

Congress of the United States
Washington, DC 20515

September 20, 2004

The Honorable Philip Merrill
President and Chairman
Export-Import Bank of the United States
811 Vermont Avenue, NW
Washington, DC 20571

Dear Mr. Merrill:

We write to voice our concern about an application soon to be considered by the Export-Import (Ex-Im) Bank Board of Directors to finance the purchase of \$50 million in equipment and services for the construction of a one million metric ton soda ash plant in Turkey. Approval by the Board of this application would have unintended and drastic effects on certain communities in our home state of Wyoming.

Until recently, the U.S. soda ash industry was the largest in the world, comprised of four companies in Wyoming, one company in California, and one company in Colorado. Wyoming alone supplies approximately 90 percent of the nation's soda ash needs.

The domestic market for soda ash, however, has been stagnant for nearly 20 years and additional demand is not expected in the foreseeable future. The only viable opportunity for growth is by securing and expanding the U.S. soda ash industry's competitive presence in the international market. As you know, China has announced plans to increase existing soda ash plant capacity by 600,000 tons this year and to construct another new plant that will produce 900,000 tons when completed. Additional production from Turkey would only further marginalize our struggling domestic industry.

In an attempt to shore up this vital industry, the Wyoming delegation has spearheaded a bill, the Soda Ash Royalty Reduction Act of 2004 (H.R. 4625), which places a temporary, five-year reduction on the royalty rate for sodium compounds from six percent to two percent. This measure, which has already passed the House by unanimous vote and currently awaits action in the Senate, would give Wyoming and the rest of our domestic industry the assistance it needs to increase its export growth and competitiveness in the world market. However, approval of the pending application to the Ex-Im Bank would all but negate any support we are working to provide.

In addition, because Wyoming supplies 90 percent of America's soda ash and 15 percent of the world's soda ash, any negative effects felt by the domestic industry as a result of Ex-Im's approval of the application will be targeted and severe in Southwest Wyoming.

Wyoming's trona producing plants are located in Sweetwater County between two of Wyoming's largest towns – Rock Springs and Green River. Separated by approximately 20 miles, Rock Springs and Green River sustain a combined population of about 37,000 residents. The two cities are about 250 miles from Wyoming's largest town and capital, Cheyenne (pop. 53,011), and 200 miles from Salt Lake City, Utah, the closest city with a population of more than 50,000.

Sweetwater County's small population is supported primarily by the trona industry. Four of Sweetwater County's six top employers are soda ash producing companies: FMC Wyoming Corporation, General Chemical Company, OCI Wyoming, and Solvay Minerals. Collectively, these companies employ about 2,150 engineers, equipment operators, foremen, project managers, and others in and around Rock Springs and Green River. With a working population of roughly 19,000, the soda ash industry directly employs almost 11 percent of the working age population in Sweetwater County.

The soda ash industry not only employs the most people in Sweetwater County, but it also pays the highest wages. An average worker in one of the trona mines earns about \$60,000 annually. In comparison, the per capita income for all Sweetwater County residents is only \$29,000. Other major employers include the Sweetwater County School District #1, which provides approximately 640 jobs, and Halliburton, an oil services company, which provides around 400 jobs. Taken together, these two employers – number two and five among the county's top six employers – provide fewer than half as many jobs as provided by the soda ash industry.

It is therefore not difficult to see how the soda ash industry is the single most important economic driver in the region. Any reduction in trona-related jobs in Sweetwater County results in families and individuals moving out of the southwest region due to the inelasticity of the county's labor market. In 1997, before the soda ash industry faced the dual challenge of a rising cost structure and foreign trade barriers, the four soda ash companies employed roughly 3,100 people in Rock Springs and Green River. At the same time, Sweetwater County had approximately 40,000 residents. Now in 2004, following stagnant growth in the soda ash market and the elimination of almost 1,000 soda ash jobs, the overall population in Sweetwater County has decreased by 3,000 residents, overall employment has diminished in every business sector, and school enrollment has dropped from roughly 9,000 students to 7,000 students.

However, the stability of this industry in southwest Wyoming affects not just the economic health of the families it employs. There are, in fact, substantial economic ramifications for the economy of Sweetwater County itself. In a county with less than 50,000 residents and state with less than 500,000 citizens, any strain on this critical industry would severely reduce the tax resources to both the state and local entities.

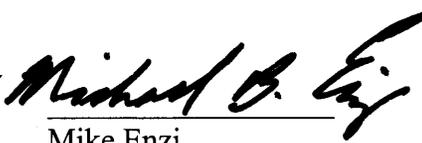
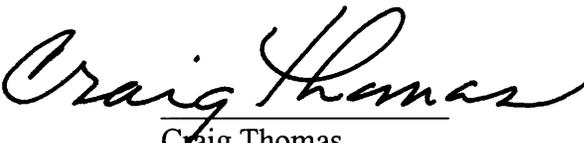
In 2003, soda ash production in this region yielded \$7.539 million in severance taxes to the state. In Sweetwater County, the current year baseline assessed values for trona and commercial equipment totaled more than \$264 million. This translates into a minimum of \$16 million to fund the functions of local government.

Wyoming does not collect a state income tax from its residents and is therefore dependent upon mineral severance taxes, sales taxes and property taxes to fund everything from our state's only university to local schools, roads, fire and police departments, and other critical elements of our social and physical infrastructure. We are extremely concerned that, if approved, the pending application before the Ex-Im Bank has the unintended potential to further distress one of the critical pillars of our state's economy and all but eliminate a vital tax base for two Wyoming towns.

As you consider the pending application before you, we request you please take a moment to consider the factors we have outlined above. An Ex-Im approval would send a devastating blow to thousands of Wyoming families and jobs and cost our state millions in much-needed revenue.

Please do not hesitate to contact any of our offices if we can be of further assistance in this matter.

Sincerely,



Craig Thomas
U.S. Senator

Mike Enzi
U.S. Senator



Barbara Cubin
U.S. Representative

cc: Helene Walsh