GLOBAL BUSINESS ALLIANCE | Investing in America

Good afternoon and thank you for allowing me to testify today. My name is Aaron Taylor and I serve as the Senior Director of Tax and Trade at the Global Business Alliance known as GBA. GBA represents nearly 200 of the world's most well-known companies, which are headquartered in countries that are long-time friends and allies of the United States.

On average, GBA members each employ 12,000 Americans, making them major U.S. employers. GBA advocates for policies encouraging international companies to grow their U.S. operations, increase American employment and support U.S. economic growth.

International companies directly employ 7.9 million U.S. workers and reinvest more than $200 billion of their profits back into their U.S. operations annually. The largest recipient of this job-creating investment is in the manufacturing sector, with international employers providing jobs to 2.8 million U.S. manufacturing workers and accounting for 23 percent of America's total manufacturing workforce.

Today I want to focus on the two questions that we answered in the comments GBA submitted.

First – in response to the question...

> *How can U.S. trade and investment policy, in conjunction with relevant domestic incentive measures, better support growth and investment in domestic manufacturing and services?*

Adopting policies that promote and support investment from friendly countries is a critical way for the United States to deepen its economic relationships while also building more resilient supply chains.

We applaud the efforts of this administration to incentivize investments in certain sectors, such as the semiconductor industry, through the implementation of the CHIPS and Science Act. However, additional actions can be taken to ensure the United States remains the most attractive place in the world for businesses to invest:

Removal of the of the Section 301 tariffs imposed by the prior administration in 2018 would be a great start.

Tariffs are taxes paid by U.S. consumers and are counterproductive to economic growth. Since the tariffs have been in place, they have cost Americans $129 billion, according to Americans for Free Trade. It is past time for this burden to be removed from the American economy, especially as inflation continues to linger and consumers bear the brunt of increased costs.

Secondly, in response to the question...

> "*How can U.S. trade and investment policy promote a virtuous cycle and "race to the top" through stronger coordination and alignment on labor and environmental protections...with allies?*

It should be noted that seventy-five (75%) percent of the $5.25 trillion in cumulative foreign direct investment in the U.S. comes from companies globally headquartered in eight countries: Japan, Canada, United Kingdom, Germany, France, Ireland, Switzerland, and the Netherlands, all long-time friends and allies of the U.S.

According to the 2022 Environmental Performance Index, which *ranks 180 countries on their progress toward improving environmental health and protecting ecosystem vitality,* all of these nations (among others) outrank the U.S. in terms of environmental performance. The U.S. currently ranks 43rd.

If you want to achieve a race to the top, we should start by catching up to the leaders.

If I may speak on free trade agreements, the U.S. has a free trade agreement with Canada but does not have a free trade agreement with other strategic partners. When the administration works with like-minded allies on these issues, it should consider market access benefits and plurilateral agreements. New rules and standards with trading partners to prevent subsidies, economic coercion and anti-competition practices will allow companies to expand their investment in the United States.

If the U.S. were once again to pursue free trade agreements with these like-minded nations, the benefits that would cascade from these strengthened ties would be a powerful incentive for other countries to implement comparable standards.

Lastly, related to promoting a race to the top, as USTR is a member of the Committee on Foreign Investment in the United States (CFIUS), please maintain your commitment to the United States' open investment policy and ignore undue political pressure when conducting reviews. CFIUS should never become a tool for domestic competitors to do what they failed to achieve in the competitive market.

It should not morph into industrial policy masquerading as national security. Efforts to delay or derail CFIUS reviews could have dire consequences for America's investment climate.

A critical factor in the United States' attraction to international companies is our country's commitment to the rule of law and the predictability and stability of our regulatory framework. I urge you to maintain this standard and continue to resist political efforts to unduly influence the Committee's work and I thank you for the opportunity to testify.