



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Friday, March 5, 2004

## Grassley Urges Bush to Raise Corn Syrup Dispute With Mexican President

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today urged President Bush to raise the issue of Mexico’s tax on soft drinks containing high fructose corn syrup in his meetings tonight and tomorrow with Mexican President Vicente Fox.

Grassley said the Mexican tax operates as a de facto prohibition on imports of this product from the United States and clearly violates Mexico’s international trade commitments.

Grassley consistently has worked to persuade Mexico to drop its unfair tax. Most recently, he urged the Administration to bring a World Trade Organization case against Mexico because the issue is so important to U.S. producers of high fructose corn syrup, including Iowa producers.

The text of Grassley’s letter, faxed to the White House today, follows.

March 5, 2004

Dear President Bush:

I am writing with regard to your upcoming meeting with President Fox of Mexico.

During your conversation with President Fox, I urge you to raise the issue of Mexico’s 20 percent tax on soft drinks containing high fructose corn syrup (HFCS). This tax operates as a de facto prohibition on imports of this product from the United States. Mexico’s HFCS tax clearly violates Mexico’s international trade commitments.

Iowa’s corn farmers and HFCS manufacturers are clearly suffering as a result of this tax. Mexico was formerly the largest export market for U.S.-produced HFCS. Since the January 2002 imposition of Mexico’s HFCS tax, however, U.S. exports of this product have dropped to almost zero levels.

I note that President Fox supports the lifting of this tax, but the Mexican Congress does not. Accordingly, I request that you impress upon President Fox the importance of continuing to work with the Mexican Congress to repeal the HFCS tax.

In order to maintain support in the United States for liberalized trade, we must ensure that our trading partners live up to their obligations. Mexico's failure to abide by its international trade commitments regarding U.S. agricultural products, including HFCS, is contributing to weakened support for new trade agreements by America's farmers and ranchers. I am convinced that repeal of Mexico's HFCS tax would, in part, help to rebuild confidence in the U.S. agricultural community for the U.S. trade agenda.

Sincerely,

Charles E. Grassley