



United States
Department of
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Foreign
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Service

FACT SHEET

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

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The U.S.-Colombia Trade Promotion Agreement (CTPA) provides increased access for Alabama'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 Alabama's farm prices and income. Such exports support about 6,560 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$616 million and made an important contribution to Alabama's farm cash receipts in 2007 that totaled \$4.1 billion.

Poultry. Poultry meat exports to Colombia surpassed \$11.6 million in 2007. As broilers are Alabama's leading agricultural export product and largest provider of cash receipts at \$2.4 billion, Alabama's poultry producers and processors will benefit from the CTPA.

- U.S. poultry 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 209 percent. Upon implementation of the CTPA, Colombia will immediately eliminate the price band system on imports from the United States.
- Colombia will provide immediate duty-free access on chicken leg quarters, which currently faces a 20-percent duty (209 percent allowed by the WTO), through a 27,040-ton tariff-rate quota (TRQ) that expands by 4 percent, compounded annually. Colombia will phase out the 164.4-percent over-quota tariff for fresh, chilled and frozen leg quarters and 70-percent over-quota tariff for processed leg quarters over 18 years with no reductions during the first 6 years of the agreement.
- Colombia will also provide a 412-ton TRQ that expands 3 percent, compounded annually, for "spent fowl." Colombia will phase out the 45-percent over-quota tariff for "spent fowl" over 18 years.

- Colombia will immediately phase out duties on poultry products such as wings and breast meat.
- Tariffs on turkey products will be phased out over 5 years.
- Colombia will immediately eliminate duties on live chicks and hatching eggs and will phase out duties on eggs for consumption over 10 years.
- Colombia agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- *The National Chicken Council, USA Poultry and Egg Export Council, National Turkey Federation, United Egg Association, United Egg Producers, and Pet Food Institute publicly support the CTPA.*

Beef. In 2007, the United States exported \$386,000 of beef and beef products to Colombia. Providing the second largest source of state farm cash receipts, Alabama’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 beef products most important to the U.S. beef industry—prime and choice cuts.
- U.S. exporters of standard quality beef cuts will enjoy immediate duty-free access through a 2,100-ton TRQ. The TRQ will grow by 5 percent, compounded annually. Colombia will phase out the 80-percent out-of-quota tariff over 10 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 10 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 5 percent, compounded annually. The United States will phase out its beef tariffs over 10 years. For those beef lines that are already duty free under the Andean Trade Promotion and Drug Eradication Act (ATPDEA), the CTPA will continue the duty-free treatment.
- *The American Meat Institute; National Cattlemen’s Beef Association; U.S. Hide, Skin and Leather Association; U.S. Livestock Genetics Export, Inc.; and Pet Food Institute publicly support the CTPA.*

Peanuts. In 2007, the United States exported \$93,000 of peanuts and peanut products to Colombia. As the nation’s third largest exporter, Alabama growers will benefit from the CTPA.

- Colombia will immediately eliminate its 5–20-percent tariffs (155 percent allowed by the WTO) on peanuts, peanut oil and peanut butter.
- The United States will phase out its duties on peanuts and peanut butter over a 15-year period. Under the ATPDEA, U.S. tariffs on Colombian peanut oil imports are currently zero. The CTPA continues this zero-duty treatment.

Cotton. In 2007, the United States exported \$59 million of cotton to Colombia. Cotton export figures to Colombia are their highest since at least 1970 (in excess of \$70 million), and growing. Alabama cotton farmers are the nation's 11th largest state exporters and cotton provides the fifth largest source of state farm cash receipts.

- Under the CTPA, Colombia will immediately eliminate the 10-percent tariff (99 percent allowed by the WTO) facing U.S. exporters.
- The CTPA provides for reciprocal elimination of all cotton duties.
- *The National Cotton Council and the American Cotton Shippers Association publicly support the CTPA.*