

Key US Hill Republican Says FSC/ETI Repeal Still 'Stalemated'.

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- House Small Business Committee Chairman **Manzullo** Says Current FSC/ETI Bill 'Complicated' By 'Extraneous Stuff' - Hopes For Informal Talks With Senate Finance Chief Grassley to Break FSC/ETI Deadlock

By John Shaw

WASHINGTON (MktNews) - Rep. Don **Manzullo**, the chairman of the Small Business panel, told Market News International Monday that efforts to pass a repeal of the FSC/ETI export subsidy will not succeed this year because the tax package drafted by the Ways and Means Committee is too big, complicated and expensive.

"We should have been able to pass a bill this fall. It's not that complicated, but we got all this extraneous stuff that is being tossed in," **Manzullo** said.

The EU is threatening to slap a record \$4 billion in sanctions on U.S. exports starting March 1, 2004 if Congress fails to repeal the international tax legislation, which the World Trade Organization ruled is an illegal export subsidy.

"We need to repeal FSC/ETI. We need to provide some relief for manufacturers. And we need to negotiation with the Europeans on a transition period," **Manzullo** said. "But the current bill has become a huge wagon that everybody has tried to load up."

Manzullo, a Republican from Illinois, has been active this year on Capitol Hill to pass an international tax bill that repeals the FSC/ETI.

In the closely divided House in which every Republican vote is crucial and a handful of defections can spell defeat, **Manzullo** has become the pivotal lawmaker in an effort to substantially rewrite the sweeping international tax bill approved by the Ways and Means Committee.

Manzullo opposes the tax measure passed by the House Ways and Means Committee this fall, which would repeal FSC/ETI and replace it with a package of \$140 billion in corporate tax breaks.

Manzullo has persuaded more than 20 House Republicans to sign a letter which says the Ways and Means tax bill is misguided because it "will send more American jobs overseas."

There is little chance for an international tax bill to pass the House if **Manzullo** and 20 other Republicans oppose the measure.

"We're not going to get it done today and we're not going to be back in session until January. But I really hope we can make some progress in private discussions over the next few weeks and get it done early next year," **Manzullo** added.

"We have to get this done," he added.

Manzullo said he is eager to have private talks with Senate Finance Committee Chairman Chuck Grassley to discuss the best way to pass the FSC/ETI repeal.

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