



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Thursday, Aug. 19, 2004

Grassley Urges Continued U.S. Case Over Mexico's Corn Syrup Tax

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today urged the United States Trade Representative to continue dispute settlement proceedings initiated by the United States earlier this year at the World Trade Organization over Mexico's 20 percent tax on soft drinks and other beverages containing sweeteners other than cane sugar. A Mexican industry group wants the United States to drop its case.

Grassley had encouraged the United States to bring the case, arguing that Mexico's tax violates its international trade commitments and harms U.S. high fructose corn syrup producers, including Iowa producers.

The text of his letter today follows.

August 19, 2004

The Honorable Robert B. Zoellick
United States Trade Representative
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Zoellick:

I am writing with regard to a letter sent to you by the Mexican National Industry Chamber for Sugar and Alcohol (CNIAA) on August 6, 2004. In its letter, the CNIAA asked you to terminate the dispute settlement proceeding initiated by the United States earlier this year at the World Trade Organization (WTO) over Mexico's 20 percent tax on soft drinks and other beverages containing sweeteners other than cane sugar.

This tax was imposed with the express purpose of blocking imports into Mexico of U.S. produced high fructose corn syrup (HFCS) and U.S. corn destined for processing into HFCS at

Mexican plants. I am convinced that the imposition and maintenance of this HFCS tax directly violates Mexico's WTO commitments.

Moreover, this tax is harming Iowa corn farmers, Iowa HFCS producers, and corn farmers and HFCS producers in other states. Mexico was formerly the largest export market for U.S. produced HFCS. As a result of the 20 percent tax, U.S. exports of this corn product to Mexico are now at almost zero levels.

Accordingly, I strongly urge you to continue dispute settlement proceedings at the WTO over Mexico's HFCS tax and, if possible, to expedite these proceedings.

Sincerely,

Charles E. Grassley
Chairman