



PENDING TRADE AGREEMENTS

Issue:

Congress needs to pass the three outstanding free trade agreements (FTAs). Farm Bureau estimates that the three FTAs combined represent almost \$2.5 billion in additional exports, but that is only if they are implemented. The U.S. is facing a proliferation of FTAs being negotiated or already negotiated that will increase our competitors' export potential, while putting U.S. agriculture at a disadvantage. For agriculture, Congress' inaction on these agreements is no longer simply about the potential export gains but about preventing the loss of existing export markets.

Background:

U.S.-COLOMBIA TRADE PROMOTION AGREEMENT (COLOMBIA TPA)

- The Colombia TPA represents U.S. agricultural export gains of more than \$370 million per year at full implementation. Currently, products from Colombia enter the United States duty-free through the Andean Trade Preference Act, passed and extended numerous times by Congress.
- U.S. farmers, on the other hand, continue to face significant tariff barriers that average 25 percent when exporting products into the Colombian market. Passage of the Colombia TPA will eliminate the tariffs placed on U.S. products.

Lost opportunities: While U.S. agriculture continues to wait for passage of the agreement, U.S. market share has been slipping in Colombia due to our competitors implementing their own trade agreements. Between 2008 and 2009, we have seen almost a 50 percent drop in our exports (2008- \$1.6 billion, 2009- \$906 million). Our market share is being taken by Brazil and Argentina, who have their own free trade agreement with Colombia.

U.S.-PANAMA TRADE PROMOTION AGREEMENT (PANAMA TPA)

- Farm Bureau's economic analysis estimates that the Panama TPA could mean increased U.S. agricultural exports to Panama of more than \$46 million per year by full implementation.
- Most Panamanian agricultural imports to the United States enter with zero tariffs under U.S. preference programs. The agreement will level the playing field by providing U.S. products exported to Panama with the same duty-free access already enjoyed by Panamanian products imported by the United States.

Lost opportunities: Panama has completed a trade agreement with Canada. If this agreement goes into effect before the U.S. agreement, Canadian exporters will gain a significant competitive advantage over the United States in the market for products such as beef, frozen potato products, beans, lentils, pork, malt and other processed foods. Any market share lost by the United States will be difficult to regain from our competitors.

KOREA-U.S. FREE TRADE AGREEMENT (KORUS FTA)

- The KORUS FTA is one of the largest trade agreements for the United States. The benefits involve expanded exports of a wide range of farm products. Farm Bureau's economic analysis estimates that once fully implemented, U.S. agriculture could exceed \$1.9 billion per year in additional agricultural exports.

Lost opportunities: Korea has completed an agreement with the European Union (EU), which is expected to be implemented by July 2011. The Korea-EU FTA will immediately eliminate 82 percent of Korea's tariffs; in five years, the agreement will eliminate 94 percent of Korea's tariffs. In contrast, the KORUS FTA would eliminate 94.5 percent of Korea's tariffs within three years of implementation; virtually all tariffs will be eliminated within 10 years. If the Korea-EU FTA agreement enters into effect before the KORUS FTA, European exporters will gain a significant competitive advantage over the United States in the Korean market.

Legislative Status:

A bipartisan deal has been struck by the administration, House leadership and Sen. Max Baucus (D-Mont.) regarding the pending trade agreements and Trade Adjustment Assistance (TAA). All parties have expressed that they would like to secure passage of the trade agreements before the August recess.

On June 30, Senate Finance Committee Chairman Baucus was forced to postpone a “mock” markup of the three pending FTAs because committee Republicans boycotted the markup. Committee Republicans boycotted the markup due to the inclusion of TAA in the implementing language of the KORUS FTA. The view is that this is only a temporary hurdle.

AFBF Policy:

Farm Bureau supports immediate passage of the U.S.-Colombia Trade Promotion Agreement.

Farm Bureau supports immediate passage of the U.S.-Panama Trade Promotion Agreement.

Farm Bureau supports passage of the U.S.-Korea Free Trade Agreement.

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