



Fact Sheet: U.S.-Colombia Free Trade Agreement
 (U.S.-Colombia FTA)
 April 2011

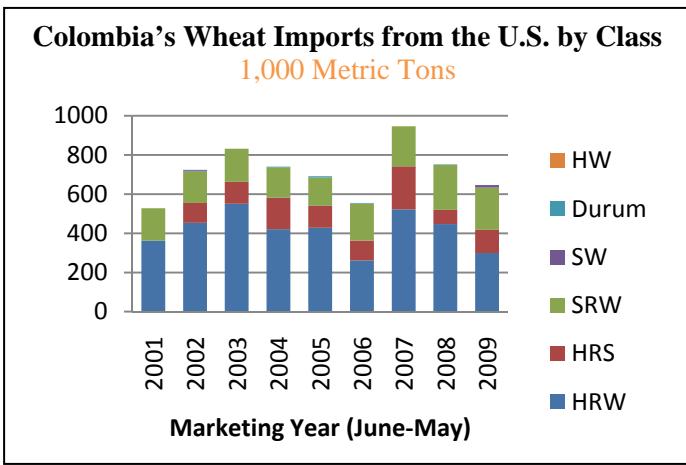
The U.S.-Colombia Free Trade Agreement is crucial to the U.S. wheat industry to maintain sales and market share in an increasingly competitive trade environment. In 2009/10, Colombia was the eighth largest market in the world for sales of U.S. wheat. A fully implemented free trade agreement will immediately eliminate the country's price band system and remove tariffs on U.S. wheat imports upon implementation. This would level the playing field, ensuring U.S. wheat can compete in the Colombian market.

The U.S. wheat industry faces tough competition in Colombia:

Colombia is dependent on imports to satisfy 97 percent of its wheat demand. The U.S., Canada and Argentina are the principal sources of Colombia's wheat imports. **In 2007/08, U.S. wheat dominated Colombia's wheat market with a share of almost 70 percent.** The value of U.S. wheat exports to Colombia that year reached \$330 million, making wheat the second largest agricultural export from the United States. **However, U.S. share fell to 46 percent in 2009/10,** while Canadian wheat market share increased from about 24 percent in 2007/08 to 33 percent in 2009/10. Argentina's market share has grown from almost zero to an average of over 250,000 metric tons since 2005.

U.S. wheat producers stand to lose up to \$100 million in sales PER YEAR without a FTA.

Argentina enjoys advantages from the Mercosur agreement allowing for duty free access that puts U.S. wheat producers at a disadvantage. Argentina has received preferential duties under this agreement since 2005. Canada signed and ratified a free trade agreement in 2010 and implementation is expected by July 2011. This will allow Canadian wheat to immediately enter the country at zero duty, putting the United States at a disadvantage to both Argentina and Canada. Colombia signed a trade agreement with the EU in 2010 that will also allow for duty free market access to Colombia when implemented.



The U.S. agreement was signed in November 2006, Colombia's legislature ratified the agreement in October 2007 and their Constitutional Court completed its conformity review in 2008. Ratification of the agreement has been held up in the United States mainly over labor issues in Colombia. On April 6, 2011, an agreement was announced on an action plan the Colombian government will undertake for the Obama Administration to send the agreement to Congress for ratification. The action plan requires the Colombian government to take several steps to protect labor rights and violence against labor leaders by December 15, 2011.

U.S. wheat producers face an increasingly competitive and uncertain market in Colombia:

Despite long-standing ties with Colombian millers, the U.S. wheat industry will continue to lose market share to Canada, Argentina and possibly the EU under implemented FTAs. Based on direct input from Colombia’s milling industry, at current prices, U.S. wheat producers across the country stand to lose up to \$100 million in wheat sales every year we must compete without a ratified FTA. In that case, tariffs on U.S. wheat could fluctuate between 10 and 15 percent and move as high as the WTO bound rate of 124 percent. Additionally, Colombia has long made use of a “price band” scheme to control agricultural imports through variable duties that fluctuate based on changes in world prices.

Ratify the U.S.-Colombia FTA Immediately:

The U.S. wheat industry, along with other agricultural commodity groups, supports immediate ratification of the U.S.-Colombia free trade agreement so U.S. producers can compete on equal terms in the Colombian market.

Years ago, the United States opened its market to imports from Colombia through trade preference legislation. As a result, more than 90 percent of Colombian imports enter the U.S. marketplace duty-free under this program. By contrast, U.S. exports to this market, including wheat, face tariffs that often soar into the double digits. Colombia enjoys nearly free access to our marketplace while access to its market remains limited.

The U.S.-Colombia FTA will fix this imbalance by forging a mutually beneficial, reciprocal partnership. Four-fifths of U.S. consumer and industrial products and more than half of all U.S. farm exports, including wheat, will enter Colombia duty-free immediately upon implementation of the agreement.

Without the U.S.-Colombia FTA, U.S. wheat growers and producers will face an uphill battle in this hard-fought and critical export market resulting in millions of dollars in losses of both exports and jobs.

Colombia’s Wheat Imports from the U.S. by Class
1,000 Metric Tons

June - May Crop Year	HRW	HRS	SRW	SW	Durum	HW	Total
2009	299	119	215	13	0	0	645
2008	447	73	229	0	3	0	751
2007	522	220	204	0	0	0	947
2006	262	101	189	0	3	0	555
2005	428	112	145	0	6	0	691
2004	421	161	155	0	3	0	739
2003	547	112	161	0	0	0	820
2002	454	101	161	6	2	0	723
2001	363	0	165	0	0	0	528

Source: USDA, Federal Grain Inspection Service

Revised: April 20, 2011