

**REMARKS OF EX-IM BANK CHAIRMAN JAMES HARMON
ANNOUNCEMENT OF \$1-BILLION LENDING PROGRAM
FOR HIV-AIDS RELATED EFFORTS IN SUB-SAHARAN AFRICA
WASHINGTON, D.C. – JULY 19, 2000**

Good afternoon. I want to thank all of the people who have been an important part of this announcement: all the folks on this committee, the ambassadors and health ministers we have consulted with, the support we have received from other U.S. agencies, as well as the pharmaceutical companies who are helping make this an effective program.

This has been a real team effort, one that shows when good people work together, they can reach across the divides of country, of agency 'turf,' of the public and private sector and do something special.

AIDS in Africa now kills ten times more people a year than war. More than 290 million Africans – more than the entire U.S. population – live on \$1 a day. Market prices for these drugs are not an option. Yet in these countries most affected, AIDS is set to claim the lives of half the 15-year-old children.

These are frightening statistics – for Africa and for the world. This crisis threatens to abruptly reverse decades of slow, but steady improvement in the economics, health and stability of Sub-Saharan Africa. As a result, it poses a clear and present danger to global economic health and stability. Yet as daunting as the challenge may be, we need to make clear with our *actions*, not just our words, that the global community has what it takes to help Africa win this war.

This Administration stepped up to the plate, more than tripling the aid our nation has given to these efforts over the past decade. There have been efforts from other countries and international organizations. Yet there remains a vast gap between the existing *need* and available *aid*. For this reason, we at Ex-Im Bank have worked for the past six months to answer one question: How can we – as a credit agency – help?

We are pleased to announce today a pilot program to finance \$1 billion per year in exports of the most modern and successful HIV- and AIDS-related pharmaceuticals and supplies to Sub-Saharan Africa -- at the lowest prices and on the friendliest terms possible under the authority of this Bank. Under this program, major U.S. drug companies will offer their products at a deep discount, and Ex-Im Bank will finance their export with five-year loans, minimizing the overall cost of these medicines to the region.

This program can also include an element of concessionality to subsidize the financing costs for smaller transactions. It will extend the *terms* of our financing from the current international norm of six months to more flexible terms of up to five years. It also is our intention to advocate in the Berne Union and other international forums that five-year terms be the global standard used in Sub-Saharan Africa, in order to speed the flow of AIDS- and HIV-related medicines. This puts us firmly in the camp of many African

leaders who feel that longer terms are necessary given the size and scope of the challenge.

In developing this program, we consulted with numerous ambassadors and health ministers in the region. The response has been very positive because this effort addresses a major need identified at the Durban conference – the need for longer term financing to put vital medicine within reach when it is *needed*, rather than solely when it is *donated*. In short, by helping build up the capital infrastructure, we are making sure that a lack of credit financing is not yet another impediment in Africa's war on HIV and AIDS.

This is an historic moment for Ex-Im Bank. Certainly, nothing has been done on this scale before by an export credit agency. But we expect others will follow – to support their own pharmaceutical companies, but also to do the right thing. ECAs are just one small piece of a complex puzzle that the world needs to solve together. But we can and must find ways to help.

While this approach is an *unprecedented* step for Ex-Im Bank, rather than representing a *change* in our mission, it represents the full *benefit* of our work. By providing funds to creditworthy countries that cannot get commercial financing, this Bank plays a vital, strategic role in helping stabilize and strengthen the developing world.

This is important work, but it remains wholly distinct from the work of an aid agency. Ex-Im Bank's authority is limited to extending *loans* for the purchase of U.S. products, which include most leading HIV- and AIDS-related drugs. Because of the confines of our authority, our effort will focus on the 14 Sub-Saharan nations that can take advantage of these loans. Without question, there remains a great need for donations, particularly in the poorest nations. But rather than using the limitations of our mission as an *excuse* to do *nothing*, we are finding a way – as a credit agency – to do something *constructive*.

Our response is directed at a humanitarian crisis, but it also is an expression of deep faith in the importance of Sub-Saharan Africa to the world. This plague threatens to devastate a continent and take with it the hard-won advances a vibrant global economy has brought to people around the world. As a result, it threatens our national interests as deeply as it strikes a chord in the national conscience. We are proud to use the resources and authority of this Bank to demonstrate our nation's firm commitment to help protect the health, stability and development of this vital region. Africa's fight must be America's fight. It is a fight for a more stable, healthy, prosperous and peaceful world. Thank you.
