



FACT SHEET

U.S.-Colombia Trade Promotion Agreement New Jersey Farmers Will Benefit

September 2008

The U.S.-Colombia Trade Promotion Agreement (CTPA) provides increased access for New Jersey'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 New Jersey's farm prices and income. Such exports support about 2,600 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$219 million and made an important contribution to New Jersey's farm cash receipts in 2006 that totaled \$924 million.

Fruits and Preparations. Exports of fresh fruit to Colombia surpassed a record \$14.4 million in 2007. New Jersey peach producers provide farm cash receipts totaling \$36 million. As the state's largest agricultural export (\$28.3 million), New Jersey fruit producers and processors will benefit from the CTPA.

- Current duties on fruit and preparations are 15–20 percent in Colombia, and under World Trade Organization (WTO) rules, could rise to 140 percent.
- Colombia will immediately eliminate duties on apples and peaches.
- With farm cash receipts from blueberries and cranberries ranking third and ninth in the state, blueberry and cranberry producers will benefit from Colombia's immediate duty elimination on fresh and frozen blueberries and cranberries.
- *The U.S. Apple Association and Grocery Manufacturers Association/Food Products Association publicly support the CTPA.*

Soybeans and Products. In 2007, the United States exported \$175 million of soybeans and soybean products to Colombia. Soybeans are New Jersey's second largest crop in terms of acreage, providing more than \$22 million in cash receipts.

- U.S. soybean producers currently face a system of variable levies (price band system) that results in tariffs as high as the WTO ceiling of 150 percent. Colombia will immediately eliminate the price band system on U.S. imports.
- Colombia will immediately eliminate duties, currently ranging from 5–20 percent on soybeans, soybean meal and soybean flour.
- Colombia will eliminate duties within 5 years on crude soybean oil (currently 20 percent; 75 percent allowed by the WTO).
- Colombia will provide duty-free access for crude soybean oil by establishing a 31,200-ton duty-free tariff rate quota (TRQ) that will grow 4 percent, compounded annually. Colombia will phase out the 24-percent over-quota tariff over 10 years.
- *The American Soybean Association, the National Oilseed Processors Association, the American Feed Industry Association, and the 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. Corn is New Jersey’s third largest crop in terms of acreage, providing more than \$11.5 million in cash receipts.

- 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 TRQ that grows 5 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 5 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 5 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 10 years.
- *The Corn Refiners Association, the National Corn Growers Association, the National Grain and Feed Association, 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. 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. New Jersey dairy producers provide an important source of cash receipts.

- 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 U.S. imports.
- 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 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.*