



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Mexico's tax on soft drinks with high fructose corn syrup
Da: Monday, March 6, 2006

The Appellate Body of the World Trade Organization (WTO) today announced that Mexico's tax on soft drinks containing high fructose corn syrup is indeed discriminatory and violates Mexico's obligations as a WTO member. The Appellate Body upheld a WTO panel report of October 2005 that found the same. Mexico has no more options to appeal. Sen. Chuck Grassley, chairman of the Senate Committee on Finance, with jurisdiction over international trade, has long urged Mexico to repeal this discriminatory tax and abide by its international trade commitments. Grassley issued the following statement in response to the Appellate Body's determination.

"While I'm pleased with the Appellate Body's findings that Mexico's discriminatory tax violates Mexico's WTO obligations, I'm not surprised by it. Mexico has a long history of blocking imports of U.S.-produced high fructose corn syrup, including Iowa-produced high-fructose corn syrup. I urge Mexico to abide by its WTO obligations and repeal this tax, and quickly. I also urge Mexico not to replace this tax with yet another WTO-illegal barrier to imports of U.S.-produced high fructose corn syrup. This trade dispute over high fructose corn syrup has gone on too long. It's time to get it behind us once and for all. Also, while I appreciate that Mexico recently began to permit the importation of limited amounts of U.S.-produced high fructose corn syrup, the fact is that Mexico remains in violation of its WTO commitments."