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GRASSLEY HOPEFUL OF FSC PASSAGE BEFORE MARCH 1 DEADLINE

Senate Finance Committee Chairman Charles Grassley (R-IA) this week predicted that the Senate could pass a bill repealing the foreign sales corporation tax system and its successor regime before March 1, when the European Union has said it will begin retaliating against the United States. Both the FSC and its successor, the Extra Territorial Income Act, have been declared illegal export subsidies by the WTO.

Grassley told reporters Nov. 18 that if FSC repeal were not accomplished this year, the 108th Congress would take it up soon after beginning its second session on Jan. 20, 2004. But he said the FSC bill would come up for a vote this year unless Congress continues working next week or returns in December after the Thanksgiving holiday.

Separately, House Majority Leader Tom DeLay (R-TX) and House Small Business Committee Chairman Donald Manzullo (R-IL) have continued their talks along with other House leaders and the Ways and Means Committee about moving forward with a separate House bill to repeal the FSC, according to DeLay and a Manzullo spokesman.

DeLay at his weekly briefing with reporters on Nov. 18 said Manzullo "has some solutions that we're considering, and actually some pretty good ideas." But he did not elaborate on what these solutions were.

A Manzullo spokesman also said Manzullo was looking with House leaders at a variety of ways to achieve his goal of securing a FSC repeal bill that would not entice manufacturers to move overseas, as he charges the bill written by Ways and Means Chairman Bill Thomas (R-CA) would do (*Inside U.S. Trade*, Oct. 31, p. 3). But he would not go into the specifics of the talks.

Twenty-five House Republicans have now signed on to a "dear colleague" letter circulated by Manzullo that calls for changes to the Thomas bill. Rep. Tim Johnson (R-IL) signed the letter on Nov. 14, according to the Manzullo spokesman.

DeLay said the "education" of House members on the Thomas bill would continue all week, and that GOP leaders would move the bill "when it's ripe."