



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

Idaho

www.export.gov/fta/colombia/state

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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 Idaho'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.

Idaho Depends on World Markets

Idaho's export shipments of merchandise in 2007 totaled \$4.7 billion, up 124 percent from 2003.

In 2007, Idaho's export shipments of merchandise to Colombia totaled \$2.5 million, up 87 percent from the previous year.

Exports Support Jobs for Idaho's Workers –

Export-supported jobs linked to manufacturing account for an estimated 4.8 percent of Idaho's total private-sector employment. Nearly one-seventh (14.1 percent) of all manufacturing workers in Idaho depend on exports for their jobs. (2005 data are the latest available.)

Exports Sustain Hundreds of Idaho's Businesses – A total of 977 companies exported from Idaho locations in 2005. Eighty-five percent of these companies (835), or more than four-fifths, were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

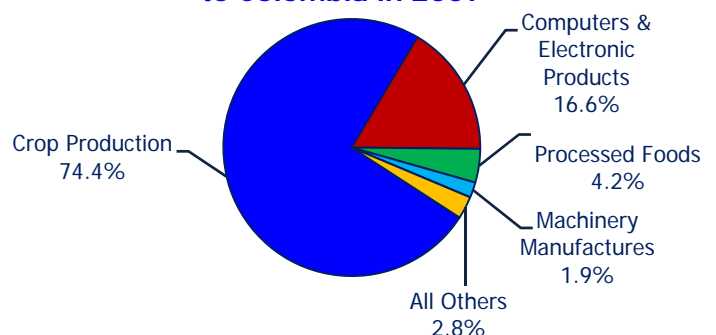
Idaho's SMEs Will Benefit from U.S.-Colombia TPA Provisions

SMEs generated 16 percent of Idaho's 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 through unilateral U.S. trade preference programs such as the Andean Trade Preference Act or 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.

Idaho Exported \$2.5 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 Idaho's Exports

Computers and Electronic Products – The state's leading export category by far is computers and electronic products, which accounted for 69.5 percent, or \$3.3 billion, of Idaho's global merchandise exports in 2007. The U.S.-Colombia TPA improves market access for Idaho'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 of these products currently face Colombian tariffs averaging 8 percent, with some as high as 15 percent. With the immediate removal of most tariffs, Idaho'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.

Processed Foods – In 2007, processed foods were among Idaho's leading manufactured exports, totaling \$360 million in global sales. The U.S.-Colombia TPA, upon entry into force, will stimulate new opportunities for Idaho 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.

Machinery Manufactures – In 2007, Idaho's global exports of machinery manufactures totaled \$154 million, up 35 percent from the previous year. For infrastructure and machinery products, 70 percent of U.S. industrial exports will receive duty-free treatment immediately upon entry into force of the agreement, including products such as pumps and compressors, filtration equipment, earth-sorting machinery, and printing machinery. Ninety-two percent of agricultural equipment and 88 percent of construction equipment, including bulldozers, mechanical shovels, boring and sinking machinery, and dumpers, will receive duty-free treatment immediately upon entry into force of the agreement. The elimination of Colombian tariffs on such high-value equipment will provide a competitive boost to Idaho exporters, who will no longer face tariffs as high as 20 percent. This will help Idaho's companies take advantage of Colombia's growing demand for industrial machinery.

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

In 2006, Idaho's agricultural exports to the world amounted to \$911 million (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 Idaho farm products such as vegetables, beef, and wheat, 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 Idaho's Exporters

In the last three years, Idaho's exports to the DR-CAFTA region have increased 53 percent. In the first four years of the U.S.-Singapore Agreement (2004-2007) the state's exports to that country grew 435 percent. Since the North American Free Trade Agreement (NAFTA) entered into force in 1994, Idaho's combined exports to Canada and Mexico have increased 273 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.