United States Department of Agriculture
Foreign Agricultural Service

U.S.-Colombia Trade Promotion Agreement Benefits for Agriculture

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The U.S.-Colombia Trade Promotion Agreement (Colombia TPA), which is a key building block in the U.S. strategy to advance free trade within the Western Hemisphere, went into force on May 15, 2012. The agreement achieves two key trade objectives for the United States: it immediately provides vastly improved access to Colombia's market, and it levels the playing field with respect to third-country competitors in the Colombian market.

Colombia is already an important market for America's farmers and ranchers. In 2011, the United States exported almost $1.3 billion of agricultural products to Colombia. Top U.S. exports were wheat, corn, cotton, soybeans, soybean meal, and corn gluten feed.

Upon implementation of the Colombia TPA, U.S. exporters received immediate duty-free treatment on products accounting for almost 70 percent of current trade. Prior to implementation, no U.S. agricultural exports enjoyed duty-free access to Colombia.

Prior to implementation of the Colombia TPA, most Colombian applied tariffs ranged from 5 percent to 20 percent for agricultural products. In many cases, these tariffs restricted U.S. exports. Without the Colombia TPA in place, there was also no assurance that Colombia would not raise tariffs to its permitted World Trade Organization (WTO) limits (or tariff bindings), which range from 15 percent to 388 percent.

Under the Colombia TPA, Colombia immediately eliminated its price band system, which affects more than 150 products, including corn, rice, wheat, oilseeds and products, dairy, pork, poultry, and sugar. Under the price band system, the tariffs on these products varied with world prices and could have reached up to Colombia's WTO bound rates.

In 2010 and 2011, Colombia finalized free trade agreements (FTAs) with the European Free Trade Association (Iceland, Liechtenstein, Norway, and Switzerland), Canada, and the European Union. In addition, Colombia currently has FTAs in place with Chile, El Salvador, Guatemala, Honduras, Mexico, and Uruguay. Colombia is also a member of the Andean Community Customs Union (Bolivia, Ecuador, and Peru) and is a party to the MERCOSUR-Andean Community agreement, under which it has implemented bilateral agreements with Brazil, Argentina, and Paraguay. The United States paid a heavy price as a result of Colombia's prevailing third-country arrangements, as the U.S. share of Colombia's total agricultural imports fell from nearly 44 percent in 2007 to 24 percent in 2011. With the implementation of the Colombia TPA, U.S. exporters have the opportunity to regain and expand market share.

KEY ELEMENTS OF THE AGREEMENT

Market Access

No products are excluded from the Colombia TPA. Liberalization of Colombia's market occurs through tariff elimination for all commodities combined with zero-duty, tariff-rate quotas on commodities for which tariff elimination takes place over longer periods. The agreement immediately eliminated Colombia's use of Andean Price Bands (variable tariffs), thereby ensuring that Colombia stopped applying high duties resulting from the application of this mechanism. The United States received equal or preferential treatment vis-à-vis third-party competitors on all key products under the agreement.

Tariff Elimination

Colombia previously applied some tariff protection on all agricultural products. Under the Colombia TPA, tariff phase-outs range from immediate duty-free access to a maximum phase out over 19 years. Tariffs on 77 percent of all agricultural tariff lines, accounting for almost 70 percent of current trade by value, were eliminated immediately when the Colombia TPA entered into force. Colombia will eliminate most other tariffs within 15 years, including many within the first 5 years. As a general rule, virtually all tariffs are reduced in equal annual installments over the agreed phase-out period, with the first tariff cut made on May 15, 2012.

Tariff-Rate Quotas (TRQs)

For some products with longer tariff phase-outs, immediate duty-free market access is provided through the creation and annual expansion of TRQs (providing duty-free access for a specified quantity of imports). Annual TRQ growth is on a compound basis for U.S. agricultural exports.

Safeguards

The Colombia TPA includes volume-based agricultural safeguards for a limited number of products covered by TRQs. The safeguard triggers are set as a percentage of the growing TRQ quantities. Increased tariffs resulting from the triggering of a safeguard can only be maintained for the remainder of the year they are invoked. The availability of using an agricultural safeguard expires when the tariff for that product has been phased out.

Export Subsidies

The parties agreed not to use export subsidies on products shipped into each other's market except to compete with third-party export subsidies.

SPECIFIC PRODUCTS

Beef

In 2011, the United States exported approximately $4 million of beef and beef products to Colombia. Colombia's WTO tariff bindings on beef range from 70 to 108 percent, with applied tariffs that ranged from 5 to 80 percent. Under the Colombia TPA, the United States secured immediate duty-free treatment on products most important to the U.S. beef industry: high-quality USDA Prime and Choice beef cuts. All other tariffs on beef and beef products will be eliminated within 15 years and earlier in a number of cases. For standard quality beef cuts, the agreement provides for immediate duty-free access through a 2,100-metric ton TRQ with 5-percent annual growth. Colombia is phasing out the 80-percent out-of-quota tariff over 10 years after a 37.5-percent cut on May 15, 2012. Additionally, the agreement establishes a 4,642-metric ton duty-free TRQ for beef variety meats (offal) with 5.5-percent annual growth. Colombia is phasing out the 80-percent out-of-quota tariff over 10 years with a 37.5-percent cut immediately upon implementation of the agreement. If imports surge, Colombia has the right to use safeguards during the implementation period on standard quality beef only.

The United States established a 5,250-metric ton beef TRQ with 5-percent annual growth as part of the agreement. The U.S. 26-percent out-of-quota tariff on beef is being phased out over 10 years. Additionally, if imports surge during the implementation period, the United States has the right to use a volume-based safeguard that will impose higher tariffs on additional over-quota imports.

Pork
In 2011, the United States exported $27 million of pork and pork products to Colombia. Colombia's WTO tariff bindings on pork range from 70 to 108 percent. Colombia's applied tariff rates ranged from 20 to 30 percent on some products, while other products had been subject to Colombia's price bands with tariffs ranging from zero percent up to the WTO bound rate, depending on world prices. The agreement provides for tariff phase-outs on most key pork products within 5 years, including immediate tariff elimination for bacon and pork skin. All other pork tariffs are being eliminated within 10 years.

Poultry
In 2011, the United States exported $22 million of poultry and poultry products to Colombia. Colombia's WTO tariff bindings on poultry range from 70 to 209 percent. Colombia's applied tariff rates ranged from 5 to 20 percent on some products, while other products had been subject to Colombia's price bands with tariffs ranging from zero percent up to the WTO bound rate, depending on world prices. The United States secured a 27,040-metric ton TRQ at zero duty with 4-percent annual growth for chicken leg quarters. Colombia is phasing out the out-of-quota tariff of 164.4 percent for fresh, chilled, and frozen chicken leg quarters, as well as the 70 percent out-of-quota tariff for processed chicken leg quarters over 18 years with a grace period of no tariff reduction during the first 6 years. Colombia has access to a safeguard on chicken leg quarters in the event of an annual import surge during the 18-year tariff phase-out period.

Colombia also established a zero-duty, 412-metric ton TRQ with 3-percent annual growth for "spent fowl," typically post-production layers. The 45-percent above-quota tariff on spent fowl is being phased out over 18 years. Colombia has access to a safeguard on spent fowl in the event of an annual import surge during the 18-year implementation period.

The Colombia TPA immediately eliminated tariffs on most other poultry products and is phasing out the rest within 10 years.

Dairy
In 2011, the United States exported $7.5 million of dairy and dairy products to Colombia. Colombia's WTO tariff bindings on dairy products range from 70 to 159 percent, with applied tariffs on many products subject to price bands that ranged up to the WTO bound rates. Two tariff lines for whey were eliminated upon entry into force, while a third covering other milk protein concentrates is being phased out over 3 years. Additionally, U.S. exporters have access to six product-specific dairy TRQs, all at zero duty. All of the dairy TRQs have duty-free quantities growing at a 10-percent annual growth rate over the transition period. A 5,500-metric ton TRQ was established for milk powder with an out-of-quota base tariff of 33 percent, phased out over 15 years. A 2,310-metric ton TRQ for various cheeses has out-of-quota tariffs of 20 and 33 percent, with these tariffs phased out over 15 years. Colombia provided duty-free access for butter through a 550-metric ton TRQ and for ice cream through a 330-metric ton TRQ. Colombia is phasing out the butter out-of-quota tariff of 33 percent and the ice cream out-of-quota tariff of 20 percent over 11 years. Colombia established a 110-metric ton yogurt TRQ and is phasing out the 20-percent tariff over 15 years. Finally, Colombia established a 1,100-metric ton processed dairy product TRQ and is phasing out the 20-percent tariff over 15 years. Colombia immediately eliminated or is phasing out over 5 years all other dairy tariffs.

The United States established TRQs for cheese (5,060 tons, out-of-quota tariffs phased out over 15 years); butter (2,200 tons, out-of-quota tariffs phased out over 11 years); processed dairy products (2,200 tons, out-of-quota tariffs phased out over 15 years); ice cream (330 tons, out-of-quota tariff phased out over 11 years), and fluid milk and cream (110 tons, out-of-quota tariffs phased out over 11 years).

Vegetables
In 2011, the United States exported $21.1 million of fresh and processed vegetables and products to Colombia. Colombia's WTO tariff bindings on vegetables and products range from 70 to 102 percent, with applied tariff rates that ranged from 5 to 20 percent. The United States obtained duty-free access on most vegetables and vegetable products in the Colombia TPA with tariffs for almost all others phased out over 5 years.

Dry Peas, Beans, and Lentils
In 2011, the United States exported $9 million of dry peas, beans, and lentils to Colombia. Colombia's WTO tariff bindings on dry peas, beans, and lentils range from 15 to 178 percent, with applied tariff rates that ranged from 5 to 60 percent. Colombia immediately eliminated tariffs on dried peas and dried lentils. It also provided immediate duty-free access for dried beans through a 15,750-metric ton TRQ with 5-percent compound annual growth. Colombia is phasing out the out-of-quota tariff of 60 percent over 10 years using a non-linear staging formula that includes a 33-percent cut on May 15, 2012.

Potatoes and Products
In 2011, the United States exported $4 million of potatoes and potato products to Colombia. Colombia's WTO tariff bindings on potatoes and potato products range from 70 to 102 percent, with applied tariff rates that ranged from 5 to 20 percent. All fresh potato tariff lines and almost all processed potato lines, including frozen fries, potato flakes, and potato chips, received immediate duty-free access to Colombia on May 15, 2012.

Fruits, Juices, and Tree Nuts
In 2011, the United States exported $44 million of fruits and tree nuts to Colombia. Colombia's WTO tariff bindings on fruits and tree nuts range from 20 to 140 percent, with applied tariff rates that ranged from 5 to 20 percent. The Colombia TPA provided immediate duty-free access to Colombia for all U.S. fresh and processed fruits, including apples, grapes, cherries, pears, stone fruit, and citrus, as well as all fresh and processed tree nuts, such as almonds and pistachios.

Wheat and Barley
In 2011, the United States exported $220 million of wheat and barley to Colombia. Colombia's WTO tariff bindings on wheat and barley range from 90 to 248 percent. Colombia's applied tariff rates ranged 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. Colombia's tariffs on all wheat and wheat products, as well as all barley and barley products were immediately eliminated.

Feed Grains
Yellow Corn – In 2011, the United States exported $129 million of yellow corn to Colombia. Colombia's WTO tariff binding on yellow corn is 194 percent with applied tariff rates that were subject to Colombia's price band system under which tariffs range from zero percent up to the WTO bound rate, depending on world prices. Under the agreement, Colombia provided immediate duty-free access through a 2.1-million ton TRQ with 5-percent annual growth. Colombia is phasing out the out-of-quota tariff of 25 percent over 12 years.

White Corn – In 2011, the United States exported $32 million of white corn to Colombia. Colombia's WTO tariff binding on white corn is 194 percent with the applied tariff rate that was subject to Colombia's price band system under which tariffs range from zero percent up to the WTO bound rate, depending on world prices. Under the agreement, Colombia provided immediate duty-free access through a 136,500-metric ton TRQ with 5-percent annual growth. Colombia is phasing out the out-of-quota tariff of 20 percent over 12 years.

Sorghum – In 2011, the United States did not export sorghum to Colombia. Colombia's WTO tariff binding on sorghum is 132 percent with the applied tariff rate that was subject to Colombia's price band system under which tariffs range from zero percent up to the WTO bound rate, depending on world prices. Under the agreement, Colombia provided immediate duty-free access through a 21,000-metric ton TRQ with 5-percent annual growth. Colombia is phasing out the out-of-quota tariff of 25 percent over 12 years.

Animal Feeds and Fodders – In 2011, the United States exported nearly $71 million of animal feeds to Colombia. Colombia's WTO tariff bindings on animal feeds are 97 percent. Colombia's applied tariff rates ranged from 5 to 20 percent on some products, while others were subject to Colombia's price bands with tariffs ranging from zero percent up to the WTO bound rate, depending on world prices. Under the agreement, Colombia provided immediate duty-free access for various animal feeds through a 194,250-metric ton TRQ with 5-percent annual growth. The out-of-quota tariffs for these animal feeds are either 10 or 25 percent. They are being phased out over 12 years.

Rice

In 2011, the United States exported $3 million of rice to Colombia. Colombia's WTO tariff bindings on rice and rice products range from 131 to 189 percent. Colombia's applied tariff rates ranged from 5 to 80 percent on some products, while tariffs on other products were subject to Colombia's price bands with tariffs ranging from zero percent up to the WTO bound rate, depending on world prices. Colombia provided immediate duty-free access on rice through a 79,000-metric ton TRQ (milled rice equivalent basis) with 4.5-percent annual growth. Colombia is phasing out the 80-percent out-of-quota tariff for rice over 19 years with a grace period of no tariff reduction during the first 6 years. A safeguard on rice is available in the event of an annual import surge. The rice flour tariff and tariffs for bran, sharps, and other milled rice residues are being phased out over 5 years.

Soybeans and Soybean Products

In 2011, the United States exported $182 million of soybeans and soybean products to Colombia. Colombia's WTO tariff bindings on soybeans and soybean products range from 75 to 150 percent. Colombia's applied tariff rates ranged from 5 to 20 percent on some products, while other products were subject to Colombia's price band system with tariffs ranging up to the WTO bound level, depending on world prices. Colombia immediately eliminated tariffs on soybeans and soy meal and flour. Colombia provided immediate duty-free access for crude soybean oil through a 31,200-metric ton TRQ with 4-percent annual growth. Colombia is phasing out the out-of-quota tariff of 24 percent for crude soybean oil over 10 years. Colombia is phasing out its 24-percent tariff for refined soybean oil over 5 years.

Peanuts and Peanut Products

In 2011, the United States exported $184,000 of peanuts and peanut products to Colombia. Colombia's WTO tariff bindings on peanuts and peanut products range from 70 to 155 percent. Colombia's applied tariff rates ranged from 5 to 20 percent on some products, while tariffs on other products were subject to Colombia's price band system with rates ranging up to the WTO bound level, depending on world prices. Under the agreement, Colombia immediately eliminated tariffs on peanuts, peanut oil, and peanut products. The United States is phasing out tariffs on peanuts and peanut products over 15 years.

Sugar and Sweeteners

In 2011, the United States exported $7 million of sugar and sweeteners to Colombia. Colombia's WTO tariff bindings on sugar and sweeteners range from 100 to 130 percent. Colombia's applied tariff rates ranged from 5 to 20 percent on some products, while other products were subject to Colombia's price band system with tariffs ranging up to the WTO bound level, depending on world prices. Under the agreement, Colombia provided immediate duty-free access for glucose through a 10,500-metric ton TRQ with 5-percent annual growth. Colombia is phasing out the out-of-quota tariff for glucose of 28 percent over 10 years. Colombia is phasing out all other tariffs on sugar and sweeteners within 15 years, and in many cases less, including 9 years for high-fructose corn syrup.

The United States provided Colombia with a 50,000-metric ton TRQ for sugar and sugar products covered by the WTO TRQ at zero duty, with the quantity growing at a 1.5-percent simple annual growth rate. Colombia must be a net exporter to qualify to export this duty-free tonnage. A sugar compensation mechanism is also under the agreement, enabling the United States to provide compensation in lieu of accepting duty-free imports under the zero-duty treatment. The United States provided no additional preferential access and will not reduce the out-of-quota duty for sugar and sugar products covered by the WTO TRQ.

Processed Products

In 2011, the United States exported $308 million of processed products, including pet foods, to Colombia. Colombia's WTO tariff bindings on processed products range from 70 to 143 percent, with applied tariff rates that ranged from 5 to 20 percent. Under the agreement, most products immediately enter Colombia duty free. All others will enter free of tariffs in 10 years or less. Additionally, Colombia provided immediate duty-free access for pet food through an 8,640-metric ton TRQ with 8-percent annual growth. Colombia set the out-of-quota pet food tariff at 28 percent with an 8-year phase out.

Tobacco

In 2011, the United States exported $11,000 of tobacco to Colombia. Colombia's WTO tariff bindings on tobacco are 70 percent, with applied tariffs that ranged from 10 to 20 percent. Colombia immediately eliminated tariffs on all tobaccos and tobacco products.

The United States established 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 is being phased out over 15 years.

Cotton

In 2011, the United States exported $138 million of cotton to Colombia. Colombia's WTO tariff bindings on cotton range from 70 to 99 percent, with applied tariff rates that were 10 percent. Under the agreement, Colombia immediately eliminated cotton tariffs. The United States eliminated all cotton tariffs upon entry into force of the agreement.

AGRICULTURAL IMPORTS FROM COLOMBIA

In 2011, U.S. agricultural imports from Colombia were valued at $2.5 billion, up from $2.0 billion in 2010. Colombia's shipments are mostly limited to a few tropical and other horticultural products, about half of which do not compete with U.S.-grown products. Three product groups accounted for 94 percent ($2.3 billion) of total imports. Coffee and coffee products accounted for the majority of sales at $1.3 billion, fresh cut flowers followed with sales of $578 million, and bananas accounted for sales of $207 million.

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.