



Committee On Finance

Max Baucus, Ranking Member

NEWS RELEASE

<http://finance.senate.gov>

For Immediate Release
Monday, October 3, 2005

Contact: Brian Pomper/Wendy Carey
202-224-4515

Baucus Comments on WTO Ruling on U.S. Tax Law

(WASHINGTON, D.C.) U.S. Senator Max Baucus, ranking member of the Senate Finance Committee, issued the following statement on the recent WTO ruling in a case brought by the European Union (EU) against certain transitional provisions of the American Jobs Creation Act (the "Jobs Act"):

"I am disappointed with the WTO panel's decision and urge the United States Trade Representative to appeal this case to the WTO Appellate Body.

"But I am even more disappointed that the EU decided to bring this case in the first place. I worked for two years with Chairman Grassley and our Senate colleagues to pass the Jobs Act to address the concerns raised by the EU and the WTO with the foreign sales corporation tax regime.

"Passing the Jobs Act was an enormous effort. But rather than welcome the changes to U.S. law we made in the Jobs Act, the EU instead filed suit. They challenged the limited transition relief the Act affords U.S. companies whose long-term tax planning was disrupted by the repeal of the FSC/ETI regime. And they challenged provisions that seek to avoid upsetting decades-long contractual relationships. Transition provisions more generous than those in the Jobs Act are routine in cases involving major changes to complex domestic legislation.

"The EU benefited itself from similar transition provisions in the past. But it could not resist the temptation to seek some advantage over the United States in an unrelated WTO case involving civil aircraft. Linking the two dispute settlement cases as the EU has done sets a dangerous precedent. The United States is unlikely to reopen the Jobs Act. The EU's stance will severely challenge the ability of the United States and European Union to work together toward a successful Doha Round of WTO negotiations."

###