



Colombia-U.S. Trade Promotion Agreement
Wisconsin Impact

May 2012

Overview:

The U.S.-Colombia Trade Promotion Agreement was ratified on October 21, 2011. This agreement will have a significant impact on the Wisconsin economy and particularly on Wisconsin agricultural exports. It will eliminate tariffs and other barriers on a range of Wisconsin agricultural products including dairy and beef.

Impact on Wisconsin:

Agricultural products that will become duty-free upon ratification include:

- Wheat
- Barley
- Soybeans, soybean meal and flour
- High-quality beef
- Bacon
- Almost all fruit and vegetable products
- Whey
- The majority of processed products

As the third largest economy in Central and South America, Colombia is a significant international market for Wisconsin products. Agricultural products that do not gain immediate duty-free access to Colombia will reach a zero duty rate within 15 years.

Top WI Agricultural Exports to Colombia

2011

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|---|-----------|
| 1. Preserved food (Primarily canned sweet corn) | \$695,000 |
| 2. Bovine semen | \$581,000 |
| 3. Milling Products; Malt; Starch; Inulin; Wheat Gluten | \$405,000 |
| 4. Fats and oils | \$285,000 |
| 5. Miscellaneous Food | \$261,000 |

2010

| | |
|---|-----------|
| 1. Milling Products; Malt; Starch; Inulin; Wheat Gluten | \$739,000 |
| 2. Sweet Corn | \$446,000 |
| 3. Bovine Semen | \$369,000 |
| 4. Miscellaneous Prepared Foods | \$257,000 |
| 5. Rice | \$224,000 |

2009

| | |
|---|-----------|
| 1. Dairy Products | \$536,000 |
| 2. Sweet Corn | \$486,000 |
| 3. Bovine Semen | \$413,000 |
| 4. Milling Products; Malt; Starch; Inulin; Wheat Gluten | \$366,000 |
| 5. Miscellaneous Prepared Foods | \$272,000 |

Opportunities for Wisconsin Agriculture:

Wheat and Barley

- Wisconsin wheat exports totaled more than \$456 million in 2010, more than any other agricultural product. Wisconsin exports of barley reached their highest value in more than a decade in 2010, at more than \$11.3 million.
- Colombia's WTO tariff bindings on wheat and barley range from 90 to 248 percent. Colombia's applied tariff rates range from 5 to 20 percent on some grain types with some subject to Colombia's price bands and with tariffs ranging from zero percent up to the WTO bound rate, depending on world prices.
- Upon ratification Colombia's tariffs on all wheat and wheat products, as well as all barley and barley products, except feed barley, will be immediately eliminated. Tariffs on feed barley will be eliminated upon entry into force of the agreement.

Animal Feed

- Colombia's current applied tariff rates range from 5 to 20 percent on some animal feed products, while others are subject to Colombia's price bands with tariffs ranging from zero percent up to the WTO bound rate of 97 percent, depending on world prices.
- Under the agreement, Colombia will provide immediate duty-free access for various animal feeds through a 194,250-metric ton TRQ that increases 5 percent annually. Colombia will phase out the out-of-quota tariffs, currently either 10 or 25 percent, over 12 years.

Dairy Products

Wisconsin's dairy industry is world known as producing quality and delicious products. Our strong reputation for quality dairy products means that dairy producers are well situated to capture part of the Colombian dairy market.

- U.S. dairy 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 159 percent. Upon ratification Colombia will immediately eliminate the price band system on imports from the United States.
- Colombia will immediately eliminate tariffs on whey.
- All Colombian duties on dairy products will be eliminated within 15 years.
- Both Colombia and the United States will establish duty-free tariff-rate quotas (TRQs) for certain dairy products totaling 9,900 tons, with the TRQs increasing 10 percent annually.

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. Upon ratification 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.

The U.S.-Colombia Trade Promotion Agreement provides Wisconsin companies with concrete opportunities to expand their export markets. The Wisconsin International Trade Team at the Wisconsin Department of Agriculture, Trade and Consumer Protection is available to assist Wisconsin agricultural and food companies expand exports to Colombia.

* TRQ: Tariff-Rate Quota, imports below a specified quantity enter at a low (or zero) tariff and imports above that quantity enter at a higher tariff.

*Source 1: USDA Article: "U.S.-COLOMBIA TRADE PROMOTION AGREEMENT Wisconsin Farmers Will Benefit"

*Source 2: Global Trade Information Systems, 2010 Data

*Source 3: USTR "Overview of the U.S.-Colombia Trade Agreement"