

CINTAC

Civil Nuclear Trade Advisory Committee

CINTAC Letter Regarding the Reauthorization of the Export-Import Bank of the United States

October 9, 2019

The Honorable Wilbur L. Ross
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, DC 20230

Dear Mr. Secretary:

Attached is an issue brief on the reauthorization of the Export-Import Bank of the United States approved by the Civil Nuclear Trade Advisory Committee (CINTAC). The issue brief includes background on EXIM Bank reauthorization as well as the importance of the viability of the EXIM Bank to civil nuclear exports.

You will note three recommendations as follows:

1. The CINTAC strongly supports the reauthorization of the EXIM Bank of the United States on an urgent basis.
2. It urges expeditious Congressional reauthorization of the EXIM Bank charter and its vital work on behalf of American jobs, exports and competitiveness, including U.S. civil nuclear energy exports.
3. The CINTAC also advocates consideration of a longer-term reauthorization of EXIM for 10 years as well as measures to modernize the Bank by markedly increasing EXIM's lending authority up to \$200 billion while adding governance reforms, versatility and flexibility to enhance its financial competitiveness globally.

We thank you for your continued support of CINTAC, we look forward to working with you and your team on this subject, and in other areas of mutual interest.

Sincerely and on behalf of the members of CINTAC,

DocuSigned by:

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Chris Colbert, Chairman

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Jeff Harper, Vice Chairman

Civil Nuclear Trade Advisory Committee (CINTAC)

Alphabetical by first name

- 1) Art Wharton – Vice President, Market Development, Studsvik Scandpower Inc.
- 2) Beverly Marshall – Vice President, Governmental Affairs, Nuclear Energy Institute
- 3) Brandon Brooks – Strategic Development Manager, General Atomics
- 4) Charles Goodnight – President, Goodnight Consulting
- 5) Christopher Colbert – Chief Strategy Officer, NuScale Power
- 6) Colin Austin – Senior Vice President of International Business, EnergySolutions
- 7) Colleen Deegan – Vice President, Bechtel Corporation
- 8) David Blee – President & CEO, United States Nuclear Industry Council
- 9) David Sledzik – Senior Vice President, Sales & Commercial Operations, Nuclear Plant Projects, GE Hitachi Nuclear Energy
- 10) Donald Hoffman – President & CEO, EXCEL Services Corporation
- 11) Edward Kee – CEO, Nuclear Economics Consulting Group
- 12) Gary Wolski – Vice President, Nuclear Division, Curtiss-Wright
- 13) Glenn Neises – Nuclear Director, Burns & McDonnell
- 14) Graham Cable – Vice President, Global Growth & Strategy, Westinghouse Electric Company
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- 18) Jeffrey Harper – Vice President, Strategy and Business Development, X Energy, LLC
- 19) John Bendo – Business Development Manager, Power & Energy, ASME
- 20) Joseph Miller – Director, Advanced Technology Programs, BWX Technologies, Inc.
- 21) Juan Subiry – Vice President, Market and Product Strategy, NAC International
- 22) Kenneth L. Peddicord – Director, Nuclear Power Institute, Texas A&M University
- 23) Larry Sanders – Chief Executive Officer, Accelerant Technologies
- 24) Margaret Harding – Principal, 4 Factor Consulting
- 25) Michael Whitehurst – Director, Business Development, Centrus Energy Corp.
- 26) Mimi Limbach – Managing Partner and President, Potomac Communications Group
- 27) Myron Kaczmarzsky – Senior Director, Holtec International
- 28) Neil Numark – President, NUMARK Associates
- 29) Paul Amico – Director, International Operations, Power Services Group, Jensen
- 30) Pete Gaillard – Licensing Manager, Terrapower, LLC
- 31) Ralph Hunter - Vice President, Exelon Corporation
- 32) Robert Coward – Member, American Nuclear Society
- 33) Robert Kalantari – President and CEO, Engineering, Planning and Management
- 34) Robert Sweeney – President & CEO, IBEX Engineering Services, Inc.
- 35) Russell Neely – Chief Operating Officer, Edlow International Company
- 36) Scott Singer – Vice President, Chief Security and Information Officer, PAR Systems
- 37) Seth Grae – President & CEO, Lightbridge Corporation
- 38) Woody Lawman – Director of Sales, Navy and Nuclear Products, Flowserve Limatorque

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ISSUE BRIEF

October 9, 2019

Issue

Reauthorization of the Export-Import (EXIM) Bank of the United States.

Background

The EXIM Bank, which was established in 1934 by an Executive Order, will expire unless pending reauthorization legislation is approved by the U.S. Congress and signed into law by the President. EXIM's charter is currently authorized until September 2019 – and is presently operating under a Continuing Resolution recently passed by the Congress to keep the U.S. government operating through November 21, 2019.

Consistent with its mission statement, EXIM is the official export credit agency of the United States. It is an independent agency with a goal of supporting American jobs by facilitating the export of U.S. goods and services. Per its charter, EXIM “fills in the gap for American businesses” by equipping them with the financing tools necessary to compete for global sales “when private sector lenders are unable or unwilling to provide financing.” EXIM's stated objective is to level “the playing field for U.S. goods and services going up against foreign competition in overseas markets” to spur American exports and jobs. Backed by the full faith and credit of the United States, EXIM assumes credit and country risks that the private sector is unable or unwilling to accept. The agency's charter requires that all authorized transactions demonstrate a reasonable assurance of repayment. EXIM closely monitors credit and other risks in its portfolio and has demonstrated a low default rate.

A bipartisan reauthorization bill sponsored by U.S. Senators Kevin Cramer (R-ND) and Kyrsten Sinema (D-AZ) will reauthorize the Bank for 10 years and implement a “quorum fix” to ensure

continuity in operations along with an increase in the “exposure cap” over seven years to \$175 billion to compete with countries like China.

A Strategic Energy for America Act of 2019 discussion draft authored by U.S. Senate Energy and Natural Resources Chairman Lisa Murkowski proposes lifting of the EXIM cap to \$200 billion and addresses outdated restrictions and modernization of the Bank as well as “any energy-specific restrictions imposed by multilateral development banks.”

EXIM and Civil Nuclear Energy Exports

The CINTAC has been a consistent proponent and strong advocate over several charters for EXIM given its critical importance to any significant international market opportunities for U.S. civil nuclear energy exports, which are estimated at more than \$2 trillion. CINTAC’s support for EXIM includes two letters (April 26, 2015 and July 13, 2017) urging the support of the Secretary of Commerce and a March 11, 2016 Global Civil Nuclear Energy Financing Workshop organized by the U.S. Department of Commerce and U.S. industry with the support of the CINTAC that highlighted the importance of EXIM.

In the CINTAC’s view, Congress's failure to reauthorize the EXIM Bank will cost U.S. nuclear energy jobs and exports. It will further challenge U.S. leadership and limit the important contributions of American companies to nuclear safety and nonproliferation expertise in worldwide nuclear programs at a time when the U.S. government is renewing its commitment to the importance of the U.S. nuclear industry in its global policy, energy security and national security objectives.

EXIM provided initial and critical funding that launched the U.S. nuclear industry's first exports, providing funding support for numerous projects across the globe – including Brazil, Bulgaria, Czech Republic, Mexico, Romania, South Korea, Spain, Taiwan, United Arab Emirates and Ukraine among others. EXIM funding support not only allowed America to become a world-wide leader in nuclear energy exports, it also helped develop and maintain the U.S. supply chain (large and small) that are vital to the domestic industry.

Civil nuclear energy is a capital-intensive industry and those countries and companies that can compete based on sovereign financial resources have a decided advantage. The U.S. civil nuclear industry is particularly challenged in competing in global markets where sovereign enterprises can employ preferential financing. U.S. reactor companies are currently in negotiations or actively pursuing opportunities for global commercial deployment in multiple markets in which EXIM Bank funding support is essential. These new U.S. reactors include enhanced and passive safety features as well as simplified, cost-effective designs that many countries are seeking.

When U.S. nuclear energy technology is deployed in other countries, it is a catalyst for goods and services from U.S. companies through supply chains that reach hundreds of businesses. One large international reactor order is projected to create 1,500 American jobs. The U.S. nuclear energy industry is the catalyst for approximately 475,000 jobs and \$60 billion in gross domestic product as well as nearly 60 percent of the U.S.'s carbon free clean electricity. The supply chains supporting a commercial nuclear reactor often last for decades covering the 100-year operating life cycle of the reactors from project development through decommissioning. Even where large American companies are not the primary reactor provider, U.S. companies receive support directly from the EXIM for their involvement supplying domestically produced components and services to overseas nuclear energy programs. These large and small U.S. businesses bring unique, world-leading expertise in vital areas, including nuclear safety and nonproliferation.

Recommendations

The CINTAC strongly supports the reauthorization of the EXIM Bank of the United States on an urgent basis.

It urges expeditious Congressional reauthorization of the EXIM Bank charter and its vital work on behalf of American jobs, exports and competitiveness, including U.S. civil nuclear energy exports.

The CINTAC also advocates consideration of a longer-term reauthorization of EXIM for 10 years as well as measures to modernize the Bank by markedly increasing EXIM's lending authority up to \$200 billion while adding governance reforms, versatility and flexibility to enhance its financial competitiveness globally.