



United States
Department of
Agriculture

Foreign
Agricultural
Service

FACT SHEET

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

September 2008

The U.S.-Colombia Trade Promotion Agreement (CTPA) provides increased access for Minnesota'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 Minnesota's farm prices and income. Such exports support about 35,300 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$2.9 billion and made an important contribution to Minnesota's farm cash receipts in 2006 that totaled \$9.7 billion.

Soybeans and Products. In 2007, the United States exported \$175 million of soybeans and soybean products to Colombia. As the nation's third largest soybean exporter and the source of over 17-percent of total farm cash receipts, Minnesota soybean producers will benefit from the CTPA.

- U.S. soybean producers currently face a system of variable levies (price band system) that result in tariffs as high as the World Trade Organization (WTO) ceiling of 150-percent. Colombia will immediately eliminate the price band system on imports from the United States.
- Colombia will immediately eliminate duties, currently ranging from five to 20-percent on soybeans, soybean meal, and soybean flour.
- Colombia will eliminate duties within five years, currently 20-percent (75-percent allowed by the WTO), on crude soybean oil.
- Colombia will provide duty-free access for crude soybean oil by establishing a 31,200 ton, duty-free TRQ that will grow four percent, compounded annually. Colombia will phase out the 24-percent over-quota tariff over ten years.
- *The American Soybean Association, National Oilseed Processors Association, American Feed Industry Association, and Pet Food Institute publicly support the CTPA.*

Corn. In 2007, the United States exported \$500 million of yellow corn and \$16 million of white corn to Colombia. As the largest source of state farm cash receipts at over \$2 billion, Minnesota's corn producers will benefit from the CTPA.

- Under the CTPA, Colombia will immediately eliminate its system of variable levies (price band system) facing U.S. exporters. Under the system, tariffs can be as high as the WTO ceiling of 195-percent on some corn products.
- Colombia will provide immediate duty-free access for yellow corn by establishing a 2.1 million ton tariff rate quota (TRQ) that grows five percent, compounded annually. Colombia will phase out the over-quota tariff over 12 years.
- Colombia will provide immediate duty-free access for white corn by establishing a 136,500 ton TRQ that grows five percent, compounded annually. Colombia will phase out the over-quota tariff over 12 years.
- Colombia will provide immediate duty-free access for animal feeds by establishing a 194,250 ton TRQ that grows five percent, compounded annually. Colombia will phase out the over-quota tariff over 12 years.
- All currently applied duties on all other corn products will be phased out within ten years.
- *The Corn Refiners Association, the National Corn Growers Association, the National Grain and Feed Association, the National Grains Trade Council, the North American Export Grain Association, the North American Millers' Association, the American Feed Industry Association, and the Pet Food Institute publicly support the CTPA.*

Dairy. In 2007, the United States exported \$6.6 million of dairy and dairy products to Colombia. With dairy products providing farm cash receipts over \$1 billion, Minnesota dairy producers will benefit from the CTPA.

- U.S. dairy producers currently face a system of variable levies (price band system) that result 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.
- Both Colombia and the United States will establish duty-free TRQs for certain dairy products totaling 9,900 tons, with these TRQs growing by ten percent, compounded annually.
- All Colombian duties on dairy products will be eliminated within fifteen years, with duties on some eliminated earlier.
- *The National Milk Producers Federation, U.S. Dairy Export Council, Grocery Manufacturers of America, and International Dairy Foods Association publicly support the CTPA.*

Pork. In 2007, the United States exported \$6.6 million of pork and pork products to Colombia. Providing the second leading source of state farm cash receipts at nearly \$1.8 billion, Minnesota pork producers will benefit from the CTPA.

- U.S. pork producers currently face a system of variable levies (price band system) that result in tariffs as high as the WTO ceiling of 108-percent. Colombia will immediately eliminate the price band system on imports from the United States.

- Colombia will phase out all duties, which are currently as high as 30-percent, on fresh, chilled, and frozen pork as well as smoked and dried pork within five years.
- Colombia will immediately eliminate duties on bacon and pork skin.
- All other pork tariffs will be eliminated within five to ten years.
- Colombia agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- *The National Pork Producers Council, American Meat Institute, US Hides, Skin and Leather Association, and Pet Food Institute publicly support the CTPA.*

Beef. In 2007, the United States exported \$386,000 of beef and beef products to Colombia. With farm cash receipts of over \$925 million, Minnesota's ranchers and beef industry will benefit from the CTPA.

- Colombia will immediately eliminate its 80-percent duty (108-percent allowed by the WTO) on the beef products of most importance to the U.S. beef industry – prime and choice cuts.
- Immediate duty-free access through a 2,100 ton TRQ will be enjoyed by U.S. exporters of standard quality beef cuts. The TRQ will grow at a five percent growth rate compounded annually. Colombia will phase out the 80-percent out-of-quota tariff over ten years after a 37.5-percent cut at the beginning of the first year of implementation.
- U.S. exporters of variety meats (offals) will immediately receive duty-free access under a 4,642 ton TRQ that will grow 5.5-percent compounded annually. The 80-percent over-quota tariff will be phased out over ten years.
- Colombia agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- Colombian exporters of beef to the United States will receive duty-free access under a 5,250 ton TRQ that will grow five percent compounded annually. The United States will phase out its beef tariffs over ten years. For those beef lines that are already duty-free under the Andean Trade Promotion and Drug Eradication Act, the CTPA will continue the duty-free treatment.
- *The American Meat Institute, National Cattlemen's Beef Association, U.S. Hides, Skin and Leather Association, U.S. Livestock Genetics Export, Inc., and Pet Food Institute publicly support the CTPA.*

Wheat and Barley. In 2007, the United States exported \$210 million of wheat and barley to Colombia. As the nation's seventh largest wheat exporter and with farm cash receipts from wheat and barley of about \$308 million, Minnesota's wheat and barley producers will benefit from the CTPA.

- U.S. wheat and barely producers currently face a system of variable levies (price band system) that result in tariffs as high as the WTO ceiling of 248-percent. Colombia will immediately eliminate the price band system on imports from the United States.
- Colombia will immediately eliminate all tariffs on wheat and wheat products, which currently face duties ranging from five to 20-percent.
- Colombia will immediately eliminate all tariffs on barley and barley products, except feed barley. Tariffs on feed barley will be eliminated on January 1, 2009.

- *The National Association of Wheat Growers, the National Grain and Feed Association, the North American Export Grain Association, the North American Millers' Association, the National Barley Growers Association, U.S. Wheat Associates, and the American Bakers Association publicly support the CTPA.*

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 1.7-percent of Minnesota's farms engaged in sugar production.

- U.S. sugar producers currently face a system of variable levies (price band system) in Colombia that result in tariffs as high as the WTO ceiling of 130-percent. Colombia will immediately eliminate the price band system on imports from the United States.
- 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 by five percent annually. Colombia will phase out the 28-percent over-quota tariff over ten years.
- Colombia will eliminate duties within 15 years for all other sugar and sweeteners. In a few cases in which duties will be eliminated sooner (such as high fructose corn syrup in nine 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 of America publicly support the CTPA.*