

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

Date: 11/22/2010

GAIN Report Number:

Colombia

Post: Bogota

Colombia Reduced Import Tariffs

Report Categories:

Trade Policy Monitoring

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Report Highlights:

Colombian government reduced the imports duty by 5 percent on several products which positively impacts imports of some important U.S. products such as mechanically deboned chicken meat.

General Information:

Colombia reduced import duties on November 5, 2010 for over 4,000 tariff lines. The two decrees listing the reductions were Decree 4114 and 4115. The average nominal import duty was reduced from 12.2% to 8.25%. Consumer goods, capital goods, and raw materials produced outside of Colombia were the main reduction targets.

Most of Colombia's duties have been consolidated into three tariff levels: 0 percent to 5 percent on capital goods, industrial goods, and raw materials not produced in Colombia; 10 percent on manufactured goods, with some exceptions; and 15 percent to 20 percent on consumer and "sensitive" goods. Exceptions include: beef and rice, which are subject to an 80 percent duty; milk and cream, which are subject to a 98 percent duty, and white corn and beans which are subject to a 40 percent and 60 percent duty. Whey is currently subject to a 20 percent duty in-quota (3,000 tons) and a 94 percent duty outside the quota. Other sensitive agricultural products fall under the Andean Price Band System (APBS) established by Decision 371 of the Andean Community (AC). The AC includes Bolivia, Colombia, Ecuador and Peru. The APBS protects domestic industry with a variable levy by increasing tariffs when world prices fall, and lowering tariffs when world prices rise.

The APBS includes 14 product groups and covers more than 150 tariff lines. This system can result in duties exceeding 100 percent, depending on world commodity prices, for important U.S. exports to Colombia, including corn, wheat, rice, soybeans, pork, poultry parts, cheeses, and powdered milk. The APBS has been suspended for milk powder, white corn and rice. The APBS also negatively affects U.S. access to Colombian markets for products such as dry pet food, which contains corn. By contrast, processed food imports from Chile and AC Members enter duty-free.

When the CTPA enters into force, Colombia will immediately cease to apply the APBS to imports from the United States. This, coupled with a preference clause included in the CTPA, will help U.S. exports compete more effectively in Colombia's market. Over half of the value of current U.S. agricultural exports to Colombia will enter duty-free upon entry into force of the CTPA, including high-quality beef, an assortment of poultry products, soybeans and soybean meal, cotton, wheat, whey, and most horticultural and processed food products. U.S. agricultural exporters also will benefit from duty-free access through tariff-rate quotas (TRQs) on corn, rice, poultry parts, and dairy products.

Nontariff barriers include discretionary import licensing, which has been used to restrict imports of milk powder (Resolution 2551 of 2002), and poultry parts (Resolution 001 of 1991). The CTPA contains provisions that should address this issue. The Colombian government maintains TRQs for rice, soybeans, yellow corn, white corn, and cotton (Decree 430 of 2004), and requires that importers purchase local production in order to import under the TRQ at a reduced imports duty. Under the CTPA, the Colombian government committed to ensuring that access to the TRQ in-quota quantity will not be conditioned on the purchase of domestic production.