ex-Im Bank can they be competitive in overseas markets of strategic importance. While we are relieved that Congress has agreed to extend the Bank temporarily through a Continuing Resolution, we urge your immediate action to ensure a long-term reauthorization. We strongly support H.R. 4863, the United States Export Finance Agency Act of 2019, which is similar to legislation introduced in the Senate by Senator Kevin Cramer and Senator Kyrsten Sinema. Both bills provide for a long-term extension of the Bank's charter and increased lending authority.

We also urge your support for more proactive and flexible approaches to export credit financing, particularly in strategic industry sectors. Many export credit agencies, including participants to the OECD Arrangement, now operate programs outside of the Arrangement's purview. Flexible approaches are needed to enable Ex-Im Bank to target strategic sectors and provide incentives to increase procurement from the United States. Ex-Im Bank should also be encouraged to adjust its risk appetite based on national interests.

America needs a reliable and competitive Ex-Im Bank. Our national security and economic interests depend upon it.

Sincerely,

Norm Augustine

Former U.S. Under Secretary of the Army

Dr. Joseph V. Braddock

Board Chairman, Potomac Foundation

Dr. John C. Browne

Former Director, Los Alamos National Laboratory

Rear Admiral John Butler, USN (Ret.)

Program Executive Officer - Submarines, for the Assistant Secretary of the Navy (Research, Development and Acquisition), Washington, DC.

Lieutenant General John Castellaw, USMC (Ret.)

Former Chief of Staff, US Central Command

Former Deputy Commandant of the Marine Corps for Aviation, Headquarters United States Marine Corps

Hon. Dr. Antonia Chayes

Former U.S. Under Secretary of the Air Force

Brigadier General Stephen Cheney, USMC (Ret.)

Former Commanding General Marine Corps Recruit Depot, Parris Island
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Former Deputy Director of Plans, Policy and Strategy,
U.S. Northern Command and North American Aerospace Defense Command

Ambassador Thomas Graham Jr.

Former Special Representative for Arms Control, Non-Proliferation, and Disarmament

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Former Deputy Director, Defense Intelligence Agency

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Former Deputy National Security Advisor to The President

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Former Assistant Secretary of Defense

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Chairman, NASA Advisory Council

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Former Director of Nonproliferation and Export Policy, U.S. Department of State

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Dr. Nicholas Miller

Assistant Professor of Government, Dartmouth College

Hon. Warren F. Miller

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