



U.S. SENATOR • ARIZONA

JOHN McCAIN

<http://mccain.senate.gov>

PRESS RELEASE

AS PREPARED FOR DELIVERY:
Tuesday, April 1, 2014

Contact: Brian Rogers or Rachael Dean
(202) 224-7130

OPENING STATEMENT BY SENATOR JOHN McCAIN AT PSI HEARING ON CATERPILLAR'S OFFSHORE TAX STRATEGY

Washington, D.C. – U.S. Senator John McCain (R-AZ), Ranking Member on the Permanent Subcommittee on Investigations (PSI), today delivered the following remarks at the subcommittee's hearing on Caterpillar's offshore tax strategy:

“Thank you, Mr. Chairman. After decades of growth, Caterpillar has built a global business in which 70 percent of its sales come from overseas. It is my information that at the core of Caterpillar's overseas subsidiaries is an independent dealer network that informs the company about local demand and keeps it globally competitive. The Majority's report states that many significant functions of Caterpillar's overseas parts business are managed and run from the United States. But, in my view at least, two important questions should be asked before that observation can be properly evaluated today – first, what activities are most important in generating Caterpillar's overseas sales? And, second, where are those activities conducted?”

“In this case, an important factor in Caterpillar's overseas sales seems to be its independent dealer network, which is overseen and managed by Caterpillar's subsidiary in Switzerland. I understand that this committee has many important questions to ask about how Caterpillar chose to structure itself globally. I look forward to hearing from today's witnesses so we will be better informed as to the actual operations of Caterpillar and their policy implications.

“Today, the fact is that the United State of America has the highest corporate tax rate of any country in the world. There is no doubt that is a factor in moving operations overseas and, as we have seen from previous hearings, parking those profits overseas rather than bringing them back to be subjected to a 35 percent corporate tax rate.

“This makes a compelling argument for broader tax reform to ensure our tax code is fair, competitive, and a vehicle for economic growth. I thank Chairman Levin for his continuing passion on issues such as this and look forward to today's hearing. Thank you.”

###