



The Case for the U.S.-Colombia Trade Promotion Agreement *Strengthening Partnerships for Prosperity*

“This agreement with Colombia will advance our national security and economic interests.... Colombia is one of our closest allies in the Western Hemisphere. Under the leadership of President Uribe, Colombia has been a strong and capable partner, a strong and effective partner in fighting drugs and crimes and terror. Colombia has also strengthened its democracy and economy.”

-- President Bush, U.S. Hispanic Chamber of Commerce, March 12, 2008

1. Open a significant new export market. America’s two-way trade with Colombia reached almost \$18 billion in 2007, making Colombia our fifth largest trading partner in Latin America and our largest export market for U.S. agriculture products in South America. In 2007, total U.S. goods exports to Colombia reached \$8.6 billion. The U.S.-Colombia Trade Promotion Agreement will expand this dynamic and growing economy to American goods and services. U.S. exports to Colombia are estimated to increase by \$1.1 billion and U.S. GDP is expected to increase by \$2.5 billion.

2. Level the playing field for American business, farmers, ranchers and workers. America’s market is already open to imports from Colombia. In 2007, for example, 92 percent of U.S. imports from Colombia entered the United States duty-free under our most-favored nation tariff rates and various preference programs, such as the Andean Trade Preference Act (ATPA). However, only 3 percent of U.S. exports to Colombia are duty-free. As a result, the current average Colombia tariff on US goods is currently approximately 12 percent, whereas the average tariff we apply on Colombian goods entering the US is only 0.1 percent. The U.S. – Colombia trade agreement will give American businesses, farmers, ranchers and workers similar access to this important market. Upon implementation of the agreement, over 80 percent of U.S. exports of consumer and industrial goods to Colombia will enter duty-free immediately. The Agreement also will provide substantial new opportunities for U.S. farmers’ and ranchers’ agricultural exports, and resolve sanitary and phytosanitary barriers to agricultural trade with Colombia. Tariffs on 77 percent of all agricultural tariff lines – more than 52 percent of the value of current U.S. farm exports - will be eliminated immediately upon implementation of the agreement, and the remaining tariffs will be phased out over 19 years. In addition, the Agreement will remove barriers to U.S. services, provide a secure and predictable legal framework for investors, and protect intellectual property.

3. Strengthen peace, democracy, freedom and reform. In 2000, Colombia was facing a wave of violence from three foreign terrorist organizations and several large narcotics trafficking cartels. With U.S. assistance through Plan Colombia and trade preferences under ATPA, the Colombian people are transforming their nation. They have achieved solid progress in economic growth, social development, and in reducing violence. Murders are down 40 percent since 2002, kidnappings are down 83 percent, and terror attacks are down by 76 percent. Real progress has been made but challenges remain. Paramilitary groups have largely demobilized but guerrilla groups and drug trafficking organizations still threaten Colombian society, causing displacement and economic hardship. The people of Colombia are addressing these

problems aggressively and decisively, but need the continued help of the United States. This agreement is a critical tool to provide licit jobs and economic alternatives to violence and drug trade. Since President Uribe took office in 2002, Colombia has increased the size of its security forces and re-established a state presence in every municipality in the country. Uribe's strong approval ratings -- over 80 percent in recent polls -- shows that this sustained commitment to improving Colombia's record in every human rights and labor rights category is broadly shared in Colombia.

4. Promote economic growth and poverty reduction. An increasingly open market has given Colombia the tools to fight corruption and increase transparency and the rule of law. Through continued U.S. assistance and approval of the agreement, Colombia will have the means to increase their self-sufficiency and join the growing partnership of countries in the Americas to solidify open markets and strengthen democracy in the region. The increased economic activity will create additional jobs and opportunities in the formal sector and will positively influence Colombia's efforts to reduce poverty. Growth has averaged over 4 percent since 2002 (6.9 percent in 2007), poverty has declined from 55 percent in 2002 to 45 percent in 2006, and net foreign investment (flow) has nearly quadrupled from \$2.3 billion in 2002 to \$8.9 billion in 2006. The Inter-American Development Bank estimates that 270,000 Colombian jobs would be created and Colombian GDP would increase an aggregate of 5 percent; furthermore, the World Bank concluded that Colombia is the most improved place to do business in the Western Hemisphere.

5. Anchor longstanding ties with a vital regional ally. Colombia has been a steadfast partner in combating narcotics trafficking and countering regional terror groups. The Colombian people support the U.S.-Colombia trade agreement in large numbers. The Colombian Congress strongly favors the U.S.-Colombia trade agreement -- the Senate voting 55-3 and House 85-10 to approve the agreement -- showing that the Colombian people are confident that stronger ties to the U.S. will make them more secure, stable and prosperous. Approval and implementation of the U.S.-Colombia trade agreement will be a critical signal of America's support for the Colombian people, who have chosen to strengthen ties with the United States in the belief that reciprocal market access will contribute to the overall growth and development of their country.

For more information, visit the State Department's FTA webpage
at <http://www.state.gov/e/eeb/tpp/c22883.htm>

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