



INTERNATIONAL
TRADE
ADMINISTRATION

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

Alaska

www.export.gov/fta/colombia/state

March 2008

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

The U.S.-Colombia Trade Promotion Agreement (TPA) offers tremendous opportunities for Alaska'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.

Alaska Depends on World Markets

Alaska's export shipments of merchandise in 2007 totaled \$3.9 billion, up 42 percent from 2003.

Alaska's merchandise exports to Colombia in 2007 totaled \$1.9 million.

Exports Support Jobs for Alaska's Workers –

In 2005, export-supported jobs linked to manufacturing accounted for an estimated 3.4 percent of Alaska's total private-sector employment. Over one-fourth (25.9 percent) of all manufacturing workers in Alaska depend on exports for their jobs. (2005 data are the latest available.)

Exports Sustain Hundreds of Alaska's

Businesses – A total of 307 companies exported from Alaska locations in 2005. Of those, 238 (78 percent) were small and medium-sized enterprises with fewer than 500 employees.

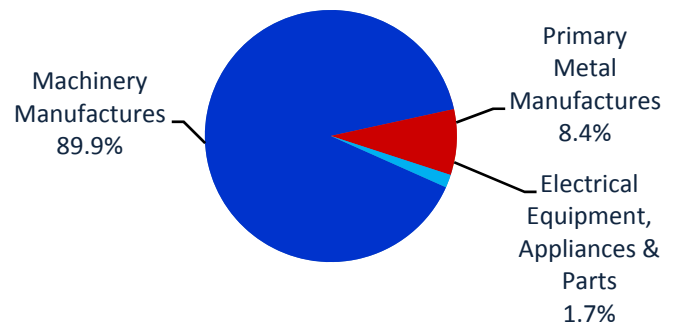
Alaska's SMEs Will Benefit from U.S.-Colombia TPA Provisions

SME's generated almost one-seventh (13 percent) of Alaska'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 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.

Alaska Exported \$1.9 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 Alaska's Exports

Primary Metal Manufactures – The state's largest manufactured export category is primary metal manufactures, which accounted for \$135 million of Alaska's total merchandise exports in 2007. U.S. exports of these products currently face Colombian tariffs averaging 9.2 percent, with some as high as 20 percent. Upon entry into force of the agreement, all U.S. exports of primary metal manufactures will be duty-free in the Colombian market within five to 10 years. Leading opportunities for U.S. exporters in this sector include iron and steel tubing, aluminum plates, hot-rolled iron, and drill pipe.

Chemical Manufactures – Chemical manufactures were another of the state's largest manufactured export categories in 2007, accounting for \$105 million of Alaska's total merchandise exports. Alaska's exporters of chemical and related products, including pharmaceuticals, cosmetics, fertilizers, and agro-chemicals, will benefit from U.S.-Colombia TPA tariff reductions. Eighty-two percent of U.S. chemical exports will receive duty-free treatment immediately upon entry into force of the agreement, with the remaining tariffs phased out within 10 years. Tariffs on high-value chemical products, including many resins, fertilizers, and soda ash, will be phased out immediately. Current Colombian chemical tariffs average 8 percent and can be as high as 20 percent. Other strong opportunities in this sector include vinyl chloride, styrene, and polyethylene.

Processed Foods – Another of Alaska's leading manufactured export categories in 2007 was processed foods. Export shipments of these products totaled \$42 million in 2007. 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.

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

In 2006, Alaska's agricultural exports amounted to nearly \$4.0 million to the world (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 Alaska farm products such as dairy, potatoes and potato products, and beef, 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 Alaska's Exporters

In the last three years (2005-2007), Alaska's exports to the DR-CAFTA region have skyrocketed 1,281 percent. In the first four years of the U.S.-Chile FTA (2004-2007), Alaska's exports to Chile have grown 364 percent. Since the U.S.-Singapore FTA entered into force in 2004, Alaska's exports to Singapore have increased 149 percent. In addition, since the North American Free Trade Agreement (NAFTA) entered into force in 1994, Alaska's combined exports to Canada and Mexico have increased by 566 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.