December 14, 2020

The Honorable Kimberly Reed
Chairman and President
Export-Import Bank of the United States
811 Vermont Avenue
Washington, D.C. 20571

RE: EIB-2020-0011-0001: Proposal to Consider Changes to Content Policy with Respect to the Program on China and Transformational Exports

Dear Chair Reed,

On behalf of the American Council of Engineering Companies (ACEC) – the business association of the nation’s engineering industry – we wish to express support for reforms to the Export-Import Bank’s (EXIM) content policy as it relates to the Program on China and Transformational Exports (the China Program).

Founded in 1906, ACEC is a national federation of 52 state and regional organizations representing more than 5,600 engineering firms and 600,000+ engineers, surveyors, architects, and other specialists nationwide. ACEC member firms drive the design of America’s infrastructure and built environment and are a leading exporter of professional engineering services across the globe.

When Congress reauthorized the Export-Import Bank in December 2019, it directed EXIM to establish a new program on China and transformational exports. The Program’s purpose is to support the extension of loans, guarantees, and insurance that are competitive with rates, terms, and other conditions established by the People’s Republic of China. Specifically, one of its stated goals is to directly neutralize export subsidies for competing goods and services financed by official export credit, tied aid, or blended financing provided by China or by other covered countries.

Many of the transformational exports highlighted by the new program include water treatment and sanitation, renewable energy, energy efficiency and energy storage -- each of which represent exports that require the engineering services that our members provide. Architecture and engineering work can be extremely technical, and American engineering brings the highest standards, promoting safety and quality, serving as the gold standard in infrastructure solutions.

According to the Department of Commerce, in 2015, China was the largest market for exports of American A/E services (accounting for 10 percent of A/E exports), up from 8 percent in 2012.

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1 U.S. Department of Commerce’s International Trade Administration, Bureau of the Census, and the Bureau of Economic Analysis.
China remains the largest market for engineering exports, ahead of the United Kingdom, Mexico, Canada, and France. Through the critical financing that the Bank provides, American engineering can compete in a highly competitive global marketplace. Many international clients want firms to bring financing to the table when competing on large infrastructure projects, and the Bank has stepped up to fill this critical need, enabling American firms to be competitive against engineering firms from China, Japan, and Korea, whose governments actively support their financing efforts. The net result of EXIM’s support is more projects being awarded to American firms, and more jobs being created and supported here at home.

As members of ACEC have shared, EXIM’s current US content requirements can make it difficult to secure EXIM financing. EXIM’s existing content policy states that for medium and long-term transactions, the level of support for the net contract price will be the lesser of 85% of the value of all eligible exports in the U.S. Export Contract, or 100% of the U.S. content in all eligible exports in the U.S. Export Contract.

Due to the technical nature of engineering, often global engineering firms need to use the technical expertise from members of their team residing in other countries. Due to the existing content requirements, this would preclude American firms from securing EXIM financing even though the project revenue would be coming back to the United States. This puts U.S. firms at a financing competitive disadvantage.

The Export-Import Bank’s importance in terms of international competitiveness cannot be overstated. EXIM should be in the business of supporting US firms to export their talent, products, and services overseas to maintain relevancy and primacy in the marketplace. The reforms to EXIM’s content policy are essential for American firms to remain competitive now and into the future. We applaud the Bank’s work to address this policy, which will assist American exporters in this endeavor.

Sincerely,

Linda Bauer Darr
President and CEO