



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

# Mississippi

[www.export.gov/fta/colombia/state](http://www.export.gov/fta/colombia/state)

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

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

### Mississippi Depends on World Markets

Mississippi's export shipments of merchandise in 2007 totaled \$5.2 billion, up 2.6 billion (102 percent) from 2003. That is the eighth largest percentage increase among the 50 states over that period.

Mississippi's export shipments of goods to Colombia in 2007 totaled \$27.6 million.

**Exports Support Jobs for Mississippi's Workers** – Export-supported jobs linked to manufacturing account for an estimated 4.1 percent of Mississippi's total private-sector employment. Nearly one-tenth (9.3 percent) of all manufacturing workers in Mississippi depend on exports for their jobs. (2005 data are the latest available.)

**Exports Sustain Many Mississippi Businesses** – A total of 1,094 companies exported goods from Mississippi locations in 2005. Of those, 787 (72 percent) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

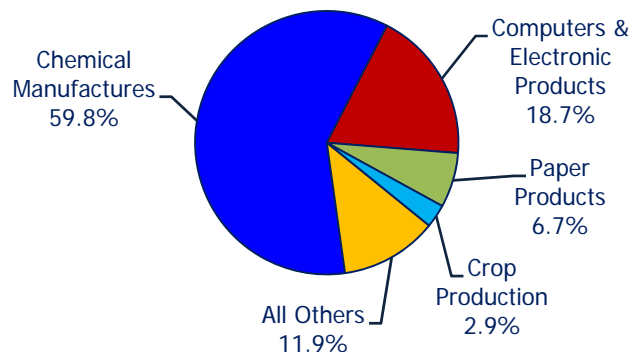
### Mississippi's SMEs Will Benefit from U.S.-Colombia TPA Provisions

SMEs generated over one-fourth (26 percent) of Mississippi'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 under unilateral U.S. trade preference programs such as the Andean Trade Preference Act and 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.

### Mississippi Exported \$27.6 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 Mississippi's Exports

**Chemical Manufactures** – Chemical manufactures were Mississippi's leading manufactured export category in 2007, accounting for \$1.0 billion in exports. The state'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, including many resins, fertilizers, and soda ash. Remaining tariffs will phase out within 10 years. Current Colombian chemical tariffs average nearly 8 percent and can be as high as 20 percent. Other top U.S. export opportunities in this sector include vinyl chloride, styrene, and polyethylene.

### **Computers and Electronic Products** –

Computers and electronic products are Mississippi's second largest global export, with \$740 million in exports in 2007. The U.S.-Colombia TPA improves market access for Mississippi'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. U.S. exports in this sector currently face Colombian tariffs that average over 8 percent and range up to 15 percent. 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.

**Paper Products** – Paper products are another leading global export for Mississippi, with 2007 exports valued at \$503 million. The state's exporters of these products will benefit from U.S.-Colombia TPA tariff reductions. U.S. exports in this sector currently face Colombian tariffs averaging 12.5 percent. Upon entry into force of the TPA, U.S. paper and paper products producers will benefit from the immediate elimination of Colombian tariffs on 44 percent of U.S. paper products. Remaining tariffs will be eliminated within 10 years. The top U.S. exports in this sector included kraft paper and paperboard, kraftliner, and writing paper.

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

In 2006, Mississippi's agricultural exports to the world were estimated at \$950 million (2006 data are latest 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 Mississippi farm products such as poultry, rice, and cotton, U.S. exporters shipped more than \$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 Mississippi's Exporters

In the first four years (2004–2007) of the U.S.-Chile FTA, Mississippi's exports to Chile jumped by 1,628 percent and since entry into force of the U.S.-Singapore FTA in 2004, the state's exports to Singapore have grown 263 percent. Since the North American Free Trade Agreement's (NAFTA) entry into force in 1994, Mississippi's combined exports to Canada and Mexico have grown by 377 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.