



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

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. Colombia is the eighth largest market in the world for sales of U.S. wheat. A fully implemented free trade agreement will remove tariffs on U.S. wheat imports upon ratification and level the playing field ensuring U.S. products can compete in the Colombian market.

Colombia's wheat imports from the U.S. by class

June - May Crop Year	HRW (000 MT)	HRS (000 MT)	SRW (000 MT)	SW (000 MT)	Durum (000 MT)	HW (000 MT)	Total (000 MT)	Est. Total Value (\$000)
2008	447	73	229	0	3	0	751	225,300
2007	522	220	204	0	0	0	947	236,750
2006	262	101	189	0	3	0	555	99,000
2005	428	112	145	0	6	0	691	120,925
2004	421	161	155	0	3	0	739	140,410
2003	551	112	169	0	0	0	832	145,600
2002	454	101	161	6	2	0	723	108,450
2001	363	0	165	0	0	0	528	84,480
2000	473	0	148	0	0	0	622	93,000
1999	572	20	117	0	3	0	712	106,800

Sources: Sales as Reported by Federal Grain Inspection Service;
Estimated Total Value = Sales x Ave. FOB Price/MT Estimated by
USW; Data Current Through June 2009

The current situation:

The U.S. wheat industry is losing market share in Colombia.

Colombia is import dependent to satisfy its wheat demand. The U.S., Canada, and Argentina are the principal sources of Colombia's wheat imports. In 2008/09, U.S. wheat dominated almost 70 percent of Colombia's wheat market. While the U.S. maintained a strong foothold in the market during the last year, Argentina and Canada have emerged as competitive trading partners with both origins increasing from less than 12% of market share in 2005/06 to the point where Argentina's share has been as high as 27% and Canada now has more than 20% market share annually.

Argentina enjoys advantages from the Mercosur agreement allowing for duty-free access that puts U.S. wheat producers at a disadvantage. Canada has just signed and expects to ratify this fall a free trade agreement with Colombia that will allow for immediate duty-free access of Canadian wheat exports to Colombia. Colombia also anticipates signing a trade agreement with the European Union (EU) that will also allow for duty-free market access to Colombia.

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

Despite long-standing ties with Colombian millers, the U.S. wheat industry will continue to lose sales to both Canada and Argentina and possibly the EU. As wheat from these competitive origins will enter Colombia duty-free, tariffs on U.S. wheat to Colombia will fluctuate from 10% to 15% to as high as 124% according to WTO bound rates. Additionally, Colombia has long made use of a WTO-illegal "price band" scheme to control agricultural imports through variable duties that fluctuate based on changes in world prices.

Analysis by the Food and Agricultural Policy Research Institute suggests that if the Colombia FTA were in effect now, U.S. wheat exports would be 20 million bushels greater and the farm price would be 10 cents per bushel higher.

In 2008, an influential Colombian miller said that if importers are forced to pay duties on U.S. wheat and not on Canadian wheat, U.S. market share is likely to fall to as low as 30%. If that were to happen, U.S. Wheat Associates estimates that, at current export prices, failure to ratify the U.S.-Colombia FTA could lead to an annual loss of more than \$92 million for the U.S. wheat industry.

Income and Jobs

Colombia is the largest South American export market for U.S. farmers, purchasing \$1.67 billion in U.S. agricultural products in 2008 and sustaining thousands of U.S. jobs¹.

The United States is the largest supplier of agricultural products to Colombia, with U.S. farm and ranch exports to the country doubling over the past four years¹.

At current U.S. wheat export prices, Colombia has purchased an average of almost \$165 million in U.S. wheat annually over the past 5 years, supporting thousands of jobs in wheat producing states across the U.S.².

Over 10,000 small and medium size U.S. companies are already exporting to Colombia and will benefit directly from the trade agreement¹.

12 million workers in the U.S. rely on exports for their jobs¹.

¹Source: U.S. Chamber of Commerce and the Latin American Trade Coalition

²Source: USDA, U.S. Wheat Associates

Upon implementation:

The U.S.-Colombia FTA will provide U.S. producers and exporters the opportunity to compete on a fairer and level playing field. The following will go into effect for wheat upon implementation of the U.S.-Colombia FTA:

- U.S. wheat will receive immediate duty-free access to the Colombian market.
- The agreement will immediately eliminate the current Colombian price band.

This reduces the price of U.S. wheat imports and allows U.S. producers to compete with cheaper sourced imports and regain dominant market share status recently lost to Canada and Argentina.

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 fairly in the Colombian market.

Years ago, the U.S. opened its markets to imports from Colombia through trade preference bills. As a result, more than 90% of all imports from Colombia already enter the U.S. marketplace duty-free.

By contrast, U.S. exports to Colombia, including wheat, face tariffs that often soar into the double digits. In other words, Colombia enjoys nearly free access to our marketplace while our access to theirs 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 will enter Colombia duty-free immediately upon implementation of the agreements.
- 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.