



Committee On Finance

Max Baucus, Chairman

NEWS RELEASE

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Baucus, Grassley Call for Coordinated Response to ETI Case, Seek Action in September

WASHINGTON -- Sen. Max Baucus, chairman of the Committee on Finance, and Sen. Chuck Grassley, ranking member, sent the following letter to top administration officials today regarding the World Trade Organization ruling on the FSC repeal and Extraterritorial Income Exclusion Act of 2000.

August 12, 2002

The Honorable Robert B. Zoellick
United States Trade Representative
600 17th St., NW
Washington, DC 20508

The Honorable Kenneth W. Dam
Deputy Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Ave., NW
Washington, DC 20220

Dear Ambassador Zoellick and Secretary Dam:

On behalf of the Committee on Finance, we thank you for your testimony during the Committee's recent hearing on "The Role of the Extraterritorial Income Exclusion Act in the International Competitiveness of U.S. Companies." Your observations are an important contribution to the Committee's efforts to respond to the WTO ruling that the FSC Repeal and Extraterritorial Income Exclusion Act of 2000 does not comply with current WTO rules.

We are pleased that you concur with our recommendation that the Department of the Treasury and the Office of the United States Trade Representative should join in a legislative-executive, bicameral, bipartisan working group to address this issue. The objective of this working group would be to produce recommendations that can win support from the Congress and the Administration. In order to achieve this objective, the

working group should receive input from all parties concerned with the successful resolution of this issue.

We strongly believe that the Treasury Department and USTR must assume a strong leadership role in the working group. Only the Treasury Department and USTR have the resources and expertise to ensure success at every level of this multifaceted process. The Administration's leadership throughout the process will demonstrate our nation's commitment to resolving this problem. Further, the Administration's leadership will help ensure that we achieve a workable resolution of this matter that avoids a needless and protracted trade dispute, protects the American economy, and satisfies our international obligations.

Finally, we appreciate that you believe we need to promptly advance legislation which has a high probability of enactment. Since the European Union may be authorized to impose substantial retaliatory duties against American exports, a failure to resolve this issue could prove costly for the American workers, farmers, businesses, and consumers. Given the legislative and dispute settlement posture of this matter, we believe it is important to show progress toward compliance.

Accordingly, we respectfully request that you join us for an organizational meeting of the working group in September, after Congress returns from its August recess. We look forward to receiving your response.

Sincerely,

Max Baucus

Charles E. Grassley