

WRITTEN QUESTION E-3120/00  
by Gerhard Hager (NI)  
to the Council

Subject: Intended response to the revision of the FSC and successor provisions

The US rules on foreign sales corporations are due to be reviewed by Congress very soon. Under these provisions, the proceeds of sales transacted abroad are exempt from tax. According to the US Deputy Secretary of the Treasury, Stuart Eizenstat, the WTO dispute settlement body has established that it is entirely up to Members to decide whether or not to tax such earnings.

1. Does the Council agree with the Member of the Commission responsible, Pascal Lamy, that the proposed provisions are incompatible with WTO rules?
2. If so, what form of measures to protect EU trade does the Council envisage taking?
3. What goods and/or enterprises would be affected by these measures?
4. What alternatives to measures to protect EU trade under Article 133 of the TEU would the Council consider?
5. Does the Council consider that the individual Member States of the European Union have the power to determine the taxation of earnings for themselves?

If not, how does the Council justify its interpretation of the law?