



# Statement

**For Immediate Release**

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## **PROPOSALS TO ‘REPATRIATE’ FOREIGN EARNINGS IGNORE REALITIES OF MANUFACTURING INVESTMENT *Income Is Reinvested in Factories and Equipment – Not Cash***

**WASHINGTON (July 9, 2015)** – *The American Chemistry Council (ACC) issued the following statement in response to legislative proposals that would tax historical earnings of foreign subsidiary corporations. Such proposals have been offered in the context of international tax reform and as a potential revenue source for the Highway Trust Fund, whose authorization runs out at the end of July.*

“We strongly oppose proposals to tax historical foreign earnings, which reflect a failure to consider how manufacturers invest their income. In the chemical industry, companies generally reinvest foreign earnings in plants and equipment, not cash. Except for a small amount of working capital used to meet current businesses expenses, a cache of funds to be ‘repatriated’ simply does not exist.

“We are particularly concerned about how taxation of foreign earnings could affect manufacturing investment and job creation in the United States. With minimal foreign cash available, parent companies will be forced to borrow money to pay the tax bill, reducing the availability of capital for domestic investment. Our industry has budgeted more than \$145 billion for new and expanded U.S. facilities to take advantage of shale gas resources.

“Chemical manufacturing is among the largest U.S. exporting industries. Short-sighted tax proposals such as ‘deemed repatriation’ could limit exports and the expansion of foreign markets that support American economic growth.

“Deemed repatriation proposals are especially egregious without international business tax reform. America is already at a significant disadvantage in international taxation, and attempts to tap U.S. companies’ permanently reinvested earnings overseas would make the situation worse by draining U.S. operating assets.

“We look forward to working with lawmakers to explain the complexities and very real consequences of recent tax proposals for the manufacturing sector, the chemical industry and the U.S. economy.”

>>View ACC’s [statement for the record](#)

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*The American Chemistry Council (ACC) represents the leading companies engaged in the business of chemistry. ACC members apply the science of chemistry to make innovative products and services that make people's lives better, healthier and safer. ACC is committed to improved environmental, health and safety performance through Responsible Care®, common sense advocacy designed to address major public policy issues, and health and environmental research and product testing. The business of chemistry is an \$801 billion enterprise and a key element of the nation's economy. It is the nation's largest exporter, accounting for 14 percent of all U.S. exports. Chemistry companies are among the largest investors in research and development. Safety and security have always been primary concerns of ACC members, and they have intensified their efforts, working closely with government agencies to improve security and to defend against any threat to the nation's critical infrastructure.*

