



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

For Immediate Release

Tuesday, April 26, 2005

Grassley Welcomes Release of GAO Report on Agricultural Trade, NAFTA

WASHINGTON – The Government Accountability Office (GAO) yesterday released a report titled “U.S. Agencies Need Greater Focus to Support Mexico’s Successful Transition to Liberalized Agricultural Trade under NAFTA.” This report was written in response to the request of Sen. Chuck Grassley, chairman of the Finance Committee, that the GAO lay out the achievements and difficulties encountered by the United States in gaining access to Mexican markets for agricultural products. Grassley made the following comments regarding the report:

“The report reaffirms that NAFTA has benefited U.S. agricultural producers, including farmers in Iowa. GAO notes that NAFTA helped Mexico become one of the largest and fastest growing markets for U.S. agricultural products. Indeed, U.S. agricultural exports to Mexico increased under NAFTA from \$4.1 billion in 1993 to \$7.9 billion in 2003. That’s an annual increase in U.S. agricultural exports to Mexico of 17.4 percent. In contrast, the average annual rate of growth of U.S. agricultural exports to the world was only 2.3 percent over this same period.

“Likewise, NAFTA has been good for Mexican farmers, with Mexican agricultural exports to the United States growing from \$2.9 billion in 1993 to \$6.3 billion in 2003.

“Despite overall gains from NAFTA, some problems remain. GAO’s report discusses significant market access problems for U.S. agricultural exports to Mexico. The report contains case studies of seven U.S. agricultural commodities that have confronted market access problems in Mexico, including high fructose corn syrup, a product that is currently blocked from entry into Mexico due to Mexico’s discriminatory tax on sweetened beverages not containing sugar.

“The report also discusses steps that we can take to ensure better implementation of trade agreements. For example, technical assistance can be an important tool to ensure the effective implementation of trade agreements. It is interesting to note that the United States has provided trade capacity building assistance to Central American countries and the Dominican Republic in anticipation of the United States-Central America-Dominican Republic Free Trade Agreement.

“This report is a useful analysis of NAFTA, and I would like to thank GAO for its fine job in writing it.”