

**DETAILED MINUTES OF THE
U.S. DEPARTMENT OF COMMERCE
TRADE FINANCE ADVISORY COUNCIL
MEETING ON April 12, 2022**

I certify that I was present at the above reported meeting and that the summary of the meeting is accurate.



Chairman, Kevin Klownden

6/8/2022

Date

If applicable: (Please note that each paragraph must be marked.)

CLASSIFIED BY: N/A

REASON: N/A

DECLASSIFY ON: N/A

Attachments below include Meeting Minutes and List of Attendees



TRADE FINANCE ADVISORY COUNCIL

Public Meeting - Minutes

Tuesday, April 12, 2022 | 1:00 – 3:00 pm (EST)

Microsoft Teams Virtual Event

MEETING RULES OF ENGAGEMENT AND PROTOCOL

Paul Thanos, Director of ITA's Office of Finance and Insurance Industries, started the meeting by going over the rules of engagement and protocol for participation.

OPENING REMARKS

Don Graves, Deputy Secretary of Commerce, opened his remarks by welcoming the TFAC members, interagency representatives, and members of the public. He noted that the Department of Commerce has one overarching goal – to improve American competitiveness so that U.S. workers and companies can be successful in the global economy. He acknowledged that the TFAC members have worked hard to craft recommendations that will help the Department of Commerce meet the goal of economic competitiveness for America's workers and companies. He recognized that the TFAC adopted eight recommendations at the last meeting in December 2021 and that the recommendations were useful and had been received by him and the Secretary of Commerce. He thanked the TFAC for its time, effort, and commitment to creating those recommendations, which gave the Department of Commerce a lot to think about when it comes to making access to trade finance easier and more equitable.

Deputy Secretary Graves emphasized that the Department of Commerce's approach to implementation is to identify areas of collaboration and cooperation with both public and private sector stakeholders to ensure that the recommendations receive the buy-in they need for long-term success and sustainability. He noted that for some recommendations, the Department of Commerce is working with interagency colleagues to identify next steps, while for others it is working with industry associations and private sector partners to identify the most feasible, effective, and realistic pathways to implementation. He explained that the Department of Commerce is also moving forward with implementing the recommendations that fall within the purview of the Department itself. For example, implementing components of the Inclusive Growth Subcommittee's recommendations through vehicles such as the Trade Promotion Coordinating Committee and Environmental, Social, and Governance Investment Initiative. The Department is also looking at how to potentially implement the Supply Chain Finance Subcommittee's recommendation through the U.S. Export Assistance Centers.

Deputy Secretary Graves thanked the TFAC members again for their work on the recommendations and said he is looking forward to participating in the Department of Commerce's efforts to implement them. He noted that as the TFAC continues its work through the remainder of the term, there are a few Departmental priorities to help guide its deliberation. The first is Build Back Better World, also known as B3W. The United States and its international partners in the G7 have a long history of providing high quality finance and technical support for infrastructure projects all around the world. The lack of a comprehensive approach for

coordinating infrastructure investments with like-minded partners often leads to inefficiencies and missed opportunities to deliver at scale. B3W hopes to provide a better option for infrastructure financing so the United States can help meet the significant needs of low- and middle-income countries in response to the climate crisis, digital and gender divides, and security challenges. Deputy Secretary Graves added that the Administration hopes that it can build a pipeline of transformational projects that reflect the B3W approach, which relies on the things that make the United States great – transparency, inclusion, and high-quality standards. He stated that in 2022, there are several key objectives for B3W engagement, including: Identifying, developing, and funding transformational projects in B3W priority areas; mobilizing private international finance institutions and other private financing for B32 priority sectors, including innovative funding mechanisms; building habits of cooperation between U.S. development finance and assistance agencies and foreign counterparts; leveraging G7 and likeminded partner relationships to advance B3W objectives; and advancing high standards of infrastructure development. He stressed that B3W’s success is going to require a comprehensive approach that coordinates and directs bilateral and multilateral financing and technical assistance.

In addition, given the TFAC’s work on supply chain finance, Deputy Secretary Graves provided an update on the Administration’s supply chain efforts. The Commerce Department participates in the interagency committees that were set up under President Biden’s America’s Supply Chain Executive Order to better understand the impacts the pandemic has had on U.S. supply chains and to identify solutions to strengthen U.S. supply chains and infrastructure against future crises. Deputy Secretary Graves explained that the Executive Order launched a fairly comprehensive review of all of the U.S. supply chains, including 100-day reviews of four key product areas: semiconductors, critical minerals and materials, pharmaceuticals and their key ingredients, and advanced batteries. All of those reviews have now been completed. In February 2022, federal agencies published six additional reports which are now available on the White House website that cover transportation, public health, biological preparedness, energy, information and communications technology, defense, and agriculture and food production. Deputy Secretary Graves pointed out that the Commerce Department led or contributed to all of those reports and added that Secretary Raimondo co-leads President Biden’s supply chain disruption task force and works closely with partner agencies to develop action-oriented policies to alleviate supply chain congestion in the near term and to think about long-term policies to make our supply chain infrastructure resilient to future crises.

Deputy Secretary Graves encouraged the TFAC to consider B3W and U.S. supply chains as it continues to develop its final set of recommendations for the summer public meeting. He closed by reiterating that the time, effort, and hard work that the TFAC members put into their roles make a huge difference to Secretary Raimondo, himself, and to the entire Department of Commerce. He emphasized that he values their input and contributions because the TFAC members’ experience, expertise, connections, and know-how matters. Deputy Secretary Graves noted he is excited to see the set of recommendations that come out of this meeting and everything else the TFAC accomplishes during the remainder of the term, and he looks forward to staying engaged with the Council.

TFAC TERM UPDATE AND MEETING PLAN

TFAC Chair Kevin Klowden thanked Deputy Secretary Graves for attending the meeting, supporting the TFAC, and providing it guidance. He noted that five recommendations will be presented at the meeting today and that the TFAC intends to put forward other recommendations that will target B3W and supply chain issues over the next few months. Deputy Secretary Graves responded that he is focused on getting things done and he and Secretary Raimondo welcome recommendations they can operationalize.

Chair Klowden provided an overview of the meeting's agenda, schedule, and plan and that he intends for there to be some time at the end of the meeting to discuss other recommendations that members would like to flesh out. He noted that the TFAC will run through the beginning of August and that the final meeting will likely take place in late July, and if it in person, it would take place in Washington, D.C. During today's meeting, he hopes to provide 20 minutes of deliberation per subcommittee and explained that each subcommittee chair will discuss their subcommittee's recommendations or turn it over to a subcommittee member to do so. Chair Klowden will then ask for feedback and then call for a vote, and he reminded the TFAC members that it is possible to amend recommendations or, if there is a recommendation that is not quite ready, it can be put on hold to be revised and reintroduced during the next meeting.

SUBCOMMITTEES' RECOMMENDATION BRIEFINGS

Fintech Subcommittee

1. Trade Finance Training for Startup Accelerators – Combiz Abdolrahimi

We recommend that the U.S. Department of Commerce enable U.S. businesses to better penetrate foreign markets by pairing those businesses with prominent and successful accelerators and regional trade representatives. We recommend that the U.S. Department of Commerce identify the most prominent, inclusive, and successful accelerators, and initiate a process by which those accelerator program coordinators could be identified and paired with regional trade representatives to provide businesses with trade finance training during their program. This could consist of a one-hour session attended by the full cohort of participants in the accelerator program(s), or individual one-hour sessions for each company. Because these programs are often national, follow-up referrals can be made to the appropriate regional trade representatives.

Questions/Comments

- Dave Shogren noted that his company started out at an incubator and won an export accelerator award. He thinks the term "trade representative" is too broad and that the recommendation should specify Commerce Department entities such as the U.S. Export Assistance Centers (USEACs) and District Export Councils when the recommendation mentions "trade representatives".
- Steve Simchak raised the question as to whether the Commerce Department's Foreign Commercial Service Officers could be utilized to implement the recommendation as well.

- Chair Klowden asked Paul Thanos if Commercial Service Officers could be involved and Paul responded that he thinks they should be and that it would be a good opportunity for Commercial Service Officers, who do not generally engage with incubators.
- Chair Klowden asked if a tweak should be made, and Paul Thanos clarified that small changes to the language addressing the above-mentioned details could be made. Combiz Abdolrahimi suggested wording for the changes and Paul Thanos agreed.
- Andrea Ratay asked if there is an export readiness qualification associated with the companies that participate in the incubators?
- Combiz Abdolrahimi responded that there is not a qualifier for export readiness – this recommendation is for businesses that have already been vetted and are at a ready-to-export stage.
- Andrea Ratay suggested that during the incubator process, the businesses that aren't export ready could learn about what it takes to become export ready. John Bridge agreed with her.
- Ken Wengrod asked if the USEACs have the ability to help companies and support an incubator program for those that are not ready for export?
- Paul Thanos responded that it would depend on the USEAC and a number of factors. He is not aware of anything like this that is comprehensive and engrained in the Commercial Service.

Vote

- Chair Klowden called for a motion to vote on the recommendation as amended.
- Dave Shogren and Andrea Ratay moved to vote on the recommendation as written.
- The TFAC members voted and unanimously approved the recommendation as written.

Inclusive Growth Subcommittee

2. Trade Finance Guide Update – Zara Castillo

The U.S. Department of Commerce should update its Trade Finance Guide by using empathetic language, including new to export information, adding short-form videos in each chapter, and translating to additional languages to promote diversity as well as transforming its traditional paper-based form into a flexible online friendly platform, to help expand access to trade finance information and resources to underrepresented, underserved, women, and people of color-owned SMEs.

Questions/Comments

- Chair Klowden noted that the Trade Finance Guide is widely used and needs to be more accessible. He said that in prior terms, any recommendations made by the TFAC on the Trade Finance Guide have been implementable.

Vote

- Chair Klowden called for a motion to vote on the recommendation as written.

- Angelique Bartholomew and Ken Wengrod moved to vote on the recommendation as written.
- The TFAC members voted and unanimously adopted the recommendation as written.

3. *Trade Finance Outreach Through Strategic Partnerships – Ken Wengrod*

Identifying and encouraging Strategic Partnerships (ITA) with associations who represent businesses that are owned by women and people of color as well non-traditional stakeholders who have these entities as part of their supply chain.

Questions/Comments

- Paul Thanos noted that his team has done strategic partnerships in the past and there is a program focused on them in the Office of Industry and Engagement. One challenge is if you bring in a new partner, it is helpful to have a track record when working with that organization. Sometimes when you try to initiate a new partnership with a new organization and a new area of focus, you need to show that track record of working with them in the past. Without that, it can be a little harder to implement. He thinks Ken Wengrod's point about renewal and streamlining the process is worth consideration.

Vote

- Chair Klowden called for a motion to vote on the recommendation as amended.
- John Bridge and Andrea Ratay moved to vote on the recommendation as amended.
- The TFAC voted unanimously to adopt the recommendation as amended.

International Trade Policy Subcommittee

4. *Indo-Pacific Economic Framework Agreement – Dave Shogren*

The Department of Commerce and other trade-negotiating agencies should engage in international negotiations with governments in the Indo-Pacific region at the bilateral, regional, and multilateral levels with the goals of:

- Ensuring a level playing field for U.S. companies competing for business in the region.
- Developing market access and investment rules in the region that encourage U.S. exports, which will in turn encourage uptake of trade finance.
- Offering equitable trade finance terms and conditions for U.S. companies relative to other players in the region, including state-owned enterprises.
- Increasing access to trade finance for small and medium-sized enterprises (SMEs) (especially women and minority-owned business) active in the Indo-Pacific region or trying to enter the region.
- Prohibiting data localization rules and restrictions on cross-border data flows, noting that such data restrictions make it more difficult for U.S. trade finance firms to operate in the region.
- Increasing access to trade finance for SME's targeting specific industries that will bolster the Administration's Indo-Pacific strategy including:

- Green & renewable energy
- Decarbonization projects and technology
- Communication technologies such as 5G and ONAN
- Fintech
- Cyber Security
- Blockchain
- Leveraging Gold Key and other services to assist targeted sectors in gaining traction in the region.
- Building local capacity within these vital areas.
- Gaining commitments from our trading partners to allow the cross-border provision of insurance services for marine, aviation, transportation, and difference-in-conditions and difference-in-limits (DIC/DIL) insurance.

Questions/Comments

- Chair Klowden stated that the Indo-Pacific Economic Framework is the future of things under the Administration for the region, especially since the Administration is not engaging on bilateral trade agreements. This reflects the political reality is that getting a trade agreement through Congress is unlikely. He noted he thinks this recommendation thus aligns well with the Administration's priorities.
- Dave Shogren noted that the Indo-Pacific Economic Framework is not designed to replace the Trans-Pacific Partnership but is rather the business side of the Administration's broader shift to the Indo-Pacific region.
- Chair Klowden pointed out that given what is going on in Europe and elsewhere in the world, this recommendation is particularly helpful.

Vote

- Chair Klowden called for a motion to vote on the recommendation as written.
- Roxanne Baumann and Craig Weeks moved to vote on the recommendation as written.
- The TFAC members voted and unanimously adopted the recommendation as written.

Supply Chain Finance Subcommittee

5. EXIM Capital Investment Financing Guarantee Program – Brett Silvers

The Trade Finance Advisory Council recommends that the Secretary of Commerce formally advance the creation of the Capital Investment Financing Guarantee Program (CIF), a pilot loan guarantee program designed to help SMEs make domestic capital investments necessary to expand their export capacity. Given its mission as the U.S. Export Credit Agency, EXIM has the necessary network of lenders and SMEs to administer and execute such a program.

The CIF program is intended to provide support for capital investments that would enable small and medium sized enterprises to bolster their export capacity and the attendant growth in jobs. In this respect, the CIF serves as a complement to the Export Working Capital Guarantee program and matches the SBA's International Trade Loan program.

Questions/Comments

- Chair Klowden noted this recommendation was in development earlier during the term, but at that time there was no EXIM leadership in place. Now, EXIM has its leadership filled and the recommendation is in a good position to go forward.
- Angelique Bartholomew asked how other lenders are able to collaborate with EXIM on this domestic initiative and how that would enable EXIM to expand its initiative and vision for this? How will other lenders get to participate?
- Brett Silvers responded that he thinks it would be welcomed by other lenders. For example, there are several thousand SBA lenders in the country and a lot of them don't participate in the EXIM programs. Before, you might have SBA lenders that wouldn't have thought to take advantage of EXIM programs.
- Angelique Bartholomew mentioned that underserved communities often do not know what resources are available, so it would be great if this recommendation helps provide that awareness.
- Andrea Ratay pointed out that part of their effort is to ensure this recommendation is in line with what is at EXIM.
- Chair Klowden noted there is a slight misalignment between the qualifications categories between SBA and EXIM and this occasionally comes up. Under normal circumstances, the referral between the two does seem to work relatively well.
- Ken Wengrod pointed out it would be great to bring in and collaborate with different lenders which could expand the value of this recommendation.
- Brett Silvers responded that many of the lenders that use longer term government guarantee programs will work side by side with a revolving credit provider. He reviewed the FR Notice that described the potential parameters for EXIM financing for domestic projects, which was put in the Federal Register in 2021. He noted there is nothing in this proposal that conflicts with, and it only supports, EXIM's initiative. The one thing that is not present in this recommendation is EXIM Bank did take a stab at defining export nexus that would qualify for small business. We could either try to address it in our proposal or leave it as an execution issue at EXIM.
- Chair Klowden said the thing to consider is how much more complicated you want to make the recommendation at this point. If it's an execution issue at the agency, we can always do a short additional recommendation based on its feedback. Is there a one sentence addition or modification that would work?
- Ken Wengrod suggested language such as "this could be used in collaboration with other loans of working capital and have the separation of collateral so the borrower can use multi-programs but segregate the collateral itself.
- Chair Klowden responded that they will finalize the language and approve it with minor modifications. He suggested that to finalize it, Brett Silvers can work with and modify the language with Ken Wengrod, and if not, they can send the recommendation on as-is and tweak it later.
- Eric Lager from EXIM noted that EXIM will be voting on a proposal later this week which will allow it to provide financial support to exporters seeking to make capital investments. The new tool will be open to all sectors with a priority for small businesses and items mentioned in the 100-day supply chain assessments, including transformational export areas, semiconductors, biotech, biomedical products,

renewable energy, and energy storage. If approved, they would expect the initiative to be particularly useful for middle market companies that are too large for SBA.

Vote

- Chair Klowden called for a motion to vote on the recommendation as amended.
- Angelique Bartholomew and Dave Shogren moved to vote on the recommendation as written.
- The TFAC members voted and unanimously adopted the recommendation as written.

FUTURE RECOMMENDATIONS DISCUSSION

Questions/Comments

- Chair Klowden said that recommendations dealing with B3W and supply chains are a priority for the rest of the term. He noted that cross collaboration between subcommittees can be worthwhile and that the only thing that cannot happen is a meeting with all TFAC members, which would need to be open to the public.
- Andrea Ratay stated that logistics is a pain point when it comes to supply chain issues. She proposed this TFAC, the next TFAC cohort, or perhaps another advisory council that focuses on logistics, could focus on logistics as it pertains to supply chain issues.
- Paul Thanos responded that the Advisory Committee on Supply Chain Competitiveness is run by OFII's sister office. Some staffers from that office have joined our past TFAC meetings and he can connect Andrea Ratay to that office and committee if she would like. Andrea Ratay responded she would appreciate that.
- Dave Shogren suggested the Inclusive Growth Subcommittee could do some type of education related recommendation on fraud, scammers, best practices, cybersecurity, and similar things. He noted that small companies are more susceptible to fraud.
- Chair Klowden argued that Dave Shogren's idea is not outside the TFAC's remit.
- Dave Shogren suggested a recommendation dealing with the Commercial Law Development Program to focus on the Africa market and to encourage more law and order-based rules on trade and business practices.
- Ken Wengrod thinks there needs to be a change in supply chains as there is only one small U.S. carrier. The carriers have made a lot of money during COVID as the cost of one container has gone up which has dramatically impacted SMEs on a unit basis. He thinks there should be a recommendation from an educational perspective, especially for SMEs, regarding the value of one day, to understand what the cost of that day is when you're importing or exporting. He does not believe labor is as important as it was five years ago and there could be a shift of logistics if SMEs truly understand their costs.
- Chair Klowden responded that you could focus on this education angle from an access or inclusion standpoint.
- Craig Weeks said that the supply chain finance and procurement communities do not know what the other is doing. It could be helpful to provide some information and education to small exporters on both of those areas.

- Steve Simchak agrees with Dave Shogren's and Roxanne Baumann's point on focusing on cybersecurity issues. He thinks looking at cyber resilience and cyber hygiene would be exciting places for the TFAC to go.
- Jeff Saviano noted the establishment of the Bureau of Cyberspace and Digital Policy in the Department of State. The announcement was mainly focused on national security, but there is an economic opportunity alignment, and it would be interesting to see if there are any alignment opportunities with this new bureau. Regarding data processing and extracting information from documents, there has been a lot of progress in the technology over the last six months. The metaverse and web 3.0 are gaining attention from many governments and it would be interesting to focusing on decentralized next generation internet and how it could apply to the Commerce Department.
- Chair Klowden responded that in terms of those areas, it will be important to specifically identify what is executable. He thinks this is a good time to put forward a recommendation. He noted he expects the TFAC to be renewed but that the assessment period for that will begin soon.
- Paul Thanos responded that he expects the next meeting would take place in July, but that currently there is no information on that or the TFAC renewal.
- Chair Klowden thanked the Commerce Department team for all of their help.

CLOSING REMARKS

Director Paul Thanos opened his remarks by thanking the TFAC members for such a productive term. He noted that the Department of Commerce team is doing its best to implement the recommendations already received and thanked the TFAC again for its hard work.

Director Thanos pointed out that it is possible the next meeting could take place in person at the Department of Commerce building. He explained that the Department of Commerce TFAC team will be in touch regarding that and reauthorization.

There were no public questions or comments submitted in advance of the meeting or at the meeting. The meeting was adjourned by Director Thanos.

ATTENDEES TFAC PUBLIC MEETING APRIL 12, 2022

TFAC Members (Alphabetical order by company name)

- Karlo Morgado, Senior Vice President, Global Trade Solutions, Amegy Bank
- Steve Simchak, Head of International Department, Vice President, and Counsel, American Property Casualty Insurance Association
- Craig Weeks, Independent Consultant, Instructor, Seminars & Education Programs, Bankers Association for Finance and Trade
- Combiz Abdolrahimi, Emerging Technology & Innovation Leader, Government & Public Services, Deloitte Consulting
- Jeffrey Saviano, Global Tax Innovation Leader & MIT Connection Science Fellow, Ernst & Young LLP
- Zara Castillo, Director, Export Finance Assistance Center of Washington
- Michael Salerno, Vice President, Global Banking Group, First National Bank of Omaha
- Chapin Flynn, Senior Vice President, Mastercard Center for Inclusive Growth
- Kevin Klowden, Executive Director, Center for Regional Economics & California Center, Milken Institute
- Angelique Bartholomew, Vice President, Business Development, MPACT Strategic Consulting
- Martin Ezemma, Director, International Business Development, Prince George's County Economic Development Corporation
- Filipe Mossmann, Managing Director, Head of Trade Sales Americas, Standard Chartered Bank
- Ken Wengrod, Managing Member, Stealth Management Group, LLC
- Andrea Ratay, Vice President, Global Trade Finance, TD Bank
- John Bridge, Executive Vice President, Government & Law Enforcement, Trust Stamp
- Dave Shogren, President, U.S. International Foods, LLC
- Doug Kemper, Director, International Banking, Washington Trust Bank
- Roxanne Baumann, Director, Global Engagement, WMEP Manufacturing Solutions
- Brett N. Silvers, President & CEO, WorldBusiness Capital, Inc.

U.S. Government Agencies Officials

Speakers

- U.S. Department of Commerce
 - Don Graves, Deputy Secretary of Commerce
 - Paul Thanos, Director, Office of Finance and Insurance Industries, Industry & Analysis

Office of Finance and Insurance Industries, Industry & Analysis

- Mike Corbin, Senior International Trade Specialist
- Israly Echegaray, Senior International Trade Specialist
- John Harkness, International Trade Specialist
- Erik Lenz, Senior International Trade Specialist
- Yuki Fujiyama, Trade Finance Specialist

Other U.S. Government Agencies Officials

- Eric Larger, Policy Analyst, Export-Import Bank
- Helen Eliassian, Management and Program Analyst, U.S. Department of Commerce
- Caroline Kaufman, International Trade Specialist, U.S. Department of Commerce
- Francys Veras, International Trade Specialist, U.S. Department of Commerce

Press/Public

- Marianne Rowden, CEO, E-Merchants Trade Council, Inc.
- Caroline Choi, Milken Institute
- Unknown Caller