



INTERNATIONAL
TRADE
ADMINISTRATION

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

New Hampshire

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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 New Hampshire'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.

New Hampshire Depends on World Markets

New Hampshire's export shipments of merchandise in 2007 totaled \$2.9 billion, up 51 percent from \$1.9 billion exported in 2003.

New Hampshire's export shipments of merchandise to Colombia totaled \$21 million in 2007, a 445 percent increase during the 2003-2007 period.

Exports Support Jobs for New Hampshire's Workers – Export-supported jobs linked to manufacturing account for an estimated 4.6 percent of New Hampshire's total private-sector employment. Nearly one-fifth (19.3 percent) of all manufacturing workers in New Hampshire depend on exports for their jobs. (2005 data are the latest available.)

Exports Sustain Many New Hampshire Businesses – A total of 2,009 companies exported goods from New Hampshire locations in 2005. Of those, 1,772 (88 percent) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

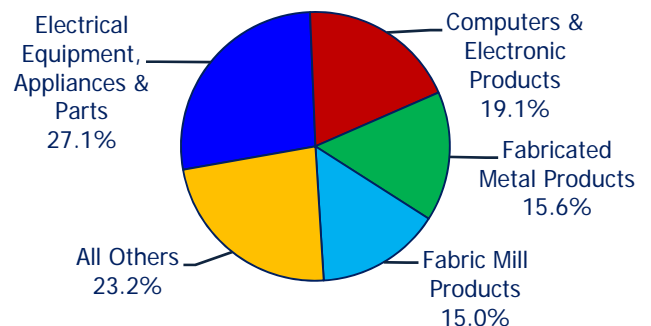
New Hampshire's SMEs Will Benefit from U.S.-Colombia TPA Provisions

SMEs generated 43 percent of New Hampshire's total exports of merchandise in 2005. This was the eighth highest share among the states and well above the national 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 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.

New Hampshire Exported \$21.3 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 New Hampshire's Exports

Computers and Electronic Products – New Hampshire's leading global merchandise export is computers and electronic products, which alone accounted for \$796 million, or 27 percent, of New Hampshire's total export shipments in 2007. 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 in this sector 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.

Machinery Manufactures – New Hampshire companies exported \$727 million in machinery manufactures worldwide in 2007. New Hampshire's exports of machinery manufactures 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 New Hampshire's companies take advantage of Colombia's growing demand for industrial machinery.

Plastics and Rubber Products – Plastics and rubber products are a significant global merchandise export for New Hampshire, worth \$109 million in 2007. The state's exports of plastics and rubber products increased 75 percent from 2003 to 2007. New Hampshire's exports of plastic and rubber products will benefit from U.S.-Colombia TPA tariff reductions. The agreement eliminates tariffs on 60 percent of these products immediately upon entry into force, with tariffs on another 27 percent eliminated over 7 years.

Remaining tariffs will phase out over 10 years. Top export opportunities in this sector include polyethelene and polyethers, adhesive sheets and films, and new pneumatic tires.

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

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 U.S. farm products such as poultry, wheat, and corn, 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 New Hampshire's Exporters

In the first four years (2004-2007) of the U.S.-Chile FTA, New Hampshire's exports to Chile increased by 60 percent and in the first two years of the U.S.-Morocco FTA, (2006-2007) the state's exports to Morocco grew 85 percent. Since the North American Free Trade Agreement's (NAFTA) entry into force in 1994, New Hampshire's combined exports to Canada and Mexico have grown 80 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.