



INTERNATIONAL
TRADE
ADMINISTRATION

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

Arizona

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 Arizona'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.

Arizona Depends on World Markets

Arizona's export shipments of merchandise in 2007 totaled \$19.2 billion. Arizona ranked 19th among the 50 states in terms of total exports in 2007.

In 2007, Arizona's export shipments of merchandise to Colombia totaled \$11.7 million, an increase of 19 percent from 2006.

Exports Support Jobs for Arizona's Workers –

In 2005, export-supported jobs linked to manufacturing accounted for an estimated 3.8 percent of Arizona's total private-sector employment. Almost one-quarter (22.4 percent) of all manufacturing workers in Arizona depend on exports for their jobs. (2005 data are the latest available.)

Exports Sustain Thousands of Arizona's Businesses – A total of 4,529 companies exported from Arizona locations in 2005. Of those, 3,975 (88 percent) were small and medium-sized enterprises with fewer than 500 employees.

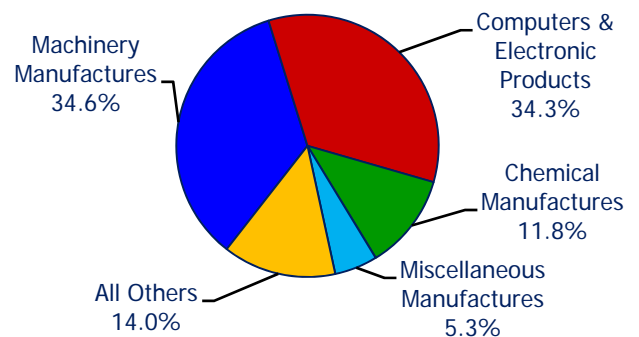
Arizona's SMEs Will Benefit from U.S.-Colombia TPA Provisions

SMEs generated nearly one-fourth (24 percent) of Arizona'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.

Arizona Exported \$11.7 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 Arizona's Exports

Computers and Electronic Products – The state's leading export category is computers and electronic products, which alone accounted for 40 percent, or \$7.6 billion, of Arizona's total merchandise exports in 2007. The U.S.-Colombia TPA improves market access for Arizona'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.

Transportation Equipment – Transportation equipment was Arizona's second leading global merchandise export category in 2007, with export shipments totaling \$3.1 billion. Arizona'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.

Electrical Equipment, Appliances and Parts – Electrical equipment, appliances and parts were Arizona's third leading global export category in 2007, with export shipments of these products totaling \$1.7 billion. Tariffs on high-priority U.S. electrical and electronic products such as video recorders and projectors, radio broadcast receivers, and coaxial cable will be eliminated immediately upon entry into force of the agreement. Colombia will also eliminate tariffs on 78 percent of U.S. appliance exports immediately upon entry into force of the agreement, with remaining tariffs eliminated within five to 10 years.

U.S. exports in this sector currently face Colombian tariffs averaging 11 percent, with some as high as 20 percent.

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

In 2006, Arizona's agricultural exports to the world amounted to \$520 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 Arizona farm products such as beef, dairy, and lettuce, 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 Arizona's Exporters

Since the U.S.-Chile FTA took effect in 2004, Arizona's annual exports to Chile increased 59 percent. Since the North American Free Trade Agreement (NAFTA) entered into force in 1994, Arizona's combined exports to Canada and Mexico have increased by 206 percent and since the U.S.-Singapore FTA took effect in 2004 the state's exports to Singapore have jumped 123 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.