

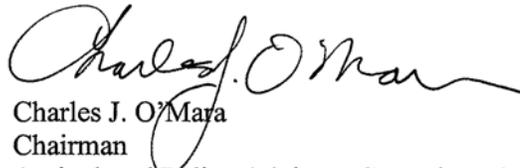
September 18, 2006

The Honorable Susan C. Schwab
United States Trade Representative
Executive Office of the President
600 17th Street, N.W.
Washington, D.C. 20508

Dear Ambassador Schwab:

Pursuant to Section 2104 (e) of the Trade Act of 2002 and Section 135 (e) of the Trade Act of 1974, as amended, I am pleased to transmit the report of the Agricultural Policy Advisory Committee on the U.S.- Colombia Trade Promotion Agreement, reflecting consensus on the proposed Agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles J. O'Mara". The signature is fluid and cursive, with a long horizontal stroke at the end.

Charles J. O'Mara
Chairman
Agricultural Policy Advisory Committee for Trade

THE U.S.-COLOMBIA TRADE PROMOTION AGREEMENT

**Report of the
Agricultural Policy Advisory Committee for Trade**

September 18, 2006

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Agricultural Policy Advisory Committee for Trade (APAC)

Agricultural Policy Advisory Committee for Trade Report to the President, the Congress, and the United States Trade Representative on the U.S.-Colombia Trade Promotion Agreement.

I. Purpose of the Committee Report

Section 2104(e) of the Trade Act of 2002 requires that advisory committees provide the President, Congress, and the U.S. Trade Representative with reports required under Section 135(e)(1) of the Trade Act of 1974, as amended, not later than 30 days after the President notifies Congress of his intent to enter into an agreement.

Under Section 135(e) of the Trade Act of 1974, as amended, the report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee must include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the applicable overall and principal negotiating objectives set forth in the Trade Act of 2002.

The report of the appropriate sectoral or functional committee must also include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sectoral or functional area.

Pursuant to these requirements, the APAC hereby submits the following report.

II. Executive Summary of Committee Report

It is the opinion of the APAC that the U.S.-Colombia Trade Promotion Agreement (CTPA) will clearly benefit U.S. farmers and ranchers by increasing export opportunities through the elimination of tariff and non-tariff barriers.

The APAC continues to believe that highest priority must be given to comprehensive agricultural trade reform by reinvigorating the suspended Doha Development Agenda round of negotiations.

III. Brief Description of the Mandate of the APAC

The advisory committee is authorized by Sections 135(c)(1) and (2) of the Trade Act of 1974 (Pub. L. No. 93-618), as amended, and is intended to assure that representative elements of the private sector have an opportunity to make known their views to the U.S. Government on trade and trade policy matters. They provide a formal mechanism through which the U.S. Government may seek advice and information. The continuance

of the committee is in the public interest in connection with the work of the U.S. Department of Agriculture (USDA) and the Office of the U.S. Trade Representative. There are no other agencies or existing advisory committees, which could supply this private sector input.

IV. Negotiating Objectives and Priorities of the APAC

The highest priority of the APAC is to improve the market opportunities for U.S. agricultural products by obtaining fairer and more open conditions of trade. The ultimate objective is the elimination of agricultural trade barriers through negotiations at the multilateral, regional, and bilateral levels.

V. Advisory Committee Opinion on Agreement

It is the opinion of the APAC that the U.S.-Colombia Trade Promotion Agreement (CTPA) will clearly benefit U.S. farmers and ranchers by increasing export opportunities through the elimination of tariff and non-tariff barriers.

This agreement covers all agricultural products and will immediately eliminate all duties for over 53 percent of current U.S. exports to Colombia, the largest U.S. agricultural market in the Hemisphere after Mexico and Canada. Colombia, which currently offers no duty-free agriculture access to U.S. agriculture, will immediately eliminate duties on wheat, soybeans, soybean meal, high quality beef, most deciduous fruits, most tree nuts, most whey products, dried peas and lentils, and many processed products. The CPTA will also provide opportunities for immediate duty free access for many of Colombia's more sensitive products including feed grains, rice, crude soybean oil, poultry products, dried beans, dairy products, animal feed, and pet food. Most remaining tariffs will be eliminated within 15 years, including many in 5 years or less (e.g., most pork, oils, and oilseed tariffs). All Colombian tariffs will be eliminated within 19 years.

In addition, Colombia has agreed to address many long-standing sanitary and phytosanitary concerns. Colombia has agreed to continue to recognize the U.S. meat inspection system as equivalent to Colombia's. Colombia has also fully reopened its poultry market to poultry from all U.S. states and has agreed to open its market to all U.S. beef and beef products other than specified risk materials as defined by the World Organization for Animal Health by the end of October of this year. The recognition of the U.S. meat inspection system is a very significant precedent for other free trade agreement (FTA) negotiations.

It is imperative that the rules of origin contained in the agreement are strongly enforced to ensure that no transshipments, in particular from Colombia's preferential agreement partners, benefit from the terms of the CPTA. Such enforcement is essential to ensure that American industries receive the net benefits of this agreement.

The CPTA appears to provide for equity and reciprocity for many aspects of trade in cotton fiber between Colombia and the United States. Given the type and degree of trade between Colombia and the United States with respect to cotton fiber and cotton textiles, the cotton provisions appear to be strongly beneficial to both Colombia and the United States.

Members of the cotton industry cannot evaluate any free trade agreement without consideration of the provisions of the agreement that affect trade in cotton textiles. The agreement with Colombia appears to contain acceptable rules of origin for textiles. There are concerns that the statutory deadlines involved in the trade agreement process make it unlikely Congress can vote on this agreement during the current session and even less likely that benefits under the CPTA will be in place prior to the expiration of existing Andean trade preferences, which are due to expire December 31, 2006. Should the Andean Trade Preferences Act expire without the CPTA in place and effective, approximately \$68 million U.S. textile exports to Colombia will be put at risk.

The CPTA assures that the United States is offered the best rate available under agreements entered into by Colombia after February 27, 2006. The APAC encourages U.S. negotiators to always pursue agreements that would also cover the best rate available under a trade agreement party's existing agreements.

The APAC members believe that this agreement achieves U.S. negotiating objectives of eliminating tariffs and securing market opportunities for U.S. agricultural products.

The APAC takes this opportunity to reiterate its belief that highest priority must be given to comprehensive agricultural trade reform in the Doha Development Agenda round of negotiations. The APAC strongly encourages the U.S. Government to work to reinvigorate the suspended talks. Only a WTO agreement can deliver full and equitable reforms in market access, domestic support, and export subsidies. Some APAC members are concerned that a proliferation of FTAs, which only address market access, may have a negative impact on negotiating equitable reform across the three pillars identified in the Doha negotiations. The APAC encourages FTAs be negotiated so as to work in concert with the U.S. objectives in the WTO negotiations. Members are also concerned that Congressional support for trade liberalization could erode through fatigue from constant trade debates over individual FTAs.

V. **Membership of Committee**

Agricultural Policy Advisory Committee for Trade

NAME	COMPANY
Charles J. "Joe" O'Mara (Chairman)	O'Mara and Associates
Roger J. Baccigaluppi	RB International
Brent A. Baglien	ConAgra Foods
James P. "Patrick" Boyle	American Meat Institute
Carl W. Brothers	Riceland Foods, Inc.
James P. Camerlo	Dairy Farmers of America
Jon D. Caspers	Self-employed pork producer
Stephen L. Censky	American Soybean Association
Thomas M. Cook	National Renderers Association
Leon C. Corzine	LPC Farms, Inc.
Paul A. Drazek	DTB Associates, LLP
Michael D. Dykes	Monsanto Company
Audrae Erickson	Corn Refiners Association, Inc.
Thomas A. Hammer	National Oilseed Processors Association
Lucian J. "Jack" Hunt, III	King Ranch, Inc.
Kenneth R. Johannes	Hill's Pet Nutrition, Inc.
Robbin S. Johnson	Cargill, Inc.
John R. Keeling	National Potato Council
Alan R. Kemper	Kemper Farms
Will C. Kinzel	Case New Holland, Inc.
Robert P. Koch	Wine Institute
Mark D. Lange	National Cotton Council of America
Andy LaVigne	American Seed Trade Association
Gary C. Martin	North American Export Grain Association
Thomas A. Nassif	Western Growers

Jean-Mari Peltier	National Council of Farmer Coops
Karen B. Ross	California Association of Winegrape Growers
Christian E. Schlect	Northwest Horticultural Council
Christopher E. Schaffer	S. Lightning Farms
Thomas H. (Hunt) Shipman	Cornerstone Government Affairs
Mary C. Sophos	Grocery Manufacturers of America
Roy R. "Bob" Stallman, Jr.	American Farm Bureau Federation
Michael J. Stuart	Florida Fruit & Vegetable Association
James H. Sumner	USA Poultry & Egg Export Council
Robert L. Thompson	University of Illinois
Constance E. Tipton	International Dairy Foods Association
Ann B. Wrobleski	International Paper