



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

Rhode Island

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 Rhode Island'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.

Rhode Island Depends on World Markets

Rhode Island's export shipments of merchandise in 2007 totaled \$1.6 billion, up 40 percent from the \$1.2 billion exported in 2003.

In 2007, Rhode Island's merchandise exports to Colombia totaled \$7.7 million, an increase of 315 percent during the 2003-2007 period.

Exports Support Jobs for Rhode Island's Workers – Export-supported jobs linked to manufacturing account for an estimated 3.6 percent of Rhode Island's total private-sector employment. One-sixth (16.6 percent) of all manufacturing workers in Rhode Island depend on exports for their jobs. (2005 data are the latest available.)

Exports Sustain Thousands of Rhode Island's Businesses – A total of 1,333 companies exported goods from Rhode Island locations in 2005. Of those, 1,165 (87 percent) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

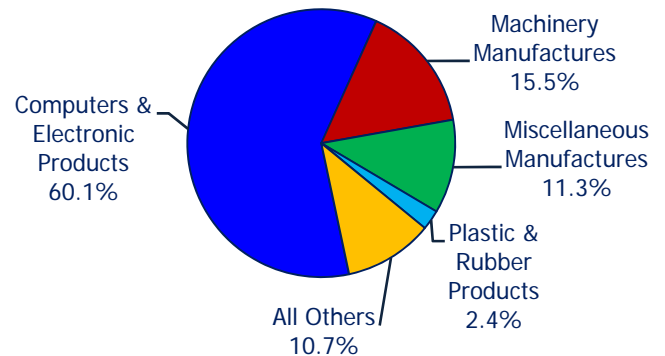
Rhode Island's SMEs Will Benefit from U.S.-Colombia TPA Provisions

SMEs generated 47 percent of Rhode Island's total exports of merchandise in 2005, the sixth largest share among the states, and well above the national average of 29 percent. 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.

Rhode Island Exported \$7.7 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 Rhode Island's Exports

Miscellaneous Manufactures – One of Rhode Island's leading manufactured export categories is miscellaneous manufactures, which alone accounted for \$202 million of Rhode Island's total export shipments in 2007. This sector includes high-value medical equipment such as surgical and orthopedic equipment, medical needles, reagents, and diagnostic equipment, which currently face an average Colombian tariff of 8.8 percent. For medical equipment, 96 percent of U.S. exports will receive duty-free treatment immediately upon entry into force of the TPA. U.S. exports such as sporting goods, jewelry, and toys will also enjoy increased access to the Colombian market, with all tariffs eliminated within five to 10 years.

Computers and Electronic Products – Rhode Island businesses exported \$214 million in computers and electronic products worldwide in 2007. The U.S.-Colombia TPA improves market access for Rhode Island'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 that average 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.

Machinery Manufactures – Rhode Island's global exports of machinery manufactures totaled \$179 million in 2007. The state's exporters will benefit from U.S.-Colombia TPA tariff reductions. 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 U.S. exporters, who will no longer face tariffs as high as 20 percent.

This will help Rhode Island's companies take advantage of Colombia's growing demand for industrial machinery.

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

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 U.S. farm products such as poultry, wheat, and corn, U.S. exporters shipped \$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 Rhode Island's Exporters

Since the North American Free Trade Agreement's entry into force in 1994, Rhode Island's combined exports to Canada and Mexico have grown by 84 percent. Since entry into force of the Australia Free Trade Agreement in 2005, Rhode Island exports to Australia grew 155 percent and following entry into force of the U.S.-Chile FTA in 2004, the state's exports to Chile have grown 485 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.