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# United States Senate

COMMITTEE ON COMMERCE, SCIENCE,  
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

June 16, 2003

Dear Colleague:

Over the past several years our country has seen an alarming decline in manufacturing employment. This job loss is even more stark when examined in the context of an exploding trade deficit. The analysis is quite simple: as our trade deficit has risen, the manufacturing sector of our economy has declined and, increasingly, so has our employment base. For 34 consecutive months we have seen a decline in manufacturing employment, a slide not seen since World War II.

Quite frankly, a continuation of this trend is intolerable. It is harmful to our communities, our workers and our industries. Moreover, I am becoming increasingly convinced that our current manufacturing decline will ultimately threaten not only our precarious economic situation but our national security. For these reasons I have recently introduced two pieces of legislation designed to stem the manufacturing job loss and to help reinvigorate this vital sector.

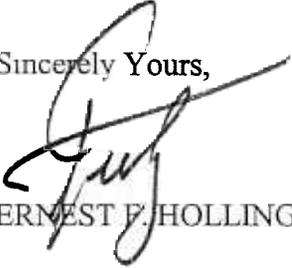
The first legislative proposal, S. 592, entitled the "**Save American Manufacturing Act of 2003**," is designed to address many of the inadequacies in our current international trade situation. The legislation requires that the factories of American companies located abroad pay their fair share of taxes to the U.S. government, whether they ship goods back to the United States or sell them abroad. The legislation would prevent the Export-Import Bank or the Overseas Private Investment Corporation (OPIC) from funding any project that does not contain at least 80 percent U.S. produced content. It also would prohibit the sale in interstate commerce of any manufactured product made by anyone under twelve years old. Furthermore, the bill expresses the Senate's strong support for the Byrd amendment which returns anti-dumping monies to injured parties and extends the Defense Department Buy America provisions of the Berry Amendment to the newly formed Department of Homeland Security. The bill would also establish a panel to review WTO decisions, which are increasingly hostile toward the United States.

The second legislative proposal, S. 970, entitled the "**Job Protection Act of 2003**", is intended to rationalize the current Foreign Sales Corporation system. It is the companion legislation to the bi-partisan Rangel-Crane bill that has been introduced in the House of Representatives. Under the proposal, corporations would be rewarded for manufacturing in the United States and would be punished for moving manufacturing activities outside the United

States. Specifically, a manufacturer whose entire production occurred in the United States would receive a 3.5% reduction in their corporate tax rate from 35% to 31.5%. If only 50% of the production was located in the United States, the corporate tax rate would only be reduced by 1.75% to 33.25%. In short, this legislation establishes the right incentives: Move production to the United States and lower your tax rate; Leave the United States and increase your tax rate. Also importantly, this legislation has been constructed in a way that will not increase our budget deficit.

Should you have any questions regarding this legislation or to co-sponsor this legislation, please contact Gregg Elias of the Commerce Committee at 202-224-0742.

Sincerely Yours,



ERNEST F. HOLLINGS

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