



U.S.-Colombia Trade Promotion Agreement

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The U.S.-Colombia Trade Promotion Agreement is crucial to the U.S. wheat industry's efforts to maintain sales and market share in an increasingly competitive trade environment. Immediate ratification of the Colombia agreement is the top trade priority for the U.S. wheat industry.

Background

Colombia is the largest export market for American farmers in South America, purchasing \$1.67 billion in U.S. agricultural products in 2008 and sustaining thousands of U.S. jobs. Colombia depends on imports to satisfy its wheat demand, and the U.S., Canada, and Argentina are the principal sources of Colombia's wheat imports. In 2007/2008, U.S. wheat dominated this market, winning almost 70 percent of Colombia's wheat purchases. While the U.S. has maintained a strong foothold in the market during the last year, Argentina and Canada are emerging as serious competitors with both countries increasing from single digit percentages of market share in 2004/2005 and Canada now boasting a market-share of more than 20 percent.

Action is Needed!
U.S. wheat producers stand to lose \$92 million a year - 40 percent of their market-share - in Colombia if the U.S.-Colombia trade agreement isn't quickly ratified.

What's At Stake?

Through their own agreements, our competitors are continuing to capture more of what used to be U.S. market share even as the U.S. agreement with Colombia lags. Argentina enjoys advantages from the Mercosur agreement allowing for duty-free access, and Canada has just signed and expects to soon ratify a free trade agreement with Colombia that will allow for immediate duty-free access of Canadian wheat exports. Colombia also anticipates signing a trade agreement with the EU, again offering duty-free access to the Colombian market.

Despite our long-standing ties with Colombian millers, the U.S. wheat industry will continue to lose market share to Canada, Argentina and possibly the EU as their products enter duty free while tariffs on U.S. wheat to Colombia fluctuate between 10 and 15 percent and can be as high as 124 percent according to WTO bound rates.

Leveling the Playing Field

Once the U.S.-Colombia agreement is ratified, U.S. wheat will receive immediate duty-free access to the Colombian market and the current Colombian price band will immediately be eliminated. 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, thus leveling the playing field for U.S. producers. The industry's ability to maintain a strong presence in the Colombian market is dependent on timely action on this important agreement.

More Information

For more information about the importance of the Colombia trade agreement, visit www.wheatworld.org/trade or www.uswheat.org/whatwedo/tradepolicy/tradeagreements.

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