



U.S.-COLOMBIA TRADE PROMOTION AGREEMENT

Kansas Farmers Will Benefit

September 2011

The U.S. agricultural sector has a great deal to gain from the pending U.S.-Colombia Trade Promotion Agreement, known as the Colombia TPA. The agreement vastly improves U.S. access to the Colombian market and levels the playing field with respect to third-country competitors, who have gained ground in recent years while U.S. agricultural exports to Colombia have fallen from \$1.7 billion in 2008 to \$834 million in 2010.

The Colombia TPA eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Kansas' agricultural products, including beef, pork, wheat, and feed grains. Kansas' agricultural exports to all countries, estimated at \$4.9 billion in 2010, supported 41,200 jobs, on and off the farm. These export sales make an important contribution to the Kansas farm economy, which had total cash receipts of \$14.0 billion in 2010.

Beef

- Colombia will immediately eliminate its 80-percent duty on the 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-metric ton tariff-rate quota (TRQ), which will increase 5 percent annually. After an immediate 37.5-percent cut, Colombia will phase out the 80-percent out-of-quota tariff over 10 years.
- U.S. exporters of variety meats (offal) will immediately receive duty-free access under a 4,642-ton TRQ that will grow 5.5 percent annually. The 80-percent over-quota tariff will be phased out over 10 years.
- Colombia will continue to recognize the U.S. meat inspection and certification system as equivalent 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 annually. The United States will phase out its beef tariffs over 10 years.

Feed Grains

Corn

- U.S. corn producers currently face a system of variable levies (price band system) that results in tariffs as high as the World Trade Organization (WTO) ceiling of 194 percent on some corn products. Colombia will immediately eliminate the price band system on corn imports from the United States.
- For yellow corn, Colombia will provide immediate duty-free access through a 2.1-million ton TRQ that will increase 5 percent annually. Colombia will phase out the 25-percent out-of-quota tariff over 12 years.
- For white corn, Colombia will provide immediate duty-free access through a 136,500-ton TRQ that will increase 5 percent annually. Colombia will phase out the 20-percent out-of-quota tariff over 12 years.
- Currently applied duties on all other corn products will be phased out within 10 years.

Sorghum

- U.S. sorghum producers currently face a system of variable levies (price band system) that results in tariffs as high as the WTO ceiling of 132 percent. Colombia will immediately eliminate the price band system on sorghum imports from the United States.

- Under the agreement, Colombia will provide immediate duty-free access for sorghum through a 21,000-metric ton TRQ that grows 5 percent annually. Colombia will phase out the 25-percent out-of-quota tariff over 12 years.

Animal Feed

- Colombia's current applied tariff rates range from 5 to 20 percent on some animal feed products, while others are subject to Colombia's price bands with tariffs ranging from zero percent up to the WTO bound rate of 97 percent, depending on world prices.
- Under the agreement, Colombia will provide immediate duty-free access for various animal feeds through a 194,250-metric ton TRQ that increases 5 percent annually. Colombia will phase out the out-of-quota tariffs, currently either 10 or 25 percent, over 12 years.

Wheat

- U.S. wheat producers currently face a system of variable levies (price band system) that results 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, which currently range from 5 to 20 percent, on wheat and wheat products.

Soybeans and Products

- U.S. soybean producers currently face a system of variable levies (price band system) that result in tariffs as high as the WTO ceiling of 150 percent. Colombia will immediately eliminate the price band system on soybean imports from the United States.
- For soybeans, soybean meal, and soybean flour, Colombia will immediately eliminate duties, which currently range from 5 to 20 percent.
- Colombia will provide duty-free access for crude soybean oil by establishing a 31,200-ton, duty-free TRQ that will grow 4 percent annually. Colombia will phase out the 24-percent over-quota tariff over 10 years.
- Colombia will phase out its 24-percent tariff for refined soybean oil over 5 years.

Pork

- U.S. pork producers currently face a system of variable levies (price band system) that results 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.
- Within 5 years, 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.
- Colombia will immediately eliminate duties on bacon and pork skin.
- All other pork tariffs will be eliminated within 10 years.
- Colombia will continue to recognize the U.S. meat inspection and certification system as equivalent to its own system.

Kansas		
Principal Agricultural Products and Exports, 2010		
Product	Cash Receipts (2010 calendar year)	Exports (2010 fiscal year)
Total	\$14.0 billion	\$4.9 billion
Feed Grains	\$7.2 billion	\$855 million
Cattle and Beef	\$6.5 billion	\$471 million
Wheat and Wheat Products	\$1.7 billion	\$1.1 billion
Soybeans and Soybean Products	\$1.4 billion	\$916 million
Hogs and Pork	\$488 million	\$124 million
	Source: USDA-NASS	Source: USDA-ERS

For questions about the U.S.-Colombia Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or LPA@fas.usda.gov.