



FOR IMMEDIATE RELEASE
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Contact: Communications Office
(202) 224-4515

**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding Tax Reform and International Taxation**

The Roman poet Ovid wrote, "A horse never runs so fast as when it has other horses to catch up to and outpace."

Advances in technology have resulted in a world in which business is more global. Today, a local business in my home state of Montana competes not only with the shop down the street, but with the company across the world.

We need to ensure that our international tax rules help U.S. businesses outpace their competitors and succeed in this global economy. This increased competition from around the world can – and must – lead us to be better.

American businesses increasingly sell their goods and services overseas, and foreign-based businesses compete aggressively for a share of the American market. U.S.-based multinational companies generate, on average, nearly half their income from foreign affiliates, compared to just 17 percent in 1977. And U.S. exports have more than doubled as a percent of GDP since 1960.

Foreign investment in the U.S. and the continued success of American business in the global marketplace are both essential to the health of the U.S. economy. Over the past ten years, foreign direct investment in the U.S. has totaled 1.7 trillion dollars, supporting five to six million American workers.

Foreign markets like Brazil, China and India offer lucrative new opportunities for U.S. workers and businesses. From 1990 to 2008, emerging economies grew at an average annual rate of 4.6 percent, but we need to have an international tax system that helps U.S. businesses take advantage of these opportunities to create more jobs here at home.

The tax code should not deter potential foreign investment in the U.S., and it should not hamper American competitiveness overseas. Nor should our tax code discourage companies from employing Americans abroad.

In July, we heard from U.S. business leaders who urged us to make our tax system more like the territorial tax systems of some of our major trading partners. I look forward to hearing from our witnesses today on that issue.

In addition, we have heard a great deal about U.S. multinational corporations avoiding taxation of their foreign earnings, often using tax havens. I hope that our witnesses will be able to discuss ways to address that issue.

No one doubts that our tax code should encourage economic growth and job creation. It should be fair, simple, efficient and certain.

This is particularly true in the international area, where the current rules are among the most complex and uncertain.

Right now, we are confronting a massive debt problem due, in part, to the 2008 financial crisis. As we work to emerge from that crisis, we must understand how our tax code affects international business and investment.

We must make sure our tax code does not encourage American businesses to relocate jobs overseas, and at the same time, the tax code must not put U.S. businesses at a disadvantage in foreign markets.

So let us work together to address these issues. Let us make our tax code more competitive and fair, helping our economy grow and creating more jobs for Americans in the global economy. And let us find creative solutions to help American businessmen and women outpace the competition.

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