

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

NEIL L. BRADLEY
EXECUTIVE VICE PRESIDENT &
CHIEF POLICY OFFICER

1615 H STREET, NW
WASHINGTON, DC 20062
(202) 463-5310

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The Honorable Richard Shelby
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Patrick Leahy
Ranking Member
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Chairman Shelby and Ranking Member Leahy:

As the Committee prepares to consider the Fiscal Year 2019 State, Foreign Operations, and Related Programs Appropriations bill, the U.S. Chamber of Commerce 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). Given the need to restrain overall federal spending and the discretionary spending caps currently in effect, the Chamber urges you to focus federal resources on projects and activities that offer the greatest potential to contribute to an environment conducive to stronger economic growth.

Today, overseas markets represent 95 percent of the world's consumers and 80 percent of its purchasing power. Trade already supports half of all 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 approximately one percent 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 financing and guarantees to help American businesses export. In the last fiscal year when it was fully functional (FY 2014), Ex-Im backed export sales that supported more than 164,000 American jobs. That same year, nearly 90 percent of Ex-Im's transactions—more than 3,340—directly supported American small businesses. 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 at least 85 official export credit agencies (ECAs), and 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 provide many times more export credit assistance to their exporters than Ex-Im does to U.S. exporters. China, for example, provided its exporters with an estimated \$670 billion in ECA financing over the last two years, while Ex-Im has equipped American exporters with about \$590 billion in financing *over its entire 81-year history*. 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 \$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 \$50 billion in U.S. exports, supporting an estimated 300,000 U.S. jobs since the agency was founded. More than 90 percent 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. The Chamber supports \$170 million in funding for NED to enhance an important institution that advances America's fundamental values and interests.

In addition, the Chamber supports policy to increase the capital of multilateral development banks (MDB), and in particular the International Finance Corporation, which supports private investment in emerging markets. Over the years, these institutions have funded successful programs to help developing countries become more open for American goods and services. MDB loans and equity and policy guidance help developing countries become reliable trading partners and open up their markets for U.S. goods. This development financing comes with rigorous 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. Prior to the recent round of capital increases, 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 one of the largest at the regional banks. Failure to support the capital increase would undermine U.S. leadership and the ability to shape development priorities.

The Chamber also supports funding for the Office of the Coordinator for Cyber Issues, particularly for expanding U.S. engagement on international cybersecurity issues such as the promotion of the voluntary *Framework for Improving Critical Infrastructure Cybersecurity* and the development of cyber norms.

The Chamber urges you to support full funding for these key initiatives in the Fiscal Year 2019 State, Foreign Operations, and Related Programs Appropriations bill.

Sincerely,



Neil L. Bradley

cc: Members of the Committee on Appropriations