

U.S.-Colombia Free Trade Agreement Market Access Results

Autos and Auto Parts

Trade and Tariffs

The automotive sector covers motor vehicles and parts.

Automotive products accounted for 3.2 percent of U.S. exports to Colombia in 2007, totaling approximately \$198 million. The top U.S. exports to Colombia in this sector were passenger and transport vehicles, engines, and other parts and accessories. Colombian tariffs range between 5 and 35 percent with an average of 15.8 percent.

Colombian exports to the United States in this sector totaled \$17.1 million in 2007 or less than 1 percent of total exports to the United States. Top Colombian exports were miscellaneous auto parts, brake lining and pads, and safety glass. U.S. tariffs applied to the automotive sector range from 0 to 25 percent, with an average of 2.4 percent. All Colombian exports in this sector enter the United States duty-free under the Andean Trade Preference Act (ATPA) and Andean Trade Promotion and Drug Eradication Act (ATPDEA) tariff preferences.

Tariff Elimination

Tariffs will be phased out according to five tariff elimination categories: immediate elimination, equal cuts over five years, unequal cuts over five years, equal cuts over seven years, and equal cuts over ten years. Tariff elimination under the unequal five-year staging category will proceed with a 10 percent cut in the tariff in years one and two, a 30 percent cut in year three, a 20 percent cut in year four, and the remaining 30 percent tariff cut will take place in year five.

For automotive products, 53 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on another 23 percent of exports will be eliminated over five years. Duties on the remaining 24 percent of U.S. exports will be eliminated over ten years.

Tariffs on priority automotive products, including large-engine 4x4 vehicles, engines, brakes, shock absorbers, and other auto parts will be phased out immediately upon implementation of the agreement.

The United States agreed to consolidate all ATPA and ATPDEA tariff preferences into the final tariff elimination schedules. This means that all automotive exports from Colombia will continue to receive duty-free treatment.

Non-Tariff Barriers

Colombia will eliminate its prohibition on the importation of remanufactured automotive goods, as defined in Chapter Four - Rules of Origin, upon entry into force of the Agreement. Colombia will eliminate tariffs on most remanufactured automotive goods immediately and will phase down tariffs on a small number of remanufactured goods over 10 years.