



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: World Trade Organization decision in the FSC/ETI dispute
Da: Friday, Sept. 30, 2005

Sen. Chuck Grassley, chairman of the Committee on Finance, today made the following comment on the World Trade Organization's decision in the Foreign Sales Corporation/Extraterritorial Income Act dispute with the United States.

"I'm extremely disappointed that the European Commission has insisted on perpetuating this dispute. The fact is, the U.S. Congress worked for years to come into compliance with our obligations under the WTO. And, the Europeans seemed to have appreciated and accepted our compliance efforts with respect to FSC/ETI – that is, until we raised the issue of Airbus subsidies in the WTO. At that point the Brussels bureaucrats decided to perpetuate the FSC/ETI dispute in an ill-conceived effort to gain some sort of leverage in the civil aircraft dispute. Their blatant linkage of WTO disputes serves as a dangerous precedent.

"Their decision seems to disregard the broader interests of their constituents. I understand that few in the European business community favor perpetuation of this dispute or continued trade sanctions, especially now when we're trying to work together to enhance EU-US cooperation both bilaterally and within the World Trade Organization. If this decision is sustained on appeal, sanctions will only serve to unnecessarily disrupt our bilateral economic relations because I very much doubt that Congress will revisit this legislation."