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Ambassador Duke Buchan III Op-Ed: The End of Double Taxation

The End of Double Taxation Ambassador Duke Buchan III

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I arrived in Spain for the first time almost 40 years ago as a young student in Valencia, and later Seville. There, I learned about the wonderful culture of Spain, its friendly people and its rich traditions. Little did I know then that there would be exponential growth in relations between the United States and Spain, with prodigious economic exchange. Today we add an important milestone to our commercial relationship, which is already at a pinnacle, as we celebrate the update of the agreement that will prevent double taxation for companies operating in Spain and the United States.

Why is it important? This updated protocol will significantly reduce the taxes companies pay, so they can then add significant value to economic growth in our two countries. The money American and Spanish companies will save in taxes can be used to create more jobs, more investment, and more growth in our two nations. While this agreement may seem very technical at its heart, it makes the pie bigger for everyone and will create new jobs for thousands of Spaniards and Americans.

Initial data indicates that savings for companies could be in the billions of euros in just the first three years. This is not chump change!

When our countries signed the original tax agreement in 1990, Felipe González was the President of the Government of Spain and George H.W. Bush was the President of the United States. Spain was coming out of a political transition that is now praised worldwide. The change has been so impressive that today Spain is the tenth-largest investor in the United States, and the United States is the largest foreign investor in Spain. Spain's direct foreign investment in the United States exceeds 70 billion euros and has directly created 82,000 jobs as well as many more indirectly. The United States represents almost a quarter of the world's economy, and the American market offers enormous opportunities for Spanish companies, which now, thanks to this agreement, can invest in the United States with more certainty, knowing the final figure

of their tax bill in both countries. At the same time, American companies have invested more than 64 billion euros in the Spanish economy and currently employ about 178,000 people directly, and many more indirectly. Trade between our countries amounts to 40 billion euros every year and continues to grow. This agreement gives greater security to cash flows that, in turn, pave the way for long-term investment decision making. My 35 years of experience in international business have taught me that an increase in capital flows, more certainty, and the rule of law are the perfect combination for doing business.

The renewed tax agreement also includes measures so that Spain and the United States can work together to better combat tax evasion. Each company will pay their fair share of taxes, not double. Fiscal policy must reflect the nature of today's globalized economy and make it a fair system for all.

With the ratification of the United States Senate and the approval by President Trump of this fiscal agreement, we are unifying our economic structures and creating personal ties for the next decades. We take an important step forward in promoting even greater economic growth and bilateral investment. We also share the commitment to promote economic prosperity and expand business opportunities. With this updated fiscal protocol, which will enter into force on November 27, we have achieved a shared priority of our two great nations and laid the foundation to forge even stronger bilateral economic and personal ties.

Spain and the United States will walk hand in hand as partners, allies and friends in a renewed relationship that will last many more centuries.

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