



United States
Department of
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Foreign
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Service

FACT SHEET

U.S.-Colombia Trade Promotion Agreement North Dakota Farmers Will Benefit

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The U.S.-Colombia Trade Promotion Agreement (CTPA) provides increased access for North Dakota'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 North Dakota's farm prices and income. Such exports support about 26,642 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$2.5 billion and made an important contribution to North Dakota's farm cash receipts in 2006 that totaled \$5.5 billion.

Wheat and Barley. In 2007, the United States exported \$210 million of wheat and barley to Colombia. The nation's top largest wheat exporter—with wheat and barley ranked first and sixth among state farm cash receipts—North Dakota 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 results in tariffs as high as the World Trade Organization (WTO) ceiling of 248 percent. Colombia will immediately eliminate the price band system on U.S. imports.
- Colombia will immediately eliminate all tariffs on wheat and wheat products, which currently face duties ranging from 5–20 percent.
- Colombia will immediately eliminate all tariffs on barley and barley products, except feed barley. Tariffs on feed barley will be eliminated in 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.*

Beef. In 2007, the United States exported \$386,000 of beef and beef products to Colombia. North Dakota's ranchers and beef industry generate farm cash receipts of about \$741 million.

- Colombia will immediately eliminate its 80-percent duty (108 percent allowed by the WTO) on beef products of most importance 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 tariff rate quota (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, 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.*

Soybeans and Products. In 2007, the United States exported \$175 million of soybeans and soybean products to Colombia. Suppliers of the state's second largest agricultural export and second largest source of cash receipts, North Dakota soybean producers will benefit from the CTPA.

- 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 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. Providing the fourth largest source of farm cash receipts, North Dakota's corn producers will benefit from 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 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.*

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 North Dakota 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.*