

THE ECONOMIC CLUB

O F W A S H I N G T O N, D. C.

Excerpts from the Signature Event featuring Muhtar Kent, President & Chief Executive Officer, The Coca Cola Company

May 19, 2010

. . .having one of the highest corporate tax rates in the world today and having a system of foreign income taxation that is more onerous than that of any other developed country in the OECD [*Organization for Economic Cooperation and Development*] actually does not bode well for the future competitiveness of our country. U.S. policies in this regard are now going to counter the rest of the world.

Continuous education, vigorous education, focused education is the antidote for so many challenges that our society faces every day. . . .What an honor it is to share tonight's program with our student scholars. Looking into the faces of those wonderful, young, incredible men and women, I see the future — a future of enormous opportunity and unlimited potential. Therefore, I want to wish my sincere best wishes to each and every one of them. I also want to applaud David [*Rubenstein*], The Economic Club of Washington, the teachers, parents, and all of the wonderful members for your vision and your support of this great program.

Today more than ever, our country, the U.S., needs to do everything in its power to encourage job growth right here in America. We also need a competitive tax structure on non-U.S. income of American companies. Non-U.S. income of American international companies keeps our businesses on a level playing field with our international competitors — and they are many and increasing by the day.

At a time when we all need to be committed fully to growth, to renewal, to innovation, as the drivers of the American economy, we cannot afford policies that actually will hinder our ability to invest in the future.

In today's growing and interconnected global economy, American businesses' success internationally is essential, imperative, to our future competitiveness globally. Our success in the world is absolutely critical to our success here at home. If we are not successful internationally, we cannot be successful here at home as global, international, American businesses. And almost all of America's brand-name firms, such as mine, IBM, P&G, Microsoft, Caterpillar, to name a few, are all multinationals. Household brand names are all multinationals. So in the world today, when you take the rest of the world, the vast majority of foreign corporations that are not based here — outside of America — that compete with American firms, pay taxes only to their home country; pay taxes only to the countries that they operate in — home country — on profits earned in those countries. In other words, profits earned outside of their home are taxed by those nations only where profits are earned.

In recent years, 27 OECD countries out of 31 reduced their top corporate tax rates. . . . The U.S. has not followed suit and it now has the second-highest rate of tax in 31 OECD nations.

Global American-based companies like mine, . . . all of these large global companies in America directly employ 22 million people here in America. They also indirectly employ another 41 million people through their supply chains. So a total of 60 million people; that's nearly 30 % — one in three — American people on the payroll. Thirty percent.

Far from shipping jobs overseas, . . . we're creating real and tangible benefits for Main Street America. It's a wrong phenomenon to think that investing abroad takes jobs overseas.

As a billion people over the next decade globally enter the middle class — a billion people over the next decade enter the middle class — and as more nations subscribe to and exercise free enterprise, the opportunities for U.S. global businesses and those businesses that actually partner with and supply those U.S. global businesses will grow significantly. No question. And if we, together, collectively create the right atmosphere, climate, for entrepreneurship, for investment, for competitiveness here in the United States, there is no limit, no limit, to where we can go.

We must never lose sight of our wonderful entrepreneurial heritage and what actually has made this country, this nation great. It's going to require fair policies that keep American businesses on a level playing field internationally.