

The senior assistant bill clerk read as follows:

CLOTURE MOTION

We the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on Calendar No. 124, S. 1134, The Affordable Education Act of 1999:

Trent Lott, William V. Roth, Jr., Paul Coverdell, Slade Gorton, Kay Bailey Hutchison, Rod Grams, Pete Domenici, Gordon Smith, Conrad R. Burns, Don Nickles, Mike Crapo, Sam Brownback, Frank H. Murkowski, Rick Santorum, Judd Gregg, Tim Hutchinson.

Mr. LOTT. Mr. President, this cloture vote then will occur on Tuesday, unless we get something worked out where we could vitiate that agreement, as we did 3 weeks ago on the bankruptcy reform legislation. We had a cloture motion, we saw good faith on both sides, we got an agreement worked out, and we vitiated that vote.

In the meantime, I ask unanimous consent the mandatory quorum under rule XXII be waived and the cloture vote occur at 2:15 on Tuesday.

Mr. REID. Mr. President, would the leader consider having that vote at 2:30 instead of at 2:15? We have a request for that.

Mr. LOTT. I amend my request to put it at 2:30 on Tuesday.

The PRESIDING OFFICER. Is there objection?

The Senator from Nevada.

Mr. REID. Reserving the right to object, I say sincerely to the majority leader and to the majority that we should be given the opportunity to go forward on this bill. We are very anxious to move forward. We believe there is a lot to be done in education. We certainly want to do that, but we want to proceed under the regular rules of the Senate. That does not seem to be asking too much. We are not going to object to the waiver of the quorum and those kinds of things, but I will say, if we are not able to work something out before Tuesday at 2:30, I will recommend to all Democratic Senators, all the minority, that we vote against invoking cloture on this issue. That would be too bad.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. Mr. President, in light of the agreement, there will be no further votes today. We do have a number of Senators who have requested time during morning business, and I will have a unanimous consent on that momentarily.

The Senate will be in session on Monday debating this very important issue, education, and education for our children at the 4th-grade level, the 8th-grade level, and the 10th-grade level, and the merits of being able to save a little of your own money for your own children's education. I find it hard to believe that every Democrat is going to walk down and vote against going forward on education savings accounts—I think that is going to be hard to explain—because they want to offer an

unrelated, nongermane amendment. But if the Democrats are prepared to do that, then we will just have to deal with that. The next rollcall vote, however, will occur then at 2:30 on Tuesday.

EXTENSION OF MORNING BUSINESS

Mr. LOTT. Mr. President, I ask unanimous consent the period for morning business be extended until 5 p.m. with Senators permitted to speak for up to 10 minutes each, with the following exceptions in the following order: Senator GRASSLEY for 20 minutes; Senator WELLSTONE for 20 minutes; Senator MACK for 15 minutes; Senator DOMENICI for 15 minutes; Senator MURKOWSKI for 10 minutes; Senator GORTON for 5 minutes; Senator WYDEN for 10 minutes; and Senator KERREY for 20 minutes.

I further ask unanimous consent that following these times, the majority leader be recognized as under the provisions of the earlier agreement.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LOTT. I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

DECISION IN THE FSC CASE

Mr. GRASSLEY. Mr. President, as chairman of the International Trade Subcommittee, I rise to express extreme disappointment about a very adverse decision to the United States handed down in Geneva today by the World Trade Organization appellate body in the Foreign Sales Corporation case, sometimes called the FSC case.

I suppose I should not be standing here on the floor crying about the United States losing a case before the World Trade Organization because we win most of these cases. The reason I am so disappointed in this one is that I think there is a fundamental misunderstanding of the purpose of our Foreign Sales Corporation tax law. From that standpoint, when we rely so much on income taxes and the European Community relies so much on value-added taxes, this sales corporation tax law is to equalize the playing field between Europe and the United States on a lot of key manufactured products.

The appellate body decision essentially means the Foreign Sales Corporation rules in our Tax Code violate the WTO rules. As I indicated, the appellate body fundamentally misunderstood the nature and the intent of the Foreign Sales Corporation plan. The FSC plan was designed to address the competitive disadvantage faced by United States businesses that compete with foreign firms in European countries that have value-added tax regimes. When products from countries with a value-added tax regime are exported, they typically get rebates. However, in the United States, because we rely upon the corporate income tax

and not on a value-added tax, our exporting firms don't enjoy this type of tax benefit. This obviously makes our exports less competitive in world markets. The FSC rules were designed, then, to create a level playing field with these European tax systems.

The appellate body decision is a very serious development because it comes at a time when the World Trade Organization itself is under attack. In my view, these attacks are unwarranted and unjustified, but politically we have to deal with them. It will probably be the case, in one or the other body of this Congress, that we will even be voting this year on the issue of whether or not the United States ought to stay as a member of the World Trade Organization. I think they should, but this case could impact that decision.

Of course, we must not allow this setback to undermine either the World Trade Organization or our support for this vital institution. I will do everything I can to make sure this does not happen. In the meantime, I strongly urge President Clinton to attempt to negotiate a settlement with the European Union that modifies or overturns this appellate body's decision. This should be President Clinton's No. 1 priority at the G-8 summit in Okinawa later this year.

I also call upon the European Union not to take any retaliatory action against the United States until we, through our President, have the opportunity to personally discuss this case in Okinawa at the summit there.

We must make sure we observe the rule of law in this case and in every case involving international trade disputes. We expect no less from our trading partners, and we must do the same. And since we win the vast majority of these cases, we find ourselves not in a bad position by taking this moral stand.

But I hope when we address this case, we bear in mind that while the outcome of the case itself is very important, there is something else at stake; that is, the integrity of our international trading system. We must remember that the WTO benefits every farmer and every business that sells its goods and services in foreign markets. If we did not have a WTO and, more importantly, the discipline in the rule of law in international trade that goes with it, we would have only the rule of the jungle. Those who would suffer the most would be the small exporters.

In the United States, two-thirds of all businesses that export have 20 or fewer employees. It is, then, the WTO that prevents these small firms from being dominated by their larger competitors in the international marketplace.

Let's make sure we get an appropriate and fair resolution of this case, and let's make sure we maintain our strong support for the World Trade Organization.