

March 4, 1976

The Honorable Mark W. Hannaford
U.S. House of Representatives
315 Cannon House Office Building
Washington, D.C. 20515

Dear Congressman Hannaford:

Thank you for your letter directing our attention to House Resolution 1043 which you introduced on February 19, 1976. We agree with you that the objective of this resolution -- the negotiation of a multilateral accord eliminating unethical payments which inhibit or distort international trade -- is certainly an important and appropriate subject for public policy consideration.

The NAM shares your concern that recent revelations have injured the U.S. image abroad and hurt the standing of U.S. industry in the eyes of the American public. Information so far disclosed reflects the nature and extent of these payments and reveals both the multilateral character of participation in industrialized and developing countries, as well as the diversity of such payments. However, at base is also the competitive reality of international markets and the increasing governmental involvement in commercial operations and sales.

Recognition of the international scope of these payments surely seems to argue for a multilateral resolution of the problem, if this can be achieved. A solely unilateral approach through restrictive national legislation would obviously disadvantage U.S. firms in international competition, resulting in a loss of sales and domestic employment without eliminating the trade distorting effect such payments have in world markets.

Efforts to initiate an international agreement have already been made in the current Multilateral Trade Negotiations (MTN) in Geneva by the President's Special Trade Representative, pursuant to Senate Resolution 265. Within the OECD, draft "guidelines" for multinational enterprises are being considered and a section deals specifically with a common standard for business and government conduct regarding unethical payments and activities. NAM has taken great interest in these two efforts and has participated in the advisory process regarding the OECD guidelines.

We commend your concern regarding this important issue and timely hearings before the House Banking Subcommittee on International Trade, Investment and Monetary Policy which have been tentatively scheduled for early April. The NAM is carefully evaluating this complex problem area and may wish to comment more fully on the issues involved during Congressional deliberations.

Sincerely,

Eugene J. Hardy
Senior Vice President

EJH/pcs