

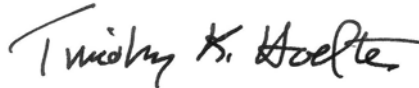
September 20, 2006

The Honorable Susan C. Schwab
United States Trade Representative
Executive Office of the President
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 Industry Trade Advisory Committee on Consumer Goods (ITAC-4) on the United States-Colombia Trade Promotion Agreement, reflecting consensus on the proposed Agreement.

Sincerely,

A handwritten signature in black ink that reads "Timothy K. Hoelter". The signature is written in a cursive style with a prominent initial 'T' and a long horizontal stroke at the end.

Timothy K. Hoelter
Vice Chairman, ITAC-4

The United States-Colombia Trade Promotion Agreement

**Report of the
Industry Trade Advisory Committee on Consumer Goods (ITAC-4)
September 20, 2006**

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Report of the Industry Trade Advisory Committee on Consumer Goods (ITAC-4) to the President, the Congress and the United States Trade Representative on the United States-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, the U.S. Trade Representative, and Congress with reports required under Section 135 (e) 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 Industry Trade Advisory Committee on Consumer Goods (ITAC-4) hereby submits the following report.

II. Executive Summary of Committee Report

ITAC-4 members support the United States-Colombia Trade Promotion Agreement and endorse, in particular, its comprehensive nature. We believe the Agreement will deliver important benefits to consumer goods firms in terms of market access, regulatory transparency, and customs procedures. Further, we generally support the Agreement's provisions on intellectual property and investment. In our view, the Agreement provides for equity and reciprocity within the consumer goods sector.

III. Brief Description of the Mandate of ITAC-4

The Committee advises the Secretary of Commerce and the USTR concerning the trade matters referred to in Sections 101, 102, and 124 of the Trade Act of 1974, as amended; with respect to the operation of any trade agreement once entered into and with respect to other matters arising in connection with the development, implementation, and administration of the trade policy of the United States, including those matters referred to in Reorganization Plan Number 3 of 1979 and Executive Order 12188, and the priorities for actions thereunder.

In particular, the Committee provides detailed policy and technical advice, information and recommendations to the Secretary and the USTR regarding trade barriers and the implementation of trade agreements negotiated under Sections 101 or 102 of the Trade Act of 1974, as amended, and Sections 1102 and 1103 of the 1988 Trade Act, which affect the products of its sector and performs such other advisory functions relevant to U.S. trade policy as may be requested by the Secretary and the USTR or their designees.

IV. Negotiating Objectives and Priorities of ITAC-4

“Consumer Goods” covers a wide array of products, including sporting goods, furniture, appliances, toys, processed foods and beverages, jewelry, household utensils, motorcycles, cleaning products, fisheries products, and power equipment. Consequently, the Committee’s primary objective for the United States-Colombia Trade Promotion Agreement was that of comprehensiveness. ITAC-4 members take particular interest in the following seven aspects of the agreement: market access for industrial goods; market access for agricultural goods; intellectual property; investment; customs procedures; regulatory transparency; and services. Although all of these provisions are important to ITAC-4 members, our comments focus only on four key elements of the Agreement: market access for goods; market access for agricultural products; services; and intellectual property.

V. Advisory Committee Opinion on Agreement

Market Access for Industrial Goods; General Market Access Provisions

Most of the goods manufactured by ITAC-4 members are classified as industrial products. Market access terms affect both intermediate and finished goods. We are extremely pleased that eighty percent of U.S. exports of consumer and industrial products to Colombia will be duty-free immediately upon entry-into-force of the Agreement. An additional seven percent will be duty free-within five years, with the remaining tariffs phased out over ten years. Key U.S. exports will gain immediate duty-free access to Colombia, including, *e.g.*, heavyweight motorcycles which currently are subject to a duty rate of 20%. We also are pleased that Colombia has agreed to allow trade in remanufactured goods. We are extremely pleased that Colombia has agreed to recognize Bourbon and Tennessee Whiskey as distinctive products of the United States.

Agriculture

We are pleased that the Agreement covers all agricultural products; ITAC-4 members strongly support the principle that there should be no product exclusions from trade agreements. ITAC-4 includes a number of processed food manufacturers, as well as wine and spirits producers. Further, a number of important industrial products used in the production of consumer goods (like natural alcohols) are classified as agricultural goods. In particular, we support the strong rule of origin for canned tuna in the Agreement. However, although tariffs on certain processed agricultural products will be eliminated

immediately, we are disappointed that some products, including, *e.g.*, key U.S. distilled spirits exports, will be subject to a long (10-year) phase-out period. We urge the United States to avail itself of the Agreement's tariff acceleration provisions at the earliest possible date to seek a more rapid elimination of the tariffs on these products and others subject to longer-term tariff phase-outs.

Services

As representatives of consumer products industries, distribution services are extremely important to the members of ITAC-4. We are pleased that Colombia's market access commitments encompass distribution services in nearly all sectors.

Intellectual Property

ITAC-4 members hold some of the world's most valuable trademarks, making intellectual property an important focus. The Committee is pleased that the Agreement applies the principle of "first-in-time, first-in-right" to trademarks and geographical indications, so that the first person who acquires a right to a trademark or geographical indication is the person who has the right to use it. Each government will be required to establish transparent procedures for the registration of trademarks, including geographical indications, and to develop an on-line system for the registration and maintenance of trademarks, as well as a searchable database.

The Colombian government agreed to criminalize end-user piracy, which should provide a strong deterrent against piracy and counterfeiting. Colombia also has agreed to authorize the seizure, forfeiture and destruction of counterfeit and pirated goods and the equipment used to produce them. IPR laws will be enforced against goods-in-transit, to deter violators from using U.S. or Colombian ports or free-trade zones to traffic in pirated products. *Ex officio* action may be taken in border and criminal IPR cases, thus providing more effective enforcement. The Agreement mandates both statutory and actual damages under Colombian law for IPR violations, which will deter piracy. Under these provisions, monetary damages can be awarded even if actual economic harm (*e.g.*, retail value or profits made by violators) cannot be determined.

VI. Membership of Committee

Donald Nelson, Altria Corporate Services, Inc., ITAC 4 Chairman
Timothy Hoelter, Harley-Davidson Motor Company, Vice Chairman
Russell Batson, Home Furnishings Alliance
Jane Earley, representing National Fisheries Institute
Robert Fay, Merit Industries, Inc.
Charles Hansen III, representing Del Monte Foods
Charles Husick, Vernal Air, Inc.
Deborah Lamb, Distilled Spirits Council of the United States
Larry Lasoff, representing the Outdoor Power Equipment Institute, Inc.
James Marquart, representing Manufacturing Jewelers & Suppliers of America, Inc.

Patrick McDonough, representing Libbey, Inc.
R. Scott Miller, Procter & Gamble
Michael Rudowicz, American Amusement Machine Association
Hugh Rushing, Cookware Manufacturers Association
Norman Sharp, Cigar Association of America, Inc.
Mark Smith, Brown-Forman Corporation
Thomas St. Maxens, representing Mattel, Inc.
Catherine Suttmeier, Oneida Ltd.
John Thompson, The Hall China Company