



NEWS

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Thank You For Cutting Tariffs, Mr. Bush

Accelerating NAFTA's tariff cuts helps taxpayers and consumers. TPA victory in Senate is next.

WASHINGTON — The Bush administration said Wednesday that the United States, Canada and Mexico have begun implementing tariff reductions faster than required by the North American Free Trade Agreement (NAFTA), amounting to a great victory for consumers, taxpayers and businesses in the three partner nations.

Under NAFTA, which set up a free-trade area among the three nations in 1994, border taxes are being eliminated in a phase out period that lasts until 2008. However, NAFTA allowed for periodic negotiations to accelerate the tariff cuts. Earlier negotiations resulted in a speed-up in cuts in 1997, 1998 and 2000.

The new reductions will cover \$25 billion in annual trade. One major item covered in the accelerated tariff reductions that went into effect on Jan. 1 were U.S. tariffs on rubber and plastic footwear. Mexico agreed to faster reductions in tariffs on U.S. and Canadian-made motor vehicles, electronic products, toys and chemicals.

“Tariffs are taxes,” said taxpayer advocate Grover Norquist, who heads Americans for Tax Reform in Washington, DC. **“This move by the Commerce Department is not only a victory for consumers and taxpayers in the United States, but for our friends in Canada and Mexico as well.”**

The new reductions will see Mexico's average tariff on U.S. goods fall to less than 0.5 percent this year – down from a pre-NAFTA average level of 10 percent.

“Free trade benefits all parties involved. It lowers taxes on consumers, opens markets for businesses, and creates more efficient economies wherever implemented. And with NAFTA so close to completion, the next step is to begin talks on a Free Trade Area of the Americas to create an entire hemisphere of free trade among democratic nations from the Bering Strait to the Tierra del Fuego. For a new century, it will usher in an era of peace and prosperity for all of North and South America.”

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal and state tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at jcollegio@atr.org