



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Friday, July 28, 2006

Grassley Welcomes High Fructose Corn Syrup Agreement with Mexico

WASHINGTON – Sen. Chuck Grassley today welcomed the conclusion of an agreement between the United States and Mexico that – as intended in the North American Free Trade Agreement – should lead to the complete liberalization of the U.S.-Mexican sweetener market by 2008.

“This agreement should significantly benefit corn farmers and high fructose corn syrup producers in Iowa and other states,” Grassley said.

Under the agreement, Mexico will lift its tariffs on imports of U.S.-produced high fructose corn syrup and will eliminate its discriminatory tax on this product. Through new tariff rate quotas, U.S. high fructose corn syrup exporters will have expanded access to the Mexican market starting in October 2006, and free trade will begin starting on Jan. 1, 2008.

Iowa has four facilities producing high fructose corn syrup, in Clinton, Cedar Rapids, Keokuk, and Eddyville. More than 25 percent of the nation’s high fructose corn syrup comes from Iowa, according to industry estimates.

“The intent of NAFTA was to remove barriers to trade between the United States and Mexico,” Grassley said. “Unfortunately, Mexico imposed high tariffs on U.S.-produced high fructose corn syrup in violation of NAFTA. In addition, Mexico essentially shut this product out of the Mexican market by placing a discriminatory tax on beverages containing high fructose corn syrup. I worked to help make sure that the United States challenged this tax through the dispute settlement process of the World Trade Organization, and the WTO determined last year that this tax indeed violated Mexico’s WTO commitments. I’m glad Mexico is now coming into compliance with its NAFTA and WTO obligations.

“I want to put disputes between the United States and Mexico over high fructose corn syrup behind us. I hope this agreement will do that. Both our countries have gained much from NAFTA, and with the implementation of this agreement, we’ll gain even more.

“Officials at the Office of the U.S. Trade Representative and the Department of Agriculture, including Ambassador Dick Crowder and Under Secretary J.B. Penn, put many hours into trying to reach this agreement, and I’m thankful for their work. I’m also pleased that President Fox of Mexico made it a priority to work to resolve this long-running dispute.”

Grassley is chairman of the Committee on Finance, with jurisdiction over international trade.

