



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Remarks of Sen. Chuck Grassley at Briefing on Importance of United States-Central America-Dominican Republic Free Trade Agreement to American Agriculture, Processed Food Exporters  
Tuesday, May 10, 2005

I appreciate the chance to be here to discuss the importance of the CAFTA agreement to American agriculture and to our processed food industry. I especially want to thank Mike Molpus of the Grocery Manufacturers of America and Secretary Johanns for helping to coordinate today's event. Most of you know I am a strong supporter of American agriculture. In fact, I have been fighting for U.S. agriculture ever since I came to the Senate over twenty years ago. I always try to do what's right for the family farmer. That's why I so strongly support passage of the U.S.-Central America Free Trade Agreement. To me, it just makes common sense.

Today, over ninety-nine percent of the food and agriculture products we import from the region come in duty-free. Meanwhile, our food and agriculture exports are hit with an average eleven percent tariff, with some tariffs ranging as high as one hundred and fifty percent. CAFTA levels the playing field. Today, pork producers in my home state of Iowa face import tariffs from fifteen to forty percent. Upon full implementation of CAFTA, Iowa producers will be able to export pork products duty and quota free.

Today, rice producers from across the South must overcome in-quota tariff rates from fifteen to sixty percent. These tariffs are phased out and eventually eliminated under CAFTA. Today, prohibitive tariffs of up to forty percent lock our beef exports out of the Central American market. CAFTA provides immediate duty-free, quota-free access for high-quality U.S. beef with eventual elimination of all tariffs on U.S. beef. The fact is, virtually every major agriculture producer in the country will benefit from the passage of this agreement. All in all, the American Farm Bureau Federation estimates a net gain to U.S. agriculture of nearly one and half billion dollars upon full implementation of the agreement.

CAFTA also provides enormous opportunity for our value-added agriculture sector. A lot of our agricultural products are processed here in the United States before they are exported. These exports help provide real economic opportunity to thousands of rural communities across the country. I am constantly looking for ways to add value to American agriculture exports. So, when I see companies that add value to American agriculture, I want to make sure we keep those jobs in the United States. One way we can help them is by finding ways to reduce tariffs on their exports.

It is not fair that our peanut exports face tariffs as high as 60 percent. It is not fair that our breakfast cereal exports face duties of up to 20 percent. And it is not fair that our orange juice exports face tariffs of up to 20 percent. CAFTA tears down these tariff barriers to our exports.

CAFTA helps our exporters to compete for market share abroad and retain jobs here in the United States. It takes a one-way preference program and turns it into a two-way street.