



October 23, 2007

The Honorable Charles B. Rangel  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20510

The Honorable Jim McCrery  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20510

Dear Chairman Rangel and Ranking Member McCrery:

As trade associations representing the full spectrum of businesses in the American economy, we appreciate the efforts of the Committee on Ways and Means to develop legislation to reauthorize and improve the Trade Adjustment Assistance (TAA) program. As the Committee moves forward in its work, we would like the opportunity to provide comment on a number of TAA-related proposals.

To keep American companies competitive, firms require access to a diverse, educated, skilled, and mobile workforce. The business community strongly supports—and has been working towards—developing long-term solutions to increasing the pool of qualified American workers, while we also continue to create high-quality, good-paying jobs in the United States.

Over the past 20 years, approximately one-third of the growth in the U.S. economy came through exports. U.S. exports directly support more than 12 million good-paying jobs and indirectly support millions of additional jobs. Jobs tied to exports typically pay 13 percent to 18 percent more than the average U.S. wage. The benefits of trade are plain to see across the economy:

- One in every three acres of farmland in the U.S. is planted for export, according to the U.S. Department of Agriculture;
- One in every five manufacturing jobs is tied to overseas sales, according to the U.S. Department of Commerce; and
- U.S. service providers brought in export revenues of more than \$400 billion in 2006, according to the U.S. Department of Commerce.

Since the 2002 passage of Trade Promotion Authority, the U.S. economy has experienced unemployment at 4.7 percent. These unemployment numbers represent a very modest level of job loss attributable to a number of factors, including technology advances, increases in productivity, and general attrition of workers moving through the job market. Data show that less than 5 percent of these U.S. job losses in any year are directly attributable to “trade.”

However, in a period of increased globalization, we support a policy designed to help dislocated workers adapt to the challenges presented by a global economy.

The business community strongly supports reauthorization of the TAA program. It is an effective tool, providing targeted assistance to those workers adversely affected by competition in international trade and investment. We remain committed to ensuring America's workers have access to the education and job training tools they need to gain the skills necessary to quickly return to work.

It is our view that any changes to TAA should improve training eligibility, encourage workers to pursue training and retraining aimed at high growth job sectors tied to the needs of regional economies, improve access to education and training through a streamlined, customer-focused system, and encourage workers to actively seek new employment opportunities. We also believe in increasing performance accountability measures and better integration of the TAA program with the workforce investment system under the Workforce Investment Act, which currently awaits reauthorization. Improving access to education and training through a streamlined, customer-focused system would address the many training capacity issues already exposed in our current workforce system. We applaud provisions that would require workers to actively seek employment in order to receive any of the compensation benefits provided in the TAA program.

With a growing shortage of skilled healthcare, high-tech, and information technology workers in the U.S., it is critical that TAA programs target training in these sectors. In order to make training programs funded by TAA more effective, business should be involved at the outset, to ensure that workers' skills are matched to the needs of industry. Retraining should utilize innovative training methods and incentives offered by the businesses.

While the business community shares the goals of various TAA proposals under consideration by the Committee, we have major concerns with a number of the proposed expansions of the program.

First, the business community opposes the manufacturing redevelopment zone provisions, an extension of the FUTA surtax, and the delay in the implementation of the interest allocation rules. The manufacturing redevelopment zone provisions are akin to the enterprise or empowerment zone proposals of the past, purporting to benefit arbitrarily designated regions, but have not been shown to work. The FUTA surtax was added to the tax code in 1976 as a temporary measure and should have been allowed to expire long ago, having outlived the purposes and term that served as a rationale for its enactment. Further, delaying the implementation of the interest allocation rules effectively re-writes recent tax law changes that reformed rules that were widely recognized as anti-competitive and harmful to U.S. businesses with foreign operations.

Second, we are also extremely concerned that the Worker Adjustment and Retraining Notification Act may be included as part of the final TAA legislation to be considered by the full House. The business community has already conveyed its opposition to H.R. 3796, the "Early

Warning and Health Care for Workers Affected by Globalization Act,” to the House Education and Labor Committee.

Finally, the business community is alarmed by a number of the proposed changes in tax measures designated to pay for this legislation, and we reiterate our strong position that additional taxes on America's businesses lessen U.S. competitiveness in global markets and hinder companies' ability to expand, re-invest, and create jobs.

The business community looks forward to working with Congress to reauthorize TAA that will increase American competitiveness in a timely manner. Additionally, we will continue our steadfast efforts to secure approval of a robust trade agenda in the 110<sup>th</sup> Congress. A careful and deliberate process has worked to address long-held concerns with some aspects of trade agreements, and we commend the Committee's immediate attention to passage of the pending FTAs with Peru, Colombia, Panama and Korea as well as renewal of Trade Promotion Authority.

Sincerely,

National Association of Manufacturers  
U.S. Chamber of Commerce

Cc: Members of the Committee on Ways and Means  
Chairman Baucus and Ranking Member Grassley, Committee on Finance