



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Fr: Jill Gerber, 202/224-6522
Re: European Union action on sanctions
Da: Monday, Dec. 8, 2003

Today the European Union Council adopted a regulation to impose sanctions beginning on March 1, 2004, in connection with the ongoing FSC/ETI dispute with the United States. Sen. Chuck Grassley, chairman of the Finance Committee, offered the following comments in response to this action:

"I'm disappointed that the EU Council has taken this step toward imposing sanctions. The United States is moving to comply, and I fully expect us to be in compliance early next year. Adopting a rigid mechanism for imposing sanctions won't change that. In fact, it could be counterproductive.

"While I still need to carefully review the details of the proposal that's been adopted, it appears to allow for automatic and escalating sanctions with little input from EU member states, and without any flexibility to respond to changing circumstances. I'm concerned such a mechanical procedure could force sanctions regardless of any changing dynamics in Europe or the United States as we move toward compliance. I'll bet there are a lot of European companies that could be hurt by sanctions that would share my concerns.

"I'm also a bit surprised that the Council took this action because I don't think the 133 Committee had a chance to weigh in formally. My understanding is that the 133 Committee has original jurisdiction over trade sanctions proposals and is supposed to weigh in formally before the council moves toward adoption. That process doesn't seem to have been followed in this case."