

BENEFITS OF THE U.S.-COLOMBIA TRADE PROMOTION AGREEMENT: MORE AMERICAN EXPORTS, MORE AMERICAN JOBS

Approval of the U.S.–Colombia Trade Promotion Agreement (TPA) will support more American jobs, increase U.S. exports, and enhance U.S. competitiveness:

- Colombia's economy is the third largest in Central and South America. This comprehensive trade agreement will eliminate tariffs and other barriers to U.S. exports, expand trade between our two countries and promote economic growth for both.
- The International Trade Commission (ITC) has estimated that the tariff reductions in the Agreement will expand exports of U.S. goods alone by more than \$1.1 billion, supporting thousands of additional American jobs. The ITC also projected that the Agreement will increase U.S. GDP by \$2.5 billion.
- The Agreement will provide significant new access to Colombia's \$166 billion services market, supporting increased opportunities for U.S. service providers.
- U.S. goods exports to Colombia in 2010 were \$12.0 billion. Our economies are largely complementary in terms of the goods we ship each other. For example, Colombia is a large importer of grains from the United States while it exports a number of tropical fruits to our country. In addition, U.S. cotton, yarn and fabric exports to Colombia are used in many apparel items that Colombia exports to the United States.

The Agreement will remove significant barriers to U.S. goods from entering Colombia's market:

- Over 80 percent of U.S. exports of consumer and industrial products to Colombia will become duty free immediately, with remaining tariffs phased out over 10 years. With average tariffs on U.S. industrial exports ranging from 7.4 to 14.6 percent, this will substantially increase U.S. exports.
- Key U.S. exports will gain immediate duty-free access to Colombia, including almost all products in these sectors: agriculture and construction equipment, aircraft and parts, auto parts, fertilizers and agro-chemicals, information technology equipment, medical and scientific equipment, and wood.
- Many agricultural commodities also will benefit from the Agreement, as more than half of current U.S. farm exports to Colombia will become duty-free immediately, and virtually all remaining tariffs will be eliminated within 15 years. Colombia will immediately eliminate duties on wheat, barley, soybeans, soybean meal and flour, high-quality beef, bacon, almost all fruit and vegetable products, wheat, peanuts, whey, cotton, and the vast majority of processed products. The Agreement also provides duty free tariff rate quotas (TRQ) on standard beef, chicken leg quarters, dairy products, corn, sorghum, animal feeds, rice, and soybean oil.

The Agreement is crucial to maintaining the U.S. share of this important market:

- Colombia implemented a trade accord with Mercosur (Brazil, Argentina, Paraguay, and Uruguay) in 2009 and with Canada in August 2011. It will soon implement one with the European Union. Colombia expects to conclude a free trade agreement with South Korea by the end of 2011 and to begin steps toward negotiating an economic partnership agreement with Japan.
- If Colombia's trade accords with other countries are implemented before the U.S.-Colombia TPA comes into effect, U.S. exporters would face an average tariff of over 9 percent while many products from these other countries will enter Colombia duty free. This would leave U.S. products at a competitive disadvantage in relation to products of many of Colombia's other trading partners.

Other benefits of the Agreement include:

- ***Expanded Access to Services Markets:*** Colombia will accord substantial market access across its entire services sector. Colombia agreed to eliminate measures that prevented U.S. firms from hiring U.S. professionals, and to phase-out market restrictions in cable television. Colombia also agreed to provide improved access for U.S. suppliers

of portfolio management services.

Greater Protection for Intellectual Property Rights: The Agreement provides for improved standards for the protection and enforcement of a broad range of intellectual property rights, consistent with U.S. and emerging international standards of protection and enforcement. Such improvements include requirements for IPR protections that are critical to protecting copyrighted works like music, movies, and software from piracy in the digital environment; requirements for strong, deterrent criminal penalties against copyright piracy and trademark counterfeiting; requirements for robust patent and test data protection that respects the Doha Declaration on TRIPS and Public Health; and state-of-the-art protection for U.S. trademarks.

- **Commitments to Protect Labor Rights:** In the underlying agreement, both parties commit to adopt and maintain in their laws and practice the five fundamental labor rights, as stated in the 1998 ILO Declaration on Fundamental Principles and Rights at Work. Labor obligations are subject to the same dispute settlement and enforcement mechanisms as commercial obligations. In addition, Colombia has now met the numerous milestones slated for completion to date, under an agreed Colombian Action Plan Related to Labor Rights. These address concerns regarding protections for worker rights, violence against Colombian labor union members, and the prosecution of those who commit such violence. Under the Action Plan, Colombia has:
 - passed legislation criminalizing interference in the exercise of labor rights;
 - secured legislation establishing a separate labor ministry;
 - advanced by over two years severe fines for maintaining employment, relationships that undermine worker rights,
 - launched the doubling of its labor inspectorate;
 - expanded and improved its protection programs for union members; and
 - begun reforming the Prosecutor General’s procedures to more effectively prosecute cases of unionist homicides.

- **Commitments to Protect the Environment:** Both parties also commit to effectively enforce their own domestic environmental laws and adopt, maintain and implement laws, regulations, and all other measures to fulfill obligations under covered multilateral environmental agreements. Environmental obligations are subject to the same dispute settlement and enforcement mechanisms as commercial obligations.

- **Fair and Open Government Procurement:** U.S. suppliers are granted rights to non-discriminatory treatment in bidding on procurement opportunities offered by a broad range of Colombian government ministries, agencies, public enterprises, and regional governments. The Agreement requires the use of fair and transparent procurement procedures, such as advance notice of purchases and timely and effective bid review procedures.

- **A Level Playing Field for U.S. Investors:** U.S. companies in Colombia are protected against discriminatory or unlawful treatment, and the Agreement provides a neutral and transparent mechanism for settlement of investment disputes.

**Average Colombia Tariffs on U.S. Industrial Exports:
Before and After Full Implementation of the Agreement**

Metals and Ores:	9.2%	0%
Infrastructure and Machinery:	11.1%	0%
Transportation Equipment:	12.7%	0%
Autos and Auto Parts:	7.4%	0%
Building Products:	13.2%	0%
Paper and Paper Products:	12.5%	0%
Consumer Goods:	14.6%	0%