



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

Delaware

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

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

Delaware Depends on World Markets

Delaware's export sales of merchandise in 2007 totaled \$4.0 billion, up 111 percent (\$2.1 billion) from \$1.9 billion in 2003. That was the seventh highest percentage increase among the 50 states over that period.

Delaware's export shipments of merchandise to Colombia totaled \$17 million in 2007.

Exports Support Jobs for Delaware's Workers

– In 2005, export-supported jobs linked to manufacturing accounted for an estimated 3.1 percent of Delaware's total private-sector employment. Approximately one-eighth (12.3 percent) of all manufacturing workers in Delaware depend on exports for their jobs. (2005 data are the latest available.)

Exports Sustain Thousands of Delaware's Businesses – A total of 718 companies exported from Delaware locations in 2005. Of those, 584 (81 percent) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

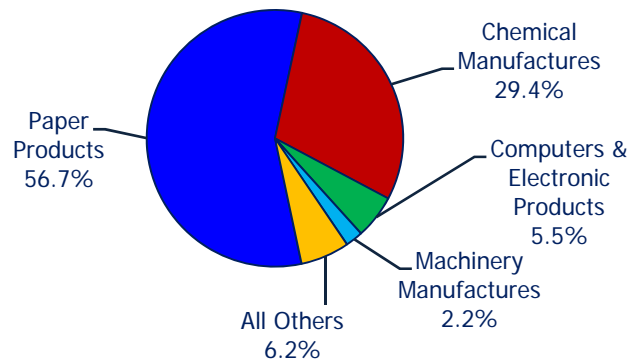
Delaware's SMEs Will Benefit from U.S.-Colombia TPA Provisions

SMEs generated nearly one-fifth (19 percent) of Delaware'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.

Delaware Exported \$17.3 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 Delaware's Exports

Chemical Manufactures – Chemical manufactures, with 42 percent of the 2007 value (\$1.7 billion), dominated the state's exports. In dollar terms, this is the state's largest manufactured export growth category, increasing \$883 million during the 2003-2007 period. Delaware'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.

Transportation Equipment – Transportation equipment was Delaware's second leading global export category, with export shipments of these products totaling \$572 million in 2007. Delaware's exports of these products have grown 208 percent since 2003. Delaware's exporters of transportation equipment, including aircraft, autos and auto parts, and other transportation manufactures, will benefit from U.S.-Colombia TPA tariff reductions. For aircraft and related products, current Colombian tariffs as high as 15 percent will fall to zero immediately upon entry into force of the agreement. Colombian tariffs on priority U.S. automotive products, including large-engine 4x4 vehicles, engines, brakes, shock absorbers, and other auto parts, will be phased out immediately upon entry into force of the agreement. For other transportation manufactures, 91 percent of U.S. industrial exports will receive duty-free treatment immediately upon entry into force of the agreement. This group includes high-value products such as railway and tramway cars, locomotives, trailers and semi-trailers, and sea vessels, which currently face Colombian tariffs averaging 12.7 percent.

Computers and Electronic Products – Delaware's third leading global export category is computers and electronic products, which accounted for \$562 million of Delaware's total merchandise exports in 2007, an increase of 111 percent from 2003. The U.S.-Colombia TPA improves market access for Connecticut'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. 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.

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

In 2006, Delaware's agricultural exports to the world amounted to \$145 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 Delaware farm products such as poultry, soybeans, 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 Delaware's Exporters

Since the U.S.-Jordan FTA took effect in 2001, Delaware's exports to Jordan have increased 338 percent. In the first four years of the U.S.-Singapore FTA (2004-2007), exports from Delaware to Singapore rose 186 percent. Since the U.S.-Australia FTA took effect in 2005, Delaware's exports to Australia increased 83 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.