



# The U.S.-Colombia Trade Promotion Agreement *Opportunities for the U.S. Agriculture Equipment Sector*

The U.S.-Colombia Trade Promotion Agreement would provide significant commercial opportunities for U.S. exporters:

- Colombia is the **18th largest** market for U.S. agriculture equipment exports.
- Estimated duties paid on exports of U.S. agriculture equipment products to Colombia were **over \$1 million** from 2008 to 2010. Tariff elimination could allow U.S. firms to reinvest in technology and production improvements.
- Approximately **97 percent** of U.S. agriculture equipment exports to Colombia would receive duty-free treatment immediately upon implementation of the U.S.-Colombia Trade Promotion Agreement; Colombian agriculture equipment tariffs currently average 9.5 percent, ranging up to 15 percent.

## Agricultural Equipment Sector Overview

- The agricultural equipment sector accounted for nearly \$19 million in U.S. exports to Colombia over 2008-10 (average) or less than 1 percent of total U.S. industrial exports to Colombia.<sup>1</sup>
- Top U.S. agricultural equipment exports to Colombia include tractors, harvesting machinery, and their parts.
- In 2009, U.S. production of agricultural equipment products was over \$22 billion.<sup>2</sup>
- The U.S. agricultural equipment sector employed over 56,000 workers in 2009.<sup>3</sup>

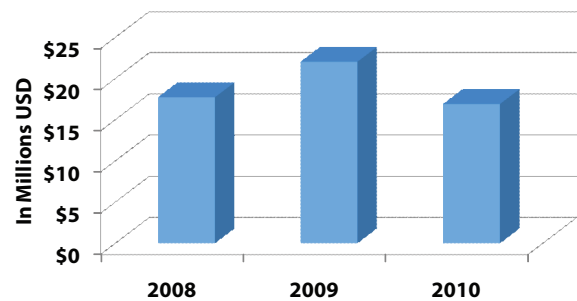
## Improved Market Access for U.S. Agricultural Equipment Exporters to Colombia

- Colombian agricultural equipment tariffs currently average 9.5 percent, ranging from zero to 15 percent.
- Approximately 97 percent of U.S. agricultural equipment exports to Colombia would receive duty-free treatment immediately upon implementation of the trade agreement.<sup>4</sup>
- Tariffs on the remaining 3 percent of U.S. agricultural equipment exports would be eliminated in equal cuts over 5 years.<sup>5</sup>

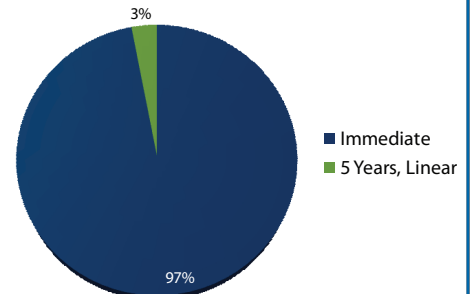
## Key States Exporting to Colombia

- Top U.S. states exporting agricultural equipment to Colombia include: Louisiana, Florida, Iowa, Wisconsin, Michigan, Illinois, Pennsylvania, South Carolina, North Carolina, and Texas.<sup>5</sup>

**U.S. Agriculture Equipment Exports to Colombia Averaged \$18.9 Million**



**All U.S. Agriculture Equipment Exports to Colombia Would be Duty-Free Within 5 Years**



<sup>1</sup> Global Trade Atlas. Calculation based on import data as reported by Colombia. The definition for agricultural equipment used in this report, unless otherwise cited, is based on Harmonized System (HS) Headings 8432, 8433, 8434, and 8701.

<sup>2</sup> U.S. Department of Commerce, U.S. Census Bureau, NAICS 333111. Shipments used as a best available proxy for production.

<sup>3</sup> U.S. Department of Labor, Bureau of Labor Statistics, NAICS 333111 (non-seasonally adjusted data).

<sup>4</sup> Data based on three-year average for 2008-2010.

<sup>5</sup> U.S. Department of Commerce, U.S. Census Bureau.

## Foreign Competition in Colombian Market

- Colombia signed trade agreements with both the EU and Canada in November, 2008. Additionally, Colombia has FTAs in force with the rest of the Andean Community, Chile, Mexico, El Salvador, Guatemala, and Honduras. Colombia grants some preferential access to MERCOSUR, CARICOM, Costa Rica, Nicaragua, and Panama.
- Upon implementation of its agreement, EU agricultural equipment exporters would enjoy a 4.7 percent average tariff advantage over U.S. exports. However, if the U.S.-Colombia TPA is implemented at the same time, U.S. exports would have an immediate 1.6 percent average tariff advantage over the EU.<sup>6</sup>

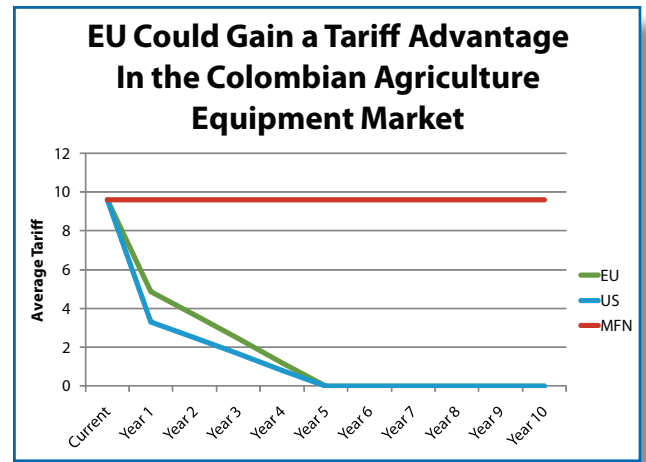
## Other Key Commitments by Colombia for the Agriculture Equipment Sector

### Intellectual Property Rights:

The U.S.-Colombia Trade Promotion Agreement requires high levels of intellectual property protection and enforcement, consistent with U.S. and international standards, and will support the growth of trade in valuable digital and other intellectual property-based products. The Agreement will provide for enhanced protections for trademarks, copyrights, and patents, such as the implementation a Colombian electronic trademark application system and on-line database, prohibitions on the circumvention of technological protection measures used by copyright holders, as well as ensuring that the parties will provide robust patent and test data protection.

### Remanufactured Goods:

Colombia will eliminate its prohibition on the importation of remanufactured goods upon entry into force of the Agreement. Most Colombian tariffs on remanufactured goods will be eliminated immediately upon entry into force of the agreement, while tariffs on a small number of remanufactured goods will phase out over ten years.



<sup>6</sup> U.S. Department of Commerce calculations based on EU-Colombia FTA and U.S.-Colombia Trade Agreement tariff commitments and Colombian 2010 Tariff Schedule.