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Senator Grassley asks President Obama to clarify NAFTA policy

By Agri-Pulse Staff

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In a letter to President Obama Thursday, Senate Agriculture Committee Member Chuck Grassley (R-IA) wrote that "I disagree with the idea of renegotiating the North American Free Trade Agreement" (NFTA) and that "I ask that you clarify your intentions."

Grassley wrote in response to the seven-page "President's Trade Policy Agenda" released by the U.S. Trade Representative's Office this week. The policy statement promises to "work with Canada and Mexico to identify ways in which NAFTA could be improved without having an adverse effect on trade. We will do this in a collaborative spirit and emphasize ways in which this process can benefit the citizens of all three countries." The agenda states that "Trade is a significant and increasingly important factor in contributing to the U.S. and global economies." But it also warns that improving trade flows will be challenging due to global economic problems, noting that "there are signs that trade, which has grown consistently in recent years, is slowing markedly. For the first time since 1982, global trade flows are projected to decline in 2009 by 2.1 percent to 2.8 percent. U.S. trade in goods and services already dropped by 14 percent between the 3rd and 4th quarters of 2008."

Grassley's letter reminded the President that "As a presidential candidate, you are reported to have described this [NAFTA] trade agreement as 'devastating' and a 'big mistake.' You also stated that you would 'make sure that we renegotiate' the North American Free Trade Agreement and that 'we should use the hammer of a potential opt-out as leverage' to pressure Mexico and Canada to make changes to this trade agreement."

Grassley pointed out in his letter that:

- "Prior to the implementation of this trade agreement, tariffs imposed by Mexico were significantly higher on average than the comparable tariffs that we imposed on imports from Mexico. The North American Free Trade Agreement leveled the playing field by reducing Mexico's tariffs on our exports and creating significant new market access opportunities for U.S. exporters."
- "I question how this agreement could be changed without having an adverse effect on trade. For example, I am concerned that if the trade agreement is

reopened, Mexico will seek to rebalance tariff concessions in a way that will adversely affect agricultural exports from Iowa. More broadly, I am concerned that the signals you are sending with respect to the North American Free Trade Agreement are creating uncertainty in the marketplace. We can ill-afford such uncertainty as we work to recover from our national economic downturn.”

To read the seven-page President’s Trade Policy Agenda, click on:

http://www.ustr.gov/assets/Document_Library/Reports_Publications/2009/2009_Trade_Policy_Agenda/asset_upload_file810_15401.pdf

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