

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

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September 21, 2011

The Honorable Daniel Inouye
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Thad Cochran
Ranking Member
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairman Inouye and Ranking Member Cochran:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses and organizations of every size, sector, and region, respectfully urges you to support full funding for the U.S. Export-Import Bank (Ex-Im), the Overseas Private Investment Corporation (OPIC), the U.S. Trade and Development Agency (USTDA), the National Endowment for Democracy (NED), and the U.S. International Affairs Budget during the markup of the FY12 State, Foreign Operations, and Related Programs appropriations bill.

Today, overseas markets represent 95% of the world's consumers and three-quarters of its purchasing power. Trade already supports one in three manufacturing jobs, and one in three acres on American farms is planted for hungry consumers overseas. More than 280,000 small and medium-sized businesses export, accounting for nearly a third of all merchandise exports. The International Affairs budget and these agencies play a vital enabling role for U.S. companies to tap foreign markets and create jobs and prosperity at home.

Although it represents less than 1.5% of the total federal budget, the International Affairs budget is critical to creating jobs, saving lives, protecting U.S. diplomats and embassies abroad, and fighting terrorism and the spread of weapons of mass destruction. U.S. foreign assistance programs provide technical advice and build stronger political, legal, and economic policy regimes in developing countries that help these nations to become reliable trading partners. At a time when export opportunities represent a potential lifeline to the U.S. economy and a motor of domestic job creation, these international programs are more important than ever.

Ex-Im provides vital financial guarantees to help American businesses export. In Fiscal Year 2010, Ex-Im supported an estimated \$33 billion in export sales that sustained 227,000 U.S. jobs at over 3,300 companies. Far from being a drain on the U.S. Treasury, Ex-Im is a self-sustaining agency which operates at no cost to the taxpayer. In fact, since 1992 the Ex-Im has returned \$4.5 billion to the Treasury above all costs and loss reserves. Ex-Im enables U.S. companies large and small to turn export opportunities into real sales that help to maintain and create U.S. jobs and contribute to a stronger national economy.

Failure to adequately fund Ex-Im would amount to unilateral disarmament in the face of other nations' aggressive trade finance programs. Foreign-headquartered corporations are often armed with substantial, attractive, government-backed export finance packages. For example, the export credit agency in Canada has extended three times as much export financing as Ex-Im; Japan more than five times; and China an estimated eleven times. Failure to adequately fund Ex-Im would put U.S. exporters at a sharper disadvantage.

OPIC is also a critical agency that has helped small businesses and others compete in foreign markets. OPIC offers political risk insurance in emerging markets and provides financing when private sector funding is unavailable. Since 1971, OPIC has guaranteed and insured projects worth \$188 billion and OPIC investments have supported \$74 billion in U.S. exports. This translates into contributing to more than 275,000 American jobs. OPIC services are not free – companies that use these services pay interest, fees and premiums for the services, in addition to repayment of principal amounts on loans. This allows OPIC (like Ex-Im) to operate as a self-sustaining agency that operates at no cost to the U.S. taxpayer.

USTDA helps companies create U.S. jobs through priority development projects in low- and middle-income countries, which last year purchased half of all U.S. exports. Over the last 10 years, \$14.2 billion in U.S. exports to emerging markets were directly attributable to USTDA programs, supporting an estimated 87,000 American jobs. During that same period, for every \$1 programmed by USTDA, it identified over \$47 in exports of U.S.-produced goods and services. More than 90% of contracts awarded by USTDA are performed by small businesses. At a time when there is a bipartisan consensus that the United States must boost exports to generate growth and jobs at home, cutting funding for USTDA would eliminate an essential tool for achieving this critical objective.

The NED enjoys widespread support from the business community because of its cost effective investment that advances national and economic interests. The NED works on a bipartisan basis in more than 80 countries to help build stable and peaceful democracies. It does so by assisting grassroots organizations in promoting democracy, often in extremely repressive environments. The NED is especially important because it funds programs in countries that federal government agencies cannot reach.

The work of the NED and its four core institutes is more relevant today than ever. It is critical not to reverse the gains achieved during the last two decades in building democracies and free market reform, as well as opening up authoritarian systems. In fully funding the NED, the United States would enhance an important institution that advances America's fundamental values and interests.

In addition, the U.S. Chamber supports the planned capital increases for the multilateral development banks (MDBs), including the World Bank, the African Development Bank (AfDB), the Asian Development Bank (ADB), the Inter-American Development Bank (IDB), and the European Bank for Reconstruction and Development (EBRD). Over the years, these institutions have funded successful programs to help developing countries become stable and growing markets for American goods and services. American businesses understand these institutions' vital role in fostering prosperity. MDB loans and expertise help developing countries become reliable trading partners and open up their markets for U.S. goods. These loans come with conditions, such as strengthening transparency, promoting good governance, and improving the investment climate.

The MDBs provide vital financial assistance to developing countries with minimal U.S. investment but significant impact. For instance, the United States has invested only \$2 billion in the

World Bank's capital base since its creation in 1944. The U.S. funding has leveraged contributions from other donors, allowing the World Bank to provide nearly \$500 billion in financing and invaluable expertise to developing countries. The United States plays a significant role in helping to shape these policies as the largest shareholder at the World Bank and the IDB and one of the largest at the AfDB and the ADB. Failure to support the capital increase would undermine U.S. leadership and the ability to shape development priorities.

The Chamber urges you to support fully funding these key initiatives in the FY12 State, Foreign Operations, and Related Programs appropriations bill. The Chamber looks forward to working with you to craft a bill that will continue to support small business, exports, and free enterprise.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten". The signature is fluid and cursive, with a large initial "R" and a long, sweeping tail.

R. Bruce Josten

Cc: The Members of the Senate Committee on Appropriations