



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

# Nevada

[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 Nevada'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.

### Nevada Depends on World Markets

Nevada's global export shipments of merchandise in 2007 totaled \$5.7 billion. Nevada's global exports increased 181 percent from 2003 to 2007, the second largest percentage gain among the 50 states. By comparison, total U.S. merchandise exports increased 61 percent over this period.

Nevada's export shipments of merchandise to the Colombian market in 2007, totaled \$16.2 million, a more than \$10 million increase over 2006.

#### **Exports Support Jobs for Nevada's Workers** –

Export-supported jobs linked to manufacturing account for an estimated 1.1 percent of Nevada's total private-sector employment. Nearly one-tenth (9.5 percent) of all manufacturing workers in Nevada depend on exports for their jobs. (2005 data are the latest available.)

#### **Exports Sustain Many Nevada Businesses** –

A total of 2,055 companies exported goods from Nevada locations in 2005. Of those, 1,795 (87 percent) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

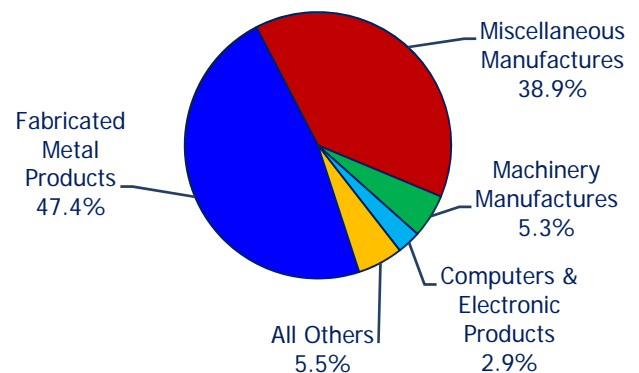
### Nevada's SMEs Will Benefit from U.S.-Colombia TPA Provisions

SMEs generated one-third (33 percent) of Nevada'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.

### Nevada Exported \$16.2 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 Nevada's Exports

**Primary Metal Manufactures**— Nevada's leading manufactured global export category is primary metal manufactures, which alone accounted for \$2.6 billion, or 46 percent, of Nevada's total export shipments of merchandise in 2007. Nevada's exports of these products jumped 289 percent during the 2003 to 2007 period. U.S. exports of these products currently face Colombian tariffs averaging 9.2 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.

### **Computers and Electronic Products**

Computers and electronic products are an important export sector for Nevada, valued at \$700 million in 2007. The state's exports of computers and electronic products grew 43 percent during the 2003 to 2007 period. The U.S.-Colombia TPA improves market access for 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 of these products currently face Colombian tariffs that average 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.

**Miscellaneous Manufactures** – Miscellaneous manufactures are another leading Nevada export category. In 2007, these products accounted for \$790 million, or 14 percent, of Nevada's global merchandise exports. Nevada's exporters of these products will benefit from U.S.-Colombia TPA tariff reductions. This sector includes high-value medical equipment such as surgical and orthopedic equipment, medical needles, reagents, and diagnostic equipment, which currently face an average Colombian tariff of 8 percent. For medical equipment, 96 percent of U.S. exports will receive duty-free treatment immediately upon entry into force of the TPA. U.S. exports such as sporting goods, jewelry, and toys will also enjoy increased access to the Colombian market, with all tariffs eliminated within five to 10 years.

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

In 2006, Nevada's agricultural exports to the world amounted to \$44 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 Nevada products such as beef, dairy, and wheat, U.S. exporters shipped \$1.2 million in farm products to Colombia in 2007, up 41 percent from 2006. In the free trade agreement, a primary U.S. objective was to change the "one-way street" of duty-free access currently enjoyed by most Colombia exports into a "two-way street" that provides U.S. suppliers with access to Colombia's market 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 Nevada's Exporters

In the first years (2002-2007) of the U.S.-Jordan FTA, Nevada's exports to Jordan increased by 2,183 percent. In the past three years (2005-2007) Nevada's exports to the DR-CAFTA region have increased 118 percent and since the North American Free Trade Agreement's (NAFTA) entry into force in 1994, Nevada's combined exports to Canada and Mexico have grown by 527 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.