

NATIONAL FOREIGN TRADE COUNCIL, INC.

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May 30, 2008

Mr. John Harrington
International Tax Counsel
U.S. Department of Treasury
Room 3054
1500 Pennsylvania Ave., N.W.
Washington, D.C. 20220

Dear John:

On behalf of the member companies of the National Foreign Trade Council, I am writing to ask you to consider including several provisions of interest to NFTC members in your tax treaty negotiations with New Zealand. We would like to see the New Zealand tax treaty at least match the provisions included in the U.S.-Australia tax treaty (and exceed them in the case of royalties). The provisions of greatest interest to NFTC members include:

1. Reduction of the parent-subsidary dividend withholding rate from 15% to zero,
2. Reduction of the interest withholding rate from 10% to zero for loans by banks and financial institutions. Non-bank finance companies (as generally defined in section 954(h)) should be explicitly included in the definition of "financial institutions."
3. Reduction of the royalty withholding rate from 10% to 0%.

We believe that an income tax agreement with New Zealand would be of mutual benefit and the elimination or reduction in the high rates of withholding taxes on cross-border payments of dividends, royalties, and interest would increase the flow of equity investment between the United States and New Zealand.

The NFTC and its member companies are willing to offer all possible assistance to bring any discussions to a successful and timely conclusion.

Sincerely,

A handwritten signature in black ink that reads "Catherine Schultz". The signature is written in a cursive style.

Catherine Schultz
Vice President for Tax Policy