INTERNATIONAL TRADE ADMINISTRATION

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

Florida

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 Florida'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.

Florida Depends on World Markets

Florida's export shipments of merchandise in 2007 totaled $44.8 billion, up 80 percent from $25.0 billion in 2003. Florida ranked sixth among the states in terms of total exports in 2007.

Florida's export shipments of merchandise to Colombia in 2007 totaled $2.1 billion, the second largest export total to Colombia among the 50 states. Florida's exports to Colombia accounted for 24 percent of U.S. exports to Colombia in 2007.

Exports Support Jobs for Florida's Workers – In 2005, export-supported jobs linked to manufacturing accounted for an estimated 1.9 percent of Florida's total private-sector employment. One-ninth (11.4 percent) of all manufacturing workers in Florida depend on exports for their jobs. (2005 data are the latest available.)

Exports Sustain Thousands of Florida's Businesses – A total of 28,524 companies exported from Florida locations in 2005. Of those, 27,048 (95 percent) were small and medium-sized enterprises, with fewer than 500 employees.

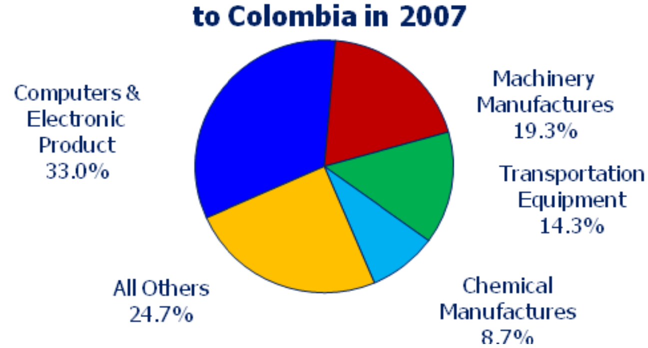
Florida's SMEs Will Benefit from U.S.-Colombia TPA Provisions

Small and medium-sized firms generated nearly two-thirds (61 percent) of Florida's total exports of merchandise in 2005. This was the highest figure among the 50 states, and far above the U.S 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.

Florida Exported $2.1 Billion in Goods to Colombia in 2007



Source: U.S. Department of Commerce, International Trade Administration.

The U.S.-Colombia TPA Opens New Markets for Florida's Exports

Computers and Electronic Products – Despite tariffs that average over 8 percent and range up to 15 percent, Florida's exports of computers and electronic products to Colombia totaled $680 million in 2007, an increase of $312 million, or 85 percent, from 2003. The U.S.-Colombia TPA improves market access for Florida'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, Florida'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 – Machinery manufactures were Florida's second leading manufactured export category to Colombia in 2007, valued at $397 million, an increase of 136 percent from 2003. Florida's exports of machinery 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 Florida's companies take advantage of Colombia's growing demand for industrial machinery.

Transportation Equipment – In 2007, transportation equipment was another of Florida's leading manufactured exports to Colombia. In 2007 Florida's export shipments of these products to Colombia totaled $295 million, an increase of 197 percent from 2003. Florida'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

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

In 2006, Florida's agricultural exports amounted to $1.7 billion (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 Florida farm products such as fruits and preparations, vegetables and preparations, and beef, U.S. exporters shipped $1.2 billion in U.S. farm products to Colombia in 2007, up 41% 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 Florida's Exporters

In the first four years of the U.S.-Chile FTA (2004-2007), Florida's exports to Chile have grown 99 percent. Since the U.S.-Jordan FTA took effect in 2001, Florida's exports to Jordan have jumped 587 percent. Since the North American Free Trade Agreement (NAFTA) entered into force in 1994, Florida's combined exports to Canada and Mexico have increased 208 percent and since entry into force of the U.S.-Morocco agreement in 2006, the state's exports to that country have grown 86 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.