



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Grassley to Hold Hearing on Mexican Trade Barriers to U.S. Ag Products

WEST DES MOINES -- Sen. Chuck Grassley, chairman of the Committee on Finance, today announced he will hold a hearing this fall to examine a series of actions by Mexico that restrict, or threaten to restrict, imports of U.S. agricultural products. The Committee on Finance oversees international trade.

"I've been protesting Mexico's trade barriers, and threatened barriers, against U.S. agricultural products for some time," Grassley said. "Mexico just doesn't seem to be listening. So I'll convene a hearing at which the committee will examine Mexico's restrictive steps and the United States' options for taking action to fight those barriers. We can't sit by and let Mexico dismantle the North American Free Trade Agreement step by step."

Grassley said he has not set a date for the hearing but will hold it in Washington, D.C., this fall after Congress returns from its August break. His announcement came at a roundtable he convened in West Des Moines featuring United States Trade Representative Robert Zoellick and the leaders of key Iowa agricultural groups. Grassley invited Zoellick to Iowa to hear firsthand from farmers about their concerns regarding market access and other key trade issues. Iowa's farmers have expressed concern to Grassley about harmful trade actions from Mexico. Grassley has worked to oppose actions, and threatened actions, against key Iowa products affected by Mexico's actions: high-fructose corn syrup (HFCS), pork, beef, and white corn:

High-fructose corn syrup. In January 2002, Mexico imposed a 20 percent tax on soft drinks containing high-fructose corn syrup, halting U.S. exports of HFCS. This tax followed rulings by the panels of the World Trade Organization and North American Free Trade Agreement that a 1998 Mexican antidumping order on U.S. HFCS did not comply with Mexico's trade obligations.

Pork. Mexico initiated an antidumping investigation on U.S. pork in January 2003. The antidumping petition was not properly filed (*e.g.*, was filed by hog producers, not pork processors). During the past year, Mexico has rejected U.S. pork at the border due to alleged sanitary problems.

Beef. Mexican cattle producers this year filed a safeguard petition on U.S. beef, but Mexican officials have not publicly commented on the status of this petition. Mexico imposed antidumping duties on U.S. beef in 2000; the Office of the United States Trade Representative has announced that

it will file a World Trade Organization case this year over this antidumping order due to numerous probable violations of Mexico's trade obligations.

White corn. Mexican officials are considering initiating a safeguard investigation on U.S. white corn. Additionally, Mexican officials have suggested limiting import permits for white corn for periods of short supply.

Grassley has taken the following steps regarding Mexico this year:

- Jan. 23: wrote Mexican Secretary of the Economy protesting initiation of antidumping case on pork.
- May 8: wrote to Mexico's Foreign Minister, Secretary of Agriculture, and Secretary of the Economy protesting Mexico's policies on pork, high-fructose corn syrup, white corn, and beef.
- May 15: met with Mexican senators in his office and protested Mexico's policies on pork, high-fructose corn syrup, white corn, and beef.
- June 3: wrote to Secretary of Commerce Donald Evans, Under Secretary of State Alan Larson, and Under Secretary of Commerce Grant Aldonas requesting that they discuss Mexico's high-fructose corn syrup policies with high-ranking Mexican officials at a U.S.-Mexico investment conference.
- June 24: introduced Ag 301 legislation (S. 1324), which is designed to address agricultural trade barriers such as those imposed by Mexico.
- June 24: gave a speech on the Senate floor on Mexico's barriers to U.S. agricultural products.
- July 9: met with United States Trade Representative Robert Zoellick on Mexican agricultural trade barriers.

"NAFTA clearly has been a great success for farmers on both sides of the border," Grassley said. "The United States is the largest market for Mexican agricultural exports, absorbing 78 percent of Mexico's farm exports. Exports of Mexican agricultural products to the United States increased by almost 97 percent from 1993 to 2001. Mexican consumers also benefit greatly from NAFTA, getting more high-quality food choices at competitive prices. Given these realities, we have to find ways to affirm and strengthen our NAFTA commitments, rather than yield to the false hope of protectionism."