



Terry E. Branstad
GOVERNOR

OFFICE OF THE GOVERNOR

Kim Reynolds
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September 9, 2014

The Honorable John Boehner
Speaker, U.S. House of Representatives
H-232, Capitol Building
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader, U.S. House of Representatives
H-204, Capitol Building
Washington, D.C. 20515

The Honorable Harry Reid
Majority Leader, U.S. Senate
S-221, Capitol Building
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader, U.S. Senate
S-230, Capitol Building
Washington, D.C. 20510

Dear Speaker Boehner, Leader Pelosi, Leader Reid, and Leader McConnell:

We urge you to support economic growth, job creation, income growth, and improved national economic competitiveness by passing Trade Promotion Authority (TPA) and by reforming and reauthorizing the Export-Import Bank (Ex-Im Bank) this year. TPA will strengthen the hands of U.S. trade negotiators and help achieve solid results for U.S. companies, farmers and workers in ongoing trade negotiations, such as the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (T-TIP). TPA is also crucial to getting any negotiated trade agreement approved by Congress in a timely manner. Ex-Im Bank reforms and reauthorization will help level the playing field in the global market for U.S. companies.

With over 95 percent of the world's population located beyond our borders, international trade is a key component to economic growth and increasing family incomes. In Iowa, nearly 429,000 jobs depend on international trade and the majority of exporters are small and medium sized companies.¹ Since we took office in 2011, the value of Iowa exports has increased from \$10.8 billion to \$13.8 billion at the end of 2013 and we want that trajectory to continue.² Export-related jobs have higher pay than non-trade-related jobs. Iowa businesses and agricultural producers recognize the importance of pro-growth trade policies to enable U.S. exports to other countries and foreign direct investment in communities throughout the United States.

The Ex-Im Bank is an important tool for Iowa businesses seeking to expand their markets and we believe reauthorization provides a good opportunity for Congress to provide needed reforms to ensure the program's success and long-term sustainability. From 2007 to August 2014, the Ex-Im Bank has helped support more than \$230 million of exports from more than 50 Iowa businesses – a majority of which are small businesses.³ Thus, the Ex-Im Bank has helped grow exports from areas such as food manufacturing, machinery manufacturing, and plastics and rubber products manufacturing. Enclosed,

¹ Source: http://businessroundtable.org/sites/default/files/state-data-intl-trade/BRT-State-Study_Iowa.pdf

² International Trade Administration, <http://tse.export.gov/TSE/ChartDisplay.aspx>

³ Export-Import Bank, http://www.exim.gov/customcf/congressionalmap/state_map.cfm?state=IA

please find some quotes from Iowa companies regarding the Ex-Im Bank's role in connecting them to very competitive foreign markets.

We believe in a culture of continual improvement and that is why we would support efforts to improve the Ex-Im Bank moving forward, such as improving program transparency, reforming the Ex-Im Bank's lending practices to prevent U.S. companies from being disadvantaged by an overseas project, and dedicating a portion of Ex-Im Bank revenues to deficit reduction. Other reform proposals, such as requiring the Ex-Im Bank to keep 10 percent of earnings as a buffer against losses, improving the focus on the medium-term loan guarantee program and other Ex-Im Bank tools particularly important for smaller exporters, expanding the role of the Chief Risk Officer, and establishing an ethics office have merit as well.

We believe that the TPP and T-TIP trade agreements will enable more American companies to expand exports and services to these markets. Ex-Im Bank financing will help ensure that American businesses, especially those with little or no export experience, can compete against their foreign counterparts in new and higher-risk markets. Other countries utilize similar institutions to enable access to higher-risk trade markets and the Ex-Im Bank fees have brought revenue into the U.S. Treasury.

We urge your consideration of these important trade initiatives – passage of TPA and reform and reauthorization of the Ex-Im Bank – to enable our businesses and citizens to compete fairly in the world market, drive job creation, and grow family incomes.

Sincerely,



Terry E. Branstad
Governor of Iowa



Kim Reynolds
Lt. Governor of Iowa



Debi V. Durham
Director,
Iowa Economic Development Authority

Enclosure: "Ex-Im – an Important Tool for Iowa Exporters"

cc: Iowa Congressional Delegation
Chairs and Ranking Members of Relevant Congressional Committees

Ex-Im Bank: an Important Tool for Iowa Exporters

Quotes from Iowa Companies



“Vermeer has eleven deals quoted, totaling upwards of \$46 million, that include Ex-Im Bank support so that our US Bank can provide financing to our customers in Indonesia, Morocco,

Mongolia, Chile and the Philippines. Without Ex-Im Bank, not all, but some of these sales will be lost because in many countries, both foreign and US banks are unable or unwilling to finance our specialized equipment. If we would lose just \$10 million of these sales due to not having adequate end-user financing, that's nearly 40,000 labor hours lost or the equivalent of 20 jobs for an entire year...with an equal or greater affect upon our US supply chain.”

Highlight

In Iowa, nearly 429,000 jobs depend on international trade and the majority of exporters are small and medium sized companies.

Export-related jobs have higher pay than non-trade-related jobs.

From 2007 to August 2014, the Ex-Im Bank has helped support more than \$230 million of exports from more than 50 Iowa businesses – a majority of which are small businesses.



Mechdyne

ENABLING DISCOVERY

“Mechdyne Corporation, Marshalltown Iowa, has previously utilized the Ex-Im Bank to assist with the financing of a major, approximately \$20 Million project for an international customer. The Ex-Im Bank provided assistance with a credit line that included advances to purchase materials as well as to provide letters of credit for advance payments by the customer.

Without the assistance of the Ex-Im Bank Mechdyne Corporation would have been very stretched with its working capital, and possibly may have been unable to fulfill the order due to timing and limitations of domestic financing at the time. The Ex-Im Bank financing program for international transactions however, made the order very doable and, in fact, a successful venture for the Company.

Mechdyne highly recommends the Ex-Im Bank for international orders to provide necessary working capital and letters of credit as may be necessary to obtain and complete the transactions. Mechdyne plans to utilize the Ex-Im Bank for future international transactions as may be necessary to order material and work on the project prior to receipt of payments from the customer. In addition, the Ex-Im Bank is important to enable companies like Mechdyne to meet required time lines and have a successful completion to future, large international orders.”



“The Ex-Im Bank programs have been paramount and instrumental to Paper Systems in growing our business. These programs have served as a safety net, especially for Canada, Mexico and countries in Asia, Europe and South American.”



“We have been utilizing Ex-Im Bank programs now for nearly four years. We are mainly using their programs to insure our international receivables.

Although we may have been able to complete these international transactions without these programs, the insurance has provided our company with better peace of mind, and enabled us to affect our transactions within the normal course of business.”



“Freund-Vector Corporation is a medium size business located in Marion, Iowa providing US Made equipment to the Pharmaceutical Industry.

Our customers have used Ex-Im Bank Med Terms loans several times in the past. We currently have two customers (One in Turkey and One in Brazil) that are using an Ex-Im Bank Med Term Loan and we have two other customers that are waiting to see what Congress decides before they go ahead with their order.

Ex-Im Bank Medium Term Loans have been very helpful to Freund-Vector Corporation and our customers. We have had several customers use Ex-Im Bank financing in order to purchase our equipment instead of another supplier that is not located in the U.S.

One of these sales does have alternate financing available, but with the customer in Turkey, I believe they would have went with our competitor had Ex-Im Bank financing not been available.

Freund-Vector Corporation was founded here in Iowa with integrity, a strong work ethic, and high standards. We have grown our business by excelling in service, our Midwestern work ethic and high standards. We employ 112 people and will be hiring 12 more in the near future. We are not a large company and in these difficult economic times, we rely heavily on International Sales to grow our business. International Sales makes up over 50% of our total sales. Our main competition is located in Germany. Germany offers Hermes financing. To lose sales to our competitor because we can't offer Ex-Im Bank financing would cripple Freund-Vector Corporation financially and hurt our reputation of being able to satisfy our customer with high integrity and service.”



“Metalcraft uses Ex-Im Bank coverage at least 20 times a month and usually more. It has allowed us to expand our acceptance of international customers and has been easy to use. Their support has been very good and they have been easy to deal with over the years. We have seen an increase in our export business and part of this is due to the Ex-Im option for some of our customers.”



“Stellar Industries has been able to expand their international exposure with the backing of Ex-Im Bank. It is a powerful tool when providing lines of credit to be extended to customers that otherwise would be limited on buying power. The ease of qualifying a customer has increased our export shipments and allowed the volume to grow with the relationship. Without the program many of our international customers would be limited on options for terms on shipments.”



“Byron Originals has utilized Ex-Im Bank programs for 3-4 orders per month that we send overseas. Our overall satisfaction is excellent. Byron Originals would probably not have been able to complete these transactions without Ex-Im Bank programs. Ex-Im Bank programs are very important to our export sales.”