

Remarks by Secretary Steven T. Mnuchin SelectUSA Investment Summit Welcome Address

June 20, 2017

As Delivered

Good morning. It is a pleasure to be here today and thank you, Secretary Ross, for that kind introduction. I want to congratulate you on this Summit and all the Department of Commerce does to encourage investment in the United States. SelectUSA is a wonderful program.

Before speaking about foreign investment specifically, I want to talk about the Administration's domestic economic agenda. My top priority as Treasury Secretary is creating sustained economic growth in this country. Robust investment will help us return to more normal levels of GDP growth. This will benefit not only Americans but also those investing in this country. And so our program for growth is of great importance to this Summit.

Much-needed growth will be achieved through a combination of tax reform, regulatory reform, and trade.

It has been over 30 years since we have had comprehensive tax reform in this country. During that time, the tax code has filled with loopholes and exemptions that distort the market and make our system uncompetitive. Right now we have some of the highest business tax rates in the world. We tax on worldwide income and have a complicated system of deferral. So it's not surprising that U.S. businesses leave trillions of dollars offshore. We are committed to changing this. We will lower the corporate rate and allow companies to bring that money back to invest and create jobs. Tax reform will be a greater invitation to those in the audience to build and grow businesses here in the U.S. I am confident that this will be accomplished.

On the regulatory side, Treasury recently published a report in response to one of President Trump's first executive orders. The report makes a number of recommendations to improve

financial regulations and is focused on banks and credit unions. Treasury considers foreign investment in the U.S. banking system to be helpful in diversifying the financial system and propelling economic growth. Foreign banking organizations represent 20% of our banking system and provide as much as one-third of our business loans. Several of our recommendations were aimed at encouraging such investment in the U.S. banking system. We proposed revising thresholds for certain prudential standards to allow foreign banking organizations to follow U.S. rules properly tailored to their U.S. footprint. In implementing these reforms, we will increase credit and liquidity in the market, while still protecting the taxpayer.

Our open investment conditions have great potential to complement our trade reform efforts. We will modernize NAFTA and complete our review of trade deficits. This Administration, including Secretary Ross and myself, has moved quickly to establish the Comprehensive Economic Dialogue with China. We have already announced commitments from China that will remove long-standing trade barriers to U.S. financial services and agricultural products, allowing these American businesses to participate in the world's fastest growing consumer market. The reopening of China's market to American beef is an example of the results-oriented approach this Administration has taken in our engagement with China. We will continue to work toward arrangements that expand opportunities for U.S. workers, businesses, and consumers.

Finally, I want to talk about the President's plans for infrastructure spending. Working with foreign investors is going to be a critical part of any plan we put forward. Public-private partnerships are crucial to ensuring that the American taxpayer does not bear the full cost of any proposed program. These partnerships are also crucial to ensuring that projects are completed on time, on budget, and to the highest standards.

Now I would like to speak directly to the foreign investors in the audience. The United States is one of the world's most open investment environments and will remain a leading destination for international investment.

The reform program we have put forward is going to make the U.S. an even more attractive place to do business. This is a country with an unwavering commitment to the rule of law and the protection of property rights, including intellectual property. Those investing here should have no doubt that their investments will be safe and secure.

Ours is a dynamic and diversified economy with strong fundamentals. American businesses and households are increasingly optimistic about the future, with measures of confidence surging to decade highs.

The U.S. has one of the highest levels of labor productivity in the world. We believe that more robust investment, strong labor markets, and regulatory relief will drive this even higher in the years ahead.

Ours is a highly innovative and entrepreneurial culture, and U.S. businesses are quick to identify new opportunities. In recent months, capital spending has picked up in anticipation of accelerating U.S. growth. Nonresidential fixed investment jumped 11 percent during this year's first quarter. This includes a 28 percent surge in spending on structures and very solid increases in equipment and intellectual property.

Because of this improving environment and tax and regulatory reform, we expect more companies to produce in the United States. This is an opportunity to export from America, while also selling within the country. Your investments in the United States are an important part of our program to create wealth and jobs in this country.

I would like to conclude my remarks by speaking about the Committee on Foreign Investment in the United States (CFIUS).

Commercially-driven investment offers significant economic benefits for our country, which is why today's event is so important. But it is also the government's responsibility to ensure the protection of national security. CFIUS is the body that reviews mergers, acquisitions, and takeovers that could result in foreign control of a U.S. business to identify and address any national security concerns. This is an important tool for the protection of U.S. national security. The process involved is both rigorous and fair.

We recognize that businesses need confidentiality and efficiency. By law, CFIUS does not publicly disclose information provided by parties to a transaction. Nor does it reveal the fact that parties have submitted the transaction for review. By statute, CFIUS must reach a conclusion within 30 to 75 days.

I want to emphasize that we make our evaluations looking to national security as our guiding criterion – we do not screen by industry or make blanket pronouncements. The reality is that

the vast majority of transactions reviewed in the CFIUS process go forward without difficulty. This is because the vast majority of foreign investment in our country does not pose unresolvable national security concerns.

CFIUS's transaction-by-transaction approach allows for a more precise evaluation of the national security risks posed, taking into account all relevant facts and circumstances.

Our open process is a testament to the fact that we recognize the profound economic benefits of foreign investment. From manufacturing and infrastructure to financial services and technology, Americans benefit from having industrious and entrepreneurial foreign investors partner with us.

This is an exciting time to be doing business in America. And this Summit is a step in making investment and growth a reality. So on behalf of the President and the Administration, I want to welcome you to this fantastic Summit and I want to encourage you to invest in our great country.

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