



**A Tale of Two Farmers:
*How to Prevent a Tragic Ending by Implementing
the U.S.-Colombia Trade Promotion Agreement*
January 24, 2011**

The U.S. Department of Agriculture recently released a [report](#) showing that the U.S.-Peru Trade Promotion Agreement has helped make Peru “the fastest growing market in South America for the United States.” Unfortunately, this success stands in stark contrast to the impact the delay in the Congressional consideration and implementation of the U.S.-Colombia Trade Promotion Agreement has had on U.S. exports. On May 10, 2010, the Committee on Ways & Means and the Committee on Agriculture released a [report](#) showing that the delay in implementing the Colombia Agreement contributed to a severe downturn in U.S. exports and warned that unless the Agreement is implemented, the situation would only get worse. U.S. farmers are in fact even worse off today as they continue to lose out on millions of dollars in exports.

In contrast, however, Americans are enjoying enormous success from the Peru Trade Agreement, which entered into effect two years ago. This success is powerful proof that implementing free trade agreements creates new markets, while letting such agreements languish allows our trading partners to prevent our farmers from entering new markets. As a result, the United States should act quickly to implement the pending agreement with Colombia and prevent the increasing likelihood of a tragic ending for American farmers.

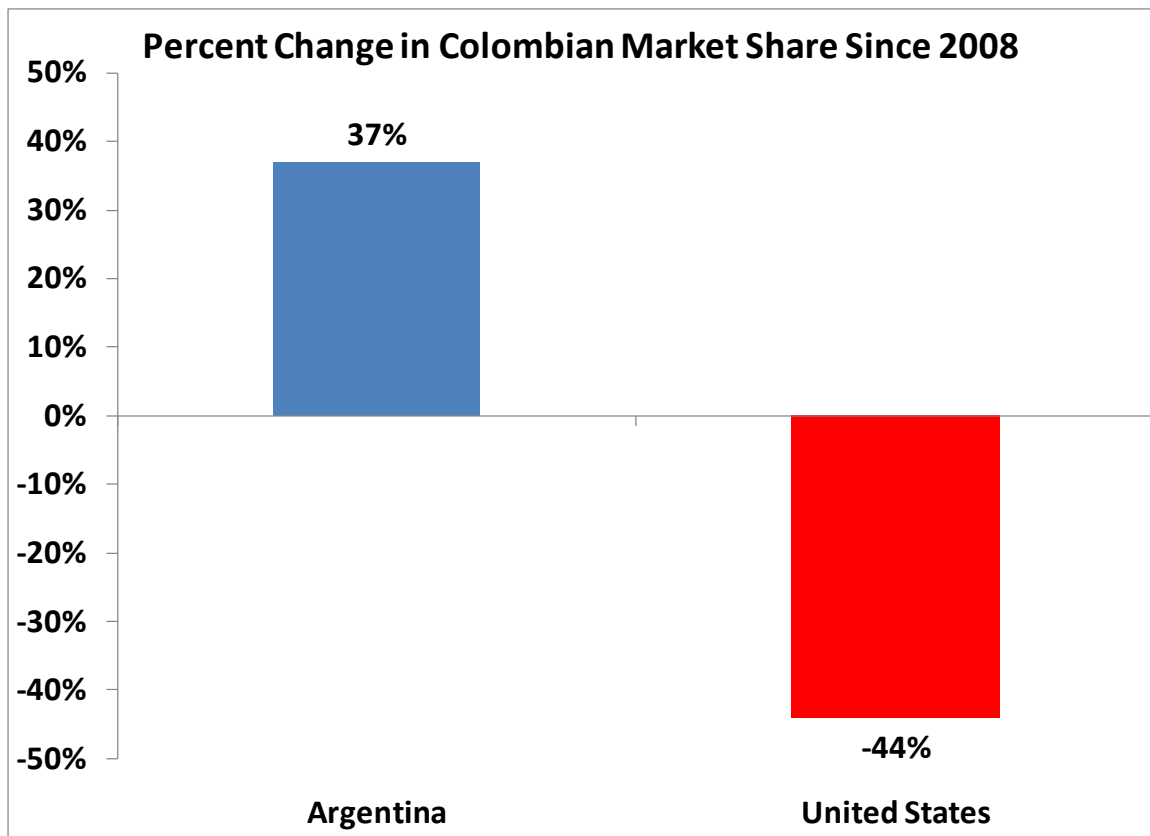
The examples that follow highlight the need for immediate action.



Argentina Takes U.S. Market Share in Colombia as U.S. Agreement Delayed

On January 1, 2009, the agriculture provisions of Colombia's trade agreement with Argentina went into effect, immediately giving Argentina's farmers a major competitive advantage over American farmers. The impact of this competitive advantage has been stark and severe:

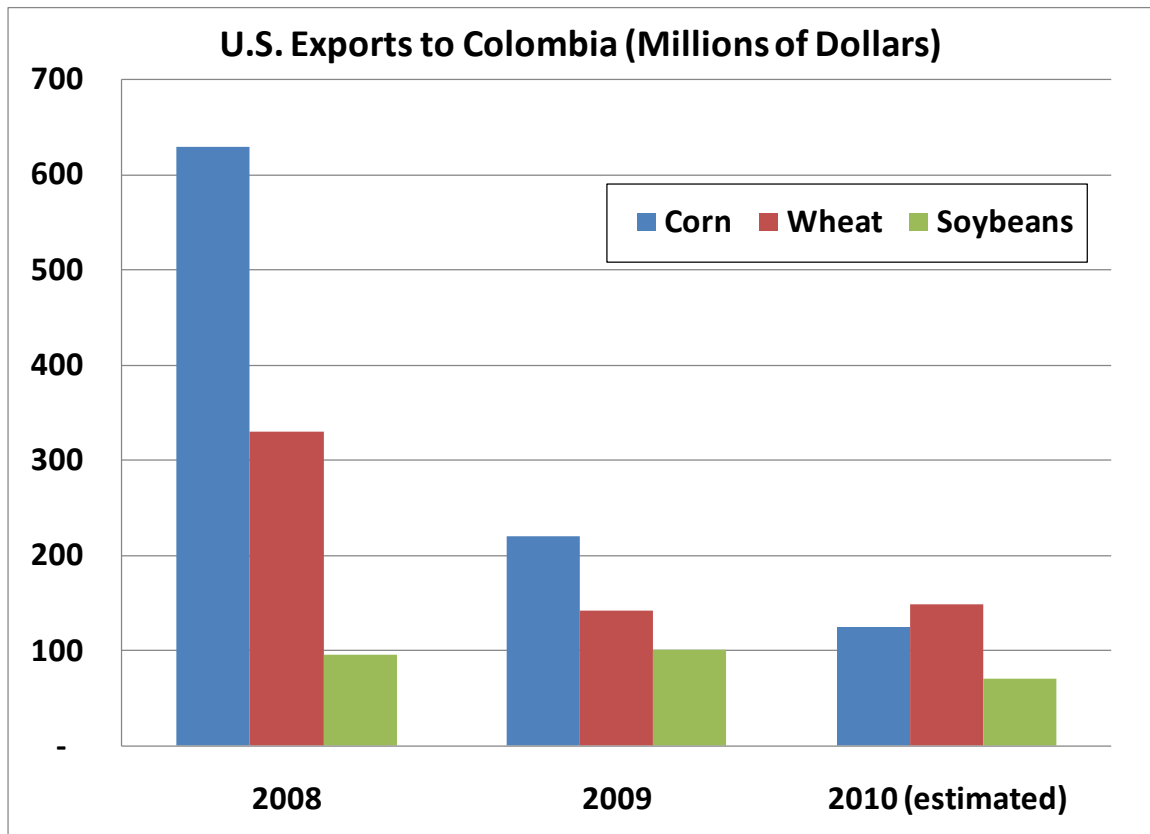
- On a quantity basis, U.S. market share in the Colombian market for corn, wheat, and soybeans (the key products where Argentina and the United States are competitors) plunged from 71 percent in 2008 to 38 percent in 2009 to 27 percent through the first ten months of 2010.
- The 44 percentage points of lost market share have been nearly exactly matched by the 37 percentage point increase in market share for Argentina over the same time period.



U.S. Agriculture Exports to Colombia Have Decreased Significantly

This drastic decline in the market share of U.S. farmers in Colombia is matched by the decline in U.S. exports to Colombia:

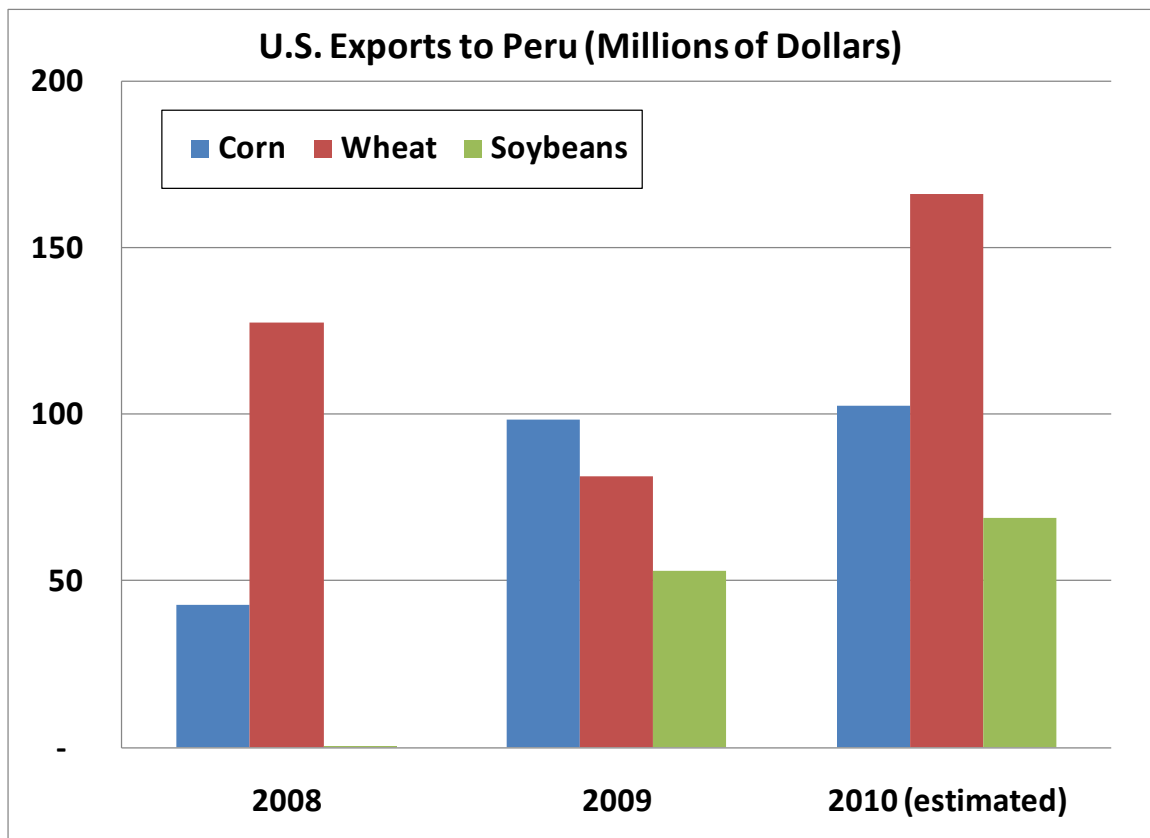
- U.S. exports of corn, wheat, and soybeans to Colombia plummeted from \$1.1 billion in 2008 to only \$343 million in 2010, a decline of 68 percent.
- The nearly \$700 million in lost exports threaten the viability of America's farmers, who are heavily dependent on exports.



U.S. Farmers Enjoy Huge Gains in Peru with Trade Agreement

While American farmers have lost market share in and exports to Colombia because of the delay in the implementation of the Trade Agreement, American farmers by contrast have reaped huge benefits from the implementation of the Peru Trade Agreement. As in the Colombian market, the United States and Argentina are major competitors in the Peruvian market, exporting corn, soybean oil, soybean meal, and wheat. Despite competing in the same products in the Peruvian market as they do in the Colombian market, the results couldn't be more different:

- Between 2008 and 2010, U.S. exports of corn, wheat, and soybeans to Peru increased by a combined 99 percent.
- Unlike Colombia, where American farmers have lost market share to Argentina, USDA reports that the U.S. market share in Peru surpassed Argentina's market share there in 2010.



Averting Further Damage

As shown above, the benefits of the Peru Trade Agreement for American farmers are obvious. The costs to American farmers from the delay in implementing the Colombia Trade Agreement are also obvious. If we are to meet the President's goal to double U.S. exports in five years and stave off the increasing likelihood of a tragic ending for American farmers, implementing the U.S.-Colombia Trade Promotion Agreement without further delay is a necessity.