Agriculture in Pending U.S. Free Trade Agreements with South Korea, Colombia, and Panama

Remy Jurenas
Specialist in Agricultural Policy

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Summary

On October 3, 2011, President Obama submitted the free trade agreements (FTAs) with South Korea, Colombia, and Panama to the 112th Congress for consideration. The bills to implement these agreements will now be debated under trade promotion authority, or fast-track rules, designed to expedite congressional consideration. Liberalizing trade in agricultural products, particularly the pace of expanding market access for the more sensitive agricultural commodities, was one of the more challenging areas that trade negotiators faced in concluding each of these FTAs. In each instance, issues dealing with food safety and animal/plant health matters (technically not part of the FTA negotiating agenda) were not resolved until later.

Of these three pending agreements, the U.S.-South Korea (KORUS) FTA would be the most commercially significant for U.S. agriculture since the North American Free Trade Agreement (NAFTA) took effect with Mexico in 1994. Because Colombia, one of the largest markets in South America, imposes a high level of border protection on agricultural imports, the Colombia FTA has the potential to noticeably increase U.S. agricultural exports. Though Panama is a relatively small market, U.S. exporters would have opportunities to make additional sales under that agreement.

Many U.S. commodity groups, some general farm organizations, and many agribusiness and food firms support these three trade agreements. They argue for their approval to secure the benefits of additional agricultural exports once all three FTAs are fully implemented. They contend that the timely approval of these FTAs will protect or enhance the U.S. competitive position in these three markets. Their focus has shifted not only to securing the gains already negotiated, but also to ensuring that the United States does not lose market share to other major agricultural exporting countries. They point to the European Union-Korea FTA, implemented on July 1, 2011, and to the Colombia-Canada FTA, which took effect on August 15.

Analyses suggest that the market openings could result in U.S. agricultural exports from $2.3 billion to $3.1 billion higher than they would be without these trade agreements. These changes would be concentrated in a few commodity/product sectors. In value terms, U.S. exports of beef, processed food products, poultry, pork, and wheat would be noticeably higher. Agricultural imports under these FTAs would be slightly higher compared to maintaining the status quo.

The major agricultural issue remaining after these FTAs were signed was the terms of U.S. beef access to South Korea. The Obama Administration and some Members of Congress sought a full opening of South Korea's market to U.S. beef (i.e., slaughtered from all cattle, irrespective of age). In the last round of supplemental negotiations in late 2010, Korean negotiators succeeded in deflecting this issue. The Administration's commitment since then to request consultations on this matter as soon as the KORUS FTA takes effect was welcomed by Members, and removed the last remaining obstacle to moving that agreement forward.

Under the trade promotion authority process set into motion, Congress has 60 days to consider the bills to implement each FTA transmitted by the Administration (South Korea—H.R. 3080/S. 1642; Colombia—H.R. 3078/S. 1641; Panama—H.R. 3079/S. 1643). The House Ways and Means Committee on October 5 favorably reported all three bills, which the House will consider in mid-October. The Senate Finance Committee has scheduled its markup on October 11, with Senate floor action expected shortly thereafter.

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Background

The 112th Congress has just begun to consider the free trade agreements (FTAs) with Colombia, Panama, and South Korea that were negotiated by the Bush Administration. This follows White House submission on October 3, 2011, of a bill to implement each agreement. Each FTA has been received positively by most U.S. agricultural organizations and food industry associations, who are eager to take advantage of the market openings that these FTAs would create.

U.S. farmers and ranchers, agribusiness firms, and food manufacturers view efforts to expand commodity and food exports as vital to improving farm income and business profitability. For this reason, many U.S. policymakers since the mid-1980s have viewed negotiating trade agreements as a way of creating opportunities to increase agricultural sales overseas, primarily by seeking to lower and/or eliminate other countries' trade barriers (e.g., tariffs and quotas). To accomplish this, the United States has had to reciprocate by lowering similar forms of border protection on farm and food products imported from prospective trading partners. Because of the import sensitivity of some U.S. commodity sectors (e.g., beef, dairy, and sugar, among others) to the prospect of increased competition from foreign suppliers, the executive branch has had to take the concerns of producers of these commodities into account during negotiations, in order to secure congressional approval of concluded trade agreements.

The 1994 Uruguay Round Agreement on Agriculture negotiated under the structure of the multilateral institution that preceded the World Trade Organization (WTO) created substantial export opportunities for U.S. agriculture and agribusiness by partially lowering then-existing trade barriers worldwide. However, the U.S. FTAs that took effect with Canada in 1989 and with Mexico in 1994 (when both were combined into the North American Free Trade Agreement (NAFTA)) were more ambitious than the Uruguay Round in reducing barriers to bilateral agricultural trade. With these two trade agreements setting into motion a process that removed most forms of border protection by the end of 10- or 15-year transition periods, respectively, Canada and Mexico have become two of the fastest-growing markets for U.S. agricultural exports.

The United States has also entered into FTAs with 15 other, smaller trading partners. Most of these have only taken effect in the last six years.[1] The three FTAs negotiated and signed by the Bush Administration with Colombia, Panama, and South Korea now await congressional consideration. Congress will debate each agreement according to the process laid out by trade promotion authority (TPA). TPA details the steps to be taken before and when FTA implementing legislation is submitted to Congress, and the expedited legislative procedures to be followed that limit debate, prohibit amendments, and require a simple up or down vote. Before an FTA can take effect, Congress must approve the implementing bill.[2]

[1] These include, by date of entry, Israel (1985), Jordan (2001), Singapore (2004), Chile (2004), Australia (2005), Morocco (2006), El Salvador (2006), Honduras (2006), Nicaragua (2006), Guatemala (2006), Bahrain (2006), Dominican Republic (2007), Costa Rica (2009), Oman (2009), and Peru (2009). For more information on the agricultural provisions in these FTAs, see archived CRS Report RL34134, *Agriculture in U.S. Free Trade Agreements: Trade with Current and Prospective Partners, Impact, and Issues*, by Remy Jurenas.

[2] For background, see CRS Report RL33743, *Trade Promotion Authority (TPA) and the Role of Congress in Trade Policy*, by J. F. Hornbeck and William H. Cooper.

Key Agricultural Issues in FTAs

FTAs negotiated by the United States are generally comprehensive in scope. In addition to addressing market access for agricultural and food products, they cover trade in all other goods (including textiles and apparel), improved market access commitments for services and government procurement, and protections for investment and intellectual property rights. They also include provisions on dispute settlement, labor, the environment, customs administration, among other matters.

FTAs establish a framework for liberalizing trade in agricultural commodities and food products between partners within an agreed-upon time period. The primary objective in negotiating an FTA is to achieve preferential access to each other's market, to secure a competitive edge over other countries that sell into either partner's market. Accomplishing this requires that negotiators work to reduce and eventually eliminate tariffs and quotas on most agricultural goods. Because the United States and each prospective FTA partner have some agricultural products that benefit from high levels of border protection, negotiators spend much of their time wrestling with how to reduce barriers for these import-sensitive products.[3]

While U.S. negotiators sought to eliminate high tariffs and restrictive quotas imposed on U.S. agricultural exports to these three country markets, they also faced pressures to protect U.S. producers of import-sensitive commodities (beef, dairy products, and sugar, among others). FTA partner country negotiators faced similar pressures. One Bush Administration policy objective was for FTAs to be comprehensive (i.e., cover all products). For the more import-sensitive agricultural commodities, negotiators agreed on long transition periods, temporary additional protection in the case of import surges, or indefinite protection of a few commodities. To illustrate the latter, because of political sensitivities for the United States or its partners, negotiators agreed to retain in perpetuity quantitative import limits and prohibitively high tariffs on some of the most import-sensitive commodities. In one exception, though, the United States agreed to Korea's insistence that rice be completely excluded from their FTA.

Conversely, each pending FTA partner would have additional access to the U.S. market for those agricultural commodities that are now protected by restrictive U.S. import quotas. Of these, the U.S. sugar sector would face some competition from increased imports of sugar from Colombia and Panama. The small increase in additional imports from South Korea would likely be in the form of primarily ethnic foods. Also, because these three countries consume most of the beef and dairy products that they produce, any additional export sales to the United States would likely be accommodated by the large U.S. market with little effect.

The United States also has sought to address other non-tariff barriers (particularly those dealing with food safety and animal/plant health—commonly referred to as sanitary and phytosanitary (SPS) measures) on a separate, but parallel, track. Although U.S. negotiators assert that resolution of outstanding bilateral SPS disputes is not on the formal FTA negotiating agenda, the negotiating process has witnessed U.S. and partner country negotiators seeking to resolve such disputes and using them as leverage to achieve other FTA negotiating objectives. Further, resolving these

[3] A country's designation of certain agricultural commodities as "sensitive" usually reflects high levels of border protection (e.g., high tariffs, restrictive quotas, price bands) to preclude competition from lower-priced imports and/or the political strength of producers of these commodities that benefit financially from such border protection.

disputes is viewed as essential to ensure that FTA partners do not resort to using these barriers to undercut the openings created for U.S. exporters in market access talks.

Process for Congressional Consideration

Trade promotion authority lays out a process and timetable for Congress to consider each trade agreement after the executive branch has concluded negotiating it. Before the formal process begins, the White House sends a draft of a bill to implement an agreement to the panels with jurisdiction on trade matters: the House Ways and Means and Senate Finance Committees. Both committees then engage in what is called a "mock mark-up," whereby its provisions are reviewed, amendments offered, and votes held. The Administration does not have to accept any amendments made in committee, nor is it bound by any committee votes. Once the President formally submits the implementing bill to Congress, TPA provisions limit debate by not allowing for any amendments, and stipulate an up or down vote in each chamber. Congress has up to 60 days to complete action.[4]

The White House in late June 2011 submitted a draft implementing bill for each of the pending FTAs with Colombia, Panama, and South Korea to the trade committees, together with a draft statement of administrative action that explains each bill's proposed changes to U.S. law. The Senate Finance Committee held its "mock mark-up" on all three bills on June 30, 2011. The House Ways and Means Committee held its mock mark-up session on all bills on July 7. The draft bill on the KORUS FTA that Ways and Means considered did not include the trade adjustment assistance (TAA) provisions found in the Senate Finance draft bill.

Seeking a way to move forward consideration of the three FTAs and a TAA renewal measure, the White House and congressional leadership in August agreed upon an approach to accomplish this. All parties decided that TAA program reauthorization will be handled in a legislative measure separate from any bill introduced to implement a pending FTA, following a multi-step process. On September 22, 2011, the Senate approved a TAA renewal compromise package as an amendment to H.R. 2832 to extend the Generalized System of Preferences program.[5] Under an assurance by House leadership that the rule to debate this bill will not allow any amendments to be offered (i.e., thus assuring its likely passage), President Obama on October 3, 2011, submitted to Congress three bills that would implement these FTAs.[6] These were introduced by the House Majority Leader and the chairman of the Senate Finance Committee as H.R. 3078 and S. 1641 for

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[4] For background and additional information, see CRS Report RL33743, *Trade Promotion Authority (TPA) and the Role of Congress in Trade Policy*, by J. F. Hornbeck and William H. Cooper (in particular, see Figure A-1, 'Congressional Timeline Under TPA'), and CRS Report R41544, *Trade Promotion Authority and the U.S.-South Korea Free Trade Agreement*, by Emily C. Barbour.

[5] For background on the TAA, see CRS Report R41922, *Trade Adjustment Assistance (TAA) and Its Role in U.S. Trade Policy*, by J. F. Hornbeck and Laine Elise Rover; CRS Report R42012, *Trade Adjustment Assistance (TAA) for Workers*, by Benjamin Collins; CRS Report RS20210, *Trade Adjustment Assistance for Firms: Economic, Program, and Policy Issues*, by J. F. Hornbeck; CRS Report R40206, *Trade Adjustment Assistance for Farmers*, by Remy Jurenas; and CRS Report R40863, *Trade Adjustment Assistance for Communities: The Law and Its Implementation*, by Eugene Boyd and Cassandria Dortch.

[6] The Obama Administration had made clear that it will not transmit to Congress implementing legislation for the FTAs until the House votes on TAA, in part because of the possibility that the pending measure might not pass if the FTAs were voted on first. House Republican leadership insists that the House take up the TAA legislation after the FTA implementing bills have been sent up from the White House to ensure that Congress has a chance to consider them.

the Colombia FTA; H.R. 3079 and S. 1643 for the Panama FTA; and H.R. 3080 and S. 1642 for the KORUS FTA.

With their introduction, the House Ways and Means Committee moved quickly to schedule formal markup on its bills. On October 5, it favorably reported out each measure. The House plans to consider them "in tandem" with the TAA renewal measure in mid-October, according to Speaker of the House John Boehner. The Senate Finance Committee has scheduled its markup for October 11.

U.S. Agricultural Trade with Pending FTA Partners

Of the three countries covered by the trade agreements that Congress is now considering, South Korea ranks first in two-way U.S. agricultural trade ($5.6 billion in 2010), followed by Colombia ($2.8 billion). Total agricultural trade with Panama, because of its size, is much lower. U.S. agricultural exports to South Korea and Panama dominate bilateral agricultural trade with those countries. By contrast, for Colombia, farm commodities imported into the United States account for more than two-thirds of two-way bilateral agricultural trade (**Table 1**).

Table 1. U.S. Agricultural Trade with Pending FTA Partners and World, 2010

(billion $)

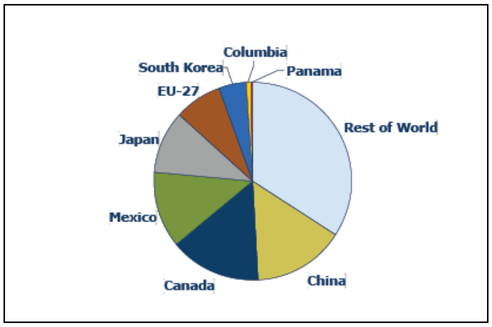
	U.S. Agricultural Exports	U.S. Agricultural Imports	Two-Way U.S. Agricultural Trade[a]
South Korea	5.3	0.3	5.6
Colombia	0.8	2.0	2.8
Panama	0.4	0.1	0.5
Subtotal	**6.6**	**2.3**	8.9
Rest of World	109.2	79.5	188.8
Total	115.8	81.9	197.7

Source: U.S. Department of Agriculture (USDA), Foreign Agricultural Service (FAS), Global Agricultural Trade System Online.

a. U.S. agricultural exports plus U.S. agricultural imports.

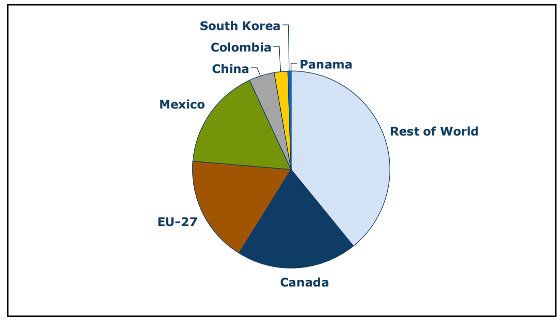
In 2010, the $6.6 billion in U.S. agricultural exports to these three countries represented 5.7% of total U.S. agricultural exports to the world ($116 billion) (**Table 1**). For comparison, China, Canada, Mexico, and Japan continued to account for more than half of total shipments (**Figure 1**). Agricultural imports from these pending FTA partners totaled $2.3 billion, or 2.8% of all such imports (**Table 1**). To place in perspective, Canada, the European Union, and Mexico accounted for more than half of total agricultural imports from the world (**Figure 2**).

Figure 1. U.S. Agricultural Exports to Pending FTA Partners and Major Markets, 2010



Source: USDA, FAS.

Figure 2. U.S. Agricultural Imports from Pending FTA Partners and Major Suppliers, 2010



Source: USDA, FAS.

Profile of Pending FTA Partners

Of the three prospective FTA partners, South Korea is the largest in population (49 million), followed closely by Colombia (45 million). However, Korea's economy is almost three and one-half times larger than Colombia's. Per capita income in South Korea is also about three times higher than in the other two countries, reflecting its much more developed and industrialized economy. Colombia's agricultural sector and related labor force is the largest among the three, reflecting its importance in the national economy. Even with a developed economy, a notable portion of South Korea's labor force is engaged in agricultural activity (7%). This in large part explains why, of the three, South Korea accords a high level of border protection (49%) to its agricultural sector (**Table 2**). Because per capita income is relatively high in Korea and the KORUS FTA would eliminate over time the high tariffs now imposed on agricultural imports from the United States, this agreement is viewed as opening up a significant export sales opportunity for the U.S. agricultural sector.

Table 2. Key Demographic and Economic Indicators of Pending FTA Partners

	Population, in millions (July 2011 est.)	GDP[a] (billion US$)[b]	GDP Per Capita[a] (US$)[b]	Real Growth Rate (%)[b]	Agriculture's Share of GDP (%)	Agriculture's Share of Labor Force (%)	Average Applied Agricultural Tariff (%)
South Korea	48.8	1,467	30,200	6.1	3.0	7.0	48.6
Colombia	44.7	432	9,800	4.4	9.3	18.0	16.8
Panama	3.5	45	12,700	7.5	5.8	17.6	13.4
United States	313.2	14,720	47,400	2.7	1.2	0.7[c]	4.7

Source: CIA, *The World Factbook*, updates accessed in mid May 2010; World Trade Organization "Country Profiles," March 2011.

a. Gross domestic product, on a purchasing power parity basis.

b. 2010 estimate.

c. Also includes forestry and fishing.

Estimated Changes in Agricultural Trade under Pending FTAs

Various analyses prepared by the U.S. government and industry over the last several years estimate changes in U.S. agricultural exports and imports should the FTAs be implemented with South Korea, Colombia, and Panama, compared to what such trade would be under no-agreement scenarios. The estimates vary significantly, because of the different analytical approaches used to derive them. They are summarized below; details are found in the **Appendix**.

According to these studies, if these FTAs were fully implemented, U.S. agricultural exports to these three countries would be higher than what they would be without these agreements. The additional sales to South Korea would account for a substantial portion of all higher exports, as its much higher agricultural tariffs and restrictive quotas are largely eliminated. U.S. agricultural imports from these three countries would be slightly higher than otherwise. Additional imports from Colombia would account for most of the change.

Change in U.S. Agricultural Exports

The trade liberalization provisions in the FTAs with South Korea, Colombia, and Panama combined are estimated to result in between $2.3 billion (USDA's Economic Research Service (ERS)) and $3.1 billion (U.S. International Trade Commission (USITC)) in higher agricultural exports, compared to what is estimated to occur in the absence of these agreements (**Table A-1**). The ERS estimate is 2.2% higher than USDA's recent agricultural export baseline for 2014. The American Farm Bureau's (AFBF's) estimate ($2.5 billion) is 1.7% higher than projected in an earlier-issued USDA agricultural export baseline for FY2015. The USITC estimate is 5.5% higher than the 2005 level for U.S. agricultural exports.[7] The range in estimates reflects the different methodologies that each institution used to project the change in U.S. agricultural exports under these FTAs.[8]

Estimated changes in agricultural exports under the three FTAs combined (compared to what they would be without these agreements) would be concentrated in a few commodity/product sectors. In value terms, U.S. exports of beef, processed food products, poultry, pork, and wheat would be noticeably higher than otherwise.[9]

[7] The benchmarks used to derive the percentage change in U.S. agricultural exports under these three pending FTAs are selected to reflect the methodology applied in each set of analyses. The sum of ERS export estimates for the three countries was compared to USDA's agricultural export baseline for FY2014 issued in February 2010. The AFBF estimates for various future years are adjusted by CRS to 2015, the last year of USDA's export baseline projections issued in February 2006, with their sum compared to that year's USDA projection. The sum of USITC export estimates is compared to the 2005 U.S. agricultural export level.

[8] See "Appendix. Methodologies Used to Estimate Changes in U.S. Agricultural Trade Under FTAs" in CRS Report RL34134, *Agriculture in U.S. Free Trade Agreements: Trade with Current and Prospective Partners, Impact, and Issues*, by Remy Jurenas, for additional perspective and a description of methodological differences.

[9] This is based on a detailed CRS review of the data in the studies issued over the last few years by the AFBF, ERS, (continued...)

Change in U.S. Agricultural Imports

Available analyses do not provide a comprehensive overview of what the change in U.S. agricultural imports could be under the three FTAs combined, compared to a no-agreements scenario (**Table A-2**). Limited estimates indicate that imports would be slightly higher, when compared against USDA's U.S. total agricultural import projection of around $100 billion in FY2015. Under the FTAs, agricultural imports from Colombia would be noticeably higher than otherwise, but marginally higher from South Korea and Panama. Sugar would account for much of the additional imports from Colombia and Panama. Ethnic and processed foods would account for the slightly higher imports from South Korea.

South Korea

Expanding export opportunities for U.S. agriculture to the large South Korean market was the main goal pursued by U.S. agricultural officials in negotiating the U.S.-Korea Free Trade Agreement (KORUS FTA). Their objective reflected the interests of the U.S. agricultural sector, which eyes potential for further export gains in a major food importing country with a high level of border protection. U.S. exporters in particular see opportunities for increasing sales of higher-value food products to an expanding middle class. Compromises on the final package, reached in the final hours before the April 1, 2007, deadline,[10] would provide for much improved market access for all U.S. agricultural products (except for rice) to the Korean market. Trade ministers formally signed the agreement on June 30, 2007. However, numerous Members of Congress then signaled that their support for the KORUS FTA depended on South Korea fully reopening its market to U.S. beef (see "Korea's Rules for U.S. Beef Imports" below). The Bush Administration had hoped that the subsequent 2008 bilateral agreement on the terms of U.S. access to Korea's beef market would open doors to submission of the KORUS FTA to Congress for a vote that year. However, differences with the Democratic leadership over the agreement's automobile provisions and with some of the beef agreement's terms halted further movement. In late June 2010, President Obama directed Administration officials to begin to work with their Korean counterparts to resolve the outstanding auto and beef issues with South Korea by the time he met the Korean President in November 2010 at the G-20 meeting in Seoul. Missing that target, negotiators in early December 2010 reached a supplemental agreement that secured Korean changes to automobile and truck provisions in return for a U.S. concession on pork. Korean negotiators, though, held firm on not reopening talks on the beef issue.

Under U.S. trade promotion authority, President Obama on October 3, 2011, submitted implementing legislation (introduced as H.R. 3080 and S. 1642) together with the KORUS FTA text and other required documents to Congress for consideration. The House Ways and Means Committee favorably reported (on a 31-5 vote) its bill on October 5. The House is expected to consider this measure in mid-October along with the bills to implement the other two pending FTAs. The Senate is expected to consider this measure soon thereafter.

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and USITC to identify the top commodities whose exports were estimated to be higher once all FTAs were implemented, irrespective of the different assumptions and methodologies used.

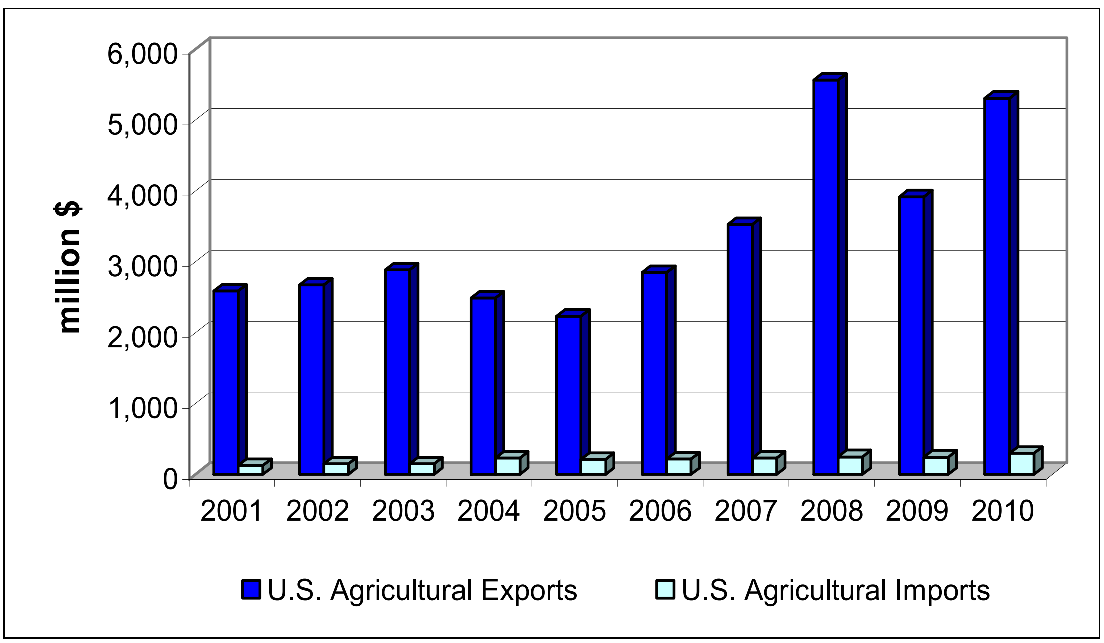
[10] This was the last day that the Executive Branch could conclude a trade agreement under 2002-enacted trade promotion authority (TPA) and notify Congress of its intent to sign it.

South Korea's President Lee and his ruling party (Grand National Party, or GNP) have said they would like to pass the KORUS FTA this fall, but the opposition parties' opposition makes the timing uncertain. Key members of the GNP, which controls the unicameral National Assembly, have indicated they hope to pass this trade agreement by the end of October 2011. In September, the GNP submitted it to the Committee on Foreign Affairs, Trade and Unification. Most observers think that the current National Assembly would approve the KORUS FTA, perhaps by a wide margin. (The ruling GNP—whose members appear to overwhelmingly favor the agreement—holds a comfortable majority in the National Assembly.) However, Korea's largest opposition party, the Democratic Party (DP), opposes the agreement, and many worry that the DP may boycott or seek to physically block a vote on the agreement, as it has done in the past. Additionally, many warn that if a vote is not held until 2012, the fate of the KORUS FTA could become less certain due to the influence of 2012 electoral politics.[11]

Overview of Agricultural Trade

The United States runs a strong positive agricultural trade balance with South Korea. In 2010, South Korea was the fifth-largest market for U.S. farm products in the world, with U.S. export sales at $5.3 billion. Agricultural shipments rebounded 35% in 2010 over 2009, as trade worldwide recovered from the economic recession (**Figure 3**). Leading exports were corn, beef, animal feeds/fodders, wheat, and soybeans (**Table 3**). Agricultural shipments in 2010 accounted for more than 14% of all U.S. merchandise exports to South Korea, up from about 12% in 2001.

Figure 3. U.S. Agricultural Trade with South Korea



Source: U.S. Department of Agriculture (USDA), Foreign Agricultural Service (FAS), Global Agricultural Trade System Online.

[11] CRS Report R41481, *U.S.-South Korea Relations*, coordinated by Mark E. Manyin, p. 1.

Table 3. Composition of Agricultural Trade with South Korea, 2010

Leading U.S. Exports			Leading U.S. Imports		
Product	Value *million $*	Share of Total	Product	Value *million $*	Share of Total
Corn	1,416.3	26.7%	Pasta Products[a]	40.0	13.4%
Beef & Veal, Fresh-Chilled-Frozen	494.7	9.3%	Food Preparations	34.7	11.7%
Animal Feeds & Fodder	360.9	6.8%	Nonalcoholic Beverages	34.5	11.6%
Wheat	344.6	6.5%	Baked Products & Pastries	28.8	9.7%
Soybeans	311.9	5.9%	Fresh Pears	23.5	7.9%
Cattle Hides & Skins	224.0	4.2%	Fruit & Edible Plants, Preserved[b]	18.8	6.3%
Pork, Fresh-Chilled-Frozen	160.9	3.0%	Sauces & Condiments	13.7	4.6%
Cotton	157.6	3.0%	Photo Gelatin	9.2	3.1%
Food Preparations	116.4	2.2%	Soups & Broth	6.5	2.2%
Oranges	113.9	2.1%	Cereal Food Products	5.3	1.8%
Subtotal, Top 10	3,701.2	69.7%	**Subtotal, Top 10**	215.0	72.2%
All Other Agricultural Products	1,606.5	30.3%	All Other Agricultural Products	82.8	27.8%
Total	5,307.7	100.0%	**Total**	297.8	100.0%

Source: Derived by CRS from trade data available at USDA's FAS Global Agricultural Trade System Online.

a. Large portion likely is ramen noodles.

b. Likely edible foods.

U.S. agricultural imports from South Korea in 2010 were small—almost $300 million—consisting primarily of ethnic foods, and do not appear to compete directly with U.S. agricultural and processed-food products. South Korea ranked 37th as a source of U.S. agricultural imports.

Leading imports were pasta products, nonalcoholic beverages, fresh pears, food preparations, and various baked products (**Table 3**). In recent years, agricultural imports accounted for one-half of 1% of all U.S. merchandise imports from South Korea.

Agricultural Provisions

In 2009, South Korea's average applied tariff on agricultural imports was almost 49%. Average tariffs are highest for vegetable products (over 100%). Tariffs on pistachios and shelled walnuts are 30%, on pork either 22.5% or 25%, on poultry and egg products from 18% to 27%, on beef 40%, on oranges 50%. Also, Korea extensively uses tariff-rate quotas (TRQs) [12] with prohibitive

[12] A TRQ is a two-part tool used by countries to protect their more sensitive agricultural and food products, often while transitioning over time to free trade. The quota component provides for duty-free access of a specified quantity of a commodity, which in an FTA usually expands over time. Imports above this quota are subject to a prohibitive tariff that in an FTA frequently declines over time. At the end of a product's transition period to free trade under an FTA, both the quota and tariff no longer apply (unless an exception is agreed to), allowing for its unrestricted access to the (continued...)

over-quota tariffs to limit imports of oranges (50%), various dairy products (89% to 176%), potatoes (304%), onions (135%), non-malting barley (300% or 324%), corn starch (226%), and numerous other agricultural products.[13]

The KORUS FTA would eliminate tariffs and quotas on most agricultural products traded bilaterally. The United States would receive immediate duty-free access to Korea for almost two-thirds of current U.S. agricultural exports once it takes effect. This would apply, among other products, to wheat, corn, soybeans for crushing, whey for feed use, hides and skins, cotton, cherries, pistachios, almonds, orange juice, grape juice, and wine. Tariffs and import quotas on most other U.S. agricultural goods would be phased out within 10 years. However, longer transition periods would apply to Korea's more sensitive commodities. This means tariffs, quotas, and safeguards to protect against import surges would be phased out in various stages ranging up to 23 years. Tariffs on beef[14] and potatoes for chipping would be removed in 15 years, on fresh grapes in 17 years, on ginseng products and fresh pears in 20 years, and on fresh apples in 23 years. TRQs with long phase-out periods (10 to 18 years) would apply to other sensitive products as cheeses, butter, dairy-based infant foods, barley, whey for food use, animal feed supplements and hay, corn starch, and ginseng. However, seven U.S. agricultural products (skim and whole milk powders, evaporated milk, in-season oranges, potatoes for table use, honey, and identity-preserved soybeans for food use) would be subject to Korean TRQs that slowly expand in perpetuity. Shipments against these quotas would enter duty-free, but over-quota amounts would indefinitely face prohibitively-high tariffs. USDA notes that these TRQs ensure access for U.S. exporters that South Korea could have easily changed under its multilateral trade commitments. Also, because of the sensitivity of marketing during harvest, quotas and/or tariffs and phase-out schedules would vary, depending on the season of the year that U.S. oranges, table grapes, and potatoes for chipping enter Korea's market.[15]

Unique to this FTA, South Korea secured the right to specify the state entities and trade associations that would administer each TRQ under either an auction or licensing system. Safeguards (e.g., in the form of special add-on tariffs applied in case of import surges) would be triggered if imports from the United States of some sensitive agricultural products exceed specified levels. Korea succeeded in excluding rice and rice products from the agreement—its main objective in negotiating agricultural issues. This outcome reflected the prevailing view that rice is vital to maintaining, and inseparable from, Korea's national identity, and the political reality that rice farming preserves the basis for economic activity in the countryside. However,

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(...continued)

partner's market.

[13] WTO, Country Profiles, October 2010; and WTO, *Trade Policy Review – Report by the Secretariat – Republic of Korea*, September 3, 2008, p. 44.

[14] Though South Korea would completely phase out its 40% tariff on beef muscle meats in 15 years, a separate bilateral agreement on the terms of access for U.S. beef into Korea's market that addressed Korean food safety concerns was not concluded until June 2008 (see "Korea's Rules for U.S. Beef Imports").

[15] The agreement's agricultural provisions are summarized in USDA's "Fact Sheet: U.S.-Korea Trade Agreement," March 2011, available at http://www.fas.usda.gov/itp/KoreaTA/KORUS%20One-Page%20Fact%20Sheet%2003-11.pdf. A detailed description of the commodity-specific market access provisions (tariff reduction schedules, transition periods, TRQ amounts and growth rates, and safeguards) is found in USDA's fact sheet "U.S. - Korea Free Trade Agreement: Benefits for Agriculture," March 2011, available athttp://www.fas.usda.gov/itp/KoreaTA/ KORUS%20Detailed%20Fact%20Sheet%2003-11.pdf. Additional fact sheets on the agreement's commodity provisions and the impacts for agriculture in 45 states are available at http://www.fas.usda.gov/info/factsheets/Korea/ us-koreatafactsheets.asp.

the United States will continue to be able to sell rice under quotas created to meet South Korea's multilateral WTO commitments.

The late 2010 negotiations to address outstanding FTA issues resulted in only one change to the agreement's agricultural provisions. South Korea requested a concession involving U.S. pork in return for changes that USTR sought in the automobile and truck provisions. The United States accepted a two-year extension in the phasing out of Korea's tariff on the largest category of pork imports from the United States. As modified by the supplemental agreement, the KORUS FTA would phase out South Korea's 25% tariff on 90% of the U.S. pork (primarily frozen product) now shipped to that market by January 1, 2016. This is two years longer than what both sides had agreed to in the 2007 text (i.e., January 1, 2014).[16] This concession appears to largely maintain a competitive balance for U.S. pork exporters compared to what the EU secured for its pork sector in its FTA with South Korea scheduled to go into effect in mid-2011. The National Pork Producers Council acknowledged that even with this late change, the KORUS FTA is "good deal." It expects the agreement to "be one of the most lucrative for the U.S. pork industry," with a substantial increase projected in exports to South Korea, live hog prices, and direct jobs."[17]

Because U.S. agricultural imports from South Korea are small and largely complementary, there was little controversy in negotiating Korean access to the U.S. market. The United States agreed to phase out tariffs and quotas on all agricultural imports from South Korea in stages ranging up to 15 years. This longest period would apply to imports from Korea of beef, some dairy products, rice, and malt extract.

Geographical Indications for Dairy Products

The U.S. dairy sector has expressed concern that the geographical indications (GI) provisions that apply to various European cheeses in the FTA negotiated by South Korea with the European Union (KOREU FTA) would undercut the potential benefits negotiated under the KORUS FTA for U.S. cheeses with identical names that sell into the Korean market. GIs (similar to a trademark) refer to marks that "identify a good as originating in the territory of a country, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin."[18] To illustrate, "champagne" and "Idaho potatoes" are examples of GI designations. Products so designated are eligible for relief from acts of infringement and/or unfair competition under a country's trademark laws and regulations. Because GIs are commercially valuable in the international trade of agricultural products, wines, and spirits, the EU in negotiating its bilateral trade agreements has sought to secure additional protection for its GI-designated agricultural and beverage products in FTA-partner country markets beyond what multilateral trading rules currently provide.

More than 50 Members of the House requested the USTR to ensure that as South Korea develops regulations to implement the KOREU FTA's GI provisions, those rules "do not undercut the dairy market gains secured" in the KORUS FTA. They expressed concern that the U.S. dairy industry will not be able to increase cheese exports if the United States does not (1) "combat European

[16] South Korea's 22.5% tariff on other U.S. pork products (e.g., fresh pork bellies and miscellaneous fresh cuts) would be eliminated over 10 years as agreed to in 2007. It also secured a safeguard to protect against import surges from the United States of these fresh pork products, which would expire at the end of 10 years.

[17] NPPC, "U.S.-South Korea FTA Remains A Good Deal For U.S. Pork Producers," December 3, 2010.

[18] Uruguay Round Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), Article 22.1.

efforts to carve out the sole right for their producers to use … cheese names most familiar to consumers around the world (e.g., feta, gorgonzola, munster, parmesan, provolone)," and (2) act to safeguard against possible threats to the use of such generic terms as cheddar and mozzarella "that could arise as a result of recent EU legal precedents" to protect the names of some EU wines and spirits. USTR has held separate talks on this matter with South Korean officials, and reportedly is still working on a solution to address these concerns.[19]

A June 2011 exchange of letters between the USTR and Korea's trade ministry clarified that the use of generic terms used to identify types of cheeses (e.g., camembert, mozzarella, emmental, grana, parmesan, brie, cheddar) will not be restricted by the Korea-EU FTA. In other words, U.S. exporters will be able to sell these cheeses into the important Korean market. A U.S. trade official stated that the United States is satisfied with the clarifications provided by Korea's trade minister. U.S. milk and dairy product groups welcomed these assurances, noting that Korea already is one of the largest export markets for U.S. cheese.[20]

Potential Impact on U.S. Agricultural Trade

With the immediate elimination and phase out over time of much of South Korea's relatively high agricultural trade barriers under the KORUS FTA, the U.S. agricultural and food processing sectors would noticeably benefit from additional exports. The U.S. International Trade Commission (USITC) estimated that the increase in U.S. exports of agricultural commodities and processed foods would account for up to one-third of the entire projected increase in total U.S. merchandise exports to South Korea's market once the KORUS FTA's provisions are fully implemented. U.S. sales of agricultural products would be from $1.9 billion to $3.8 billion (44% to 89%) higher than exports under a no-agreement scenario. Almost half of this export increase would accrue to the U.S. beef sector, based on the USITC's assumption that U.S. beef exports recover to the 2003 level before South Korea imposed for human health reasons its restrictions on U.S. beef imports. About 20% of the export increase would benefit U.S. producers and exporters of pork, poultry, and other meat products.[21] The American Farm Bureau Federation (AFBF) projected that U.S. agricultural exports by the end of the transition period (2027) would be more than $1.5 billion (45%) higher under the KORUS FTA than would be the case otherwise. Sales of beef, poultry, and pork would account for $644 million (or 42%) of this increase.[22]

The wide disparity in projected U.S. agricultural export estimates under the KORUS FTA presented in these two analyses reflects the use of different methodologies and assumptions.[23]

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[19] Letter from Congressional Dairy Farmers Caucus to USTR Ron Kirk, September 27, 2010; "Dairy GI Issue Related To Korea FTA Still Unresolved Despite Auto Deal," *World Trade Online*, December 8, 2010.

[20] Letter from Korea's Trade Minister Jong-Hoon Kim to USTR Ron Kirk, June 20, 2011; "South Korea Clarifies GI Provisions in EU-Korea FTA to USTR Satisfaction," *Inside U.S. Trade*, June 24, 2011; U.S. Dairy Industry press release, "U.S. Rights to Export Variety of Cheeses to Korea Upheld," June 23, 2011, available at http://www.usdec.org/files/PressReleases/NMPFUSDECIDFA-U.S.RightstoExportVarietyofCheesestoKoreaUpheld.pdf.

[21] Derived by CRS from Table 2.2 in USITC, *U.S.-Korea Free Trade Agreement: Potential Economy-wide and Selected Sectoral Effects,* September 2007, pp. 2-8 and 2-9.

[22] Derived by CRS from American Farm Bureau Federation's (AFBF) *Implications of a South Korea-U.S. Free Trade Agreement on U.S. Agriculture*, July 2007, p. 17. To be consistent with the agricultural and food product categories used to derive the USITC's estimate, AFBF's exports of fish products are not included in the estimated increase in agricultural exports and agriculture's share stated above. The AFBF assumed the KORUS FTA would have taken effect in 2007 in developing its projections for 2027.

[23] For an explanation of these differences, see Appendix A in CRS Report RL34134, *Agriculture in U.S. Free Trade*
(continued...)

One major factor that accounts for the difference is that the AFBF projects that U.S. beef sales would be much lower than the USITC-estimated level.

Only the USITC looked at the impact of the KORUS FTA on U.S. agricultural imports. It projects that U.S. imports of primarily processed food products from South Korea would be from $52 million to $78 million (12% to 18%) higher than such imports under a no-agreement scenario.[24]

Competition in South Korea's Market

In 2010, U.S. sales accounted for 32% of South Korea's nearly $18 billion agricultural import market. The other major competitors in South Korea's commodity and food import market (China, Australia, the European Union, and Brazil) accounted for another 49% of this total. The EU-27's market share in recent years has averaged about 10% (**Figure 4**).

Of the seven FTAs that South Korea has entered into, the ones with Chile (2004) and the European Union (2011) are considered to be the more significant for U.S. agricultural interests. South Korea's FTA with the EU-27 (a competitor of the United States in some agricultural products) took effect on July 1, 2011. This is likely to give a slight competitive edge to EU exports of processed foods to this higher-income market.[25] South Korea is continuing to negotiate an FTA with Australia this year, another major agricultural and beef-exporting country.

Korea's Rules for U.S. Beef Imports

By the time that negotiators concluded the KORUS FTA on April 1, 2007, they had not reached a breakthrough on the separate but parallel issue of how to resolve differences on the terms of access for all U.S. beef in a way that would address Korea's human health concerns. In 2003, South Korea had been the third-largest market for U.S. beef exports. However, in late December 2003, Korea's government imposed an import ban after a Canadian-born cow was discovered to be infected with mad cow disease, or BSE (*bovine spongiform encephalopathy*), in Washington state.[26] Though the then-South Korean President stated in April 2007 that his government would soon recognize international scientific standards as they applied to U.S. beef, little movement occurred until after the Korean presidential elections later that year.

(...continued)

Agreements: Trade with Current and Prospective Partners, Impact, and Issues, by Remy Jurenas.

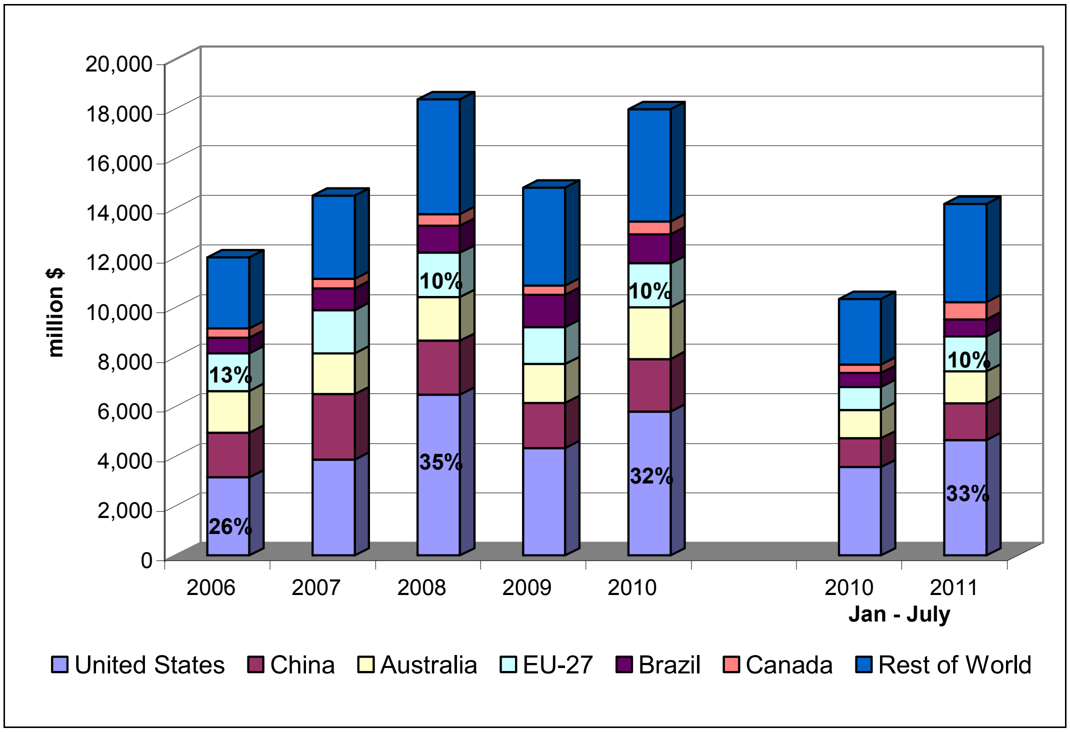
[24] This range is derived by CRS using the USITC report referenced in footnote 21, pp. 2-8 and 2-9.

[25] For more on this agreement's agricultural provisions, see CRS Report R41534, *The EU-South Korea Free Trade Agreement and Its Implications for the United States*, by William H. Cooper et al.

[26] BSE is a fatal, neurodegenerative disease of cattle thought to arise from the consumption of animal-derived protein supplements added to feed. Scientists believe that this disease can be transmitted to humans who eat the brain, spinal cord, or other high-risk tissues of BSE-infected cattle, which causes a variant form of Creutzfeldt-Jakob disease (vCJD). This is a very rare and incurable degenerative neurological disorder (brain disease) that is ultimately fatal. Since then, there have been only two other discoveries of BSE in cattle in the United States—in June 2005, in a U.S.-born cow on a Texas farm, and in March 2006, in another U.S-born cow in Alabama. To date, no persons have been reported to have contracted vCJD in the United States.

Figure 4. South Korea's Agricultural Imports, by Origin

Comparison of U.S. to EU-27 Market Shares



Source: Derived by CRS from Global Trade Atlas

Talks on resolving this outstanding issue concluded just before newly-elected South Korean President Lee met with President Bush at Camp David on April 18, 2008. Earlier that day, U.S. and Korean negotiators reached a "protocol" on the rules that Korea will apply to beef imports from the United States. It allows for imports of all cuts of U.S. boneless and bone-in beef and other beef products from cattle, *irrespective of age*, as long as specified risk materials known to transmit mad cow disease are removed and other conditions are met. However, candlelight vigils held by thousands protesting this agreement, calls by opposition parties that these terms be renegotiated, and President Lee's apologies for how his government mishandled this matter, prompted the Korean government to secure additional changes to allay public concerns about the safety of U.S. beef. Subsequent difficult negotiations led to the announcement of a "voluntary private sector arrangement" on June 21, 2008, that limits sales to U.S. beef only from cattle *less than 30 months old*. Both countries view this as a transitional step intended to improve Korean consumer confidence in U.S. beef.

U.S. beef exporters have since worked to recapture this key overseas market. Exports of U.S. beef (including bone-in cuts) to South Korea resumed in mid-July 2008, and by year-end reached almost $300 million, more than one-third of the record 2003 sales level. In 2009, with the decline in beef sales worldwide due to the economic recession, U.S. beef sales to Korea fell to $216 million. For 2010, sales rebounded substantially to $518 million. Through July 2011, beef exports are 48% higher than in the same period last year ($431 million compared to $291 million). Though Australia is the main competitor, U.S. beef exporters have gained noticeable market share since the Korean market reopened. The U.S. share (in quantity terms) rose from 15% in 2008, to 26% in 2009, 32% in 2010, and 37% in the January–July 2011 period (compared to 69% in 2003). Promotional efforts to rebuild consumer confidence in U.S. beef, aggressive marketing efforts by large store chains, and much lower retail prices for foreign than for Korean beef, account for the continued growth in U.S. beef sales in Korea.

Beef Not Addressed in Resolving Outstanding Issues

In the negotiations concluded on December 3, 2010, the beef issue received little discussion as both sides focused on revising the auto provisions. President Obama, in discussing the supplemental agreement, indicated that the United States will continue to work toward "ensuring full access for U.S. beef to the Korean market."[27]

Memories of the size and intensity of the 2008 anti-beef agreement protests in South Korea appear to have directly influenced the position taken on the beef issue by Korean negotiators. Reflecting this political sensitivity, they reportedly rejected any discussion on this matter in the negotiations held in early November leading up to the summit between Presidents Obama and Lee and in the final talks leading to the supplemental agreement. Their position was that this issue "did not fall under" the FTA concluded in 2007. Soon after, South Korea's trade minister confirmed that there will be no more discussions on ending the age limits of U.S. cattle slaughtered for exported beef. This stance was affirmed by its ambassador to Washington in late January 2011.[28]

Congressional Responses to Outcome

Congressional reaction to the outcome of the beef issue was mixed. Senator Baucus (chairman of the Senate Finance Committee), who has advocated for full access for U.S. beef irrespective of the age of cattle in accordance with international scientific standards, expressed "deep disappointment" that the supplemental deal "fails to address Korea's significant barriers to American beef exports." He stated his commitment to "right this wrong" and to work with the Administration to ensure that ranchers "are not left behind." Baucus said he will not support the KORUS FTA until South Korea opens up its beef market. A few other Senators, though concerned with the lack of progress on beef, viewed the deal positively and welcomed the prospect for considering the KORUS FTA in 2011.[29] Meat industry groups called for its quick consideration, stating that over time the FTA will significantly increase their exports to South Korea. Beef interests called for continued efforts to secure full market access.[30]

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[27] White House, Office of the Secretary, "Remarks by the President at the Announcement of a U.S.-Korea Free Trade Agreement," December 4, 2010.

[28] *Inside U.S. Trade*, "Korean Negotiators Refused To Engage On Beef Issue In Seoul," November 19, 2010; *Washington Trade Daily*, "The KorUS Supplemental Agreement," December 6, 2010, p. 3; *Washington Post*, Political Economy Blog, "Obama, Lee outlined U.S.-Korea trade deal in Seoul, official says," December 6, 2010; Bloomberg, "South Korea's Kim Rules Out Negotiations on U.S. Beef Imports," December 6, 2010; *Inside U.S. Trade*, "Baucus to Oppose Korea FTA Unless More Progress Made on Beef Issue," December 10, 2010, p. 3; *International Trade Daily*, "Korea Has No Plans to Discuss Beef Prior to Action on FTA, Ambassador Says," February 1, 2011.

[29] Senate Finance Committee, "Baucus Deeply Disappointed With Announcement on Korea Trade Deal, Commits to Keep Fighting for American Ranchers," December 3, 2010; Senate Agriculture Committee, "Sen. Chambliss Statement on U.S.-South Korea Free Trade Agreement," December 3, 2010; Senator Grassley, "Conference Call with Farm Broadcasters," December 7, 2010; *Washington Post*, "Senator's objection may slow trade pact," February 3, 2011, p. A4.

[30] Meatingplace.com, "U.S.-Korea FTA deal leaves beef unchanged, phases out tariffs," December 6, 2010; Ibid., National Cattlemen's Beef Association; American Meat Institute, "AMI Statement on Finalized U.S. Free Trade Agreement with South Korea," December 3, 2010.

For background, see CRS Report RL34528, *U.S.-South Korea Beef Dispute: Issues and Status*.

Administration's Subsequent Commitment

Seeking to move closer toward submitting the KORUS FTA to Congress for consideration, the USTR on May 4, 2011, announced two measures to be taken on the U.S. beef access issue. In a letter to Senator Baucus, the Administration committed to request consultations with South Korea on the "full implementation" of the protocol (e.g., opening Korea's market "to all ages and all cuts of U.S. beef") as soon as this trade agreement takes effect. The letter referenced one specific provision stipulating that bilateral consultations on the interpretation or application of the protocol's terms "shall be held within seven days" of a request. On the same day, USDA announced a $1 million award to the U.S. Meat Export Federation (USMEF) to be used this year to promote U.S. beef sales in South Korea, and its intent to consider future funding requests from the USMEF to implement its planned five-year market beef promotion strategy in this key market. Senator Baucus welcomed both steps, stating he will support the KORUS FTA and will work with the Administration on a package of trade measures that includes all three FTAs and renewing trade adjustment assistance and trade preference programs.

For additional information, see CRS Report RL34330, *The Proposed U.S.-South Korea Free Trade Agreement (KORUS FTA): Provisions and Implications*.

Colombia

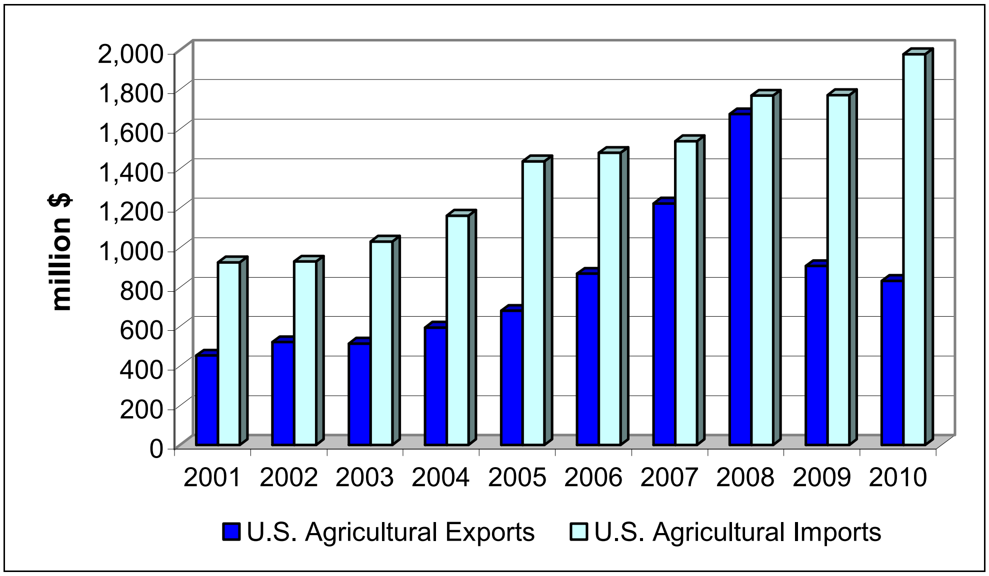
Although U.S.-Colombian negotiators announced on February 27, 2006, that they had concluded an FTA, remaining differences over two agricultural market access issues took another four months (until July 8, 2006) to resolve. Further, the signing ceremony for the U.S.-Colombia Free Trade Agreement (CFTA) was not scheduled until Colombia took steps to fulfill a separate commitment to allow, by no later than October 31, 2006, the entry of U.S. beef imports (see "SPS Side Letter," below). The CFTA was formally signed on November 22, 2006. Colombia's legislature completed the approval process for the CFTA on October 30, 2007. Under U.S. trade promotion authority, President Obama on October 3, 2011, submitted implementing legislation (introduced as H.R. 3078 and S. 1641) together with the CFTA text and other required documents to Congress for consideration. The House Ways and Means Committee favorably reported (on a 24-12 vote) its bill on October 5. The House is expected to consider this measure in mid-October along with the bills to implement the other two pending FTAs. The Senate is expected to consider this measure soon thereafter.

Overview of Agricultural Trade

Colombia is the fourth-largest market for U.S. farm products in Latin America after Mexico, Venezuela, and the Dominican Republic. It ranked as the 25th largest market for U.S. agriculture in 2010. In 2010, U.S. agricultural exports ($832 million) were half of the level recorded in 2008, when commodity and food shipments to Colombia peaked at almost $1.7 billion (**Figure 5**). Much of the decline is due to increased competition from Argentina and Brazil under preferential trade terms in a few commodities that the United States in prior years had exported to Colombia (see "Competition in Colombia's Market," below). The top U.S. agricultural commodities shipped to Colombia in 2010 were wheat, corn, cotton, soybeans, and food preparations (**Table 4**). Agriculture's share of all U.S. merchandise exports to Colombia stood at just above 7%, down from 13% in 2001.

U.S. agricultural imports from Colombia in 2010 reached almost $2.0 billion, ranking Colombia 12th as a supplier of U.S. agricultural imports (**Figure 5**). Leading imports were coffee beans, roses, bananas, cut flowers, and chrysanthemums (**Table 4**). In 2010, agricultural imports accounted for almost 13% of total U.S. merchandise imports from Colombia, down from 16% in 2001.

Figure 5. U.S. Agricultural Trade with Colombia



Source: USDA, FAS, Global Agricultural Trade System Online.

Agricultural Provisions

Currently, no U.S. agricultural export has duty-free access to Colombia's market. Applied tariffs on agricultural imports range from 5% to 20%, but under WTO rules, Colombia could raise these to bound levels that range from 15% to 388%.[31] The CFTA would eliminate tariffs and quotas on all agricultural products traded bilaterally (except for sugar) and establish long transition periods for the more sensitive commodities. The United States would secure immediate duty-free access to Colombia for more than one-half of its current exports by value. This would apply to high-quality beef, bacon, cotton, wheat, soybeans, soybean meal; apples, pears, peaches, and cherries; and frozen french fries and cookies, among other food products. Also, Colombia agreed to immediately eliminate price bands for some 150 products—a mechanism that added fees onto existing tariffs that fluctuated depending upon world prices. This effectively had resulted in a higher level of border protection than would usually be the case.[32] Colombia's tariffs on most

[31] A bound tariff represents the maximum tariff that a country can impose on imports of a particular product, and reflects the outcome of the last set of WTO multilateral negotiations concluded in 1993. Bound rates are incorporated as an integral component of each country's schedule of concessions or commitments to other WTO country members. However, a country can decide to impose a lower, or applied, tariff rate on imports of this particular agricultural commodity (i.e., because of changing supply or demand factors). Just as easily, though, it has the right to increase an applied tariff back up to the bound rate, which could adversely affect trade flows.

[32] Price bands serve to insulate producers and processors from trade competition when the world price for any commodity falls below a calculated reference price (e.g., a price target comparable to a commodity support level). The domestic sector is protected by a variable fee imposed on the imported commodity, which when added to the lower world price or a selected international reference price, raises the importer's cost to this adjusted import price. This fee (continued...)

other farm and food products imported from the United States would be phased out in periods ranging from 3 to 15 years. For its most sensitive commodities (including those subject to price bands), Colombia would eliminate quotas and over-quota tariffs for corn and other feed grains in 12 years, for dairy products in 15 years, for chicken leg quarters in 18 years, and for rice in 19 years. Both countries would also commit to consult and review the implementation and operation of provisions on trade in chicken about midway through the long transition period.[33]

Table 4. Composition of Agricultural Trade with Colombia, 2010

Leading U.S. Exports			Leading U.S. Imports		
Product	**Value** *million $*	**Share of Total**	**Product**	**Value** *million $*	**Share of Total**
Wheat	164.2	19.7%	Coffee Beans[a]	808.7	40.9%
Corn	117.6	14.1%	Fresh Roses	239.4	12.1%
Cotton	100.3	12.1%	Fresh Bananas	223.1	11.3%
Soybeans	70.7	8.5%	Fresh Cut Flowers	149.3	7.5%
Food Preparations	46.8	5.6%	Fresh Chrysanthemums	97.0	4.9%
Corn Gluten Meal	37.0	4.4%	Instant Coffee	94.1	4.8%
Chicken Meat[b]	20.9	2.5%	Carnations, Fresh	61.8	3.1%
Animal Feeds	20.1	2.4%	Plantains, Fresh	41.3	2.1%
Soybean Oil	17.5	2.1%	Sugar Confectionery	31.2	1.6%
Pork, Fresh-Chilled-Frozen	15.6	1.9%	Sugar[c]	30.5	1.5%
Subtotal, Top 10	610.7	73.4%	**Subtotal, Top 10**	1,776.4	89.8%
All Other Agricultural Products	221.5	26.6%	All Other Agricultural Products	202.0	10.2%
Total	832.2	100.0%	**Total**	1,978.4	100.0%

Source: Derived by CRS from trade data available at USDA's FAS Global Agricultural Trade System Online.

a. Primarily unroasted.

b. Frozen and processed.

c. Primarily raw cane sugar.

(...continued)

can fluctuate, depending on changes in the reference price (adjusted for freight, insurance, and other factors) to equal this pre-determined minimum import price. Under the CFTA, Colombia would convert the level of border protection that their price bands provide into a relatively high over-quota tariff—frequently the product's bound rate—which would then be reduced to zero during a specified transition period.

[33] The CFTA's agricultural provisions are summarized in USDA, FAS, "U.S.-Colombia: Trade Promotion Agreement," May 2011, available athttp://www.fas.usda.gov/info/factsheets/Colombia/Colombia%20TPA%20One-Page%20Fact%20Sheet%2005-12-11.pdf. For a detailed description, see USDA "U.S.- Colombia Trade Promotion Agreement: Benefits for Agriculture," May 2011, available athttp://www.fas.usda.gov/info/factsheets/Colombia/Colombia%20TPA%20Detailed%20Fact%20Sheet%2005-12-11.pdf. Fact sheets on the CFTA's impacts for major agricultural commodities in 45 states are available at http://www.fas.usda.gov/info/factsheets/Colombia/us-ColombiaTPAfactsheets.asp.

Almost all of Colombia's agricultural exports to the United States would continue to benefit from current duty free access under the Andean Trade Preferences Act,[34] which the CFTA would make permanent. Of those commodities subject to U.S. quota protection, much attention focused on the amount of additional sugar that would be allowed access to the U.S. market. Additional sugar would be allowed entry into the United States under a preferential quota that would be in addition to Colombia's current access for sugar under an existing U.S. multilateral trade commitment. Under the CFTA, the United States would triple Colombia's access to the U.S. sugar market—from its historic 2.3% share of the U.S. raw cane sugar TRQ (25,273 MT)—by an additional 50,000 MT of sugar and specified sugar products in the first year. This new quota would expand in perpetuity each year by 750 MT (1.5%) starting in year 2, while the current high U.S. tariff on over-quota sugar entries would be applied indefinitely.[35] The CFTA also includes a sugar compensation provision designed to protect the operation of the U.S. sugar program. Crafted so that if the United States exercised its sole discretion to activate this mechanism, the U.S. Government would commit to compensate Colombia for sugar that its exporters would not be allowed to ship under the CFTA's preferential access provision. In addition, preferential TRQs would be established for imports from Colombia of beef, specified dairy products, and tobacco. These would expand slowly until phased out in 10, 11, or 15 years.

SPS Side Letter

Thought to have been resolved at the time negotiators concluded the CFTA, the separate SPS issue dealing with the terms of access under which U.S. beef and beef products would be allowed to enter Colombia was not resolved until later. The Colombian government in a second exchange of letters on August 21, 2006, committed to permit such imports of cattle over 30 months old by no later than October 31, 2006.[36] In turn, on August 24, President Bush notified Congress of his intent to enter into an FTA with Colombia. Once Colombia issued regulations to fulfill its beef import pledge on October 27, the White House agreed to set November 22, 2006, as a date for the FTA's formal signing.

Though an FTA normally is not used as the mechanism to address the substance of SPS issues, this timeline illustrates how U.S. negotiators exercised leverage to achieve a desired outcome for the domestic beef sector. This likely reflected the Bush Administration's recognition that such efforts were essential to gain support from an agricultural group that may be vital to secure the agreement's approval by Congress.

Potential Impact on U.S. Agricultural Trade

Because Colombia protects its agricultural sector with high tariffs and import quotas, two analyses project that their elimination over time under the CFTA would benefit the U.S.

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[34] This trade preference program extends special duty treatment to certain U.S. imports that meet domestic content and other requirements from designated countries in the Andean region. Its purpose is to promote economic growth in the Andean region and to encourage a shift away from dependence on illegal drugs by supporting legitimate economic activities. Congress in late 2010 extended ATPA benefits for Colombia through February 12, 2011 (P.L. 111-344). For additional information, see CRS Report RS22548, *ATPA Renewal: Background and Issues*, by M. Angeles Villarreal.

[36] Colombia, among many other countries in late 2003, imposed a ban on the import of U.S. beef following the discovery of a cow with *bovine spongiform encephalopathy* (BSE), or mad cow disease, in Washington state. To restore beef trade export flows, the U.S. government has pressed trading partners to recognize the U.S. measures taken to address the BSE measures as conforming with internationally recognized scientific guidelines governing meat trade.

agricultural sector. The U.S. International Trade Commission (USITC) estimated that U.S. agricultural exports to Colombia would be $170 million, or 24% higher, with full implementation of these provisions, compared to a baseline scenario of no policy change. Gains for U.S. agriculture would accrue primarily to the corn, wheat, rice, and soybean sectors. The USITC also projects that sales of beef, pork, and processed foods would increase. Agricultural exports alone would account for 16% of the projected increase in all U.S. merchandise exports to Colombia under this FTA.[37] Separately, the American Farm Bureau Federation (AFBF) estimated that U.S. agricultural exports to Colombia would be $693 million higher in 2026 when the FTA is fully implemented than would occur otherwise. The AFBF study similarly expects that most of the additional exports would be of U.S. corn, wheat, and soybean products.[38] The wide disparity in estimates presented in these two analyses reflects the use of different methodologies and assumptions to estimate the projected change in future U.S. agricultural exports under this trade agreement.[39]

Only the USITC study considered the CFTA's impact on U.S. agricultural imports. It estimated that such imports would be $223 million, or 11% higher, than under the no-agreement scenario. Additional imports of sugar would account for almost half of the estimated increase in farm product import value. The increased access for Colombian sugar and sugar-containing products to the U.S. market are likely to have only a minor effect on U.S. imports and production, according to the USITC's analysis. Cut flower imports from Colombia could increase if permanent duty-free access stimulates investment in the country's flower sector and diverts trade away from other flower-exporting countries in South America.[40] Agricultural imports from Colombia would account for 46% of the increase in total U.S. merchandise imports from Colombia under this FTA.

Competition in Colombia's Market

In 2010, U.S. agricultural products accounted for 21% of Colombia's $4 billion agricultural import market, compared to a 46% share in 2008. Agricultural imports from other major competitors in this market (Argentina and Brazil, as members of the Mercosur trading bloc; Ecuador, Bolivia, and Peru, which constitute the Andean Community) accounted for another 53% of this total. For comparison, these countries' share in 2008 was 32% (**Figure 6**).

Of the five FTAs that Colombia now has in effect, the most significant in terms of competition for U.S. agricultural interests are (1) the trade agreement with the three other full members of the Andean Community (Bolivia, Ecuador, and Peru), and (2) the preferential trade terms granted by the Andean Community (of which Colombia is a member) to Argentina and Brazil under its framework agreement with these Mercosur countries. Under the latter, both countries in 2009 and 2010 significantly increased their exports of soybean oil, soymeal, and corn to Colombia. This

[37] Derived by CRS from Table 2.4 in USITC, *U.S.-Colombia Trade Promotion Agreement: Potential Economy-wide and Selected Sectoral Effects*, Publication 3896, December 2006, p. 2-11.

[38] AFBF, *Implications of a Colombia Trade Promotion Agreement on U.S. Agriculture*, October 2006, p. 17. The AFBF assumed the CFTA would have taken effect in 2007.

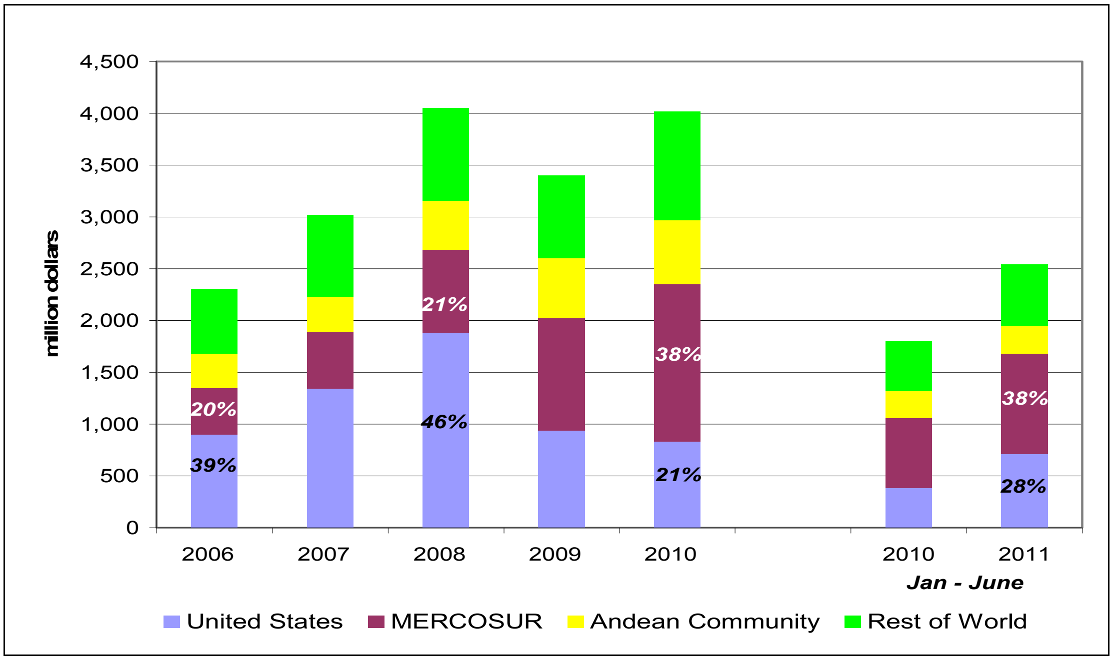
[39] For an explanation, see Appendix A in CRS Report RL34134, *Agriculture in U.S. Free Trade Agreements: Trade with Current and Prospective Partners, Impact, and Issues*, by Remy Jurenas.

[40] USITC, *U.S.-Colombia Trade Promotion Agreement: Potential Economy-wide and Selected Sectoral Effects,* Publication 3896, December 2006, pp. 3-1 to 3-3.

resulted in U.S. exporters seeing their share of that country's agricultural import market cut by more than half (**Figure 6**).

Figure 6. Colombia's Agricultural Imports, by Major Trading Bloc

Comparison of U.S. to MERCOSUR Market Shares



Source: Derived by CRS from Global Trade Atlas

Notes: MERCOSUR—Argentina, Brazil, Paraguay, and Uruguay.

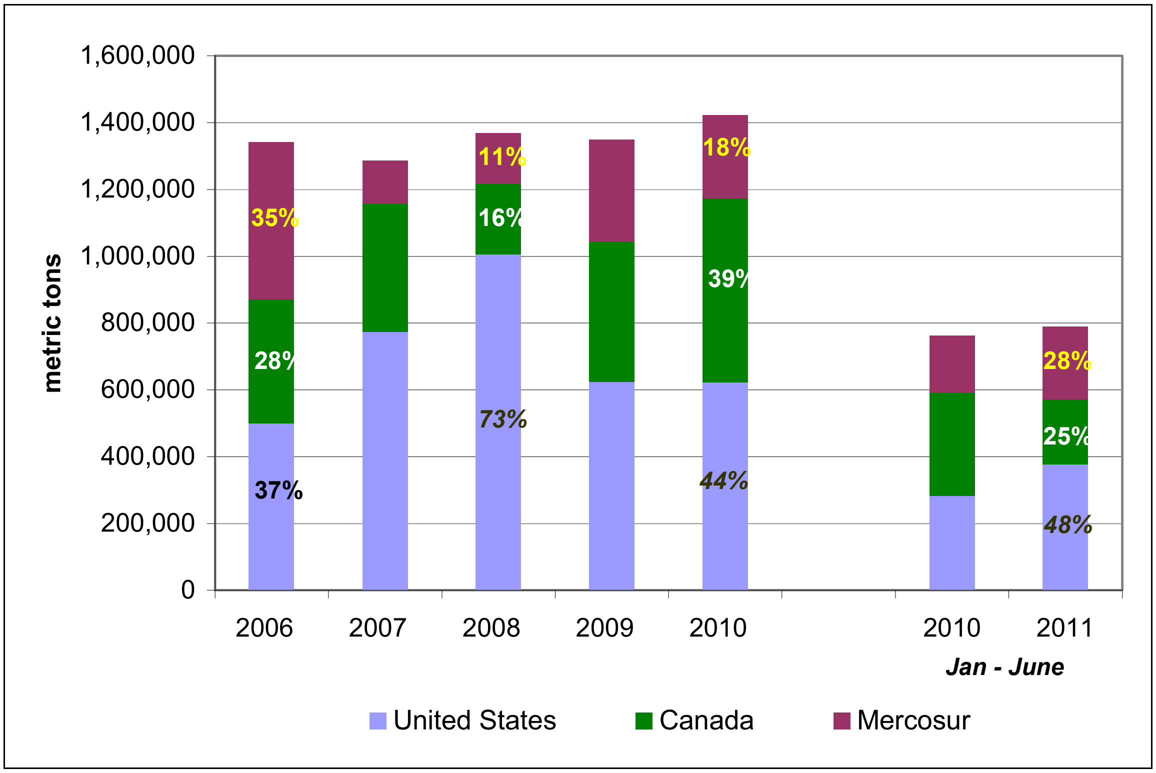
Andean Community—Bolivia, Ecuador, and Peru. Colombia also is a member of this customs union.

Colombia's FTA with Canada, a wheat exporting competitor, took effect on August 15, 2011. Concerned with the prospect that Colombia's 13% tariff would be immediately eliminated on wheat imports from Canada, U.S. wheat interests had urged Congress to move quickly to enable them to retain their competitive position in that market. In 2008, U.S. wheat accounted for 73% of Colombia's total wheat imports, but it declined to a 44% share in 2010 due to significant inroads made by wheat imported from Canada and the Mercosur countries. Over this three-year period, Canada's wheat market share more than doubled from 16% to 39% (**Figure 7**). Contributing to U.S. wheat's concerns was the announcement made earlier in 2011 by Nutresa, a large food processor accounting for half of Colombia's wheat imports, that it will begin to source its wheat from Canada rather than the United States to take advantage of the eliminated tariff.[41]

[41] USDA, Foreign Agricultural Service (FAS), "Colombia: U.S. Loses Largest Food Company's Wheat Business," April 5, 2011.

Figure 7. Colombia's Wheat Imports

Comparison of Changes in Market Shares In Recent Years



Source: Derived by CRS from Global Trade Atlas

Note: MERCOSUR—Argentina, Brazil, Paraguay, and Uruguay

Two factors possibly account for the increase in U.S. wheat exports and a larger market share (48%) in the first half of 2011 compared to the same period in 2010 (**Figure 7**). Though Canadian wheat exports no longer faced the 13% tariff, Colombian buyers appeared to take into account the value of the Canadian dollar compared to the U.S. dollar in deciding from which origin to purchase. The U.S. dollar until recently was valued lower than its Canadian counterpart. This likely gave U.S. wheat exporters an edge in sales. This exchange rate advantage may have also been helped by Colombia's decision to nearly eliminate its wheat tariff earlier this year in order to meet the needs of the domestic milling industry.[42]

U.S. corn exporters have experienced an even more dramatic decline in market share in recent years. Because corn from Argentina and Brazil imported into Colombia has benefited from a declining tariff, Mercosur's share of Colombia's corn imports was four times larger in 2010 than in 2008 (79% versus 19%). Over this three-year period, the U.S. market share fell from 80% to 20% as a result of this switch in suppliers (**Figure 8**). This trend has continued into 2011. Though high international corn prices prompted the Colombian government to reduce its border protection earlier this year (from 15% to 5%), the duty preference applied to corn imported from Mercosur countries means a lower 2% tariff is in effect.[43] The advantage would shift to the United

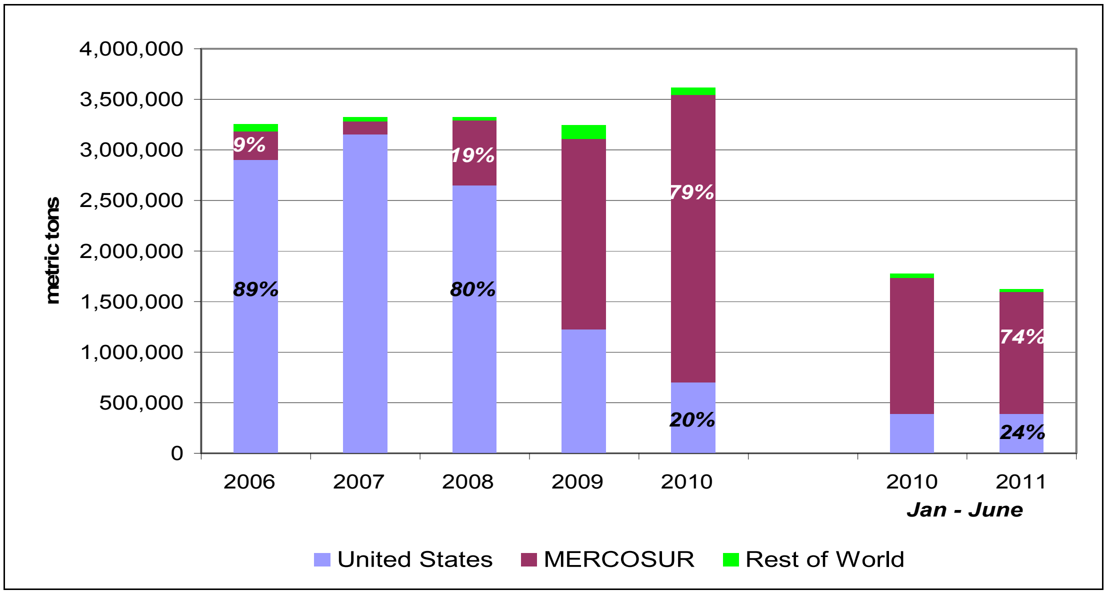
[42] USDA, FAS, "Colombia: Grain and Feed Annual – U.S. Grains Losing Market Share in Massive Proportions," March 15, 2011, p. 8.

[43] Ibid., pp. 6-7.

States if Congress were to approve the Colombia FTA, according to supporters. Its terms call for Colombia to create two duty-free quotas for U.S. corn (2.1 million metric tons (MT) for yellow, 136,500 MT for corn, with each expanding by 5% each year). Colombia would also phase out over-quota tariffs of 25% and 20%, respectively, over 12 years.

Figure 8. Colombia's Corn Imports, by Leading Supplier

Comparison of U.S. to MERCOSUR Market Shares



Source: Derived by CRS from Global Trade Atlas

Note: MERCOSUR—Argentina, Brazil, Paraguay, and Uruguay

For additional information, see CRS Report RL34470, *Proposed U.S.-Colombia Free Trade Agreement: Background and Issues*; and CRS Report RL34759, *Proposed U.S.-Colombia Free Trade Agreement: Labor Issues*. For background on Colombia and its political situation, see CRS Report RL32250, *Colombia: Issues for Congress*.

Panama

On December 19, 2006, after almost a year-long hiatus, U.S. and Panamanian negotiators reached agreement on a comprehensive FTA that includes market access provisions for exports of interest to U.S. agriculture. Though separate from this trade agreement, both governments on the next day also signed an agreement detailing how SPS measures and technical standards will be applied to bilateral agricultural trade (see "Sanitary and Phytosanitary Agreement," below.) With these near-simultaneous developments, both sides resolved outstanding differences over Panama's earlier unwillingness to accept the equivalency of the U.S. meat inspection system[44] and achieved a balance in bilateral market access for sensitive agricultural products (sugar for the United States;

[44] The FTA talks collapsed in January 2006, when Panama's Agriculture Minister resigned, stating that the U.S. Trade Representative's request that the trade agreement include a side letter accepting the U.S. Department of Agriculture's safety certification would lower the country's food and health standards and increase the risk of introducing animal diseases. Subsequently, Panama's government changed its position and agreed to sign this separate SPS agreement.

rice, onions, and potatoes for Panama). Both countries signed the U.S.-Panama Trade Promotion Agreement (PTPA) on June 28, 2007. Panama's legislature ratified the PTPA on July 11, 2007. Under U.S. trade promotion authority, President Obama on October 3, 2011, submitted implementing legislation (introduced as H.R. 3079 and S. 1643) together with the PTPA text and other required documents to Congress for consideration. The House Ways and Means Committee favorably reported (on a 32-3 vote) its bill on October 5. The House is expected to consider this measure in mid-October along with the bills to implement the other two pending FTAs. The Senate is expected to consider this measure soon thereafter.

Overview of Agricultural Trade

The United States runs a strong positive agricultural trade balance with Panama. In 2010, Panama ranked 40th as an overseas market for U.S. farm products, with U.S. agricultural exports totaling $445 million. Exports rebounded 23% in 2010 over 2009, as shipments recovered from the worldwide economic recession (**Figure 9**). Leading U.S. exports were corn, soybean meal, wheat, rice, and food preparations (**Table 5**). Though U.S. agricultural exports increased noticeably in recent years, agriculture's share of all U.S. merchandise exports to Panama fell to 8% in 2010 from just over 14% in 2010.

U.S. sales accounted for 46% of Panama's over $1 billion agricultural import market in 2010. Imports from major country competitors (Costa Rica, the European Union, Guatemala, and Mexico) accounted for another 26% of this total.

In 2010, U.S. agricultural imports from Panama totaled $53 million. This placed Panama 67th as a supplier of commodities and food products to the United States. Leading imports were raw cane sugar, bananas, pineapple, coffee, nonalcoholic beverages, and pumpkins/squash (**Table 5**). Agricultural imports in 2010 accounted for 14% of total U.S. merchandise imports from Panama, down from 17% in 2001.

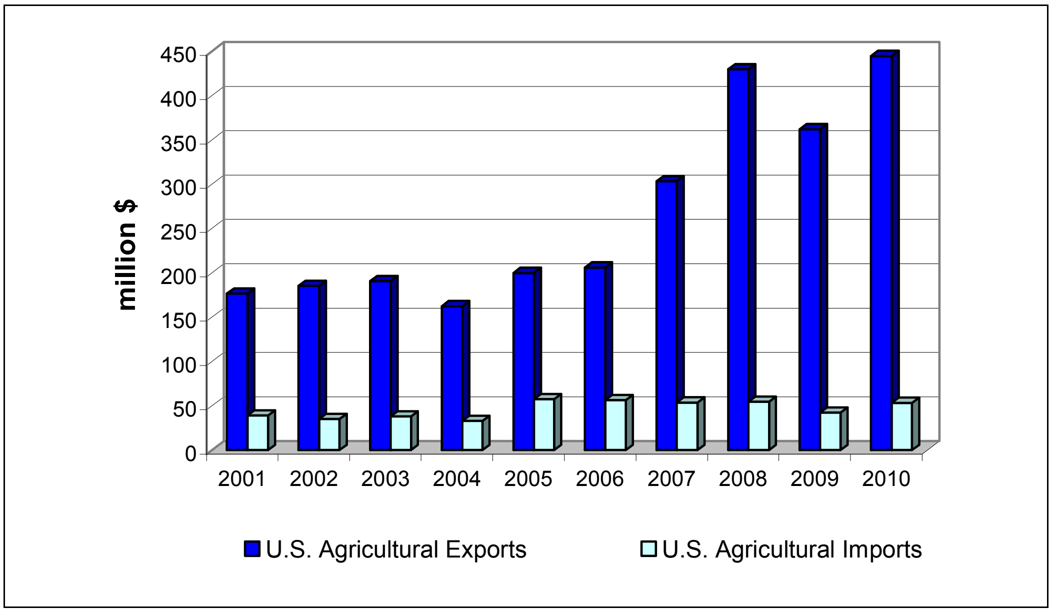
Agricultural Provisions

Currently, less than 40% of U.S. agricultural exports have duty-free access to Panama's market. Other agricultural products face an average 15% tariff, but some key products are subject to much higher rates. Tariffs on meat can reach as high as 70%, and on grain up to 90%. U.S. chicken leg quarters face a 260% tariff. Under the PTPA, almost two-thirds of present U.S. farm exports to Panama would receive immediate duty-free treatment, according to the U.S. Department of Agriculture (USDA).[45] This would apply to sales of high-quality beef, mechanically de-boned chicken, frozen whole turkeys and turkey breasts, pork variety meats, whey, soybeans and soybean meal, crude vegetable oils, cotton, wheat, barley, most fresh fruits (including apples, pears, and cherries), almonds, walnuts, many processed food products (including soups and chocolate confectionery), distilled spirits, wine, and pet food. Panama agreed to establish preferential tariff-rate quotas (TRQs) for U.S. pork, chicken leg quarters, specified dairy products, corn, rice, refined corn oil, dried beans, frozen french fries, fresh potatoes, and tomato paste. Quotas for these import-sensitive commodities would be phased out in 5 to 20 years. The longest transition period (20 years) would apply to rice, Panama's most sensitive agricultural

[45] USDA, FAS, Fact Sheet summarizing the PTPA's agricultural provisions, May 2011, available at http://www.fas.usda.gov/info/factsheets/Panama/Panama%20TPA%20One-Page%20Fact%20Sheet%2005-11-11.pdf.

commodity. However, Panama agreed to increase tariff-free access for U.S. rice if needed to cover a shortfall in domestic output. Border protection on U.S. chicken leg quarters would end in year 18. Quotas to be created for fresh onions and fresh potatoes would expand slowly in perpetuity; high tariffs would apply to imports that exceed quota amounts.[46]

Figure 9. U.S. Agricultural Trade with Panama



Source: U.S. Department of Agriculture (USDA), Foreign Agricultural Service (FAS), Global Agricultural Trade System Online.

[46] A more detailed description of commodity-specific market access provisions (transition periods, TRQ amounts and growth rates, and safeguards) is found in the USDA fact sheet "U.S.-Panama Trade Promotion Agreement: Benefits for Agriculture," April 2011, available at http://www.fas.usda.gov/info/factsheets/Panama/Panama%20TPA%20Detailed%20Fact%20Sheet%2004-07-11.pdf. Fact sheets on the PTPA's impacts for major agricultural commodities in 45 states are available at http://www.fas.usda.gov/info/factsheets/Panama/us-PanamaTPAfactsheets.asp.

Table 5. Composition of Agricultural Trade with Panama, 2010

Leading U.S. Exports			Leading U.S. Imports		
Product	**Value** *million $*	**Share of Total**	**Product**	**Value** *million $*	**Share of Total**
Corn	69.5	15.6%	Raw Cane Sugar	17.9	33.5%
Soybean Meal	57.5	12.9%	Bananas	10.8	20.2%
Wheat	36.6	8.2%	Pineapples	8.1	15.2%
Rice	36.2	8.1%	Coffee[a]	7.8	14.6%
Food Preparations	29.4	6.6%	Beverages, Nonalcoholic	1.9	3.6%
Chocolate & Cocoa-Containing Products	22.9	5.2%	Pumpkins & Squash	1.9	3.6%
Beer	11.4	2.6%	Bakery/Snack Products	1.6	2.9%
Snack Foods	10.5	2.4%	Rum & Tafia	1.4	2.7%
Fresh Fruit[b]	10.4	2.3%	Plaintains	1.0	1.8%
Turkey Meat	7.8	1.7%	Melons & Watermelons	0.5	1.0%
Subtotal, Top 10	292.1	65.7%	**Subtotal, Top 10**	52.8	99.0%
All Other Agricultural Products	152.4	34.3%	All Other Agricultural Products	0.6	1.0%
Total	444.5	100.0%	**Total**	53.4	100.0%

Source: Derived by CRS from trade data available at USDA's FAS Global Agricultural Trade System Online.

a. Primarily unroasted.

b. Primarily fresh grapes (40%), fresh apples (37%), and fresh pears (12%).

Almost all of Panama's agricultural exports to the United States already enter duty free under the Caribbean Basin Initiative trade preference program. Of U.S. commodities subject to quota protection, much attention focused on the additional market access granted to sugar from Panama. Additional sugar would be allowed entry into the U.S. market under preferential quotas that would be in addition to Panama's access for sugar under an existing U.S. multilateral trade commitment. For 30 years, Panama has had a minimum 2.7% share (30,540 metric tons (MT)) of the U.S. raw cane TRQ under U.S. WTO commitments. Under the PTPA, three new preferential quotas for sugar and sugar-containing products would in the aggregate represent a 23% increase over Panama's current access. The largest duty-free TRQ (for raw sugar) would be set initially at 6,000 MT. It would then increase each year by 60 MT (1%) for 10 years, and then be capped at 6,600 MT indefinitely. All sugar product over-quota tariffs would remain at high levels indefinitely (e.g., at an estimated tariff equivalent of 86% for raw cane sugar, using FY2008 data). In the aggregate, these quotas represent most of the sugar surplus that Panama recently has had available to export each year.

To provide another tool to manage U.S. sugar supplies and meet sugar program objectives, negotiators also included a sugar compensation mechanism that the United States would be able to exercise at its sole discretion. If activated, the United States would commit to compensating Panama for sugar that its sugar industry would not be allowed to ship under these sugar TRQ provisions.[47] Other U.S. preferential TRQs would be established for cheeses, condensed and evaporated milk, and ice cream imported from Panama, to be phased out completely in 15 to 17 years.

Potential Impact on U.S. Agricultural Exports

Because Panama is a small market for U.S. agriculture, gains from additional exports under the PTPA are projected to be small relative to those projected under the FTAs with Colombia and South Korea. Two studies analyzed what these gains might be compared to the no-trade agreement scenario—one issued by the U.S. International Trade Commission (USITC) and another prepared by the American Farm Bureau Federation (AFBF). The USITC estimated that U.S. exports of agricultural commodities and processed foods to Panama would be $46 million higher (or about 20% above the 2006 level) when the agreement is fully implemented, compared to exports under a no-agreement outlook. Exports of corn and rice would be $27 million higher; sales of processed foods would be $10 million higher, and sales of meat would be $7 million higher.[48] The AFBF study projects that U.S. agricultural exports at the end of the transition period (2027) would be $195 million (46%) higher under the PTPA than would be the case otherwise. Sales of corn and rice would be $66 million higher; sales of poultry, pork, and beef would be $43 million higher, and sales of soybeans and products would be $29 million higher.[49] The wide disparity in estimates presented in these two analyses reflects the use of widely different methodologies and assumptions to estimate the projected change in future U.S. agricultural exports under this trade agreement.[50] Neither analysis looked at possible changes in agricultural imports under the PTPA.

Of the seven FTAs that Panama has in effect, those with the five neighboring countries in Central America (2003, 2008, 2009) and Chile (2006) are considered to be the most significant in terms of competition for U.S. agricultural interests. An FTA signed with Canada in May 2010 has not yet been ratified by both countries.

Sanitary and Phytosanitary Agreement

In the separate SPS agreement, Panama agreed to accept the U.S. meat and poultry inspection system "as equivalent to its own." This means that all Panamanian facilities that USDA certifies as meeting U.S. food safety standards are eligible to export meat products to the U.S. market, without the need for further inspection by Panama. The SPS agreement also commits Panama to provide access for all U.S. beef, poultry, and related products, on the basis of accepted international standards. It also streamlines import documentation requirements for U.S. processed foods and affirms Panama's recognition of the U.S. beef grading system. USDA notes that this

[47] It is similar to a provision also found in the Dominican Republic-Central America FTA, the Peru FTA, and the pending FTA with Colombia.

[48] Derived by CRS from Table 2.4 in USITC, *U.S.-Panama Trade Promotion Agreement: Potential Economy-wide and Selected Sectoral Effects*, September 2007, p. 2-7.

[49] AFBF, *Implications of a Panama Trade Promotion Agreement on U.S. Agriculture*, 2007, p. 17. The AFBF assumed the PTPA would have taken effect in 2007.

[50] For an explanation of these differences, see Appendix A in CRS Report RL34134, *Agriculture in U.S. Free Trade Agreements: Trade with Current and Prospective Partners, Impact, and Issues*, by Remy Jurenas.

agreement eliminates "long-standing regulatory barriers faced by a variety of U.S. products" in Panama's market.[51]

For additional information on the PTPA, see CRS Report RL32540, *The Proposed U.S.-Panama Free Trade Agreement*. For background on Panama, see CRS Report RL30981, *Panama: Political and Economic Conditions and U.S. Relations*.

[51] USDA, PTPA detailed fact sheet, p. 2, available at http://www.fas.usda.gov/info/factsheets/Panama/Panama%20TPA%20Detailed%20Fact%20Sheet%2004-07-11.pdf.

Appendix. Tables

Table A-1. Estimates of Changes in U.S. Agricultural Exports under Pending FTAs

(million $)

	USDA, Economic Research Service	American Farm Bureau Federation	U.S. International Trade Commission
South Korea	+ 1,933	+ 1,642	+ 2,850[a]
Colombia	+ 371	+ 693	+ 170
Panama	+ 46	+ 195	+ 46
Total	+ 2,350	+ 2,530	+ 3,066

Source: Derived by CRS from reports issued on these FTAs.

a. Midpoint of estimated range.

Table A-2. Estimates of Changes in U.S. Agricultural Imports under Pending FTAs

(million $)

	USDA, Economic Research Service	American Farm Bureau Federation	U.S. International Trade Commission
South Korea	+ 59	—	+ 65[a]
Colombia	+ 117	+ 32[b]	+ 223
Panama	—	+ 3[b]	—

Source: Derived by CRS from reports issued on these FTAs.

a. Midpoint of estimated range.

b. Estimated value only of higher sugar imports.

Author Contact Information

Remy Jurenas
Specialist in Agricultural Policy
rjurenas@crs.loc.gov, 7-7281