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To: Trade Policy Staff Committee
Office of the United States Trade Representative
Executive Office of the President
1724 F Street, N.W.
Washington, D.C. 20508

Re: Request for Comments Concerning the Free Trade Agreement with the
Republic of Colombia

Date: September 10, 2009

This filing is in response to the notice of request for public comments concerning the free trade agreement with the Republic of Colombia, which appeared in the Federal Register on July 29, 2009 (pages 37759-3776). The National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) appreciate the opportunity to present their views on this important trade agreement.

NMPF is the national farm commodity organization that represents dairy farmers and the dairy cooperative marketing associations they own and operate throughout the United States. USDEC is a non-profit, independent membership organization that represents the export trade interests of U.S. milk producers, dairy cooperatives, proprietary processors, and export traders. USDEC's mission is to increase the volume and value of U.S. dairy product exports.

The U.S. – Colombia Trade Promotion Agreement (CTPA) will provide an opportunity to expand U.S. dairy exports. Upon implementation of the FTA, the U.S. dairy industry will gain immediate open access for most whey and lactose products, as well as tariff-free access for sizable amounts of cheese and skim milk powder, among other important dairy products. Furthermore, U.S. exporters will achieve additional market access in Colombia as tariffs are ultimately phased out completely.

The specific dairy provisions in the Agreement include an important commitment by Colombia not to apply its price band system to U.S. agricultural exports, including dairy. This concession is a critical piece to ensuring consistency and smooth trading opportunities for U.S. exporters to allow them to create stable business relationships with Colombian buyers.

In order to secure a positive trading relationship with Colombia going forward, it is critical that the U.S. closely monitors Colombian sanitary and phytosanitary measures, as well as remains on guard against any inappropriate regulatory actions that could negatively impact U.S. agricultural

exports. In the past, the Colombians have proved adept at using regulations or SPS issues to impede trade. We have not had significant problems of this nature in recent years, however, and hope that with vigilant monitoring efforts and strict enforcement of the FTA that we would not experience such challenges in the future either.

We estimate that the commitments by Colombia under the Agreement will bring important new export-derived benefits to the U.S. dairy industry by generating benefits of as much as \$25 million annually over the first several years of the agreement through expanded sales opportunities in Colombia. These additional exports will help bolster milk prices for America's dairy farms, and help to support additional jobs in the dairy processing and transportation sectors. The delay in implementing this Agreement since it was signed has cost our sector many potential new jobs at a time when we, and the country, could least afford it.

Additionally, Colombia has increased tariffs this year on whey, a very important U.S. export product, by more than doubling the tariffs applied to these types of products. Had we had an FTA in place already with Colombia, our exporters would have enjoyed dramatic advantages over other suppliers. Instead, however, our industry is forced to either pay the much higher tariff levels or – more likely – to forgo shipments in light of the increased costs of doing business with Colombia. This is an unfortunate lost opportunity.

NMPF and USDEC recognize that there are some sectors within the U.S. that have very strong concerns, unrelated to U.S. agricultural exports, regarding the Colombia FTA. As this is not our area of expertise, we take no position on those issues. We do appreciate, however, this opportunity to point out the expected benefits that our industry anticipates deriving from an implemented U.S.-Colombia FTA as this Administration and ultimately Congress weighs the agreement as a whole for its overall impact on the American economy.

We urge this Administration to work expeditiously to resolve any outstanding concerns regarding this FTA as well as the other two pending FTAs so that Congress can consider them on their merits without significant further delay.