

NATIONAL FOREIGN TRADE COUNCIL, INC.

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The NFTC, organized in 1914, is an association of some 300 U.S. business enterprises engaged in all aspects of international trade and investment. Our membership covers the full spectrum of industrial, commercial, financial, and service activities, and we seek to foster an environment in which U.S. companies can be dynamic and effective competitors in the international business arena. The NFTC strongly urges you to oppose the consideration of S. 3816, the "Creating America Jobs and End Offshoring Act." This legislation would end deferral for American worldwide companies on certain income from property imported into the United States, and would put specific industries at a competitive disadvantage. Limiting deferral would hinder the growth of these companies, and would not result in job growth in the United States.

The legislation ignores the marketplace realities of global competition. Many U.S. companies must operate abroad to gain access to minerals and chemicals not available in the U.S. Relying on domestic production alone to compete in both domestic and foreign markets is not a viable strategy. International competitiveness frequently requires global manufacturing and marketing strategies to avoid trade barriers, and to achieve economies of scale.

S.3816 would also raise the tax burdens on imports from U.S.-owned corporations with no change in the treatment of imports from foreign-owned corporations. This would decrease the competitiveness of American worldwide companies' vis-à-vis foreign owned corporations that sell into the U.S. market.

At a time of economic crisis for many companies, to further hurt their competitive position would result in even more job losses than the economy is currently experiencing. The two-year payroll tax holiday included in S. 3816 would not offset the losses companies would suffer from the revenue offset included in the legislation.

These international tax revenue raisers should be thoughtfully considered only in the context of tax reform rather than as piecemeal permanent revenue raisers. The NFTC urges Congress to vote no on the cloture motion and the underlying bill.