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Sen. Grassley inserted this statement into the Senate record.

Statement of Senator Chuck Grassley  
On the Farm Bill Conference Negotiations and Trade in Sweeteners  
December 18, 2007

Mr. President, I want to speak about an issue that may come up during the negotiations between the House and the Senate to reconcile the farm bill. The bill we passed last week in the Senate included a Sense of the Senate resolution addressing trade in sweeteners between parties to the North American Free Trade Agreement, also known as NAFTA. Apparently, some view this language as just a placeholder for new language that will be inserted in conference. Even more troubling, the new language that's being contemplated would call for managed trade in sweeteners between the United States and Mexico. The issue of trade in sweeteners between the United States and Mexico has a long history.

For years, Mexico put up barrier after barrier to our exports of high fructose corn syrup. It started in 1998. That year, Mexico imposed an antidumping duty order on imports of high fructose corn syrup from the United States. We challenged that order, and we won. In 2001, a dispute resolution panel determined that Mexico was out of compliance with its obligations under NAFTA. The Appellate Body of the World Trade Organization reached a similar conclusion.

The antidumping duty order on our high fructose corn syrup was inconsistent with Mexico's obligations under the WTO. Mexico finally lifted its antidumping duties in 2002. But that same year, Mexico imposed a 20 percent tax on soft drinks flavored with high fructose corn syrup. This soda tax was designed specifically to discriminate against high fructose corn syrup imported from the United States. As a result of this unfair discrimination, our exports of high fructose corn syrup to Mexico fell dramatically. We challenged Mexico's discriminatory tax at the World Trade Organization. In 2006, the Appellate Body determined that this tax was inconsistent with Mexico's obligations under the WTO. Mexico complied with the WTO decision earlier this year by repealing its discriminatory soda tax. Now, after years of pressuring Mexico to drop its unfair barriers to our exports of high fructose syrup, we're finally at a good spot.

Mexico has eliminated both its antidumping duty order and its discriminatory tax. We're on the verge of seeing high fructose corn syrup start to flow freely across our border. Starting January 1, 2008, Mexico is obligated to provide duty-free access to our exports of high fructose corn syrup

under NAFTA.

That's why I'm so concerned, Mr. President. This new language being contemplated for the farm bill could disrupt our legitimate expectations of free trade in high fructose corn syrup next year. If, instead of free trade we end up with managed trade, it could significantly impede our exports of high fructose corn syrup to Mexico. Under a managed trade regime, we would presumably limit the amount of sugar that we import from Mexico.

And in response, Mexico would presumably limit imports of high fructose corn syrup from the United States. Simply put, managed trade could reverse all the gains we've made over the years to get Mexico to take our high fructose corn syrup. Corn farmers and high fructose corn syrup producers in Iowa and other states would, of course, be harmed by any import restrictions imposed by Mexico as a result of managed trade. And, managed trade could well result in Mexico further violating its obligations under NAFTA.

Many of my colleagues complain, legitimately, when our trading partners fail to comply with their international trade obligations. The last thing we should do is give Mexico an excuse to violate its NAFTA obligations—particularly when it would harm U.S. agricultural producers. The current language in the Senate-passed bill does not call for managed trade. The current language would not likely induce Mexico to impose further restrictions on our exports of high fructose corn syrup.

As a Senator from Iowa, as well as the Ranking Member of the Senate Finance Committee and a member of Committee on Agriculture, I've worked hard over the years to get a fair deal for agriculture when it comes to international trade. In particular, I've put considerable effort into opening foreign markets to our exports of agricultural products. Too often, our trading partners have imposed barriers to U.S. farm exports. And too often, those barriers are in violation of international trade obligations. Those barriers harm American farmers and agricultural producers.

Whether it's unfair restrictions on U.S. beef exports to Japan and Korea, or under restrictions on U.S. corn exports to Europe, it's imperative that we focus our efforts to remove barriers to trade. With effort, we've been successful in getting our trading partners to remove such barriers. That's the case with Mexico's treatment of high fructose corn syrup, as I've described. We can't go backward, Mr. President. Our corn farmers and our producers of high fructose corn syrup are counting on us. I will be working hard to see that the current language on trade in sweeteners is retained without change in the conference report to the farm bill. Free trade in high fructose corn syrup with Mexico is long overdue. I yield the floor.