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Report Highlights:

Colombia and the U.S. concluded negotiations for a bilateral free trade agreement in February 2006 that is currently under revision by both countries. In a side letter to the FTA, Colombia agreed to lift BSE and Avian Influenza restrictions, and recognize equivalency for the U.S. inspection system. The main barriers for U.S. agricultural exports to Colombia are high duties under the price band system, the import ban for poultry parts and high duties for sensitive products like beef, rice, milk powder and dry beans.

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Section I. OVERVIEW

A. Executive Summary

The U.S. and Colombia reached agreement on a free trade agreement (FTA) on February 27, 2006; although the final agreement is still under revision and has not yet been published. In the FTA, Colombia agreed to eliminate all agricultural tariffs and will set up tariff-rate quotas for sensitive products that have longer phase out periods (the maximum is 19 years for rice). Colombia agreed in a side letter to the FTA to lift BSE and Avian Influenza restrictions, and recognize equivalency for the U.S. inspection system.

Colombia currently applies the relatively high basic duties of the Andean Community, with most agricultural products subject to duties of between 10 and 20 percent. This basic duty can be increased under safeguard provisions (the basic duty for dry beans was increased to 60 percent and the basic duty for beef increased to 180 percent). In addition, it applies the Andean "price band" duties for sensitive agricultural commodities (pork, poultry, dairy, wheat, corn, rice, soybeans, vegetable oils, sorghum, sugar, and processed products such as dry pet food that include these ingredients). Under the price band system, imports pay a surcharge (which currently ranges from zero to 92 percent) if the import price is below the reference price (there is also a possibility of receiving a discount if world prices are sufficiently high). The system is very similar to the price band system in Chile, which a WTO panel ruled in violation of WTO rules. Colombia has also set maximum or minimum duties for products under the price band system. The maximum duty for oilseeds and products is 40 percent, while the following products have set minimum duties that are above the price band duty: milk powder is 50 percent, white corn is 45 percent, milled rice is 80 percent.

Colombia also maintains discretionary import licensing for poultry leg quarters that has been used to ban imports. Colombia will lift this restriction under the FTA. Some products also benefit from a system of producer financed export subsidies (sugar, palm oil, beef and milk powder). With the exception of beef, exports are in excess of Colombia's WTO export subsidy commitments. The largest programs are for sugar (Colombian domestic sugar prices are almost as high as US prices) and palm oil (local production is growing rapidly and would be competitive even without the subsidies).

Colombia places no restrictions on biotech products other than some labeling requirements, and the Agriculture Ministry and farm groups actively support the adoption of biotechnology in Colombia. The Colombian Government has joined the US biotech panel against the EU as a third party. The recent introduction of a regulation requiring licensing for GMO's handling prompted a quick reaction by the US government that resulted in the elimination of the GMO regulation as it may have become a trade barrier.

The USDA is cooperating with the Colombian government on foot-and-mouth disease eradication and on pest risk assessments for fruit exports to the U.S.

Colombia's preferential trade agreements with other countries (CAN, Mercosur and Chile) have presented a barrier for some US exports. Colombia imports most soybeans and soybean products from Bolivia and Paraguay due to the preferential arrangements, while US wine and fruits are charged higher duties than imports from Chile. The tariff advantages of other countries will be eliminated under the FTA. The tariff for soybeans, soybean meal, wine, apples, pears and grapes will be reduced to zero immediately.

Despite the high levels of protection, Colombia is the largest market for US agricultural products in South America, with imports of \$677 million in 2005 and significant potential for additional growth. The top US exports are corn (Colombia is one of the top ten markets for US corn), wheat, processed food and cotton. The main Colombian exports to the US are flowers, coffee and bananas.

B. Importance of Colombia to U.S. Agricultural Exports

U.S. Agricultural Exports to Central and South America Calendar Year 2005 US million dollars				
Country	Bulk	Intermediate	Consumer Oriented	TOTAL*
Mexico	2,966	2,219	4,177	9,362
Colombia	453	150	74	677
Guatemala	185	126	142	453
Venezuela	209	136	64	409
Costa Rica	212	33	52	297
El Salvador	129	61	46	236
Brazil	28	110	88	226
Peru	148	41	23	212
Chile	21	76	47	144
Argentina	2	48	21	71

* Fishery and forestry products are not included.
Source: U.S. Bureau of Census Trade Data.

As a large producer of coffee, flowers and bananas, Colombia is a net exporter of agricultural products. Colombia imported about \$2.2 billion of agricultural products in calendar 2005. In 2005, Colombia exported \$1,658 million in agricultural products to the United States, compared to \$792 million in agricultural imports from the U.S. (source is Colombian trade data). The main agricultural imports are corn, wheat, processed food products, soybean meal, soybeans, and cotton, in that order.

Total corn imports were \$ 276 million in 2005 (2.3 million tons), 3.4 percent down from \$285.7 in 2004, due to a reduction in international prices that allowed a larger imported volume to meet a strong growth of the local feed industry. Wheat imports reached \$235.4 million, which represents a growth of 1 percent from a year before. The U.S. had a 65.6 percent of the Colombian wheat imports, an increase from the previous year market share of 58 percent. Canada was the main competitor followed by Argentina that is favored by lower duties under a bilateral agreement between Colombia and Mercosur implemented in 2005. Since domestic cotton output is well short of domestic demand, strong imports will continue to meet the growing industrial demand (\$47.7 million in 2005 with the U.S. supplying a 96 percent of the market). Although Colombian imports of soybeans and soybean meal in 2005 showed a decline, those originating in the US increased 21 percent for soybean meal and 18 percent for soybeans. A stronger peso (4.4% was its revaluation

in 2005) and the active marketing activities by the U.S. soybean producers induced their growth. Colombian imports of consumer-oriented products from all sources grew 15.6 percent in 2005, but the U.S. sales of these products grew 25.6 percent from \$59 to \$74 million in 2005.

Section II. AGREEMENT COMPLIANCE

A. World Trade Organization

Colombia has been a member of the WTO (and GATT) since 1981. Although, in general, Colombia complies with its WTO commitments, it has implemented a number of trade-distorting policies, which adversely affect agricultural imports from the United States. Colombia had a WTO exemption that allowed it to maintain regulations requiring absorption of domestic production, in order to be able to import several products. This exemption was phased out in a 3-year period ended in December of 2003. In February 2004, Colombia started a new system to guarantee the purchase of local production by the industry. The new system is a tariff-rate quota, with the in-quota amount auctioned off based on the importers commitment to purchase local production.

The Andean price band system is clearly in violation of WTO rules, as demonstrated in the WTO panel ruling against the very similar Chilean price band system. Our ability to take on this problem has, however, been constrained by the possibility that Colombia could replace this system with even higher fixed duties (Colombian has very high bound duties in the WTO). The agreement in the FTA to eliminate tariffs, including the price band duties, will eliminate this problem.

The Price Stabilization Funds for sugar, palm oil, milk powder and beef operate as producer financed export subsidy programs, although the Colombian government continues to insist that this is not the case. Except for beef, the amounts exported under these programs are in excess of Colombia's export subsidy commitments in the WTO.

Colombia also maintains discretionary import licensing for sensitive products in violation of WTO rules. Currently, only poultry parts imports are totally banned through use of this requirement.

1. Market Access

a. Tariffs

Basic tariff rates for agricultural products imported from Non-Andean Community countries stand at levels of 5, 10, 15, and 20 percent of their CIF value (ad-valorem), depending on the degree of processing of the product and its domestic need. These rates conform to Andean Community regulations:

- Five percent is assessed on raw materials, intermediate and capital goods not produced in Colombia;
- Ten and fifteen percent assessed on goods in the previous category but with domestic production registered in Colombia;
- 20 percent is assessed on processed or finished consumer goods;

- In addition, some agricultural products fall under a variable import duty--Andean Community price band--that have recently varied between 5 and 80 percent; and
- ? finally, Colombia raised the tariff on beef and beef offal from 20 to 80 percent in May 2003, with a tariff-rate quota of 3,000 tons at the previous 20 percent duty. The action was reviewed in December 2003 to separate beef and beef offal. Beef remained as described above, but beef offal was levied 70 percent from the previous 20 percent. A tariff-rate quota of 4,000 tons of beef offal at the previous 20 percent duty was established. Decree 1140 of April 14, 2005, established TRQ's for 3,800 tons of bovine meat and 4,000 tons for bovine offals. Decree 3744 of October 21, 2005, established TRQ's for 3,800 tons of bovine meat and 3,200 tons for bovine offals. The government of Colombia has maintained a 60% import duty on dry beans since August 2001. Decree 3724 of 12/19/03 established an out-of-TRQ import duty of 80% on milled rice. The TRQ is equivalent to 75,118 tons/year. Decree 4338 of 12/22/04 broke down the HS position 10.06.30 into 10.06.30.00.10 short kernel rice (sushi rice) with a 20% import duty, and 10.06.30.00.90 (other rice) with 80% import duty. Colombia also has implemented a set duty of 50 percent for milk powder, 45 percent for white corn and 80 percent for rice.

b. Restrictive Import Licensing

Colombia maintains a policy of restrictive discretionary import licensing for sensitive agricultural products. Colombia currently maintains discretionary import licensing for poultry parts and turkey (the licensing requirement for milk powder was replaced by a 50 percent duty at the end of 2004). The import licensing requirements are a significant import barrier since import licenses for selected products are rejected whenever authorities determine that they are harmful to domestic production. Imports from countries with trade agreements with Colombia, such as the Andean Community and Chile, do not require Ministry of Agriculture (MOA) approval to obtain an import license (except in cases where safeguards are applied).

In order to reduce the subjectivity of the import license approval process at the Ministry of Agriculture, a committee for agricultural imports was established in August, 2001. However, the tendency to issue rather arbitrary decisions adversely affecting agricultural imports remains unchanged.

c. Sanitary and Phytosanitary Measures

Colombia agreed in the FTA to lift the BSE related ban on boneless U.S. beef from animals under 30 months of age and some offals (livers, kidneys and stomachs) by April 15. They agreed to lift the restrictions on 10 US states prohibited from exporting poultry by May 15. Finally, they agreed to lift restrictions on all beef (except specified risk materials like brains, eyes and the spinal cord) by May 31. Colombia also agreed in the side letter to recognize equivalency for the U.S. inspection system. Appendix I shows the text of the side letter.

The U.S. and Colombia are currently negotiating the terms for Colombia to comply with this commitment. While Colombia continues to recognize equivalency, the GOC has not lifted the beef and poultry restrictions. Instead of simply lifting the import restrictions, the GOC has proposed new requirements that create serious problems for U.S. exports.

All processed food items for retail sale, including products imported in bulk for repackaging for retail use without further processing, must be registered and approved by the National Institute for the Surveillance of Food and Medicines (INVIMA), which is part of the Ministry of

Social Protection. Food products that are sold to restaurants, institutions, or to processors do not need to be registered with INVIMA, but according to the interpretation given by Invima to Decree 4764 of December 30, 2005, the importers of such products have to fulfill some bureaucratic requirements. Products that have not undergone transformation, such as fresh or frozen produce and meat, also do not need INVIMA registration, but each shipment of meat and meat products must be approved by INVIMA in order to be imported. A transformed product is defined by the GOC as having been subjected to processing that resulted in a change in its internal structure. The registration fee ranges from \$609 for consumer-ready products to \$1,277 for enriched/fortified food products, and generally takes three working days to complete (although this can be much longer in some cases).

Non-transformed products that are fresh or frozen (meat and produce) do not need an INVIMA registration, but they do need a sanitary permit from the Ministry of Agriculture's Colombian Agricultural Institute (ICA). ICA is responsible for the issuance of import health permits for animal products, vegetables, fruits, and grains. This permit details the sanitary import requirements for these products. The Colombian importer must first obtain the import permit from ICA, before requesting an import license from Ministry of Commerce, Industry and Tourism (MOCIT). An ICA resolution requires that an ICA import permit be supplied by the importer to the exporter for submission to USDA, before products are shipped. USDA will then issue a sanitary export certificate referencing the requirements in ICA's import permit. In the case of meat and meat products, FSIS (Food Safety and Inspection Service) of the USDA maintains the current sanitary requirements for the different importing countries on its web page.

2. Export Subsidies

Price Stabilization Funds for sugar, palm oil, dairy and beef operate as producer financed export subsidies. The Funds were established under the provisions of Agricultural Law 101 of 1993. The Sugar Price Stabilization Fund was implemented in 2000 under Ministry of Agriculture Decree No. 569, dated March 30, 2000. The palm oil fund was established under Presidential Decree No. 2354 of 1996 and the fund for meat and milk was established under Presidential Decree 1187 of 1999.

The Price Stabilization Funds levy a tax on domestic sales that is used to provide export subsidy payments for excess production. In 2004 exports under this program totaled 1.23 million tons for sugar (the WTO commitment for 2003 is 227,653 tons), 214,300 tons for palm oil (the commitment level is zero), 5,590 tons for milk powder (the commitment level is zero) and 13,353 tons for beef (the commitment level for 2003 is 8,582 tons).

The GOC established in 1967 export subsidies called CERTs to promote the export of non-traditional products, i.e., commodities other than coffee and petroleum. The CERT was an income tax rebate certificate that could be redeemed one year after its issuance or negotiated at a discount in the stock market. Initially, all products benefitting from CERTs were granted a 15 percent export subsidy. The Colombian government eliminated payments under the CERT by decree 1989 of 2002 after a phasing out process of several years.

The Colombian Government implemented an export subsidy program for bananas and flowers in 2005 in response to the rising value of the Colombian peso. The GOC spent about 70 billion pesos, or US\$30.4 million, on the "Exchange Rate Hedging" for these two basic industries.

3. Domestic Support

The Colombian Government has announced that it will initiate a new domestic support program in connection with implementation of the FTA. Expenditures under the program are expected to be around \$200 million annually, although no details of how the program will operate have been published.

Colombia's economic liberalization program, initiated in 1991, opened the Colombian economy to international trade at the same time that it attempted to place agriculture on equal conditions as the rest of the economy. However, since that time, Colombia has continually looked for way to restrict imports of agricultural products and to encourage domestic production. As part of this effort, the Colombian Ministry of Agriculture has actively pursued sectoral agreements that require domestic industry to purchase domestic crops.

Also, the GOC is giving financial support to growers through the FINAGRO—financial Government institution--devoted to providing credit to the agricultural sector. In order to encourage more investment on farming infrastructure and equipment, the GOC has provided a rebate of between 20 and 40 percent on loans made for the purchase of equipment and infrastructure named "Incentivo a la Capitalizacion Rural (ICR)". In 2003, the government passed new legislation to provide an exemption from paying income taxes for up to 14 years for new plantations of African palm, fruit trees, rubber and cocoa. Investors in forestry projects are allowed to deduct up to 20 percent of the cost of new investments from the total income taxes they are due to pay. For some crops, the GOC does development work on more productive and disease-resistant varieties and provides extension services.

Value of ICR Subsidies Paid by Type of Investment
(Million current pesos)

Investment area	2003	2004	2005
Irrigation and land reclamation	19724	1483	4484
Machinery & equipment	12337	481	2959
Infrastructure	3770	814	1127
Perennials crops	13293	17467	15715
Transport infrastructure & equipment	6502	1184	2095
Purebred cattle	621	48	-
Total	46247	21477	26380

Corn

Corn production is estimated at 1.23 million tons in 2005, with a slight decrease to 1.22 million tons expected in 2006. Government incentives resulted in some increase in mechanized areas during the last few years, however, some of this area is now leaving production due to high production costs, bad weather and greater pest problems. These areas are highly sensitive to prices and will likely move to other crops or uses. Increased competition under the U.S. – Colombia free trade agreement will reinforce the trend for some areas of low productivity to move to other activities.

Colombian production of corn has been highly protected to maintain prices well above world market prices and equivalent support levels in the U.S. or even Europe. The Colombian domestic price for corn of around \$210 per ton is well above the U.S. target price of \$102 per ton and is also well above support levels in the European Union. The Colombian Government currently gives a duty rebate to importers that also purchase local production in order to support the local price.

Rice

Domestic rice production is seasonal, with periods of shortage and oversupply. Rice production in traditional rice growing areas is expected to remain stable while new areas in the far-eastern plains will decrease in area due to the delayed effect of bad weather and higher pest appearances that have resulted in lower yields and increased production costs. Total rough rice production is expected to decline to 2.15 million tons in 2006 from 2.17 million tons in 2005. Previous growth in rice area was stimulated by strong protection – imports pay an 80% duty - and government support.

The GOC established an incentive for rice storage some few years ago to reduce the adverse effect of production swings on grower prices. The incentive was calculated at 17,000 pesos (US\$7.4) per month for every ton of dry paddy rice kept in storage. This is an increase of 26 percent over the previous level of 13,500 pesos (\$5.9). During the period July-October 2005 (when the largest harvest came from the Eastern Plains), there were 310,000 tons of dry paddy rice stored. The GOC paid approximately 18 billion pesos (\$ 8.2 million) to store 350,000 tons of rice for the main crop (July-October) of 2005.

Wheat

Wheat crop area in Colombia will continue without major changes in the next two years. Small growers with traditional farming practices and low investment are maintaining production at around 33,000 tons a year. An unfavorable climate for growing milling quality wheat, relatively low duties under the Andean price band system (the duty at the start of April 2006 was 5 percent) and the absence of government incentives make increases in production unlikely. The milling industry has traditionally purchased all of local wheat production in order to avoid import restrictions imposed by the government.

Grower prices are adjusted annually in time for the onset of the major harvest in July. The minimum grower price for the current crop is being negotiated, but the one currently prevailing is 560,000 pesos (\$243.50) per ton. This price is 20 percent higher than the previous one that was established for the second half of 2003. The price has remained unchanged in the last four years as price adjustments have been higher than the inflation rate.

Cotton

The government has guaranteed a high cotton purchase price to growers of approximately 80 US cents per pound, which has resulted in additional costs for both the local industry and the Colombian Government. The Colombian Government spend an estimated \$17 million in direct payments in 2004, while the local industry also provided support in the form of high purchase prices. The support price for the 2005 price was increased at the end of 2004 (from 4 million pesos per ton to 4.2 million pesos, which is at the current exchange rate is approximately 80 U.S. cents per pound, i.e. much higher than support prices in the U.S.)

Coffee

The entry of the U.S. into the ICO has been welcomed by the Colombian coffee sector. Exporters are very happy to have back the main coffee consuming country as a member. Coffee exporters report that controls on quality coffee are improving and country of origin recognition is now stronger. The coffee sector is very much focused on improving quality and it believes that having the U.S. as a member of the ICO can assist in this area.

The production policy of the Coffee Growers Federation has been oriented toward achieving efficient production and high quality. As part of this strategy, CENICAFE (Scientific Research Center for Coffee) has developed new techniques to improve the efficiency of picking ripe coffee cherries by hand, to reduce the harvest time and limit the amount of fallen coffee

cherries (that can host coffee pests). Picking of coffee cherries represents an estimated 40 percent of production costs. The Coffee Growers Federation is also encouraging supplementary activities for small coffee producers to diversify their income. Ninety percent of coffee plantations are less than 5 hectares.

The government is not making subsidy payments to producers at this time because the international price is well above the trigger price of 80 cents per pound for the support. The government gives credit to the growers for investments in infrastructure devoted to processing organic coffee. Growers receive from FINAGRO – the government financial institution- subsidized credit with 20-40 percent of the debt forgiven.

B. Trade Agreements

The negotiations of a bilateral free trade agreement (FTA) between Colombia and the US ended on February 27, 2006. Currently, both governments are revising the commitments contained in the agreement before notification to Congress and formal signing of the agreement. The U.S. must notify the agreement to Congress at least 90 days before it is signed. The agreement can be submitted to Congress for approval after it has been signed. No date has been set for Congressional approval, although this is likely to be in early 2007.

1. U.S. Non-party Agreements

Andean Community of Nations

Colombia has been a member of the Andean Community (AC) since its creation in 1969. Other members are Ecuador, Peru, and Bolivia. Venezuela withdrew from the Andean Community in April 2006, although the tariff preferences of the agreement will remain in place for another 5 years. The main reason given by Venezuela for this decision was because of the FTA agreements of Colombia and Peru with the U.S. Venezuela is Colombia's second export market after the US with exports amounting to \$2.1 billion in 2005 while imports were \$1.2 billion, making it the fifth largest supplier to Colombia.

As a free-trade zone, agricultural products from the Andean Community countries enter Colombia duty free. The AC has a third-country tariff rate schedule and a price band system, which includes most agricultural products. Products traded between AC countries must be accompanied of a Certificate of Origin to avoid triangulation. Colombia has been facing increasing trade problems with Venezuela and Ecuador on some agricultural commodities, such as corn and wheat, because those countries negotiated WTO trade rate quotas and import duties lower than Colombia's. Safeguard provisions in the agreement are often invoked to keep out products (such as rice) from the other members.

Latin American Integration Association (LAIA)

LAIA includes the South and Central American countries. Colombia has been a member of LAIA since 1981.

G-3 (Group of 3)

The G-3 agreement between Colombia, Venezuela and Mexico was implemented in 1995. Imports from Venezuela continue under the AC regulations. Except for sugar, duties for the agricultural products were gradually reduced until 2004 when they became duty free. However, Mexican products under the AC price band will continue under that regimen. In early 2006, Venezuela has also announced its withdrawal from the G-3 but it is only an announcement as of this date.

Andean Community - Mercosur Agreement

Andean Community countries (Colombia, Ecuador and Venezuela) and Mercosur members signed an Economic Supplemental Agreement in October 2004. This agreement includes a free trade program that Colombia put in place in early February 2005. The trade liberalization program agreed for grains has the following basic features:

Corn: Fifteen year phase out period to bring the basic corn duty of 15 percent down to zero (the variable component of the price band will continue to be applied). For 2005, Colombia granted to Argentina and Brazil a 26 percent preference and 14 percent preference to Paraguay and Uruguay on the 15% basic duty, the variable duty of the Andean Community would remain applicable. Under this agreement, corn imports from Argentina currently pay 3.9 percentage points less in duties than imports from the U.S. and other countries.

Rice: Colombia will phase out the fixed/base duty of 15 percent for paddy rice and 20 percent for milled rice over 15 years, while maintaining the variable component of the price band duty. For 2005, Colombia granted to Mercosur countries a 14 percent preference on the basic duty (paddy 15%; Milled 20%).

Wheat: Wheat and products containing wheat will be taken out of the price band system and are not subject to the special agricultural safeguard. Colombia will phase out over a 6-year period (by 2009) the duty of 15 percent. For 2005, Colombia granted a preference (reduction) of the 15% base duty of 36 percent to Argentina and Brazil, 48 percent to Paraguay and 40 percent to Uruguay.

CARICOM

This agreement consists of 12 countries in the Caribbean Basin. Colombia became a member of CARICOM in 1994. Colombia is interested in this market because of its potential exports to those countries.

CENTRAL AMERICAN COUNTRIES

In order to activate trade with Central American countries, Colombia is negotiating a free trade agreement with Guatemala, Honduras and El Salvador. The process of six rounds is scheduled to finish in December 2006. Colombia is currently selling about 10 percent of total annual exports to the three countries. Transportation is a limiting factor for a more active trade in Central America.

2. Bilateral Trade Agreements

Chile

This agreement has been in effect since 1994. Gradual tariff reductions will continue through 2011, when all imports from that country into Colombia will be duty free. However, most Chilean agricultural products already enter Colombia duty free. With the help of duty-free access under this agreement, Chile is an important competitor to the United States for wine, apples, pears, grapes and peaches.

Brazil, Argentina, Uruguay and Paraguay

Due to the signing of a CAN-MERCOSUR agreement in October 2004, the previous bilateral trade agreements were superseded. The application of duty preferences is the lowest between the previous bilateral agreements (PAR) and the CAN-MERCOSUR most recent agreement.

Other Bilateral Agreements

Colombia has signed bilateral agreements with other countries, such as Algeria, China, Egypt, India, Indonesia, Israel, Ivory Coast, Kenya, Malaysia, Morocco, Panama, Romania,

the Russian Federation, and South Korea. These agreements were mainly signed in the interest of Colombia having these countries as potential buyers for Colombian exports.

3. Preferential Trade Agreements with the United States

Andean Trade Preference and Drug Eradication Act (ATPDEA)

Renewal and expansion of the Andean trade preferences was approved in August 2002 and implemented on October 2002, after 10 years of preferential access to the United States, under the Andean Trade Preference Act (ATPA).

With the extension given under APTDEA, Colombia now enjoys a unilateral preference to additional products (in addition to flowers), mainly apparels and textiles, which, so far benefit not only Colombian exports but also U.S. cotton exports to Colombia. ATPDEA will expire on December 31, 2006 and Colombia realizes that it will be very difficult to get an extension to this bilateral concession. This has been one of the basic reasons that Colombia requested the Free Trade Agreement (FTA).

U.S. Sugar Tariff-Rate Quota

Colombia has been exporting sugar to the United States under the U.S. Tariff-Rate Quota since 1982, when the quota was established. The sugar import quota for Colombia represents two percent of Colombia's total sugar export volume in marketing year 2003/04. Although this is a relatively small share of Colombia's total exports, the local industry views the U.S. quota volume as a significant issue, given the profitability of these sales. Colombia's sugar quota remained unchanged at 25,273 tons for the period FY 2003-2005. The FY 2006 total TRQ for Colombia is 43,121 tons, after two increases to the global TRQ for sugar.

4. Other Preferential Trade Treatments

European Union (EU)

The EU granted preferential treatment to a number of Colombian agricultural products from the first 24 chapters of the Harmonized Schedule.

Other Preferential Trade Treatments

Colombia receives preferential treatment for its exports to Bulgaria, Canada, Japan, New Zealand, Poland, and Switzerland.

Section III. TRADE BARRIER CATALOG

A. Products and Sectors Affected by Trade Restrictions

Several products and sectors in Colombia, which are major U.S. markets, are subject to trade restricting policies:

Chicken

All imports of chicken meat must have the approval of the Ministry of Agriculture before the Ministry of Commerce, Industry and Tourism (MOCIT) grants an import license. Import licenses are never approved for whole chickens and chicken parts, which are very price competitive in the international market, and therefore not allowed entry into the country.

Approval is regularly given for imports of Mechanically Deboned Chicken (MDC). After a relentless effort by the Ag Office over a three-year period, a regulation that required zero pathogens on chicken that was an effective non-tariff barrier for MDC imports was finally

superseded by the implementation of a modern HACCP regulation. The Decree 60 of January 18, 2002, by the Ministry of Social Protection (previously known as Ministry of Health) establishes the introduction of HACCP in Colombia. ICA, the Colombian government agency in charge of animal and plant health, has recognized the US sanitary system for both plants and animals. Under this recognition, the US exporting plants must register at ICA by proving that they are under US official sanitary supervision.

The domestic poultry industry is strong and uses modern production and processing techniques. However, high variable duties on corn and oilseeds and products drive up costs of production for the industry. The industry has a high degree of protection, because of high variable duties under the Andean Community price band system and restrictive licensing of imports. These two factors result in very high domestic prices for poultry, which seriously restrict growth in demand in the Colombian market. Lack of demand growth, because of relatively high prices and heavy protection for the industry, often results in periods of overproduction. This results in heavy industry pressure on the GOC to restrict poultry meat imports further, either through restrictive licensing or non-tariff barriers.

On March 30, 2001, the Andean Community approved a Colombian request to include seasoned chicken and turkey parts in the Andean Community Price band system. The total duty levied on these product categories increased from a basic duty of 20 percent to a basic and variable duty of 70 percent.

Turkey/Geese/Ducks

There is excellent market potential in Colombia for imported turkey meat, both at the retail level and in the manufacturing industry. However, in practice, it is impossible to import U.S. turkey, since import licenses are rarely granted. High variable duties under the Andean Community price band system are also an issue. Currently they range from 23 percent for whole turkeys to 209 percent for turkey parts, while poultry preparations are levied 70 percent. The distortions in trade regulations have resulted in favoring whole turkey imports from Peru with zero duty and from Chile under the Andean price band system of variable duty of 23 percent, currently.

Ducks and geese imports are treated similarly to turkeys. However, local importers report that import licenses for U.S. whole ducks and geese have been approved without problems. The GOC accepts now that there is no domestic commercial production of these species.

Wheat

The variable duty, under the Andean Community price band system, restricts demand for U.S. wheat in Colombia. The variable levy on wheat that was as high as 66 percent was capped at 35 percent in September 1999. However, because of the ascending level of the reference price the total duty currently applied is 5 percent.

Feed Grains

Almost all corn produced in Colombia is used for human consumption, while imports are directed to the feed industry, mostly for poultry. The United States is the dominant supplier with an 86 percent and 99 percent of total feed corn and white corn imports in 2005. The duty applied to feed corn under the Andean Community price band was 15 percent for the first half of May 2006 and 18 percent for the first half of June 2006. These variable duty levels are a result of a lowering of the price band reference price due to the slight decline in world corn prices.

Pet Food

The variable duty on feed grains is extended to products, such as dry pet food, which may contain grain and are considered to be linked products of corn. They are therefore assessed

the high variable duty (currently 18 percent and as high as 95 percent in recent years) for corn, which is a major barrier to increased U.S. pet food exports to Colombia. Domestically produced pet food rarely contains domestically produced corn. So, there is little rationale for applying the variable duties of corn on a product that has no need of protection. In addition, many types of imported pet foods contain little or not grain, but are still assessed the variable duty rate. FAS/Bogota worked for more than three years to have wet pet food removed from the Andean Price Band System. Wet pet food is currently assessed a 20 percent import duty as a canned processed product.

Rice

Colombia has a thriving rice sector; however, periodic shortfalls create demand for imported rice. Currently, U.S. paddy rice must pay an 80 percent import duty established by decree 3724 of 12/19/03. Colombia also maintains restrictions on rice imports from other members of the Andean Pact. In 2005, the Colombian government set aside a quota of 75,118 tons (dry paddy equivalent) for rice imports under the WTO. The quantity remains unchanged for the current year, but it has not been allocated to the different importers (the in-quota duty is over 70 percent). When the Colombian government does allow imports from outside the Andean region, the main issue is whether it will allow imports of milled or paddy rice. The local rice milling industry generally lobbies for imports of U.S. paddy rice, as opposed to the milled rice imports from Thailand that have taken place in the recent past. The GOC has applied a safe guard-clause to rice imports from the Andean Community on the basis that domestic rice prices have been depressed by the entry of rice from that origin.

Soybeans

The domestic value-added tax was extended in 1999 to imports of oilseed meals, currently 16 percent, but not to soybeans. This tax reduced imports of meal but increased imports of soybeans since 1999, while soybean meal imports declined. In 2004 and 2005, imports of soybeans and soybean meal rose sharply because of the increasing demand of the feed industry and the extended used of full-fat soybeans by the animal industry. The variable levy on soybeans and soybean products were capped at 40 percent by decree 2650 of December 1999. However, the annual change in the ceiling and floor prices of the Andean Community price band resulted in a 15 percent duty currently applied, which is by far lower than the cap.

Whey/Cheese/Milk

Under the Andean Community price band system, whey and cheese are considered to be linked products of milk powder and are assessed the same variable duty. The change in the ceiling and floor prices along with the higher reference price set by the Andean Community set the variable duty for milk and derivatives at around 17 percent. The discretionary import license status for commodities under HS 0402 was periodically renewed by 6-months periods until December 22, 2004, when it was replaced by a 50% import duty (decrees 4364 and 4432 of December 22 and 31, 2004, respectively).

Processed Food Products

In general, processed food products are levied a 20 percent ad-valorem import duty. The registration process is being revised by INVIMA in order to make it easier and faster. An electronic registration process is being gradually introduced. FAS/Bogota has been working with INVIMA in the clarification of some supporting documents for registration, mainly the so-called "free sale certificate". While INVIMA has made progress on improving the registration process, the cost (between \$609 and \$1,277 per registration) and the difficulty in getting some of the needed documents from U.S. exporters not used to some of these requirements present a barrier to increased exports of processed products. (Additional detailed information is included in the Fairs Report)

B. Description of Individual Trade Barriers

1. Andean Community Barriers

a. Variable Duties Under the Price Band System

In addition to the basic duty (15 and 20 percent for agricultural products), the Andean Community assesses a variable surcharge on certain agricultural products. Colombia and the other Andean Community countries adopted the price band system in 1995. This system is applied to 13 basic or marker commodities (white rice, malting barley, yellow corn, white corn, sorghum, soybeans, wheat, crude palm oil, crude soybean oil, sugar, powdered milk, chicken pieces, and pork) and additional commodities considered substitutes or derived products. The price band system was extended in 1998 to include whole turkeys, when the variable duty was added to the basic 20 percent duty, which took effect in August 1999. The last product inclusion into the price band occurred on April 2001 when the Andean community allowed the GOC to levy a variable duty on seasoned poultry parts.

The variable surcharge calculation is based upon adjusted floor, ceiling, and reference price levels determined by the Andean Community Board of Directors. The Andean Community revises ceiling and floor prices in April each year and adjusts the reference prices every 2 weeks.

If the applicable reference price falls within the floor and ceiling price band, the import duty is calculated using the common external tariff rate for the Andean Community applied to the reference price. When the reference price falls below the floor price, a variable levy or surcharge based upon the difference between the floor price and the reference price is assessed (i.e., the final duty is the sum of the basic duty on the reference price plus the basic duty on the difference between reference and floor prices *plus* the difference between reference and floor prices). Conversely, when the reference price exceeds the ceiling price, a reduction is made to the applied duty based upon the difference between the reference and the ceiling price (i.e., the final duty is the difference of the basic duty on the reference price minus the basic duty on the difference between reference and ceiling prices minus the difference between reference and floor prices).

The U.S. government considers the application of this system to be inconsistent with Colombia's WTO obligations. It often appears that the reference price used to calculate the import duty does not accurately match the imported product, which results in the assessment of an inflated surcharge. Tariffs applied under the price band system will be eliminated under the FTA. While it is not clear how the system will be phased out, the maximum duties under the FTA will apply to the price band duties.

b. Regional Andean Community Sanitary and Phyto-sanitary Regulations

The Andean Community has made an effort to standardize the sanitary and phytosanitary regulations for all member countries. In theory, this may seem laudable; however, in practice, this has created barrier to imports and clearly violates individual country commitments under the SPS agreement in the WTO. Andean SPS regulations for BSE and AI have been obstacles for Colombia adopting more flexible sanitary requirements to reopen the beef and bovine offals market in compliance with the FTA commitments.

2. Colombian Trade Barriers

a. Restrictive Licensing

Some poultry products require a Ministry of Agriculture approval prior to the issuance on an import license by the Ministry of Commerce, Industry and Tourism (MOCIT). The theory is that whenever the Ministry of Agriculture determines that domestic supplies are available to meet local demand and/or that imports of the subject product would economically damage the local industry, imports are not approved. Imports of poultry parts currently fall in this category.

b. Value-Added Tax (VAT)

As a general rule, Colombia applies a VAT of 16 percent for most of the products, 10 percent and 2 percent. There are three main categories to classify the products for the VAT application: Excluded, exempt and included. Excluded products do not have to pay VAT when are imported or sold, these are the few included in this category (meat, fish fillets, hatching eggs, bee honey, vegetables, nuts, pulses, fresh fruits, unprocessed cereals, and seeds). Exempt products allowed to discount the IVA paid during the manufacturing process (i.e. when VAT is paid for raw materials). Included are the most.

c. Sanitary and Phytosanitary Non-Tariff Barriers

Poultry meat and meat products

A regulation setting a zero tolerance for pathogens in meat products, including chicken, which was implemented in September 1998, has been superseded by the implantation of the HACCP system in Colombia. The zero-pathogen regulation caused serious disruption in imports of mechanically deboned chicken in the period 2000-2003. The HACCP regulation, issued by the Ministry of Health (now known as Ministry of Social Protection) in January 2002, brings the Colombia meat sanitation law into conformance with that of most industrialized countries. Colombia recognizes equivalency of the U.S. inspection system and has committed to maintain this recognition under the FTA.

Poultry Genetics

APHIS worked with ICA to gain its recognition to the U.S. NPIP (National Poultry Improvement Plan) that facilitates the imports of one-day chicks, hatching eggs, and parental material.

Meat and Meat Products Import Regulations

As part of Colombia's commitments during the negotiations of the Free Trade Agreement (FTA) with the United States, the government of Colombia issued Resolutions 947 and 1073 of April 17 and April 26, 2006, respectively. The resolutions allowed the imports of deboned beef and bovine offals, but the sanitary requirements for making effective the importation of these products are still under discussion.

Although another Colombian commitment involved allowing the imports of bone-in beef by May 31, 2006, the ICA resolution has not been issued and technical arguments have been advanced for not meeting this commitment. GOC and USG representatives have held meetings to discuss these issues but a final solution has not been achieved as of this date.

Colombia agreed in the FTA to continue recognizing the U.S. meat inspection system as equivalent and will not require individual plant visits.

Live Goats

Although there is an interest by the Colombian cattlemen in importing goat breeding animals from Texas, the Colombian Agricultural Institute (ICA) refuses to issue an import permit with the argument of the presence of scrapies in the United States. APHIS is proposing that ICA reach an agreement on this matter through a sanitary protocol.

APHIS has submitted a supported petition to Colombia to allow imports from areas free of scrapie, but supposedly a final decision is pending on a risk analysis carried out by ICA. This analysis has not been done yet. There are U.S. farms certified as free of scrapie under the U.S. Scrapie Voluntary Eradication Program (SVEP). The Andean Community allows imports of goats from scrapie free areas.

Bovine Semen and Embryos

APHIS worked with ICA to gain recognition to the United States CSS (Certified Semen Services) that also facilitates imports of U.S. bovine semen from the farms under sanitary supervision of the above system. The Andean Community approved the imports of U.S. embryos after accepting the OIE recommendation for free trade of bovine semen and embryos as materials that do not represent a risk for BSE propagation in 2005.

Pet Food

Few U.S. pet food exporters participate in the Colombian market. FAS/Bogota worked with ICA to gain recognition of the U.S. pet food sanitary standards applied by the producers and the regulations regarding the raw materials used. However, the plants must be registered with ICA in order to issue a sanitary import permit. ICA needs to know which official agency, either at federal or state level, does the sanitary supervision of the pet food production and the plant control number for that purpose. This information facilitates the pet food plant registration. The pet food issue was a controversial one in the past, but a visit to the US Pet Food Institute in June 2005 has rendered good results and imports are arriving without problems.

Meals Used in Feed

Due to the BSE case in Canada, Colombia has banned imports of meals of bovine/ovine/caprine origin. However, Colombia has accepted the declaration in the import sanitary certificate that products do not contain materials of animal origin.

Live Bovine and Horses

For both live bovine and equine animals, ICA has established the requirement of registering the producing/exporting farms, but this procedure has been facilitated by the recognition of the U.S. sanitary systems for live animals and products. Since December 2003, imports of live bovines and cattle products have been banned as a result of the US detection of BSE cases. Also, in the case of horses, a negative result to equine viral enteritis is required which causes problems since vaccinated horses always show positive in the analysis. As a result of this situation, U.S. horse exporters are not vaccinating the animals for the Colombian market. This is a sanitary risk for both countries.

Dairy Products

FAS/Bogota has obtained recognition by ICA of the U.S. sanitary standards applied to dairy products. However, the exporting dairy plants must be registered at ICA by submitting the sanitary control number for each plant and the official agency in charge of the sanitary supervision.

Irradiation of Commodities

Although Colombia welcomes the technology of irradiation to control fruit pests, it has not yet accepted the use of this method for controlling pests in imported commodities and food products

Labeling for Food Raw Materials

Resolution 2652 of August 4, 2004 established labeling requirements for packaged food products and raw materials for food products. A new resolution (00485 of February 25, 2005) modified the previous one. Both ICA and Invima have been particularly demanding in requesting that imported products meet the labeling information requested by these resolutions. Labels on the raw materials packages or containers must carry at least the following information:

1. (Product) name.
2. Ingredient list.
3. Net content.
 1. Producer or importer name and address.
 2. Origin country.
 3. Lot identification.
 4. Expiration date.
 5. (Product) conservation instructions.

The application of this regulation did not imply major disruptions to trade.

Labeling for Radiated Food Products. The label of any food product that has been subject to ionizing radiations must carry a written declaration indicating the treatment near the product name. This requirement is one among those issued on this matter. The use of the international symbol indicating that the product has been radiated is discretionary. However, whenever it is used it has to be noticeable just after the product name. When a radiated product is used as an ingredient for another product, this circumstance must be declared in the list of ingredients.

The product label must contain a declaration on the (radiation) treatment when a product using only ingredient is prepared with radiated raw material.

Biotechnology. ICA Resolution 1063 of March 22, 2005 establishes the obligation of registration of individuals and organizations introducing biotech materials of interest to the livestock industry for research and trials. Biotech regulations have not been a problem for imports of bulk commodities.

Labeling for Radiated Food Products or Products Obtained by Techniques of Genetic Modification or Genetic Engineering. Radiated food products or subject to ionizing radiations or those obtained through some techniques of genetic modifications or engineering must comply with the specific labeling requirements established by the national government.

Section IV. REFERENCE MATERIAL

Appendix A

Colombia: Illustrative List of Basic Import Tariffs for Agricultural Products
(Note: Does not include applicable Andean Community variable duties)

HS Chapter	Product	Basic Tariff (%)
Chapter 1	Purebred animals	5
	Non-purebred animals	10
Chapter 2	Meats <u>1/</u>	20-80
Chapter 4	Eggs-for hatching & vaccine production	5
	Milk-fluid	15
	Milk-powdered, eggs-consumption, and honey	20
Chapter 5	Animal semen & embryos, and silk worm eggs	5
	Animal products not included in previous chapters <u>1/</u>	10-70
Chapter 6	Live plants & flowers	5
	Foliage	10
Chapter 7	Vegetables-for planting	5
	Vegetables-for consumption <u>2/</u>	15-60
Chapter 8	Fruits	15
Chapter 9	Raw coffee, tea & spices	10
	Coffee-raw & decaffeinated, or toasted; and processed tea or spices	15
	Coffee-toasted, ground, decaffeinated and processed tea	20
Chapter 10	Seeds	5
	Grains-consumption <u>3/</u>	15
	Rice-milled, polished, or broken <u>4/</u>	20
Chapter 11	Barley malt	15
	Grain flours	20
Chapter 12	Planting oilseeds	5
	Plants for medicine/industry	10
	Oilseeds-consumption	15

Chapter 15	Animals fats & oils	15
	Vegetable fats & oils	20
Chapter 16	Meat/fish preparations	20
Chapter 17	Other than cane sugars & molasses	15
	Cane sugars & confectionary	20
Chapter 18	Cocoa-raw	10
	Cocoa toasted beans & butter	15
	Cocoa preparations	20
Chapters 19, 20, 21	Grain & vegetable preparations, pastry, soups, and ice cream	20
Chapter 22	Grape must	15
	Beer & wine	20
Chapter 23	Vegetable meals & animal feed	15
	Pet food	20
Chapter 24	Tobacco-raw	15
	Cigarettes, cigars, and other manufactured tobacco products	20
Chapter 41	Raw hides/skins	5
	Leather	10
	Chamois & patent leather	15
Chapter 50	Raw silk	5
	Silk waste	20
Chapter 51	Wool & hair	10
Chapter 52	Cotton	10
	Fabric & yarn-less than 85% cotton	15
	Fabric & yarn-over 85% cotton	20
Chapter 53	Other vegetable fibers	10

Source: Colombia Harmonized Tariff Schedule (Arancel de Aduanas).

^{1/} On December 19, 2003, the GOC increased the basic duty for bovine meat from 20 to 80 percent and established a TRQ of 3,000 tons/year. Decree 1140 of April 14, 2005, established TRQ's for 3,800 tons of bovine meat and 4,000 tons for bovine offals. Decree 3744 of October 21, 2005, established TRQ's for 3,800 tons of bovine meat and 3,200 tons for bovine offals.

2/ Decree 3723 of 2003 established a 60% import duty for dry beans.

3/ Grains for consumption are levied a variable surcharge under the Andean Price Band system.

4/ Decree 3724 of 12/19/03 established an out-of-TRQ import duty of 80% on milled rice. The TRQ is equivalent to 75,118 tons/year. Decree 4338 of 12/22/04 broke down the HS position 10.06.30 into 10.06.30.00.10 short kernel rice (sushi rice) with a 20% import duty, and 10.06.30.00.90 (other rice) with 80% import duty.

Appendix B

Colombia: Basic Duties plus Andean Community Price Band

Variable Duties for Agricultural Products

(Note: Adjusted Biweekly/First half of April 2006)

HS Code	Product	Basic plus Variable Tariff (%)
02.03-11.00.00	Pork carcasses, refrigerated	20
-12.00.00	Pork parts, refrigerated	20
-19.00.00	Pork parts, frozen	20
-21.00.00	Pork carcasses, refrigerated	20
-22.00.00	Pork parts, other	20
-29.00.00	Pork	20
.07-11.00.00	Chicken, whole birds, refrigerated	92
-12.00.00	Chicken, whole birds, frozen	92
-13.00.00	Chicken parts, refrigerated	209
-14.00.00	Chicken pieces, frozen	209
-24.00.00	Turkey, whole birds, refrigerated	23
-25.00.00	Turkey, whole birds, frozen	23
-26.00.00	Turkey, pieces, refrigerated	209
-27.00.00	Turkey parts, frozen	209
-32.00.00	Duck/goose, whole birds, refrigerated	23
-33.00.00	Duck/goose, whole birds, frozen	23
-34.00.00	Duck/goose fatty livers, fresh or chilled	209
-35.00.00	Duck other fresh or chilled	209
-36.00.00	Duck other frozen	209
.10-12.00.00	Bacon	20
-19.00.00	Pork, other	20
04.01-10.00.00	Milk, fluid, under one percent fat	15
-20.00.00	Milk, fluid, one to 6% fat	15
-30.00.00	Milk, fluid, over 6% fat	15
.02-10.10.00	Milk, powdered, < 1.5% fat, in containers < 2.5 k.	50
90.00	Milk, powdered, < 1.5% fat, in containers > 2.5 k.	50
21.11.00	Milk, powdered, > 1.5% fat, in containers < 2.5 k.	50
.19.00	Milk, powdered	50
.91.00	Milk, powdered, > 26% fat, in containers < 2.5 k.	50
.99.00	Milk, powdered, over 26% fat, other	50
.-29.11.00	Milk, powdered, > 26% fat, in containers < 2.5 k.	50
.19.00	Milk, powdered, over 26% fat, other	50

.91.00	Milk, powdered, other, in containers < 2.5 kilos	50
.99.00	Milk, powdered, other	50
-91.10.00	Milk, powdered, other	50
.90.00	Milk, powdered, other	50
.99.90.00	Milk, powdered, other	50
.04-10.90.00	Whey, concentrated	20
-90.00.00	Whey, other	20
.05-10.00.00	Butter	20
-20.00.00	Dairy spreads	20
-90.20.00	Dairy spreads, other	20
.90.00	Dairy spreads, other	20
.06-30.00.00	Cheese, melted	20
-90.10.00	Cheese, under 50% moisture	20
.20.00	Cheese, 50% - 56% moisture	20
.30.00	Cheese, 56% - 69% moisture	20
.90.00	Cheese, other	20
10.01-10.90.00	Wheat , durum <u>1</u> /	5
-90.20.10	Wheat , feed <u>1</u> /	5
.90	Wheat , other <u>1</u> /	5
.30.00	Wheat, red	5
03-00.90.00	Barley	15
05-90.11.00	Corn, yellow	20
12.00	Corn, white	45
.90.10	Corn, white	20
.90	Corn, white	20
06-30.00.90	Rice, other milled	80
-10.90.00	Rice, paddy	80
-20.00.00	Rice, brown	80
-40.00.00	Rice, broken	80
07-00.90.00	Sorghum <u>2</u> /	20
11.01-00.00.00	Wheat flour	10
.02-20.00.00	Corn meal	20
.03-11.00.00	Semola, wheat	10
.07-10.00.00	Malt, barley	15
-20.00.00	Malt, barley (roasted)	15
.08-11.00.00	Starch, wheat	10
-12.00.00	Starch, corn	23
-19.00.00	Starch, other	23
12.01-00.90.00	Soybeans 3/	15
.02-10.90.00	Peanuts, with shell 3/	15
-20.00.00	Peanuts, shelled 3/	15
.05-90.90.00	Rapeseed 3/	15
.06-00.90.00	Sunflower seed 3/	15
.07-40.90.00	Sesame seed 3/	15
-99.90.00	Other oilseeds 3/	15
.08-10.00.00	Soybeans 3/	15
-90.00.00	Other oilseeds 3/	15

15.01-00.10.00	Lard	15
.30.00	Poultry grease	15
.02-00.11.00	Tallow, denatured	15
.19.00	Tallow, other	15
.90.00	Tallow, other	15
.03-00.00.00	Stearin	15
.06-00.10.00	Other animal fats	15
.90.00	Other animal fats	15
.07-10.00.00	Soybean oil, raw 3/	20
-90.00.10	Soybean oil, denatured 3/	20
.90	Soybean oil, other 3/	20
.08-10.00.00	Peanut oil, raw 3/	20
-90.00.00	Peanut oil, other 3/	20
11-10.00.00	Palm oil, raw 3/	20
-90.00.00	Palm oil, other 3/	20
.12-11.00.00	Sunflower oil, raw 3/	20
-19.00.00	Sunflower oil, other 3/	20
-21.00.00	Cottonseed oil, raw 3/	20
-29.00.00	Cottonseed oil, other 3/	20
.13-11.00.00	Coconut oil, raw 3/	20
-19.00.00	Coconut oil, other 3/	20
-21.10.00	Palm kernel oil, raw 3/	20
-29.10.00	Palm kernel oil, other 3/	20
.14-11.00.00	Rapeseed oil, raw 3/	20
-19.00.00	Rapeseed oil, other 3/	20
-91.00.00	Other oil, raw 3/	20
-99.00.00	Other oil other 3/	20
.15-21.00.00	Corn oil, raw 3/	20
-29.00.00	Corn oil, other 3/	20
-30.00.00	Castor oil 3/	20
-50.00.00	Sesame oil 3/	20
-90.00.00	Other seed oils 3/	20
.16-20.00.00	Other fats and oils 3/	20
.17-10.00.00	Margarine 3/	20
-90.00.00	Margarine, other 3/	20
.18-00.10.00	Linoline 3/	20
.90.00	Other fats and oils 3/	20
16.01-00.00.00	Sausages	20
.02-41.00.00	Hams	20
-42.00.00	Pork parts	20
16.02-31.10.00	Seasoned turkey pieces, frozen	70
-32.10.00	Seasoned chicken pieces, frozen	70
-39.10.00	Seasoned poultry pieces, frozen	70
17.01-11.90.00	Sugar, cane, raw	0
-12.00.00	Sugar, beets	0
-91.00.00	Sugar, with flavoring and/or dyeing	0
-99.90.00	Sugar, white	0
.02-30.20.00	Glucose, syrup	0
.90.00	Glucose, other	0
-40.10.00	Glucose	0

.20.00	Glucose, syrup	0
-60.00.00	Fructose	0
-90.20.00	Sugar and molasses, caramel	0
.30.00	Sugars, with flavoring and/or dyeing	0
.40.00	Syrups	0
.90.00	Sugars, other	0
.03-10.00.00	Molasses, cane	0
-90.00.00	Molasses, other	0
19.02-19.00.00	Pasta	10
23.01-20.10.00	Fish meal 3/	15
.02-10.00.00	Corn gluten 3/	20
-30.00.00	Bran, wheat 3/	20
-40.00.00	Bran, other grains 3/	20
.04-00.00.00	Meal, soybean 3/	15
.06-10.00.00	Meal, cottonseed 3/	15
-30.00.00	Meal, sunflower 3/	15
-70.00.00	Meal, corn germ 3/	15
-90.00.00	Meal, other oilseeds 3/	15
.08-00.90.00	Feed ingredients	20
.09.10.90.00	Other Pet food	20
-90.10.00	Feed	20
.90.00	Feed premixes	20
35.05-10.00.00	Dextrine and other starches	23
-20.00.00	Glue	23
38.23-11.00.00	Stearic acid 3/	15
-12.00.00	Oleic acid 3/	15
-19.00.00	Other fatty acids 3/	15

1/ Tariff is limited to 35 percent of reference price (decree 1754).

2/ Linked to the yellow corn band (AC decisions 371, 402, 403, 410, 411, 413, 430, 468, and 470; and resolution 169).

3/ Tariff is limited to 40 percent of reference price (decree 2650, December 1999).

Source: Colombia Harmonized Tariff Schedule (Arancel de Aduanas).

Appendix C

**Colombia: Basic plus Andean Community Price Band Variable Duties
for Marker and Substitute/Derivative Products**
(Note: Adjusted Biweekly/First half of April 2006)

HS Code	Product	Reference Price (\$/Ton) *	Basic Tariff (%)	Basic plus Variable Tariff (%)
02.03-29.00.00 .10-12 -19 16.01- .02-41 -42.	Pork 1/ Bacon Other pork Sausages Ham Pork shoulders	1,484	20 20 20 20 20 20	20 20 20 20 20 20
02.07-14.00.00 -13 -26/-27 -34/-35 -36 16.02-31.00.10 -32.00.10 -39.00.10	Chicken parts, frozen Chicken parts, refrigerated Turkey parts Duck, geese, and Cornish Other poultry parts Seasoned turkey parts Seasoned Chicken parts Seasoned others	1,512	20 20 20 20 20 20 20 20	209 209 209 209 209 70 70 70
04.02-21.19.00 .01-10/-20/-30. .02-10.10/.90/ -21.11/.91./.99./ -29.11 /.19./.91./ .99./-91.10/ .90./-99.90. 04.04-10.90/-90. 04.05-10/-20/-90.10/.90 04.06-30. -90.10/.20./.30./ .90.	Milk-powdered, whole Milk, fluid Milk-powdered Whey Butter Cheese, melted Cheese, other	2,347 3,013 3,519	50 15 50 20 20 20 20	50 15 50 20 20 20 20
10.01-10.90.00 -90.20.10 20.90 .30. 11.01-00. .03-11. .08-11. 19.02-19.	Wheat 2/ Feed wheat 2/ Wheat, hard, for consumption 2/ Wheat, red Wheat flour Groats and semola Starch, wheat Pasta	209 182 285	15 15 15 15 20 20 20 20	5 5 5 5 10 10 10 10
10.03-00.90.00 11.07-10/-20.	Barley Barley malt	147	15 15	15 15
10.05-90.11.00 02.07-11/-12	Corn-yellow, hard Chicken, whole	125 1,712	15 20	20 23

-24/-25	Turkey, whole	1,712	20	23
-32/-33	Duck, geese & Cornish			
10.05-90.90.10/.90.	hen, chilled, frozen	1,512	20	23
.07-00.90	Corn-white, soft		15	20
11.08-12/-19	Sorghum 3/	126	15	20
17.02-30.20./90./	Starch, corn and other		20	23
-40.10./20	Bran, corn, wheat, other		20	23
23.02-10/.30./40	Feed		20	23
.08-00.90.00	Grain middlings		15	20
.09-10.90.00	Screenings		15	20
-90.10./90	Pet food, other		20	20
35.05-10./20	Other feeds		15	20
	Dextrine and other		20	23
	starches			
10.05-90.12.00	Corn-white	141	15	45
11.02-20	Corn meal		20	20
10.06-30.00.00	Rice-milled	344	80	80
10.06-10.90	Rice-paddy	204	80	80
-20./-40	Rice-milled/broken		80	80
12.01-00.90.00	Soybean 4/	251	15	15
12.02-10.90./-20	Peanuts-consumption 4/		15	15
.05-90.90	Rapeseed 4/	293	15	15
.06-00.90	Sunflower seed 4/	271	15	15
.07-40.90	Sesame seed 4/		15	15
.07-99.90	Other oilseeds 4/		15	15
.08-10	Soybean flour 4/	228	15	15
-90	Other oilseeds flours 4/		15	15
23.01-20.10	Fish meal 4/		15	15
.04-	Soybean meal 4/	228	15	15
.06-10	Cottonseed meal 4/		15	15
-30	Sunflower meal 4/		15	15
-70	Corn gluten 4/		15	15
-90	Other oilseed meals 4/		15	15
15.07-10.00.00	Soybean oil, raw 4/	501	20	20
-90.00.10	Soybean oil, refined 4/		20	20
.90	Soybean oil, ref., den.	539	20	20
.08-10	Peanut oil, raw 4/	1,022	20	20
-90	Peanut oil, refined 4/		20	20
.12-11	Sunflower oil, raw 4/	551	20	20
-19	Sunflower oil, refined 4/	892	20	20
-21	Cottonseed oil, raw 4/	639	20	20
-29	Cottonseed oil, refined 4/	728	20	20
.14-11	Rapeseed oil, raw 4/	763	20	20
-19	Rapeseed oil, refined 4/	937	20	20
-91/-99	Others, raw and refined		20	20
.15-21	oils	47	20	20
-29	Corn oil, raw 4/		20	20
-50	Corn oil, refined 4/		20	20
-90	Sesame oil 4/		20	20
	Other seed oils 4/			

15.11-10.00.00	Palm oil, raw 4/	488	20	20
.01-00.10/.30	Pork & poultry grease 4/		15	15
.02-00.11/19./90	Tallow 4/	388	15	15
.03-	Stearin 4/		15	15
.06-	Tallow, other 4/		15	15
.11-90	Palm oil, refined 4/	537	20	20
.13-11	Coconut oil, raw 4/	601	20	20
-19	Coconut oil, refined 4/	879	20	20
-21.10./29.10	Palm kernel oil 4/		20	20
.15-30	Castor oil 4/		20	20
.16-20	Other fats/oils 4/		20	20
.17-10/.90	Margarine 4/		20	20
.18-00.10/.90	Animal/veg. fats/oils 4/		20	20
38.23-11/12/19	Fatty acids 4/		15	15
17.01-11.90.00	Sugar, raw	399	20	0
-12	Sugar, beet		20	0
17.01-99.00.00	Sugar, refined	472	20	0
-91	Sugar, flavored		20	0
.02-60	Fructose		15	0
-90.20	Caramel		20	0
.30	Sugar, flavored		20	0
.40	Syrup		20	0
.90	Other sugars		10	0
.03-10/.90	Molasses		15	0

* The basic plus the variable tariff percentage is based on the reference price when it appears on this column; otherwise, the tariff percentage is based on the CIF value.

1/ Marker product is in bold.

2/ Tariff is limited to 35 percent of reference price (decree 1754).

3/ Linked to the yellow corn band (AC decisions 371, 402, 403, 410, 411, 413, 430, 468, and 470; and resolution 169).

4/ Tariff is limited to 40 percent of reference price (decree 2650, December 1999).

Appendix D

Colombia: Trade Barrier Catalog

Barrier	Items Affected	Impact on U.S. Exports If Eliminated
Price Band	Corn	Up 100 percent
	Wheat	Up 80 percent
	Oilmeal	Up 100 percent
	Soy oil	Up 25 percent
	Soybeans	Up 100 percent
	Rice	Up 20 percent
	Fresh fruit/apples	Up 100 percent
	Barley	No impact; will depend on prices
	Pet food	Up 100 percent

Appendix E

Colombia: Main Ag Imports from all Sources, 2004-2005 (Million Dollars)

Item	2004	2005	2005 change from 2004 (%)
Corn	326.7	323.3	-1.0
Processed food	237.0	274.0	15.6
Wheat	232.9	235.4	1.0
Soybeans	129.0	101.0	-21.7
Soybean meal	152.3	150.7	-1.0
Soybean oil	93.4	89.2	-4.5
Cotton	57.1	47.7	-16.5
Fresh fruit (except apples)	34.6	43.5	25.7
Apples	30.3	33.2	9.6
Tallow	17.8	10.9	-38.8
Barley	36.5	41.5	13.7
Poultry meat	12.8	9.5	-25.8
Rice	25.0	13.1	-47.6
Wines	17.8	22.6	27.0
Pork	3.0	5.2	73.3
Hides	6.8	8.3	22.1
Sub-total	1,323.0	1,409.1	6.5
Other	759.6	772.8	1.7
TOTAL Ag Imports	2,082.6	2,181.9	4,8

Source: DIAN (Revenue and Customs Agency).

Appendix F

Colombia: Main Ag Imports from the United States, 2004-2005
(Million Dollars)

Item	2004	2005	2005 change from 2004 (%)
Corn	285.7	276.0	-3.4
Processed food	58.9	74.0	25.6
Wheat	135.5	154.5	14.0
Soybean meal	47.9	57.9	20.9
Cotton	49.1	45.8	-6.7
Fresh fruit (except apples)	5.5	6.7	21.8
Apples	2.4	6.7	179.2
Tallow	11.8	8.0	-32.2
Barley	0	0	0
Soybeans	40.6	48.0	18.2
Poultry meat	4.1	9.3	126.8
Rice	1.2	0	0
Wines	0.3	0.5	66.7
Pork	0.8	2.4	200.0
Hides	1.0	1.0	0
Sub-total	644.8	690.8	7.1
Other	82.2	101.2	23.1
TOTAL Ag Imports	727.0	792.0	8.9

Source: DIAN (Revenue and Customs Agency).

Appendix G**Colombia: Main Ag Exports to All Destinations, 2004-2005**
(Million Dollars)

Item	2004	2005	2005 change from 2004 (%)
Coffee	948.3	1,484.9	56.6
Flowers	686.8	893.0	30.0
Bananas	424.6	505.7	19.1
Processed food	281.6	400.1	42.1
Sugar	375.3	454.2	21.0
Hides	102.6	92.6	-9.7
Fish and Crustaceous	123.9	143.7	16.8

Appendix H**Colombia: Main Ag Exports to the United States, 2004-2005**
(Million Dollars)

Item	2004	2005	2005 change from 2004 (%)
Coffee	340.2	533.4	56.8
Flowers	563.6	729.9	29.5
Bananas	146.8	186.2	26.8
Processed food	109.6	149.7	36.6
Sugar	45.5	53.8	18.2
Hides	8.5	9.1	7.1
Fish and Crustaceous	29.8	29.7	0.3

Appendix I – FTA Side Letter on SPS Issues

February 26, 2006

Dear Ambassador Schwab:

I have the honor to confirm the following understandings reached between our Governments during the course of the negotiation of the United States – Andean Trade Promotion Agreement:

Colombia and the United States (hereinafter, the Parties) agree on the following provisions, with a view to facilitating trade between the Parties while preserving each Party's right to protect human, animal or plant life or health in its territory and respecting each Party's regulatory systems and risk assessment and policy development processes:

1. Colombia confirms that it shall continue to recognize the U.S. inspection system for meat and poultry as equivalent to that of Colombia and shall not require approval of individual U.S. establishments by the Colombian Ministry of Agriculture or any other Colombian ministry or sanitary authority, in accordance with its rights and obligations under the WTO SPS Agreement. Colombia confirms that it shall continue to accept meat and poultry shipments accompanied by USDA Food Safety Inspection Service (FSIS) Export Certificates of Wholesomeness, including additional declarations agreed by relevant sanitary authorities from both countries.
2. Colombia recognizes the measures taken by the United States with regard to Bovine Spongiform Encephalopathy (BSE). Colombia conducted a verification visit on December 12 - 20, 2005. Colombia confirms that, in accordance with the World Organization for Animal Health (OIE) Terrestrial Animal Health Code, it shall permit by no later than April 15, 2006, the importation of U.S. meat and products listed in OIE's Terrestrial Animal Health Code Article 2.3.13.1, in addition to kidneys, livers, and stomachs, accompanied by USDA Food Safety Inspection Service (FSIS) Export Certificates of Wholesomeness. Colombia shall permit the importation of other U.S. meat and meat products not listed in OIE's Terrestrial Animal Health Code Article 2.3.13.13 by no later than May 31, 2006, based on the results of the risk assessment being conducted in accordance with OIE's Terrestrial Animal Health Code.
3. To confirm that the United States meets OIE guidelines on Avian Influenza, Colombian authorities conducted a verification visit to the United States on December 12 - 20, 2005. Based on information previously submitted by USDA, Colombia shall complete its science-based review and shall permit by no later than May 15, 2006, based on OIE guidelines and recommendations, the importation of U.S. poultry and poultry products from all U.S. States accompanied by an FSIS Export Certificate of Wholesomeness.
4. The Parties pledge to urge their specialized agencies to implement technical and scientific work dedicated to achieving market access to make the bilateral trade of beef and beef products of mutual benefit for both Parties.

I have the honor to confirm that this letter and your letter of confirmation in reply shall constitute an agreement between our two Governments, to enter into force on this day.

Sincerely,

Jorge Botero
Minister of Trade

Andres Arias
Minister of Agriculture