



EXPORT-IMPORT BANK
of the **UNITED STATES**

Ex-Im Bank helps U.S. companies to sustain and create jobs by financing U.S. exports.

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Thanks Mike Hart [Africa CEO, Standard Chartered Bank]. Standard Chartered Bank is one of Ex-Im Bank's best customers, so it's an honor and a pleasure to be here with you today. I hope we will continue our excellent relationship.

I think that's likely to happen because the future for trade with Africa is bright, and I want to speak today about what Ex-Im Bank can do to help make it even brighter. We offer several products that can help expand your business opportunities.

But first, let me explain the source of my optimism regarding Africa trade. As we all know, infrastructure development provides a solid foundation for economic growth. They are the prerequisites for a thriving industry.

When I first came to Ex-Im Bank five-and-a-half years ago, my first assignment was to help build our program in sub-Saharan Africa. I visited the region several times before taking on various roles and duties at the Bank, and I've seen the change here. This week, I had the chance to visit several companies in Jo'burg to offer support in the power, transportation, and, broadcasting industries. In the next few days I look forward to visiting Namibia to see the promising expansion in that country's infrastructure.

Growth in the fundamental areas like these is a good sign that long-term opportunities are going to be available. Of course, while on this subject, one can't forget to mention this country's role in hosting the World Cup finals three years from now. It means football's (FIFA's) executive committee has recognized, for the first time, the potential of Africa in general and South Africa in particular.

When it comes to trade, South Africa has always held a position of strategic importance. For centuries, goods have passed The Cape on their way to the West on a daily basis. Southern Africa represents a critical trading market for us. With the exception of bauxite, Southern Africa is a supplier for every essential mineral that fuels industry in North America. Some of these, including chromium, manganese, and platinum, are nearly impossible to find anywhere else.

Ex-Im Bank recognizes that we depend on this vital region and expanding trade opportunities here is a priority.

Ex-Im 101

For those not familiar with Ex-Im Bank, let me explain a bit about who we are.

Ex-Im Bank is one of several U.S. agencies engaged in promoting trade and investment in Africa. It's important to note that we're not a development agency—we do not provide grants. Now, this does not mean that transactions with Ex-Im Bank will not have a positive impact on development. In fact, we find trade to be one of the most powerful development tools available.

Instead, it just means that our assistance comes in a different form. We help the companies—the entrepreneurs—who create economic growth.

This assistance comes in the form of financing so that international buyers can purchase high-quality U.S. goods and services—anything from tools and machinery to cargo aircraft—that can promote the development of infrastructure and industry. We can finance the purchase of just about any goods manufactured in the U.S., as well as technical and training services. We can do fabric, yarn, and thread for apparel. We even financed the purchase of pregnant cows. If you think you can top that one, please give us a call.

This financing comes in the form of three main types of product:

- First, we offer guarantees to support working capital loans to U.S. exporters, providing them with the liquidity they need to accept new business and expand international sales.

- Second, we provide export credit insurance and guarantees to cover the risks of non-payment for political or commercial reasons.
- Third, our structured and project financing supports U.S. exports to international projects involving oil and gas, telecommunications and major manufacturing—all of which are of increasing importance to Africa.

We also offer enhanced financing for certain kinds of U.S. exports such as medical equipment, transportation security equipment, and environmentally beneficial goods and services.

Ex-Im Bank is one of the few institutions offering Rand-denominated guarantees and a CFA guarantee. We accommodate these currencies because we know what an important factor this can be in making a transaction happen.

Still, there are limitations on what we do. Ex-Im Bank requires a reasonable assurance of repayment for every transaction. We also do not compete with private sector lenders. We only assume credit and country risks that the private sector is unwilling or unable to accept.

All of the products that Ex-Im Bank offers are used on the continent, with support widely available in sub-Saharan Africa. Long-term project finance is available in 47 out of 48 countries. Our short-term insurance is available in 44. Medium-term guarantees and insurance, which support U.S. export sales on terms of up to five years, are available in 26 countries.

Ex-Im Deals

So what do deals with Ex-Im Bank look like?

Recently, the Bank recognized positive developments in the banking sector of Nigeria that have allowed us to respond to increasing demand for financing both from U.S. exporters to Nigeria and their Nigerian buyers. We approved a total of \$300 million, allocated among 14 Nigerian banks, to support U.S. exports that will help growing business opportunities in the Nigerian market.

Each of the 14 banks has been pre-approved for amounts of \$10 million and higher, which may be renewed. The Nigerian banks are not limited to the new financing facility and are eligible to apply for additional Ex-Im Bank financing under other programs.

At Ex-Im Bank, we're committed to finding creative approaches to the financing needs of Africa. In the cases where local companies do not meet our regular credit standards, for example, we are developing new financing structures that will enhance local company credit and debt capacity and ensure that the debt is repaid through third-party contractual payments.

A look at a specific transaction we made in Nigeria illustrates the far-reaching benefits of supporting trade.

Xechem [*Z-Kem*] Pharmaceuticals Nigeria, Limited, wanted to build a state-of-the-art pharmaceutical facility in Sheda [*shay-da*], Federal Capital Territory, Abuja [*ah-boo-jah*], Nigeria. For the new location, the company wanted U.S.-built plant equipment and machinery. For this, Ex-Im Bank provided a comprehensive guarantee for a \$9.4 million loan, which funded about three-quarters of the project's total cost.

Now this plant manufactures Nicosan [*neek-o-sawn*], Xechem's breakthrough medicine that helps manage Sickle Cell Disease. Nigeria's National Agency for Food and Drug Administration and Control approved the sales of Nicosan on July 3, 2006 and we hope the drug lives up to its great promise, making a significant difference in the quality of life on the continent.

Big Picture numbers

To look at the last fiscal year, Ex-Im Bank has made a big difference in sub-Saharan Africa. We helped support 140 transactions in 23 countries. These deals supported more than \$532 million in exports. Over the past six years, Ex-Im Bank has supported more than \$3.2 billion in exports to the region. To put that into perspective, the U.S. in total exports about \$11 billion to the sub-Saharan Africa annually.¹

¹ Ex-Im Bank Report to Congress on Sub-Saharan Africa, FY 2006.

Although our impact is big, it's important to emphasize that no deal is too small for us to consider. Helping to meet the needs of small business is one of my top priorities as chairman and president of Ex-Im Bank.

At one end of the spectrum, for example, Logistique Commerciale of Togo was interested in \$10,000 worth of fuel additives, plastic bottles, and hand pumps manufactured by Polytrade International of Virginia. Ex-Im Bank made it happen last year with a short-term, single-buyer insurance policy.

Broadwell SA, a company located in Douala, Cameroon, also took advantage of our services. Broadwell wanted to manufacture clothing for export to the United States through the African Growth and Opportunity Act, or AGOA. To meet their goal, however, they needed computerized cutting and sewing machinery. Southern Textile Exchange LLC, a North Carolina company, had what Broadwell needed. The deal came together when Ex-Im Bank approved \$745,000 in medium-term insurance cover.

On the other end of the scale, we've used our project finance product to facilitate several large oil and gas projects. Ex-Im Bank provided a \$300 million loan guarantee to U.S. suppliers so they could build a pipeline system that provided the capacity to transport 225,000 barrels of crude oil a day from southwest Chad through Cameroon to the Atlantic coast for export.

Ex-Im Bank's Motivation

So if we're not a development agency, why do we do what we do? As much as we'd like to take credit for the good things that we've played a role in financing, it's the companies and the entrepreneurs to whom the credit belongs. Our primary interest is commercial.

For every transaction we support in Africa, we expand the number of jobs for Americans back home in the United States. That has been the mission of Ex-Im Bank for more than seventy years—supporting jobs at home through trade abroad. On rare occasions this means we will turn down a transaction that, on balance, does not produce a benefit in U.S. employment.

It's not a contradiction to consider that in every transaction that we do approve, both sides—Africa and the U.S.—mutually benefit. In fact, it's the hallmark of trade. President Bush explained our motivation in December as he signed the Africa Investment Incentive Act into law. "It's in the interest of the United States to promote prosperity around the world," he said. "And the best way to do so is through opening up markets and free and fair trade."²

A stronger, better developed African economy with greater capacity, more jobs for Africans, and a more robust marketplace all help improve the quality of life in Africa. A strengthened African economy is in the U.S. interest because it means you'll want to buy more of our products.

² President Bush Signs the Tax Relief and Health Care Act of 2006, December 20, 2006.

Ex-Im vs. the Competition

We realize that we're not the only ones who understand the benefits of trade. There are other players in the global economy offering similar deals and products that might appear to be equivalent to our own. To meet this competition, Ex-Im Bank does its best to make its financing competitive—within accepted international guidelines—with export credit agencies from the rest of the world.

We believe that given similar financing, the quality of U.S. products and services—and especially our advanced technology—is going to be the best you will find. On a level playing field, our stuff can't be beat.

Some countries may try to land market share or secure natural resources with cut-rate financing.

We do our best to respond with a competitive and comprehensive deal. We cannot always beat the lowest financing rates of countries that are not party to the Organization for Economic Co-operation and Development Arrangement. When this happens, don't assume that the lowest rate necessarily makes the best economic sense. There are a number of factors that go into making a deal successful *over the long term*.

You should consider, will more advanced U.S. technology make your business more productive? Will higher quality design and better after-sales service and support provide a much longer useful life for the equipment purchased? If so, it can make economic sense to work with us. U.S. companies are expert at capacity building projects. The entrepreneurial spirit, innovation, and creativity of our workers back home—which is then shared with African companies and African workers—is what gives me the confidence to stand here and assert we'll give any country a run for its money.

You might also ask, how will various potential projects affect the quality of life in Africa? Ex-Im Bank only approves projects that meet strict environmental standards. In the long run, that means less pollution is left behind.

Another benefit you'll find when dealing with us is that our operations are transparent. That means that when you work with Ex-Im Bank, you know exactly what you're getting. All of our rules, rates, fees, and restrictions are posted clearly on our website. Once we issue a guarantee, that promise carries the full faith and credit of the United States Government. You will know with certainty that should you make a claim we will pay it quickly—generally within thirty days. We've been in business since 1934, with a long track record of successful deals.

Conclusion

Ex-Im Bank's dedicated and experienced team is looking to continue that record by financing new opportunities here in Africa. We're excited about what we see on the horizon and we want to continue as a committed partner with U.S. companies and buyers on the continent. If there's something we can do to help you take full advantage of AGOA and build mutually beneficial trade between the U.S. and Africa, be sure to give us a call.

Thanks for your time.