



**Statement of Hugh Spinks  
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On the Issue of Corporate Tax Reform in the United States  
U.S. House Ways & Means Committee  
U.S. House  
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Mr. Chairman and Members of the Committee, I appreciate the opportunity to testify today on the issue of corporate tax reform here in the United States. My name is Hugh Spinks and I appear today on behalf of Air Liquide, one of the Nation's leading industrial and medical gas companies. Headquartered in Houston, Texas, Air Liquide has over 5,000 U.S. employees in more than 200 locations throughout the country. For decades, Air Liquide has offered industrial and medical gases and related services to the Nation's largest industries including manufacturing, electronics and healthcare. Air Liquide is focused on technological innovation to help make our Nation's manufacturing and industrial sectors more efficient, environmentally friendly and productive. In 2007, Air Liquide established its Delaware Research and Technology Center which houses more than 100 scientists and engineers specifically devoted to developing innovative applications for gas products in sectors such as electronics, healthcare, energy and food.

The industrial gases business is an essential and thriving cornerstone of American manufacturing and technology, reaching into every conceivable sector of the economy. Air Liquide is committed to significant growth and domestic expansion, and in fact has doubled its investment in the United States during the last five years. This investment has created new jobs and access to critical products and technologies in communities throughout the nation from Texas to North Dakota and California to Delaware. Air Liquide is the world leader in industrial and medical gases and we operate in over 80 countries, employing over 46,000 world citizens.

We see the future for U.S. manufacturing as bright and rich with opportunities, but we are also pragmatists in our distribution of resources. In deciding where Air Liquide will make its investments, we examine all of the potential costs, including taxes. With such a large, capital intensive operation, we oftentimes have more potential projects than capital on a worldwide basis, forcing objective decisions about where the best return on investment exists. Air Liquide evaluates these competing potential projects in different geographies on an after-tax basis, as do many companies.

Over the last couple of decades, many developed and developing economy countries have significantly lowered their statutory corporate tax rates to attract new business investment and create jobs. U.S. competitors in such diverse geographies as Canada, the United Kingdom and recently Japan have recently enacted significantly lower corporate tax rates and legislation to simplify their taxation of business. With Japan's 2012 corporate rate cut, the federal + state income tax rate of about 39% in the U.S. is the highest in the OECD. This puts the U.S. in a position of trying to compete for new investment projects with countries whose corporate tax rates are often 7 to 10 percentage points lower, or even less in many developing economy countries. In spite of the many advantages the U.S. offers as a premier location to do business, trying to achieve an equivalent after-tax return on investment is challenging with a corporate rate far in excess of competing countries. With a lower corporate tax rate of 25%, as suggested by Chairman Camp, the U.S. would be better able to compete for new projects.

As an internationally – headquartered company, Air Liquide is part of the dynamic business community of global companies that play a critical role in the health of the U.S. economy—particularly in the manufacturing sector. The U.S. subsidiaries of global companies employ over five million American workers nationwide, including two million in the manufacturing industry. These companies produce 21 percent of total U.S. exports, conduct 14 percent of domestic research and development spending, and account for 17 percent of U.S. corporate income tax payments. I applaud the Committee's recognition of the important link between tax reform and inbound business investment.

Air Liquide, being a capital intensive manufacturing company, has been able to utilize existing tax preferences in its business. We understand that there is a need for fiscal prudence in any corporate tax reform legislation and that base-broadeners may be required to reach a workable solution. Taking these realities into account, we strongly believe that substantially reducing the U.S. corporate tax rate will significantly improve America's competitiveness, increase investment and create new jobs.

For these reasons, Air Liquide supports all efforts by this Congress to undertake sensible tax reforms that protect the productivity and competitiveness of the Nation's manufacturing and industrial sectors and make America an attractive location for new growth and investment

Once again, Air Liquide appreciates the Committee's attention to this important issue and commends your dedication to preserving America's place as a leading home for manufacturing and commercial investment. I thank the Committee for inviting me to testify, and I would be pleased to answer any questions you may have.