



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Tuesday, Aug. 17, 2004

Grassley Urges Mexico to Stop Unfair Treatment of U.S. Hogs, Hams

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today urged Mexico to stop its unfair, inappropriate trade treatment of U.S. hogs and hams. Grassley wrote letters to key Mexican officials describing two instances in which Mexico could be violating its international trade obligations – the conduct of its antidumping investigation on U.S. hams and its sudden change of location for the inspection of live hogs from the United States.

“Mexico appears to be setting a pattern to restrict imports of U.S. hogs and pork products,” Grassley said. “These attempts are harming producers, including Iowa producers. And they’re doing little to improve trade relations between our countries. I hope Mexico will stop these actions that raise questions about its willingness to carry out its international trade commitments.”

The text of today’s letters follows.

August 17, 2004

His Excellency Fernando Canales
Secretary of Economy
Ministry of Economy
Alfonso Reyes 30
Col. Condesa
06140 Mexico, D.F.

Dear Secretary Canales:

I am writing to express my concerns regarding an action being taken by Mexico that is negatively impacting U.S. hog and ham producers.

On June 1, 2004, the Government of Mexico self-initiated an antidumping investigation on imports of U.S. hams. This investigation fits into an unfortunate pattern of Mexico initiating antidumping investigations with the intent of limiting U.S. exports of hogs and pork products, including hogs and pork products produced in Iowa. While I recognize the right of Mexico to initiate antidumping investigations, I am concerned that

these investigations -- including the current one against U.S. hams -- are not only without merit, but are also at variance with Mexico's obligations under the Antidumping Agreement of the World Trade Organization (WTO).

The consistency of Mexico's most recent antidumping investigation with its WTO commitments is subject to question. The Antidumping Agreement prescribes the specific circumstances under which an antidumping investigation may be self-initiated by a government, and it appears that the requisite circumstances were not present in this instance. Mexico's emphasis in examining possible injury to Mexican hog producers, as opposed to ham producers, appears at odds with WTO rules regarding the proper "domestic like product" in antidumping investigations. Further, Mexico's dumping calculation is likely flawed as it focuses on the production costs for live hogs as opposed to hams.

It is troubling that Mexico's antidumping investigation on U.S. hams was initiated on the same day that Mexico terminated its antidumping investigation on U.S. pork. While I welcomed the dropping of the pork case, its immediate replacement by yet another apparently WTO-inconsistent antidumping investigation does little to assuage U.S. concerns about the willingness of Mexico to abide by its international trade obligations.

I encourage Mexico to terminate its antidumping investigation on U.S. hams.

Sincerely,

Charles E. Grassley
Chairman

Cc:

His Excellency Javier Usabiaga
Secretary of Agriculture

His Excellency Luis Ernesto Derbez
Foreign Minister

His Excellency Carlos Alberto de Icaza Gonzalez
Ambassador of Mexico to the United States

The Honorable Robert Zoellick
U.S. Trade Representative

The Honorable Ann Veneman
Secretary of Agriculture

The Honorable Colin Powell

Secretary of State

August 17, 2004

His Excellency Javier Usabiaga
Secretary of Agriculture
Ministry of Agriculture
Municipio Libre 377
Col. Santa Cruz Atoyac
03310 Mexico, D.F.

Dear Secretary Usabiaga:

I am writing to express my concerns regarding an inspection policy recently adopted by Mexico that is negatively impacting U.S. hog producers, including producers in Iowa.

On June 17, the Mexican government implemented a new law requiring that all veterinary inspections of imported live animals take place in Mexico, a change from the prior practice of such inspections being performed by Mexican officials in the United States. Raising questions as to Mexico's compliance with its NAFTA and WTO notification obligations, the U.S. government was given no notice, and thus no opportunity to comment, prior to this action. Despite efforts by the Ministry of Agriculture to facilitate inspections, this new law has been disruptive to trade due to a lack of appropriate facilities in which to conduct inspections and uncertainty as to the disposition of animals that fail inspection.

This new law appears to be yet another example of Mexican efforts to restrict imports of U.S. hogs and pork products. For example, just days before the new inspection policy was implemented, Mexico self-initiated an antidumping investigation on imports of U.S. hams. Mexico's attempts to limit imports of U.S. hogs and pork products are doing little to improve trade relations between our countries.

I encourage Mexico to revert permanently to the prior practice of Mexican veterinarians inspecting livestock in the United States prior to export to Mexico.

Sincerely,

Charles E. Grassley
Chairman

Cc:

His Excellency Fernando Canales
Secretary of Economy

His Excellency Luis Ernesto Derbez

Foreign Minister

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