

**Franklin Vargo**

*Vice President*

*International Economic Affairs*

November 30, 2010

The Honorable Alan Simpson and  
The Honorable Erskine Bowles  
Co-Chairmen  
National Commission on Fiscal Responsibility and Reform  
1650 Pennsylvania Avenue, NW  
Washington, DC 20504

Dear Sirs:

On behalf of the National Association of Manufacturers (NAM), I write you to express how important the Overseas Private Investment Corporation (OPIC) is to manufacturers' competitiveness and exports. I ask that elimination of OPIC be stricken from your recommendations for budget reduction.

OPIC does not represent a net cost to U.S. taxpayers; quite the contrary, it has returned funds to the Treasury for the past 33 years. In fiscal year 2010, OPIC returned \$352 million to the U.S. Treasury and the Administration estimates that over the next five years, it will return an additional billion dollars in net revenues. The Congressional Budget Office (CBO) reaches a different conclusion, by inexplicably deciding not to count OPIC's interest revenue, in contravention of accepted accounting principles, thus grossly distorting the actual numbers. The U.S. Treasury's figures accurately reflect OPIC's net effect on U.S. taxpayers.

As the primary U.S. government agency focused on supporting private sector investment in the developing world, OPIC provides a reliable channel for access to capital for large, but especially, small and medium-sized companies in emerging markets. OPIC has helped mobilize and facilitate billions of dollars in U.S. private capital investment at no net expense to the American taxpayer and without competing with private sector financing.

Not only does increased investment improve economic conditions in the developing countries, but it also increases U.S. exports and jobs. An analysis of U.S. foreign investment in developing countries with which the United States has Bilateral Investment Treaties (BITs) shows a U.S. trade surplus with those countries. With the U.S. goal of doubling exports and increasing employment, the elimination of OPIC based on CBO's incomplete data would be a serious mistake and prove detrimental to the competitiveness and success of U.S. manufacturers.

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The NAM believes OPIC should continue to provide support to U.S. private sector investment in developing countries that is not available elsewhere. The agency also should be permitted to maintain its strong support for U.S. small companies.

I appreciate the opportunity to comment on the Commission's draft proposal and urge you to review the facts of OPIC funding and remove the recommendation to eliminate OPIC.

Sincerely,

A handwritten signature in black ink, appearing to read "Frank Vargo", with a long horizontal flourish extending to the right.

Frank Vargo

FV/pm