



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Fr: Jill Gerber for Chairman Grassley, 202/224-6522
Re: Media report on Mexico's tax on high fructose corn syrup
Da: Tuesday, June 28, 2005

According to BNA's *International Trade Daily*, a World Trade Organization panel has issued a preliminary finding in favor of the United States in the WTO dispute over Mexico's tax on high fructose corn syrup. Sen. Chuck Grassley, chairman of the Committee on Finance, has long urged Mexico to drop its discriminatory tax and comply with its international trade obligations. Grassley made the following comment on the media report describing the WTO's preliminary decision in the case.

"I'm very pleased by the report that a WTO panel has issued a preliminary ruling against Mexico in the high fructose corn syrup dispute brought by the United States. While I haven't seen the panel's preliminary report, I understand it states that Mexico's tax on beverages containing high fructose corn syrup is discriminatory and violates Mexico's WTO obligations.

"This discriminatory tax is harming Iowa farmers and Iowa high fructose corn syrup producers. Mexico was formerly the largest export market for exports of U.S.-produced high fructose corn syrup. Due to Mexico's WTO-illegal tax, U.S. exports of this product to Mexico have fallen to almost zero levels.

"Although I'm pleased with the reported decision of the WTO panel, the dispute settlement process isn't over. The panel won't release its final ruling until August. In addition, the panel's ruling may be appealed after that time. In the end, I'm confident that the United States will prevail at the WTO. At that point, we'll have to see that Mexico actually complies with its WTO obligations and lifts the tax. This issue is of the highest importance for Iowa. I remain committed to seeing that Mexico eliminates this discriminatory tax. And I appreciate the Administration's work to uphold the trade rights of U.S. farmers and businesses."