

December 12, 2017

The Honorable Bob Corker
Chairman
Committee on Foreign Relations
United States Senate
Washington, DC 20510

The Honorable Ben Cardin
Ranking Member
Committee on Foreign Relations
United States Senate
Washington, DC 20510

Re: Support for Convention on the Assignment of Receivables in International Trade

Dear Chairman Corker and Ranking Member Cardin:

The undersigned trade associations, which represent businesses that encompass all sectors of the U.S. economy and employ millions of people, strongly support and endorse the Convention on the Assignment of Receivables in International Trade (the Convention) and respectfully ask that you move expeditiously towards its ratification. Enactment of the Convention would make it easier for U.S. small and medium-sized businesses to access additional financing from lenders based on their sales of goods and services to customers located in other countries that ratify the Convention.

The Convention is self-executing, meaning that no state or federal legislation is needed. Thus, there is no cost to the U.S. government or taxpayers in ratifying the Convention. Experts from the National Conference of Commissioners on Uniform State Laws participated fully in the formulation of the Convention and have determined that there would be no implementation issues in ratifying the Convention.

U.S. small and medium-sized businesses often obtain vital financing by using their receivables as collateral for loans and other forms of financing. Article 9 of the Uniform Commercial Code makes this type of financing uncomplicated and readily available when the receivables are owed by customers located in the United States. However, U.S. lenders often are unable or unwilling to extend credit to U.S. companies seeking to borrow against their receivables owed by customers in other countries because the laws in many foreign countries make it difficult or cost-prohibitive to use foreign receivables as collateral for loans. Deprived of vital working capital, these U.S. companies are unable to grow and produce more U.S. jobs.

The Convention addresses this problem head-on by extending established and effective principles of American law embodied in Article 9 of the Uniform Commercial Code to every country that adopts the Convention.

U.S. ratification of the Convention would not change U.S. law in any material respect because U.S. law already reflects the modern legal principles embodied in the Convention. However, we strongly believe that U.S. ratification of the Convention would be the catalyst that prompts ratification by other countries. As more countries ratify the Convention, it will become easier for U.S. lenders to accommodate the financing needs of U.S. small and medium-sized

businesses, thereby enabling them to compete more vigorously in the international marketplace and foster the growth of American jobs.

Given the significant benefits of ratifying the Convention, its broad-based support, and absence of any impact on existing U.S. law or cost of implementation, we strongly urge you to move forward quickly with its ratification.

Sincerely,

BAFT (Bankers Association for Trade and Finance)
Commercial Finance Association
Equipment Leasing and Finance Association
Financial Services Roundtable
International Swaps and Derivatives Association, Inc.
National Foreign Trade Council
National Law Center for Inter-American Free Trade
Small Business & Entrepreneurship Council
U.S. Chamber of Commerce
U.S. Council for International Business

cc: Members of the Senate Committee on Foreign Relations