

Jay Timmons

Senior Vice President  
for Policy and Government Relations

July 25, 2007

The Honorable Collin Peterson  
Chairman  
Committee on Agriculture  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Bob Goodlatte  
Ranking Member  
Committee on Agriculture  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Peterson and Representative Goodlatte:

The National Association of Manufacturers (NAM) - the nation's largest industrial trade association - strongly urges you not to include in the pending farm bill a proposal (H.R. 3160) that would impose discriminatory taxes on foreign-owned companies with facilities that provide jobs in the United States.

Foreign-owned companies play an important role in the growth and vitality of the U.S. economy. They provide high-paying jobs for five million Americans and account for almost one-fifth of all U.S. exports. Foreign investment is particularly important to U.S. manufacturing. One out of every eight factory workers in the United States is employed by a foreign-owned company and their jobs could be jeopardized by these discriminatory taxes.

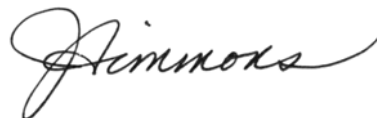
The provision under consideration would violate many of the bilateral tax treaties currently in effect between the United States and foreign countries because it would require companies to pay higher than negotiated withholding tax rates on payments to their foreign affiliates. If enacted, the proposal could lead to retaliatory actions by other countries or withdrawal by our treaty partners from exiting treaties, harshly affecting U.S.-based businesses. In addition to gutting our tax treaty system, the proposal would impose a discriminatory \$7.5 billion tax hike on foreign investment in the United States.

We also are concerned that Congress has not held any hearings on this issue. There is no evidence that existing safeguards in current treaties are not effective. Further, if problems were evident, Treasury would not vehemently oppose this proposal.

NAM members feel strongly that this provision would have a disastrous impact on the economy by reducing the attractiveness of the United States as a place for foreign companies to invest and create jobs. Rather than creating an incentive for these companies to move out of the United States and export to the United States from other countries, policy makers should focus on tax policies that attract and maintain capital investment. Thank you in advance for opposing this discriminatory tax increase.

With best wishes, I remain,

Sincerely,



Jay Timmons

***Manufacturing Makes America Strong***