



United States
Department of
Agriculture

Foreign
Agricultural
Service

FACT SHEET

U.S.-Colombia Trade Promotion Agreement Hawaii Farmers Will Benefit

September 2008

The U.S.-Colombia Trade Promotion Agreement (CTPA) provides increased access for Hawaii's agricultural exports by making agricultural trade a two-way street and leveling the playing field with respect to third country competitors in the Colombian market. Already our largest market in South America, Colombia now holds even greater potential because it has agreed to immediately eliminate duties on 53 percent of current U.S. trade upon implementation of the agreement. The American Farm Bureau and over 40 other agricultural industry and farm groups strongly support the agreement by stating "the agreement will provide U.S. products exported to Colombia with the same duty-free access already granted to Colombian products exported to the U.S."

Exports of farm products boost Hawaii's farm prices and income. Such exports support about 1,100 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$96 million and made an important contribution to Hawaii's farm cash receipts in 2006 that totaled \$555 million.

Fruits, Nuts and Preparations. In 2007, the United States exported \$15.2 million of fruits and tree nuts to Colombia. Exports of fresh fruit to Colombia surpassed \$11.4 million in 2006, nearly 250 percent that of 2002. Hawaii's fruit and nut producers provide the state's top agricultural exports, valued at more than \$57 million. Pineapple and macadamia nut producers alone provide farm cash receipts of \$76 million and \$39 million, respectively.

- U.S. exports of pineapples and macadamia nuts currently face duties of 15–20-percent; the World Trade Organization (WTO) permits duties as high as 70 percent.
- Colombia will immediately eliminate tariffs on pineapple and macadamia nuts.

Sugar. In 2007, the United States exported \$9.4 million of sugar and sweeteners to Colombia. There will be no reductions in the U.S. over-quota duty that currently provides the equivalent of a 100-percent tariff protection for domestic producers including the 4 percent of Hawaii farms engaged in sugar production.

- U.S. sugar producers currently face a system of variable levies (price band system) in Colombia that results in tariffs as high as the WTO ceiling of 130 percent. Colombia will immediately eliminate the price band system on U.S. imports.

- Colombia will provide immediate duty-free access for glucose, which currently faces a 20-percent duty (28 percent allowed by the WTO), through a 10,500-ton TRQ that expands 5 percent annually. Colombia will phase out the 28-percent over-quota tariff over 10 years.
- Colombia will eliminate duties within 15 years for all other sugar and sweeteners. In a few cases, duties will be eliminated sooner (such as high fructose corn syrup in 9 years).
- The United States will establish a 50,000-ton TRQ for Colombia for sugar products covered by the WTO TRQ. This amount grows by 1.5 percent a year into perpetuity.
- Provisions will ensure that Colombia will only ship when it is a net surplus exporter, and provisions have been agreed to allow alternative forms of compensation to be established to facilitate sugar stock management by the United States.
- *The Sweetener Users Association and Grocery Manufacturers Association/Food Products Association publicly support the CTPA.*

Dairy. U.S. dairy exports to Colombia surpassed \$6.6 million in 2007, and changes with the CTPA will provide immediate opportunities for U.S. dairy producers.

- U.S. dairy producers currently face a system of variable levies (price band system) that results in tariffs as high as the WTO ceiling of 159 percent. Colombia will immediately eliminate the price band system on imports from the United States.
- Colombia will immediately eliminate tariffs on whey.
- Colombia and the United States will establish duty-free tariff-rate quotas (TRQs) for certain dairy products totaling 9,900 tons, with these TRQs growing by 10 percent, compounded annually.
- All Colombian duties on dairy products will be eliminated within 15 years, with duties on some eliminated earlier.
- *The National Milk Producers Federation, U.S. Dairy Export Council, Grocery Manufacturers Association/Food Products Association, and International Dairy Foods Association publicly support the CTPA.*