



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

West Virginia

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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 West Virginia'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.

West Virginia Depends on World Markets

West Virginia's global export shipments of merchandise in 2007 totaled \$4.0 billion, a 67 percent increase since the 2003 total of \$2.4 billion.

West Virginia's merchandise exports to the Colombian market in 2007 totaled \$12.2 million.

Exports Support Jobs for West Virginia's Workers – Export-supported jobs linked to manufacturing account for an estimated 3.7 percent of West Virginia's total private-sector employment. One-sixth (16.7 percent) of all manufacturing workers in West Virginia depend on exports for their jobs. (2005 data are the latest available.)

Exports Sustain Hundreds of West Virginia's Businesses – A total of 751 companies exported goods from West Virginia locations in 2005. Of those, 537 (72 percent) were small and medium-sized enterprises, with fewer than 500 employees.

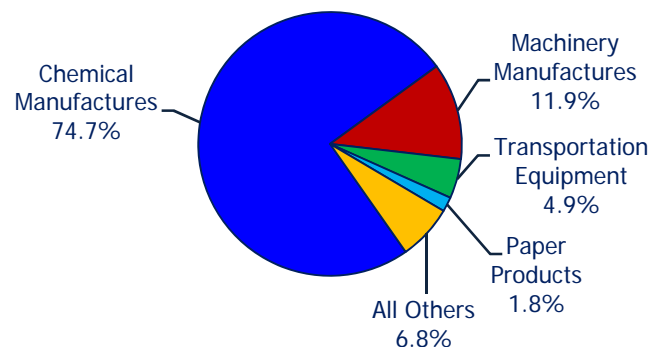
West Virginia's SMEs Will Benefit from U.S.-Colombia TPA Provisions

SMEs generated 12 percent of West Virginia'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 Colombia's exports to the United States 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.

West Virginia Exported \$12.2 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 West Virginia's Exports

Chemical Manufactures – In 2007, West Virginia's global exports of chemical manufactures totaled \$1.5 billion, a 30 percent increase from 2003 to 2007. Chemical manufactures accounted for 37 percent of the state's total merchandise exports in 2007. West Virginia'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.

Primary Metal Manufactures – Primary metal manufactures accounted for \$322 million of West Virginia's global exports in 2007, an increase of 61 percent from 2003. West Virginia's exports in this sector will benefit from U.S.-Colombia TPA tariff reductions. U.S. exports of these products currently face Colombian tariffs averaging 9 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.

Wood Products – In 2007, West Virginia's global exports of wood products totaled \$77 million. U.S. exports of these products currently face Colombian tariffs as high as 20 percent, with an average of 12.3 percent. Tariffs on high-value wood products including particleboard, fiberboard, and some builder's joinery will be eliminated immediately upon entry into force of the agreement. For the sector as a whole, 69 percent of U.S. industrial exports will receive duty-free treatment immediately upon entry into force of the agreement, with remaining tariffs eliminated within five to 10 years. Other leading U.S. export opportunities in this sector include railway ties and veneer sheets.

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

In 2006, West Virginia's agricultural exports to the world were estimated at \$42 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 West Virginia farm products such as poultry, feed, and fruit, 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 West Virginia's Exporters

Since the North American Free Trade Agreement's (NAFTA) entry into force in 1994, West Virginia's combined exports to Canada and Mexico grew by 348 percent. In the last three years (2005-2007) the state's exports to the DR-CAFTA region have grown 57 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.