Remarks by Under Secretary of Commerce for International Trade Gilbert B. Kaplan at the Trade Finance Advisory Council Meeting in Washington, D.C.

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Introduced by James Sullivan, Acting Assistant Secretary for I&A.

Thank you, Jim. Good afternoon and congratulations on your appointment to the 2018-2020 term of the Trade Finance Advisory Council. It is a pleasure to be here with you today.

On behalf of Secretary of Commerce Wilbur Ross, I want to express our appreciation for your willingness to serve as part of this Council and lending your time and expertise to help us find new and innovative ways to enhance the financing environment for our exporters.

I also want to take this opportunity to recognize the significant contribution of our former group of appointees, some of which are here with us to continue efforts that started in the first term, including Kevin Clowden, former TFAC Chairman. Thank you, Kevin, for your service. Under your tenure, TFAC adopted eight out of the ten recommendations; you were a key reason for that achievement.

From your introductions, it is clear that we have assembled an exceptional group, representing a broad spectrum of trade finance providers, the exporting community and academics.

The renewal of this Council and your appointments are proof of our commitment that U.S. trade objectives reflect public and private sector interests.
Improving export opportunities for American businesses is a top priority for the Department and this Administration. U.S. exports of goods and services were up by 6.3 percent in 2018, to $2.5 trillion.

U.S. exports contribute to job creation, with 2018 growth at 2.7 million, from 2.2 million in 2017. This number is expected to increase as U.S. businesses continue to engage a more interconnected and growing global economy.

Perhaps most importantly, these facts and figures are without the advantage of the new USMCA trade agreement.

With the USMCA, President Trump has renegotiated our trade pact with Mexico and Canada as a way to boost jobs and industrial production in the United States. Once enacted by Congress, it will better serve the interests of American workers and businesses while ensuring free, fair, and reciprocal trade across the North American continent.

This Administration will continue taking decisive action and implementing policies and programs that will help us reap the benefits of international trade as a driver of economic growth

In a global marketplace where 80 percent of merchandise annual trade flows require some form of trade finance to provide liquidity and risk mitigation, strategies that warrant access to effective and affordable financing are indispensable.

We need your help to identify programmatic actions that can empower business expansion internationally.
We are committed to working with the private sector in collaboration with government agencies to guarantee that our exporters are able to compete effectively and fairly in foreign markets.

Although the Administration’s trade policies are contributing to a stronger U.S. economy, the challenges of globalization in the current trading system remain. Outdated and imbalanced trade agreements continue to limit economic opportunities for many Americans.

We have made progress in just two years, as the Administration continues to build a new framework of improved, rebalanced trade agreements and expanded opportunities for U.S. business.

Access to trade finance continues to be restrictive, disproportionally impacting small and medium-sized businesses (SMEs). The $1.5 trillion global trade finance gap (unmet demand for trade finance) is a major opportunity lost and a barrier for U.S. companies that could benefit from global trade.

We need you to develop recommendations that would help educate and connect U.S. exporters with the resources available.

Foreign export credit agencies are continuing to step up efforts hoping to sway foreign buyers that might have purchased U.S. exports and lure away U.S. jobs in return for financing support.
We cannot rely solely upon official U.S. financing agencies to confront these challenges. We need the private sector to lead the design of innovative solutions that can increase credit capacity and mitigate risk.

I am optimistic about the technology breakthroughs that are reshaping the finance industry, including trade finance. Traditional and new players are exploring collaborative new business models and financing structures to maximize the transformative power of digital technologies.

You are well positioned to identify concrete ways in which we can facilitate the development of legal principles and digital standards for international trade that could further accelerate this transformation.

The TFAC is an effective and, currently the sole mechanism, for gathering consensus advice on trade finance issues from government and private sector stakeholders.

As you identify priorities today, I ask that you consider bold, yet actionable recommendations. Key issues to consider, include:

- Education and outreach strategies for small to medium-sized enterprises that increase their chances for accessing financing and participating successfully in foreign markets;
- Determining key obstacles to the acceptance of digitalization in trade finance and ways for the government to engage that can accelerate the process; and
• Identifying areas where greater public-private sector interaction can effectively enhance the financing environment for our exporters.

Know that you have a great team here at Commerce that will help you in this process.

I also want to acknowledge the important role and participation of our sister agencies present here today, who will be informing your discussions and helping you tailor recommendations that we can act upon.

The Secretary and I place tremendous value on this Council’s input. Your vision will help frame our agenda and ensure the continued prioritization of trade finance as part of Commerce’s strategic goals.

I urge you to think big as you develop a strategy to empower our exporters with competitive financing tools that can boost U.S. export potential and economic conditions.

We look forward for your recommendations.

Thank you.