



INTERNATIONAL  
**TRADE**  
ADMINISTRATION

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

# Tennessee

[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 Tennessee'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.

### Tennessee Depends on World Markets

Tennessee's global export shipments of merchandise in 2007 totaled \$21.8 billion, the 16th largest figure among the states. Tennessee's export shipments grew 73 percent from 2003 to 2007.

Tennessee's exports of merchandise to Colombia totaled \$151 million in 2007, the ninth largest export total among the 50 states.

**Exports Support Jobs for Tennessee's Workers** – In 2005, export-supported jobs linked to manufacturing account for an estimated 5.6 percent of Tennessee's total private-sector employment. More than one-seventh (14.9 percent) of all manufacturing workers in Tennessee depend on exports for their jobs. (2005 data are the latest available.)

**Exports Sustain Thousands of Tennessee's Businesses** – A total of 4,006 companies exported goods from Tennessee locations in 2005. Of those, 3,226 (79 percent) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

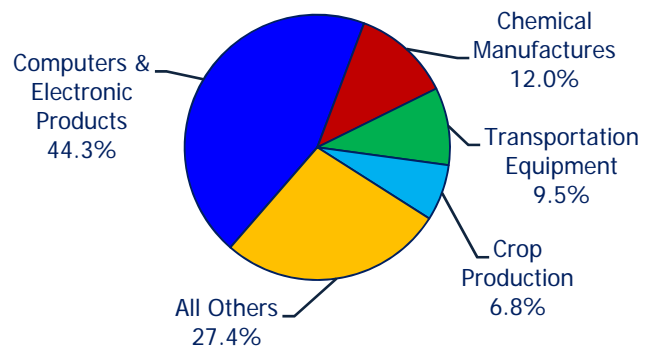
### Tennessee's SMEs Will Benefit from U.S.-Colombia TPA Provisions

SMEs generated 15 percent of Tennessee'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 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.

### Tennessee Exported \$150.5 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 Tennessee's Exports

**Computers and Electronic Products** – Despite tariffs that average over 8 percent and range up to 15 percent, Tennessee's exports of computers and electronic products to Colombia totaled \$67 million in 2007, an increase of \$41 million, or 160 percent, from the previous year. The U.S.-Colombia TPA improves market access for Tennessee'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. 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.

**Chemical Manufactures** – In 2007, Tennessee's exports of chemical manufactures to Colombia totaled \$18 million, a 37 percent increase from 2003 to 2007. Tennessee'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.

**Transportation Equipment** – In 2007, transportation equipment was another of Tennessee's leading manufactured exports to Colombia. In 2007, Tennessee's export shipments of these products to Colombia totaled \$14 million, an increase of 1,226 percent from 2003. Tennessee'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.

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

In 2006, Tennessee's farm agricultural exports to the world were estimated at \$924 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 Tennessee farm products such as cotton, soybeans, and tobacco leaf, U.S. exporters shipped \$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 Tennessee's Exporters

Since the North American Free Trade Agreement's (NAFTA) entry into force in 1994, Tennessee's combined exports to Canada and Mexico have grown by 281 percent. Since the entry into force of the U.S.-Morocco FTA in 2006, Tennessee's exports to Morocco have grown by 63 percent. Also, Tennessee's exports to Chile have grown by 134 percent since the entry into force of the U.S.-Chile agreement in 2004.

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.