



## **Free Trade with Peru, Colombia, and Panama** *Transforming the Future of the Americas*

“It is not every day that our government, with one bold stroke, could strengthen the competitiveness of U.S. workers; support a democratic ally on the cusp of achieving lasting national success; weaken those who would sow instability and autocracy in our hemisphere; and send an unequivocal signal to the entire world that the United States is a confident, capable global leader that acts not only in its own interest, but in the interest of its friends.”

*---Secretary of State Condoleezza Rice, April 7, 2008*

### ***Securing Peace and Prosperity from Canada to Chile***

- We want to help Peru, Colombia and Panama build inclusive, democratic societies where all citizens feel they have a stake in their system of government.
- Free Trade Agreements (FTAs) with these nations will help reduce poverty and its attendant social ills through sustained economic growth, creating new employment opportunities, and incorporating more workers into the formal economy.
- All three countries are rapidly growing markets for U.S. exports. Peru and Colombia are reliable energy suppliers. The Panama Canal is a crucial corridor; more than two-thirds of the seaborne traffic is destined to or from the United States.
- Peru, Colombia and Panama are critical partners to combating narcotics trafficking, fighting terrorism, and curbing illegal immigration.

### ***Promoting and Rewarding Pro-Market Democracy***

- We can and must support those who offer a vision of prosperous, inclusive, and free societies.
- Peru, Colombia and Panama share our values. They embrace democratic governance and open markets as the way to deliver economic opportunity and good governance for all their people.
- They share our commitment to ensuring the benefits of these agreements are broadly shared.
- All three have made great strides with free and fair elections and democratic reforms, while Colombia and Peru have had particular success in reducing poverty.

### ***Demonstrating the Benefits of Economic Partnership with the United States***

- Congressional approval of the Peru FTA has vastly expanded economic opportunities. With approval of the Colombia and Panama FTAs, U.S. exporters will gain preferential access to three economies that together generate \$567 billion, and have a combined population of 81 million.
- Colombia and Panama already enjoy duty free access to U.S. markets; U.S. products exported to these markets face tariff rates as high as 35%.
- The Colombia and Panama agreements would make one-way free trade two-way, to the benefit of American workers, farmers, ranchers, and businesses.
- Colombia and Panama want to move beyond trade preferences and transition to a permanent, reciprocal economic partnership with the United States. They have seen the transformative

power of trade through the United States' trade agreements with Mexico, Central America and Chile.

- Enacting FTAs bolsters democratic institutions by ensuring transparency and respect for worker rights as well as promoting hemispheric solidarity and demonstrating America's long-term commitment to Latin America.

### ***Increasing American Exports and Creating New Jobs Here at Home***

- Free trade and open markets work for the United States. Over the last quarter century, the United States has implemented FTAs with more than a dozen countries. In 2007, exports accounted for 40 percent of our economic growth. The United States and our partners have also added millions of net new jobs.
- Both the Peru and Colombia FTAs are each expected to increase U.S. exports by over \$1 billion yearly and U.S. GDP by over \$2 billion.
- Under the agreements, over 80 percent of U.S. exports of consumer and industrial products will become duty-free immediately, with remaining tariffs phased out over 10 years.
- The American Farm Bureau Federation estimates that the agreements with Colombia, Panama, and Peru will increase U.S. agricultural exports by about \$1.5 billion per year once fully implemented.
- Our markets are largely complementary. Most imports from Peru, Colombia and Panama are precious metals, winter crops, and marine and petroleum products, while most of our exports are manufactured goods, agricultural commodities, and services.

### ***Delay Harms our Interests at Home and Abroad***

- Delaying the passage of these agreements will put U.S. businesses, farmers, ranchers and workers at a competitive disadvantage as the EU, Canada and other countries negotiate preferential trade arrangements with these countries. Colombia's association agreement with Mercosur also put American exporters at a competitive disadvantage. Enacting the FTA will level the playing field.
- Colombia is clear about its friendship with the United States. Colombia is fighting two guerrilla armies and at times has faced border tensions. Delaying passage of an agreement with a loyal friend and ally casts a doubt about America's leadership in Latin America and our willingness to extend a helping hand to a friend when needed.
- A delay would offset the accomplishments that the people of the Americas have made toward prosperity. The citizens of our hemisphere are not giving up on democratic development. It would be irresponsible for us to give up on them.

For more information, visit the State Department's FTA webpage  
at <http://www.state.gov/e/eeb/tpp/c22883.htm>

Updated May 2008