

Korea, Colombia and Panama FTA Impacts



- **It's about jobs and the economy.**
 - including transportation workers, food processors, packers, longshoremen, sales and marketing representatives, etc.
 - Passing all three FTAs would create the economic growth that could generate support for up to 22,500 U.S. agricultural related jobs.
- **Gains are only realized by passing these agreements.**
 - Combined, all three FTAs represent almost \$2.5 billion in new agriculture exports.
 - The Korea agreement would bring a \$1.9 billion gain for U.S. agriculture exports and would eliminate two-thirds of tariffs immediately.
 - The Colombia agreement would bring a \$370 million gain in agriculture exports and would eliminate 80 percent of tariffs immediately.
 - The Panama agreement would bring a \$46 million gain in agriculture exports and would eliminate 50 percent of tariffs immediately.

U.S. competitive advantage is in jeopardy.

Korea

- Korea is the fifth largest export market for U.S. agricultural products.
- The E.U.-Korea trade agreement went into effect July 1. The Wall Street Journal has reported that “trade volume between South Korea and the EU nations rose 17.4 percent from July 1 to July 13.”
- Tariff levels decline for EU exporters, while U.S. tariff levels stay the same; it is likely the U.S. competitive advantage will decline.

Colombia

- Colombia has been the top export market in South America.
- From 2008 to 2010, U.S. agricultural exports to Colombia have dropped almost 50 percent in value from \$1.8 billion to \$842 million, with a market share loss from 46 percent in 2008 to 21 percent in 2010.
- Corn, soybeans and wheat have been our top exports to Colombia, but our market share in these three products combined have declined from 78 percent in 2008 to 21 percent in 2010. This is largely due to Brazil and Argentina being able to get their products into the Colombian market duty free through their trade agreement with Colombia.
- The Canada-Colombia trade agreement took effect Aug. 15, 2011. Colombia has reported that since the agreement entered into force, there has been an 18.3 percent increase in Colombian imports of Canadian wheat.
- In July, Colombia began importing Canadian wheat for feed – a substitute for corn for feed, which U.S. farmers export to Colombia. Between Aug. 1 and Aug. 31, Colombia imported 60,000 tons of Canadian wheat for feed.

Panama

- The U.S. has a large share, 47 percent in 2010, of the Panama market. But, without an FTA, U.S. competitors are moving in.
- Panama has already completed an agreement with Canada, a U.S. trade competitor in exports of beef, potato products and processed foods.



- **The agreements with Colombia and Panama are about leveling the playing field.**
 - 99 percent of agricultural product from Colombia and Panama enter the United States duty free due to U.S. preference programs.
 - Early this past September, the House passed by voice vote, without objection, the Generalized System of Preferences (GSP) bill, which will extend the preferences for Colombia, Panama and other developing countries. The GSP bill and Trade Adjustment Assistance bill are now one bill that the House will have to vote on as a part of the trade package.
 - If members of the House have no objection to opening the United States agricultural market to duty free products from Colombia and Panama, they should have no objection to supporting the Colombia and Panama trade agreements that give the same duty free access for U.S. agricultural exports into the Colombia and Panama market.

- **TAA is a critical step toward passage of the pending trade agreements with Colombia, Panama and South Korea.**
 - This program will provide the opportunity for producers who have been harmed by imports to receive some support for their losses and give them time to make adjustments if necessary.
 - Significant reforms have been made to the program.
 - The funding level is significantly lower than in the past; the new proposed program is roughly \$900 million over 3 years versus the previous program that was \$6 billion over 6 years. Also, spending for the bill is fully offset.
 - The package before the House is a bipartisan package that was negotiated and approved by Speaker of the House John Boehner (R-Ohio) and Rep. David Camp (R-Mich.).