



Benefits from the U.S.-Colombia Trade Promotion Agreement

Kansas

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The U.S.-Colombia Trade Promotion Agreement Provides Enhanced Market Access

The U.S.-Colombia Trade Promotion Agreement (TPA) offers tremendous opportunities for Kansas's exporters. When the Agreement enters into force, 80 percent of U.S. consumer and industrial exports to Colombia, including nearly all information technology products; mining, agriculture, and construction equipment; medical and scientific equipment; auto parts; paper products; and chemicals, will be duty-free immediately. The remaining tariffs phase out over 10 years. U.S. farmers and ranchers will also become much more competitive, benefiting from immediate duty-free treatment of 77 percent of current U.S. agriculture exports. Key U.S. agriculture exports such as cotton, wheat, soybeans, high-quality beef, apples, pears, peaches, cherries, and almonds will be duty-free upon entry into force of the Agreement. Colombia will phase out all other agricultural tariffs within 19 years.

Kansas Depends on World Markets

Kansas's global export shipments of merchandise in 2007 totaled \$10.2 billion. Kansas' export shipments increased by 125 percent (\$5.7 billion) between 2003 and 2007. That was the fourth largest percentage increase among the 50 states over that period.

In 2007, Kansas's export shipments of merchandise to Colombia totaled \$24.3 million.

Exports Support Jobs for Kansas's Workers –

Export-supported jobs linked to manufacturing account for an estimated 7.5 percent of Kansas' total private-sector employment. Nearly one-quarter (23.6 percent) of all manufacturing workers in Kansas depend on exports for their jobs, the seventh highest figure among the 50 states. (2005 data are the latest available.)

Exports Sustain Thousands of Kansas's

Businesses – A total of 1,946 companies exported goods from Kansas locations in 2005. Of those, 1,598 (82 percent) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

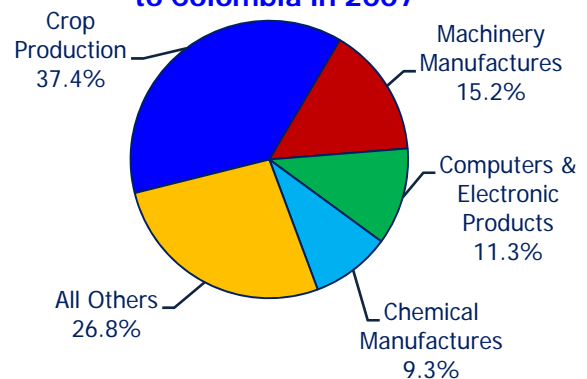
Kansas's SMEs Will Benefit from U.S.-Colombia TPA Provisions

SMEs generated nearly one-quarter (24 percent) of Kansas' total exports of merchandise in 2005. SMEs particularly benefit from the tariff-eliminating provisions of free trade agreements (FTAs) and should benefit from the significant tariff cuts under the U.S.-Colombia TPA. The transparency obligations, particularly those contained in the customs chapter, are also very important to SMEs, which may not have the resources to navigate customs and regulatory red tape.

The U.S.-Colombia TPA Moves the Trade Relationship from One-Way Preferences to Reciprocity

In 2007, 91 percent of U.S. imports from Colombia entered duty-free either on a Normal Trade Relations basis or under unilateral U.S. trade preference programs such as the Andean Trade Preference Act and the Generalized System of Preferences. Because of high tariffs, U.S. exporters do not have equivalent access to the Colombian market. The U.S.-Colombia TPA levels the playing field and enhances competition because it moves the U.S.-Colombia commercial relationship beyond one-way preferences to full partnership and reciprocal commitments.

Kansas Exported \$24.3 Million in Goods to Colombia in 2007



Source: U.S. Department of Commerce, International Trade Administration.

The U.S.-Colombia TPA Opens New Markets for Kansas's Exports

Transportation Equipment – The state's leading global export category is transportation equipment, accounting for \$3.7 billion, or 36 percent, of Kansas's total merchandise exports in 2007, a 193 percent increase since 2003. Kansas's exporters of transportation equipment, including aircraft, autos and auto parts, and other transportation manufactures, will benefit from U.S.-Colombia TPA tariff reductions. For aircraft and related products, current Colombian tariffs as high as 15 percent will fall to zero immediately upon entry into force of the agreement. Colombian tariffs on priority U.S. automotive products, including large-engine 4x4 vehicles, engines, brakes, shock absorbers, and other auto parts, will be phased out immediately upon entry into force of the agreement. For other transportation manufactures, 91 percent of U.S. industrial exports will receive duty-free treatment immediately upon entry into force of the agreement. This group includes high-value products such as railway and tramway cars, locomotives, trailers and semi-trailers, and sea vessels, which currently face Colombian tariffs averaging 12.7 percent.

Processed Foods – In 2007, Kansas companies exported \$1.4 billion in processed foods, accounting for 14 percent of the state's global exports that year. The U.S.-Colombia TPA, upon entry into force, will stimulate new opportunities for U.S. businesses in this sector. Colombia is a growing market for consumer-oriented foods. The U.S.-Colombia TPA will enhance these opportunities by eliminating tariff and non-tariff barriers that currently hamper exports of U.S. food and consumer products to Colombia. Excellent prospects in this sector include mechanically de-boned chicken meat, breakfast cereals, beer, pet food, and assorted snack foods. Food, beverage, and consumer products currently face Colombian tariffs ranging from 5 to 20 percent.

Computers and Electronic Products – Kansas' exports of computers and electronic products totaled \$1.2 billion in 2007. The state's exports in this sector increased 247 percent during the 2003 to 2007 period. The U.S.-Colombia TPA improves market access for Kansas's information technology goods and service providers. Nearly 100 percent of U.S. exports of products covered by the Information Technology Agreement, including important exports of computer equipment and communications equipment, will receive duty-free treatment immediately upon entry into force of the agreement. U.S. exports in this sector currently face Colombian tariffs that average over 8 percent and range up to 15 percent. With the immediate removal of most tariffs, U.S. exports will become much more competitive and affordable to Colombians.

The top U.S. exports in this sector include computers, computer parts, and radio and TV broadcasting equipment.

The U.S.-Colombia TPA Creates Opportunities for Kansas's Agriculture

In 2006, Kansas's agricultural exports amounted to \$3.2 billion (latest data available). Colombia is already the second largest market for U.S. farm products in Latin America, with significant potential for growth. Despite high tariffs and other barriers on most agricultural products, including key Kansas farm products such as beef, wheat, and corn, U.S. exporters shipped more than \$1.2 billion in U.S. farm products to Colombia in 2007, up 41 percent from 2006. A primary U.S. objective was to change the "one-way street" of duty-free access currently enjoyed by most Colombian exports into a "two-way street" that provides U.S. suppliers with access to these markets and levels the playing field with competitors. This objective was achieved.

For more information on agricultural exports and the U.S.-Colombia TPA, see the fact sheets prepared by the U.S. Department of Agriculture at <http://www.fas.usda.gov/itp/us-colombia.asp>

Free Trade Works for Kansas Exporters

In the first four years of the U.S.-Chile FTA (2004–2007), Kansas' exports to Chile have grown 337 percent. In the last three years (2005-2007), Kansas' exports to the DR-CAFTA region have increased 123 percent and since the North American Free Trade Agreement (NAFTA) entered into force in 1994, Kansas' combined exports to Canada and Mexico have increased by 277 percent.

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to state based on transportation origin, i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about "export production" in a state should not be made solely on the basis of the OM state export figures.

Sources: Bureau of the Census, U.S. Department of Commerce, Origin of Movement Series; U.S. Department of Agriculture.

Prepared by the U.S. Department of Commerce, International Trade Administration, Market Access and Compliance.