CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
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May 21, 2012

The Honorable Patrick Leahy
Chairman
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Lindsey Graham
Ranking Member
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Chairman Leahy and Ranking Member Graham:

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. 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) — during the markup of the FY 2013 State, Foreign Operations, and Related Programs appropriations bill.

Today, overseas markets represent 95% of the world's consumers and 80% 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 FY 2011, Ex-Im supported export sales that created or sustained approximately 290,000 U.S. jobs at over 3,600 companies. Ex-Im has a proven record of success. Far from being a burden on the taxpayer or a subsidy for corporations, Ex-Im is a net revenue generator for the Treasury. Fees charged by Ex-Im generated $700 million in revenue for the U.S. Treasury in FY 2011 and $3.4 billion in FY 2006 – FY 2010. 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 support Ex-Im would amount to unilateral disarmament in the face of other nations' aggressive trade finance programs. 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 reauthorize 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 projects have generated $75 billion in U.S. exports and supported more than 274,000 American jobs. OPIC has made a significant contribution to developing countries by supporting $188 billion worth of investments. 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, $17.6 billion in U.S. exports to emerging markets were directly attributable to USTDA programs, supporting an estimated 110,000 American jobs. For the third year in a row, the measure of return on program investment increased significantly and in 2011was a record-breaking $58 in exports of U.S.-produced goods and services for every $1 programmed by USTDA. 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 U.S. 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), 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 full funding for these key initiatives in the FY 2013 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,

R. Bruce Josten

cc: The Members of the Senate Committee on Appropriations