



# U.S.-COLOMBIA TRADE PROMOTION AGREEMENT

## Kentucky Farmers Will Benefit

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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 \$832 million in 2010.

The Colombia TPA eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Kentucky’s agricultural products, including poultry, beef, and feed grains. Kentucky’s agricultural exports to all countries, estimated at almost \$1.5 billion in 2009, supported about 12,600 jobs, on and off the farm. These export sales make an important contribution to the Kentucky farm economy, which had total cash receipts of \$4.3 billion in 2009.

| <b>Kentucky<br/>Principal Agricultural Products and Exports, 2009</b> |  |                                  |
|---|--|----------------------------------|
| <b>Product</b>  | <b>Cash Receipts<br/>(calendar year)</b> | <b>Exports<br/>(fiscal year)</b> |
| <b>Total</b>  | <b>\$4.3 billion</b>                     | <b>\$1.5 billion</b>             |
| Poultry and Egg Products  | \$870 million                            | \$129 million                    |
| Soybeans and Products   | \$527 million                            | \$359 million                    |
| Feed Grains   | \$524 million                            | \$159 million                    |
| Cattle and Beef   | \$485 million                            | \$358 million                    |
| Tobacco   | \$383 million                            | \$256 million                    |
|   | Source: USDA-NASS                        | Source: USDA-ERS                 |

### Poultry and Eggs

- U.S. poultry 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 209 percent. Colombia will immediately eliminate the price band system on imports from the United States.
- For chicken leg quarters, which currently face a 20-percent duty, Colombia will provide immediate duty-free access through a 27,040-metric ton tariff-rate quota (TRQ) that increases 4 percent annually.
- Colombia will phase out the 164.4-percent over-quota tariff for fresh, chilled and frozen leg quarters and the 70-percent over-quota tariff for processed leg quarters over 18 years, with no reductions during the first 6 years of the agreement.
- For spent fowl, Colombia will provide a 412-ton TRQ, which increases 3 percent annually, and will phase out the 45-percent over-quota tariff over 18 years.
- Colombia will immediately phase out duties on poultry products such as wings and breast meat and will phase out tariffs on turkey products 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 will continue to recognize the U.S. meat inspection and certification system as equivalent to its own system.

### **Soybeans and Soybean 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.

### **Corn**

- U.S. corn producers currently face a system of variable levies (price band system) that results in tariffs as high as the 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.

### **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 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.

### **Tobacco**

- Colombia's WTO tariff bindings on tobacco are 70 percent, with applied tariffs ranging from 10 to 20 percent. Colombia will immediately eliminate tariffs on all tobaccos and tobacco products.
- The United States will establish a 4,200-metric ton TRQ with zero duty for products included in the WTO TRQ. The TRQ will grow at a 5-percent annual rate and the over-quota tariff will be phased out over 15 years.

*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](mailto:LPA@fas.usda.gov).*