



RESIN TECHNOLOGY, LLC™

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Written Statement

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Name of Committee: *House Committee on Foreign Affairs, Subcommittee on Terrorism,
Nonproliferation and Trade*

Date of Hearing: *Tuesday May 19, 2015 at 10am EST*

Title of Hearing: *Trade Promotion Agencies and U.S. Foreign Policy*

Dear Chairman Poe, Ranking Member Keating, and Subcommittee Members,

I am here as a member of the small business community committed to the export of U.S. goods. Resin Technology is a \$100M global petrochemical trading and compounding company that has been in operation for close to 20 years. I am second generation of this business started by my father, an entrepreneur chemist, starting his career under Jack Welsh at GE Plastics. We sell 98% U.S.-made petrochemical products from major U.S. Fortune 500 firms in the export market to over 30 countries worldwide, some developing nations and other mature developed economies. The majority of our sales go into vinyl construction products worldwide such a water pipe, windows, wire and cable, and more sophisticated engineered parts, all dependent on the level of development in the economy of the import country.

Today, our largest export markets are Canada, Europe, the Caribbean and Latin/South America accounting for 49% of 2014 sales, though we have seen growth in selected countries in the Middle East and Africa, namely Egypt, Algeria and South Africa. We have fierce competition with large, more commodity-oriented international trading firms and foreign producers from Korea, China and Japan that sell on price and low cost financing where we must attempt to compete by adding a more focused, technical approach via formulation assistance, new product growth and alternative material selection.

Prior to the housing decline, we were focused solely on U.S. and Canadian markets with over 70% of sales in the U.S. We started exporting at the end of 2006 and doubled our exports year on year until we reached a point that we were outgrowing our current financing. Selling resins in the United States and Canada is basically cash neutral, but our end goal with the 2008-2009

construction crash was to compensate for lower U.S. growth with new products and significantly grow our export sales which require longer working capital to compete.

In 2011, Bank of America suggested using the Export-Import Bank of the United States (Ex-Im) to back our export receivables and inventory via their Working Capital Loan Guarantee program and our domestic sales would remain under the current financing structure. What this did was increase our advance rates up to 90% of export receivables and 75% of export inventory vs. 80% and 40-65% affording us the ability to compete with our Asian counterparts whom are given an unfair hand with subsidizes on freight as well as working capital financing. We are selling a product that has commodity elements, so 75% loan rates on inventory is not considered excessive, plus we sell via letters of credit or with our global Euler Hermes credit insurance policy whereby the payment is insured.

In our view, the Working Capital Loan Guarantee program with Ex-Im is more disciplined and audited than our domestic financing ever has been. They require more audits per year, monthly or bi-monthly details on our sales to the customer level, waiver letters for foreign currency transactions and tough management of how credit is given to overseas customers but most importantly comprehensive marine and warehouse insurance policies. Ex-Im financing is quite expensive but it is the only real option for small to medium-sized U.S. businesses to compete in the export marketplace. They have the global infrastructure and power to manage these advance rates where the U.S. banks do not.

We partner with hundreds of small to medium-sized U.S. businesses in trucking, toll blending, packaging, warehousing and freight forwarding that rely on our loyalty. Three such firms that I have mentioned many times before, Fleur de Lis Worldwide, our freight forwarder in Humble, Texas, TCI, a packaging and trucking firm in New Orleans, LA and JPI South in Pasadena, TX have all doubled and tripled their workforces. Now with the new boom, we are working together to figure out how to further manage and capitalize on these opportunities.

We personally have also doubled our workforce from 4 to 12 people between full and part-time and are still growing as well as the multitudes of other small businesses across the country that we partner with to export these US goods. Our workforce is a hard-working and intelligent group of men and women. This month, we have also opened an office in Houston since our future growth and existence depends on exports with a strong concentration in the Gulf Coast, the petrochemical capital of the United States, and where all our export infrastructure is located. We will likely expand some back-office staff in this area as well as in Massachusetts.

Today, the United States is on the verge of a boom in petrochemicals, creating generations of jobs in needed areas around the country. It essentially will upgrade our position in the global marketplace. U.S. petrochemical producers are expanding instead of consolidating for the first time in 20 years. If we do not take advantage of the opportunity in front of us, we could become obsolete and would only give up our position to foreign companies that don't have a loyalty to our U.S. business community and valuable U.S. job growth.

The assistance of Ex-Im financing has not only made us a strong global player but also afforded us the ability to innovate what we can offer into that global marketplace. As a small growing

exporter in the United States, we have tried to look for alternative financing but without large assets or resources, it just doesn't exist. If it does exist, it is priced at rates that are completely unsupportable.

If Ex-Im is not reauthorized, our export sales would drop in half overnight as we would not be able to support the capital needs to compete, and if we had to rely on North American markets we would see sales and staff drop at least by half and at our partners as well. Not to mention we are in the midst of negotiating with the US producers on the buy side for our export contracts and it has come into question about the existence of Ex-Im and if they cease to exist, those contracts will be at risk. We are in deep discussions with three of the five producers and each of them has asked to be continually updated on Ex-Im's reauthorization prior to signing.

All in all, we, at Resin Technology, and our partners across the country need to export and in order to do so we need the programs and support that Ex-Im can provide and has provided our nation for years in order to keep us competitive and moving forward. It is vital to our and our partners' existence.

Thank you for your kind attention and allowing me to share our story like many other US exporters.