

Smurfit-Stone

Government Affairs – Federal

June 7, 2004

Honorable Curt Weldon
U. S. House of Representatives
Washington, DC 20515

RE: HR4520 – FSC/ETI JOBS - Support

Dear Congressman:

On behalf of our Phoenixville facility, I want to express our support for HR4520, the FSC/ETI/JOBS bill which is urgently needed to help make our domestic manufacturing more globally competitive.

It will also stop the current European Union sanctions on U.S. products, such as white top liner and Kraft linerboard which we produce and sell into the EU. The EU began imposing these sanctions on U. S. products in March with a 5% sanction that increases 1% each month (currently 8%), and if this bill is not passed will increase to 17%!

Manufacturing exports are just now beginning to recover. It is critical for Congress to resolve the FSC/ETI dispute and end EU sanctions now. We believe the revised bill by Chairman Thomas, HR4520, is a fair and balanced piece of legislation that achieves compliance with our international obligations but does not sacrifice competitiveness or jobs.

U.S. manufacturers suffer from a high level of taxation and other competitive disadvantages, which results in a loss of competitiveness for domestic manufacturing industries. HR4520 includes a reduction in the corporate tax rate for manufacturing income from 35% to 32%. This tax reduction is for domestic manufacturers, producers, farmers and small corporations. According to a recent study of our industry, taxes on U. S. investment in paper and wood products manufacturing exceed those of our major competitors in other countries. The benefits of a lower tax rate include increased capital improvements in facilities, which should lead to more jobs, as we are able to fill more customer orders.

This bill is important to Smurfit-Stone and to the competitiveness of the manufacturing industries -- it needs to be passed quickly to avoid continued sanctions by the EU. Therefore, we ask for your YEA vote on HR4520 when it reaches the House floor.

Sincerely,

Karen L. Jarrell, Manager
Legislative Affairs - Federal