



# Delaying Colombia FTA is Destroying Jobs in America

**Ambassador Gabriel Silva**

**Joint International Trade Policy Committee  
Winter Board Meeting**

Embassy of Colombia  
Colombian Government Trade Bureau  
January 18, 2011



- 1. Colombia's Economy at a Glance**
- 2. Colombia's Agricultural Market:  
U.S. Wheat Exports to Colombia**
- 3. How to Stop the Loss of Market Share  
in Colombia's Agricultural Market?**
- 4. Conclusions**



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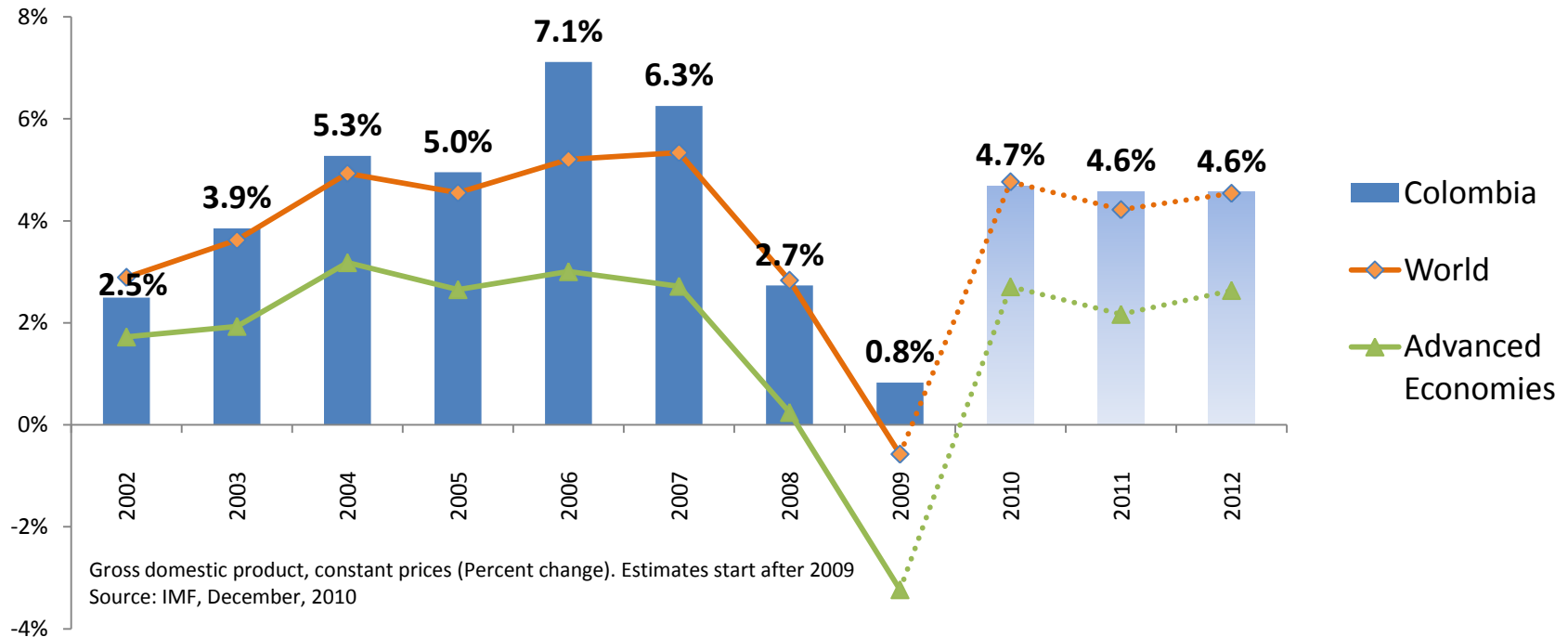


# Colombia's Economy





## Colombia and World GDP growth (%)

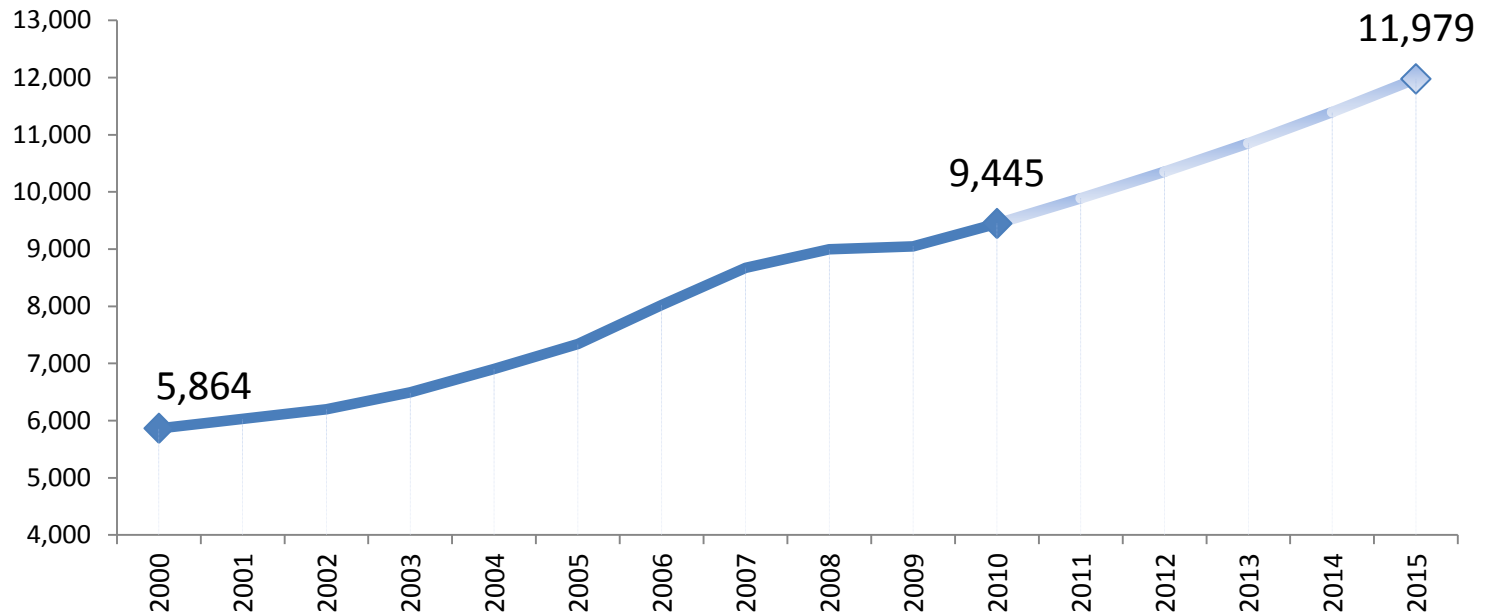


- Colombia has the **second-largest population** in South and Central America and the Caribbean, and is the **third-largest economy** in the region (2009).
- Colombia is part of a group of **“fast-growing market-oriented countries”**\*. Colombia’s GDP growth has been higher than the World’s average in the past years, and much higher than the average of the “advanced economies”.

\* “Seeking new friends”. The Economist, December 11th–17th, 2010



## Colombia: per capita GDP (PPP)



PPP: Purchasing-Power-Parity

Source: IMF, December 2010

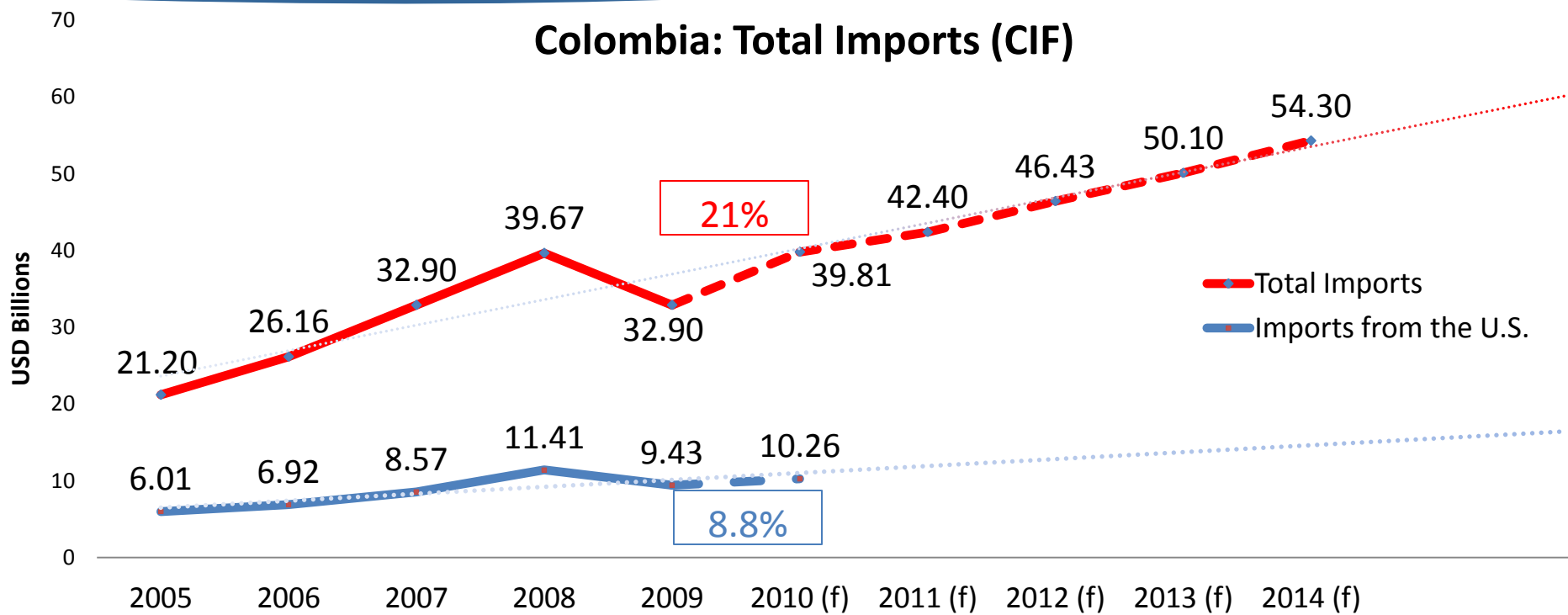
- Colombia's per capita income has grown faster in the last decades and its keeping pace for the following years. It means a large population of new consumers.
- A higher income has resulted in more consumption of animal proteins. Hence the increase of pork production (32%), poultry (32%) and eggs (12%) in the last five years, which in turn have sustained and expanded the demand for feed based on corn and soybean.



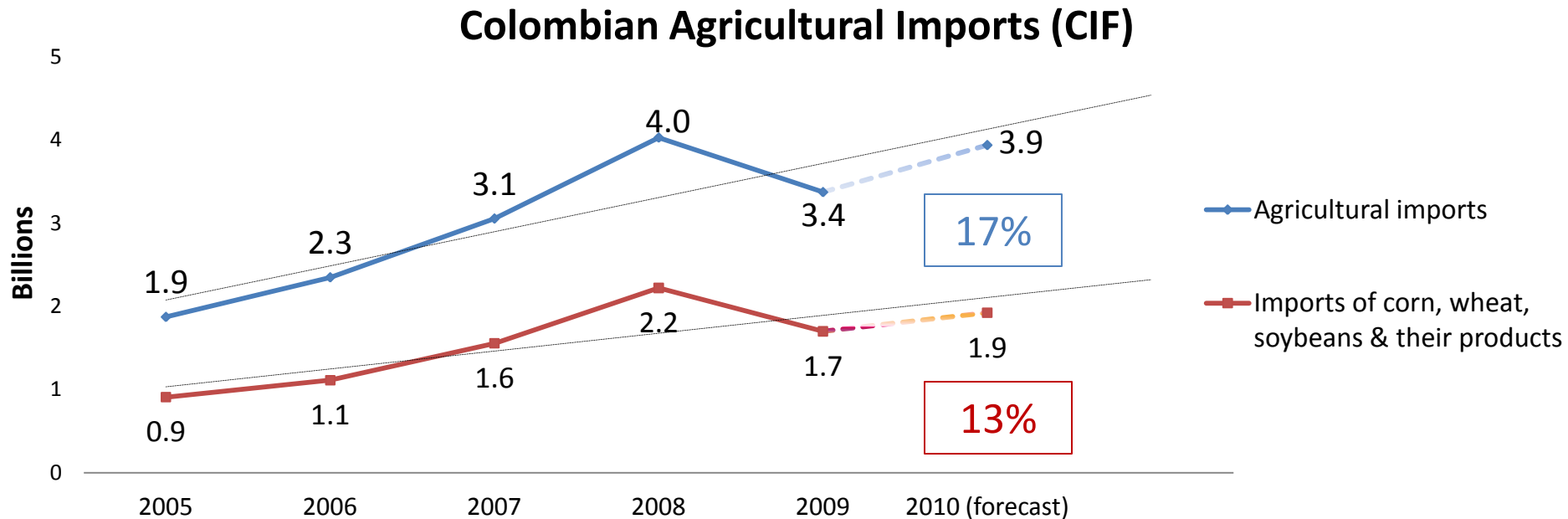
In 2002 Colombia had **2** FTAs with **5** countries.

Now it has **11** Free Trade Agreements, allowing **47** countries duty free access

Country	Status
<i>ACN (Peru, Ecuador, Bolivia)</i>	In Force, November 1967
<i>G2: Mexico</i>	In Force, January 1995
<i>CAN - Mercosur (Brazil, Argentina, Paraguay, Uruguay)</i>	In Force, April 2005
<i>Chile</i>	In Force, May 2009
<i>Central America Triangle (Guatemala, Honduras, El Salvador)</i>	In Force, March 2010
<i>US</i>	Signed, November 2006. Awaiting US Congress Procedures
<i>EFTA (Switzerland, Norway, Liechtenstein, Iceland)</i>	Signed, November 2008. Awaiting Norwegian and Icelandic Congress Procedures, and Colombia's Constitutional Court Approval
<i>EU</i>	Negotiations Concluded, May 2010. Awaiting Legal Review by both Parts
<i>Canada</i>	Signed, August 2010. Awaiting Colombian Congress Approval and Review of Human Rights Annex by the Constitutional Court
<i>South Korea</i>	Negotiations Underway, December 2009
<i>Panama</i>	Negotiations Underway, March 2010
<i>Singapore</i>	Negotiations Announced, November 2010 / Scheduled to be Completed by 2012



- Colombia is an important growing market: **Imports nearly tripled in 7 years** and are growing at a rate of 21% in 2010 (Jan-Oct), whereas U.S. exports to Colombia are growing at just 8.8%.
- Colombia is the **7th largest market** in the Western Hemisphere (among 35 countries, excluding the U.S.) and the **5th largest** in South and Central America and the Caribbean (33 countries). Source: WTO, 2009



- Agricultural products, including corn, wheat and soybeans (main import products, represent about 10% of total imports.
- Colombian Agricultural imports doubled in the last five years.



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# Colombia's Agricultural Market: U.S. Wheat Exports to Colombia



# The Importance of the Colombian Market



- In 2008, Colombia was the **15<sup>th</sup> largest market** for U.S. agricultural products\* in the World (among 195 Countries and territories). Source: USDA
- In 2008, Colombia was the **8<sup>th</sup> largest market** for U.S. corn, wheat, soybeans and their products in the World (among 196 Countries and territories). Source: USDA

\* Includes USDA “agricultural products”

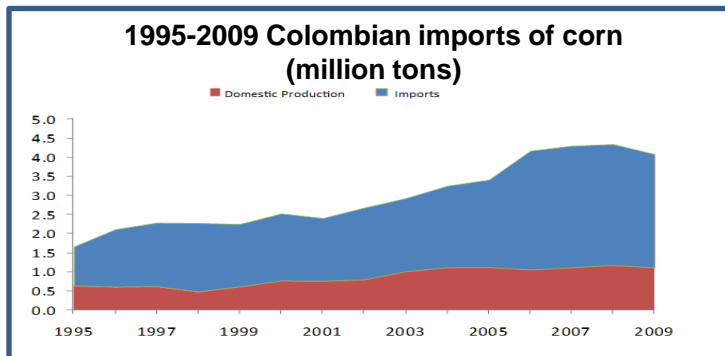
# The Importance of the Colombian Agricultural Market



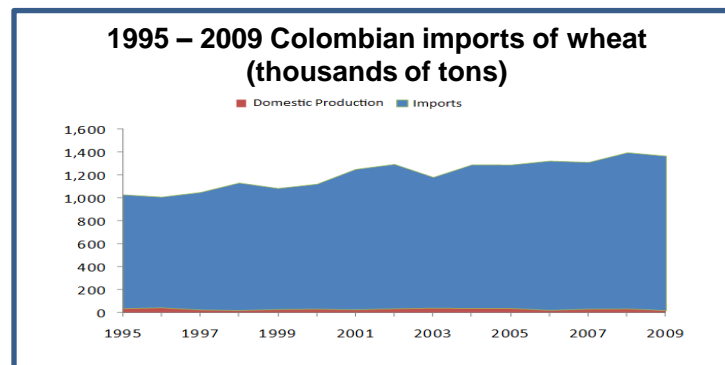
## RANKING OF THE COLOMBIAN MARKET FOR *U.S. AGRICULTURAL EXPORTS* (2008)

<b>COUNTRIES WITH FTAs WITH THE U.S.</b>	In 2009 Colombian agricultural imports from the U.S. were larger in value than <b>15</b> of the 17 countries with FTAs in force with the U.S. (Costa Rica, Peru, Australia, Singapore, Bahrain, Dominican Republic, El Salvador, Guatemala, Honduras, Jordan, Morocco, Nicaragua Oman, Chile and Israel)
<b>OECD Countries</b>	In 2009 Colombian agricultural imports from the U.S. were larger than <b>25</b> of the 34 OECD countries (Australia, Spain, Italy, Belgium, Israel, France, Switzerland, Ireland, Chile, New Zealand, Poland, Denmark, Sweden, Greece, Portugal, Norway, Finland, Austria, Luxembourg, Czech Republic, Hungary, Estonia, Iceland, Slovakia, Slovenia)
<b>BRICs</b>	In 2009 Colombian agricultural imports from the U.S. were larger than those of <b>India and Brazil</b> , two of the BRICs countries (Brazil, Russia, India and China)
<b>“NEXT TIER” Markets</b>	In 2009 Colombian agricultural imports from the U.S. were larger than those of <b>Saudi Arabia and South Africa</b> , two of the “Next Tier Markets”

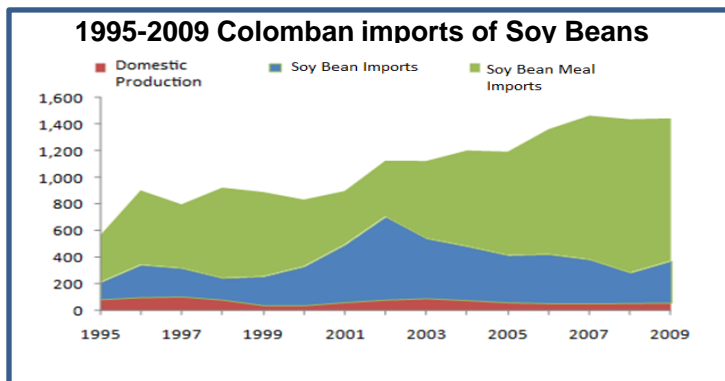
# Corn, Wheat and Soybeans: Consumption in Colombia



Colombia imports 80% of the corn it consumes



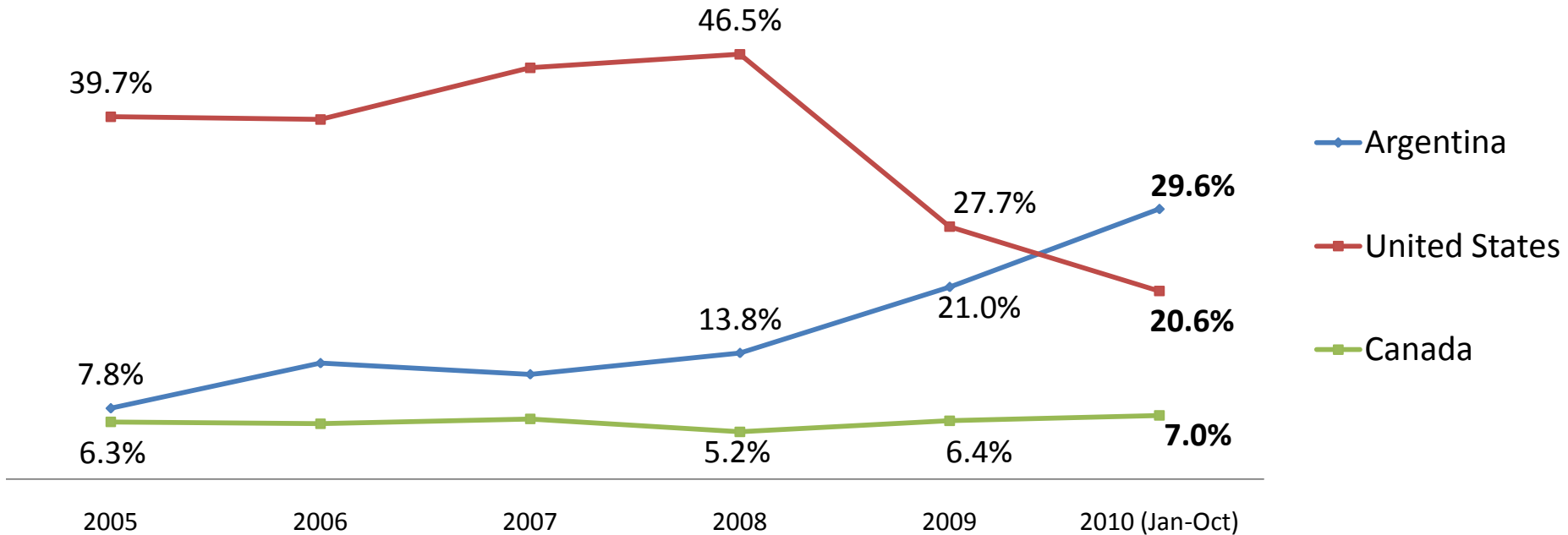
Colombia imports 97% of the wheat it consumes



Colombia imports 96% of the soybeans & products it consumes



## Market Share (%)



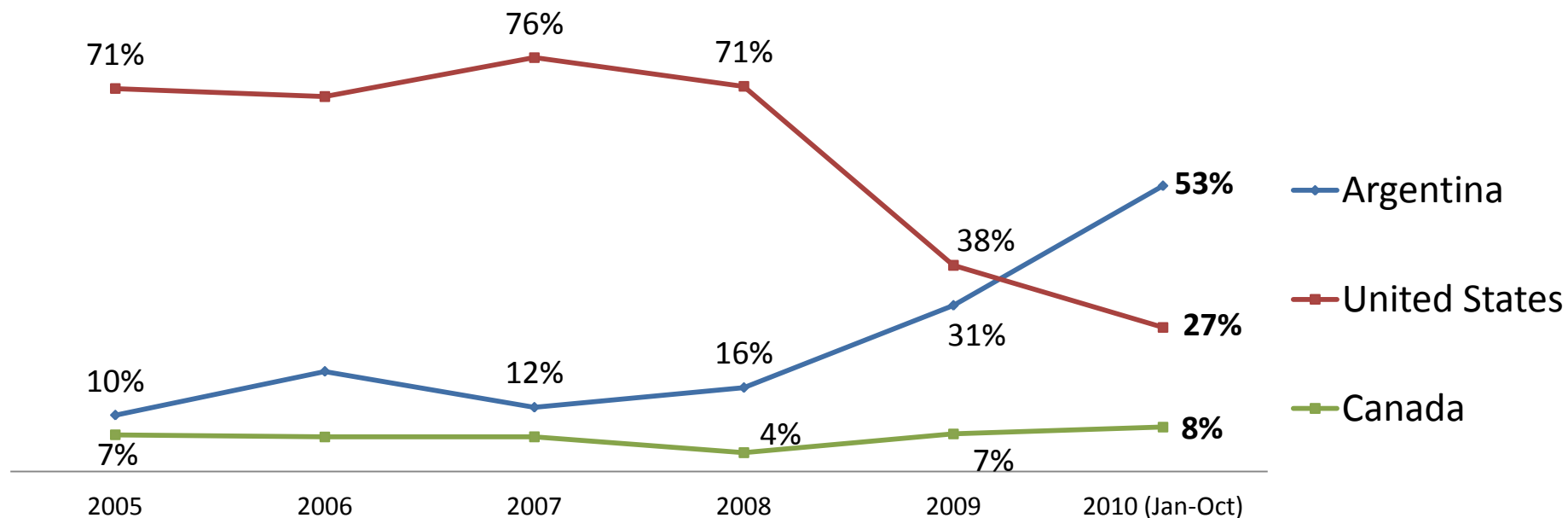
The U.S. farmers used to be the main supplier of agricultural goods in Colombia with a peak of 46% of market share in 2008.

However, in 2010 the U.S. market share has fallen to 21%, and for the first time will lose its position as the main Colombia's agricultural supplier.

# Colombian Imports of Corn, Wheat, Soybeans & their products



### Market Share (%)

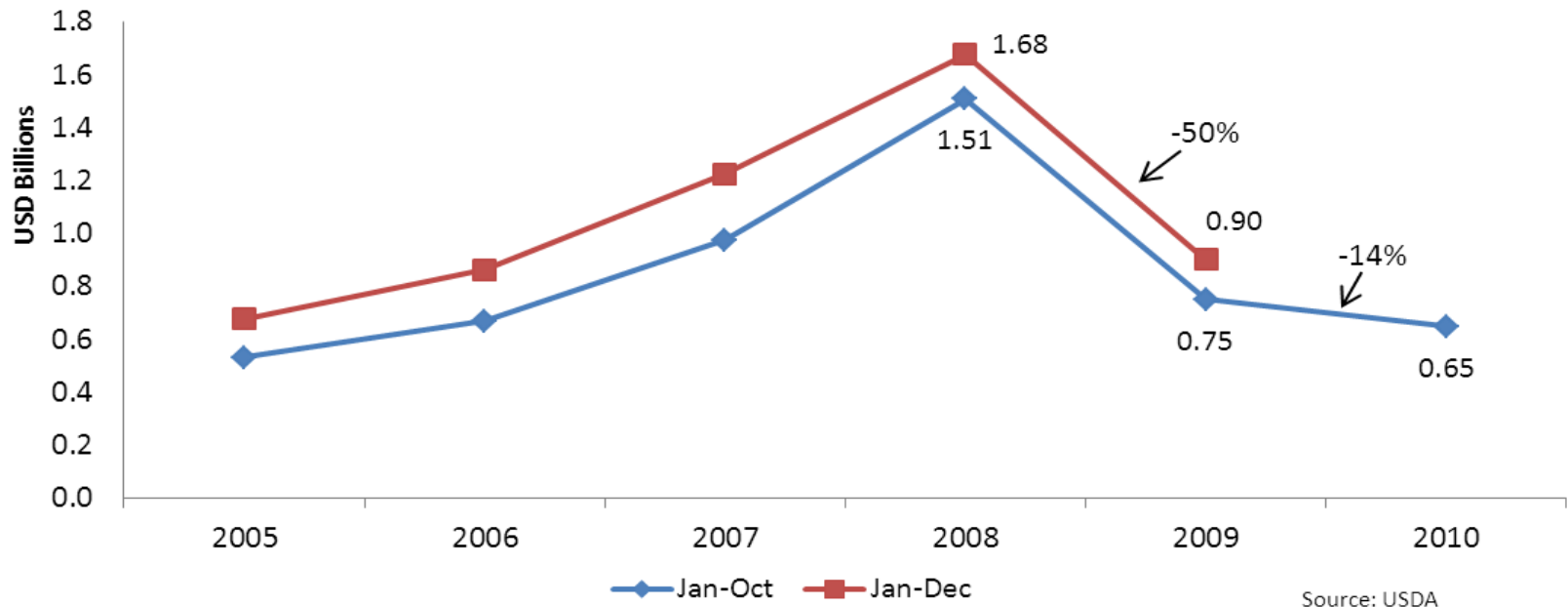


Until 2009, the U.S. was the main supplier of corn, wheat, soybeans and their products in Colombia with a peak of 76% of market share in 2007.

However, in 2010 U.S market share of these products fell to 27%, and for the first time, U.S lost its place as Colombia's main supplier.



## US Agricultural Exports to Colombia

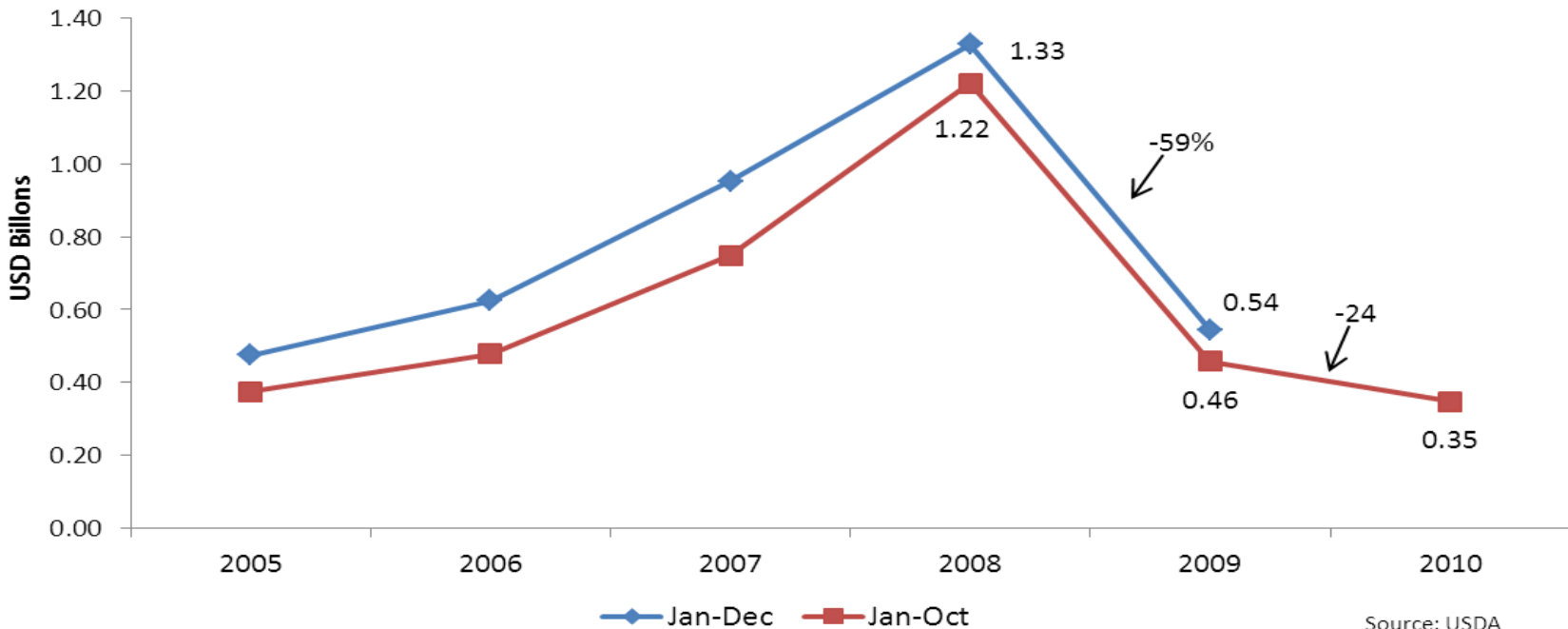


- In 2009 U.S. agricultural exports to the World fell 32% and to South America 35%. Even though Colombian general imports behaved relatively well during the crisis, U.S. agricultural exports to Colombia fell sharply 46%).
- While U.S. agricultural exports to the World are recovering from the 2009 turmoil at a pace of 33%, exports to Colombia keep declining at a 14% rate in 2010.

# U.S. Corn, Wheat and Soybeans Exports to Colombia



### Corn, Wheat, Soybeans & Products: US Exports to Colombia

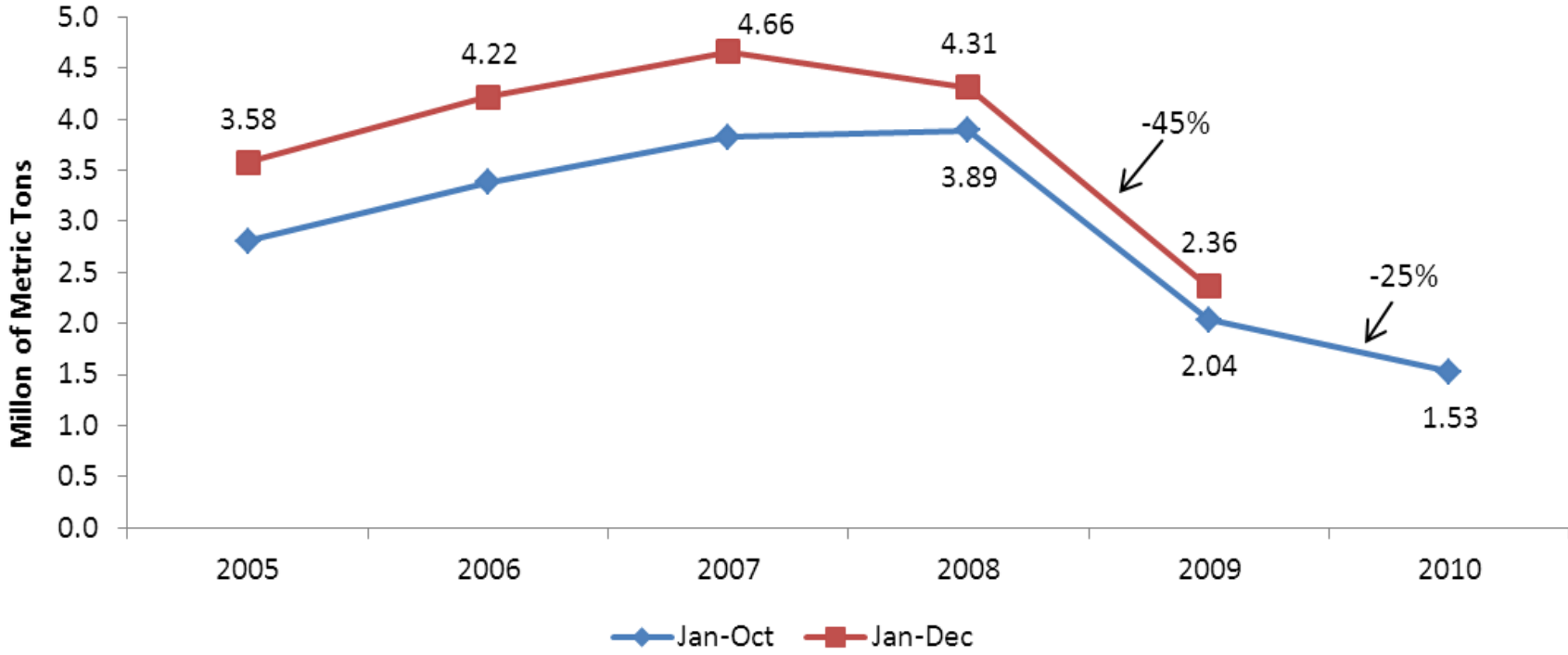


- The trend of the three main agricultural products (corn, wheat and soybeans and products) exported to Colombia reflects the loss of market share and the effects of the economic crisis of 2009.
- In 2008 these products represented 79% of US agricultural exports to Colombia. In 2009 this share fell to 60%
- As of Oct. 2010, the share of corn, wheat, soybeans and their products in U.S. agricultural export to Colombia have decreased to 56%

# U.S. Corn, Wheat and Soybeans Exports to Colombia



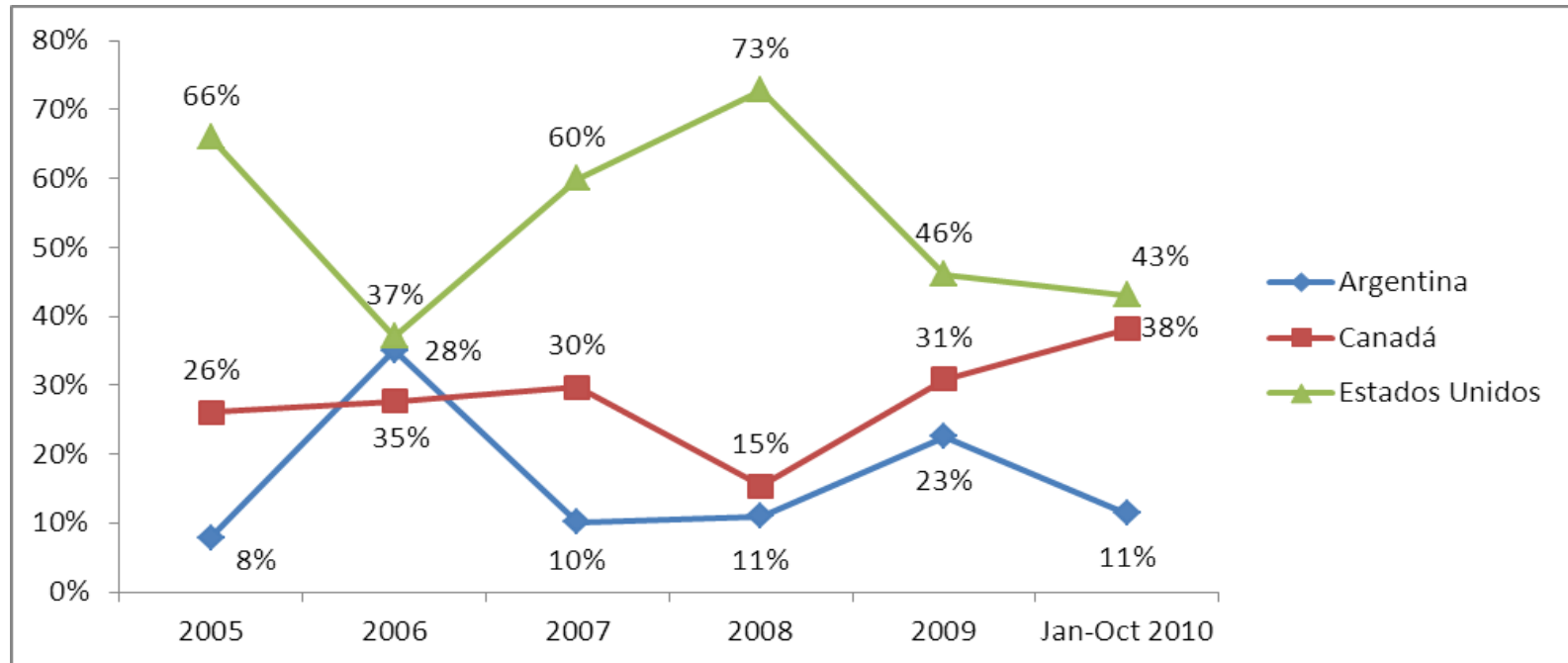
### Corn, Wheat, Soybeans & Products: US Exports to Colombia ( Quantity)



- Quantities of U.S. exports of Corn, wheat, soybeans and their products to Colombia fell by 45% between 2008 and 2009.
- In 2010 exports fell by 25%.



## Colombia's Market Share (Quantities of Wheat & Products)



- Since 2009 U.S. has been losing market share in Colombia's wheat market.
- U.S. was Colombia's main supplier of wheat & products with a peak of 73% of market share in 2008.
- **Canada** and **Argentina** are displacing U.S. exports.



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## US Wheat Associates led the way

*“(...) in markets where there is not a U.S. agreement, or a negotiated agreement has been unnecessarily stalled, such as between the U.S. and Colombia, U.S. agricultural interest will see a rapid erosion of hard won market share as the new trade agreements will give our competitors a clear market advantage. Nowhere is this more evident than in Colombia where a Canada – Colombia trade agreement will result in the loss of U.S. wheat market share costing American wheat producers \$100 million dollars annually.*

*Additionally, as seen throughout the report, trade agreements lead to higher prices for exporters. So not only does the failure of the Administration to ratify the U.S. – Colombia FTA threaten our market share, it also lowers the price for the trade that exporters will be able to retain.”*

***Analysis of the Effects of Trade Agreements on U.S. Agricultural Exports and U.S. Market Development Programs. US Wheat Associates. June 2010***

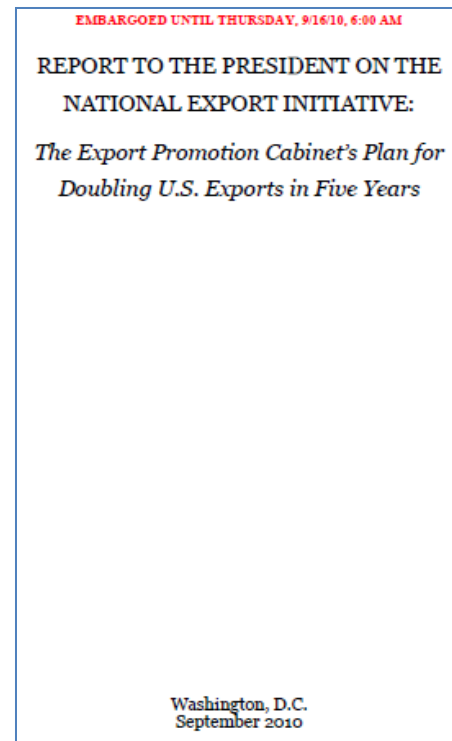


**U.S. Agricultural Associations recognize the importance of Colombia's Agricultural Market and the benefits of the U.S. – Colombia FTA**





## The National Exports Initiative is all about creating jobs:





“Of the 10.3 million American jobs supported by exports in 2008, 7.5 million were supported by goods exports(...) Nearly **a million of these jobs were related to agricultural exports.**”

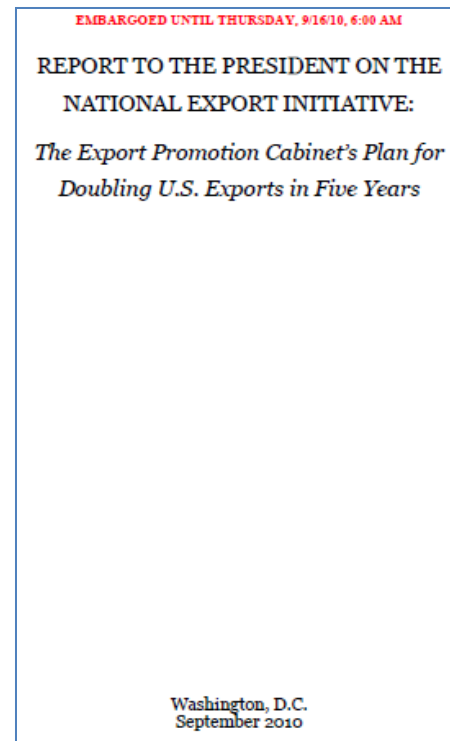
(...) Foreign markets play an important role in every major sector of the U.S. economy. In 2008(...) **19 percent of agricultural jobs were supported by exports.**



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# Conclusions

- Colombia is an important growing market for U.S. agricultural exports (the 3<sup>rd</sup> largest in South and Central America and the Caribbean). In 2008 Colombia was the 8<sup>th</sup> largest market for U.S. corn, wheat, soybeans and their products.
- The U.S. has been the main supplier of agricultural products to Colombia, especially for Corn, Wheat, Soybeans and their products. However, U.S. market share shrunk from 76% in 2007 to 27% in 2010.
- In 2010 Argentina, which has an FTA with Colombia (Mercosur), became Colombia's main agricultural supplier. In 2011 it is expected that Canadian products will also enter duty free to the Colombian Market.
- U.S. is paying the *cost of inaction*: While many other countries are negotiating and implementing FTAs with Colombia, the Colombia – U.S. FTA has been awaiting approval since 2006 with enormous costs for both countries.
- The situation has hit US farmers and has caused job losses in many U.S. states.



**THANK YOU**