

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

1615 H STREET, N.W.
WASHINGTON, D.C. 20062-2000
202/463-5310

June 3, 2015

The Honorable Kay Granger
Chairwoman
Subcommittee on State, Foreign Operations,
and Related Programs
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

The Honorable Nita Lowey
Ranking Member
Subcommittee on State, Foreign Operations,
and Related Programs
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Chairwoman Granger and Ranking Member Lowey:

As the Subcommittee prepares to mark up of the Fiscal Year 2016 State, Foreign Operations, and Related Programs Appropriations bill, the U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America's free enterprise system, urges you to support full funding for the U.S. International Affairs Budget—including the U.S. Export-Import Bank (Ex-Im), the Overseas Private Investment Corporation (OPIC), the U.S. Trade and Development Agency (USTDA), and the National Endowment for Democracy (NED).

Today, overseas markets represent 95% of the world's consumers and 80% of its purchasing power. Trade already supports one in four manufacturing jobs, and one in three acres of American farms is planted for hungry consumers overseas. Approximately 300,000 small- and medium-sized businesses export, accounting for one-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 about 1% 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 for domestic job creation, these international programs are more important than ever.

Ex-Im provides vital financial guarantees to help American businesses export. In FY 2014, Ex-Im supported export sales that created or sustained more than 164,000 U.S. jobs at more than 3,300 companies. Far from being a burden on the taxpayer or a subsidy for corporations, Ex-Im charges fees for its services that generated nearly \$7 billion in revenue for the U.S. Treasury over the past two decades above and beyond funds it received in

appropriations. 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 as well as contribute to a stronger national economy.

Further, failure to support Ex-Im would amount to unilateral disarmament in the face of other nations' aggressive trade finance programs. Other countries have established 78 official export credit agencies (ECAs) worldwide, and they have extended trillions of dollars in trade finance in recent years. Governments from Canada to China have shown no interest in shutting down their ECAs. In fact, the ECAs of the world's other top trading nations provided 18 times more export credit assistance to their exporters than Ex-Im did to U.S. exporters last year, according to a recent report prepared by the National Association of Manufacturers with data and analysis from the Economist Intelligence Unit. Failure to adequately fund Ex-Im would put billions of dollars in U.S. exports and tens of thousands of American jobs at risk.

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 it was created four decades ago, OPIC has supported more than \$200 billion of investment which, in turn, has generated about \$75 billion in U.S. exports and supported nearly 300,000 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 on a self-sustaining basis 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 more than half of all U.S. exports. USTDA's programs have supported more than \$25 billion in U.S. exports to emerging markets, supporting an estimated 110,000 U.S. jobs over the last 10 years. 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.

NED enjoys widespread support from the business community because of its cost effective investment that advances national and economic interests. 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. NED is especially important because it funds programs in countries that federal government agencies cannot reach.

The work of NED and its four core institutes is more relevant than ever today. 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 NED, the United States would enhance an important institution that advances America's fundamental values and interests.

In addition, the Chamber supports appropriations to meet U.S. commitments relating to the capital increases for the multilateral development banks (MDBs), including the World Bank, the African Development Bank (AfDB), the Asian Development Bank (ADB), and the Inter-American Development Bank (IDB). 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.

Lastly, the Chamber urges against adoption of any provision that would blacklist government contractors solely on the basis of a change in the location of their corporate domicile. Debarring contractors who are in full compliance with U.S. law (including paying taxes on income earned in the United States like every other domestic and foreign company that operates within U.S. borders) undermines the principles of "full and open competition" and best value for the taxpayer that have been the longstanding cornerstones of U.S. government procurement policy. Enactment of so-called anti-inversion proposals could also result in reduced competition for federal contracts while simultaneously placing at risk the jobs of U.S. workers who provide goods and services to the U.S. government.

The Chamber urges you to support full funding for these key initiatives in the FY 2016 State, Foreign Operations, and Related Programs Appropriations bill.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten", written in a cursive style.

R. Bruce Josten

cc: Members of the Subcommittee on State, Foreign Operations, and Related Programs