U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Grassley Welcomes USTR Announcement of Steps to Advance CAFTA Without Dominican Republic

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today expressed his approval of the decision of U.S. Trade Representative (USTR) Zoellick to take steps to advance the U.S.-Central America Free Trade Agreement (CAFTA) without the Dominican Republic. In a letter sent to Grassley today, Zoellick stated that he will soon transmit to the CAFTA countries – Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua – the text of the CAFTA while excluding the language of the free trade agreement with the Dominican Republic. In addition, Zoellick wrote that he has requested that the U.S. International Trade Commission assess the likely impact of the CAFTA, minus the Dominican Republic, on the U.S. economy.

"Ambassador Zoellick is taking the right steps," Grassley said. "These efforts will provide an opportunity for Congress to consider the CAFTA without the Dominican Republic as a partner. The fact is, as long as the Dominican Republic maintains its discriminatory tax on high fructose corn syrup, the U.S. Congress should not consider a trade agreement with that country. At the same time, we should not further delay consideration of the CAFTA agreement."

The Dominican Republic imposed a 25 percent tax on beverages containing high fructose corn syrup in October. In the prior month, Grassley wrote to Leonel Fernández Reyna, President of the Dominican Republic, warning that passage of such a tax would seriously threaten support in the U.S. Senate for a free trade agreement between the United States and the Dominican Republic. Grassley sent a similar letter to Andrés Bautista García, President of the Senate of the Dominican Republic.

"I was originally a strong supporter of concluding a free trade agreement with the Dominican Republic and then attaching it to the CAFTA," Grassley said. "I was looking forward to advancing the Dominican Republic agreement through the Senate. Such an agreement would benefit people both in the United States and the Dominican Republic. But with the imposition of this tax, the Dominican Republic violated its WTO obligations and the commitments it made under the free trade agreement it negotiated with the United States. This brings into question the commitment of the Dominican Republic to its international trade obligations.

"In addition, the Dominican Republic's discriminatory tax will directly harm corn farmers and high fructose corn syrup producers in my state of Iowa. As long as the Dominican Republic blocks access to Iowa products, I will of course strongly oppose a trade agreement with that country. I hope the situation changes – I would rather not see the Dominican Republic left behind."

The Zoellick letter is attached.