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MEMORANDUM

To: Reporters and Editors  
Re: NAFTA opt-out statements  
Da: Wednesday, Feb. 27, 2008

Sen. Chuck Grassley, ranking member of the Committee on Finance, with jurisdiction over international trade, today made the following comment on whether the United States should opt out of the North American Free Trade Agreement (NAFTA).

“In terms of the economics of our trading relationships, I don’t understand what Senator Clinton and Senator Obama hope to gain by opting the United States out of the North American Free Trade Agreement.

“Before NAFTA, the playing field was tilted against U.S. exporters. The United States applied an average overall tariff of about 2 percent on imports from Mexico, while the Mexicans applied an average tariff of about 12 percent on U.S. exports. That’s 6 to 1 against, on average. And over half of Mexico’s exports entered the United States duty-free. With NAFTA, we leveled the playing field by steadily bringing tariffs down to zero on both sides of the border.

“NAFTA is often used as a scapegoat. But without it, Mexico still would benefit from much lower tariffs on exports to the United States than vice versa. And we’d still have the advances we’ve seen over the past 15 years in international supply chain management and logistics. The fact is, companies have become more comfortable taking on the risks associated with sourcing products and inputs from overseas. I doubt a 2 percent average tariff would change that much. NAFTA gives the United States market access that U.S. exporters have enjoyed and continue to enjoy. U.S. exports to Mexico have increased about 2.5 times since NAFTA entered into force. Those exports support a lot of good-paying jobs here in the United States. I wonder what the candidates would have to say about the potential loss of those jobs if the United States opted out of NAFTA.”