



# The U.S.-Colombia Trade Promotion Agreement *Opportunities for the U.S. Building Products Sector*

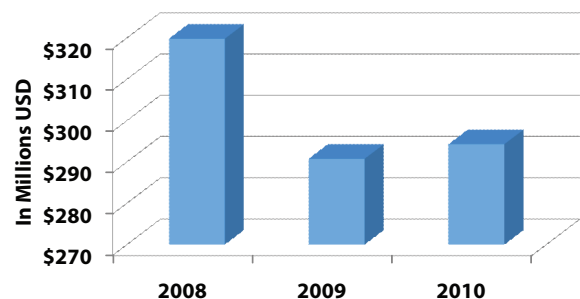
## The U.S.-Colombia Trade Promotion Agreement would provide significant commercial opportunities for U.S. exporters:

- Colombia is the **17th largest** market for U.S. building product exports.
- Estimated duties paid on exports of U.S. building products to Colombia were **over \$109 million** from 2008 to 2010. Tariff elimination could allow U.S. firms to reinvest in technology and production improvements.
- **More than 50 percent** of U.S. building product exports to Colombia would receive duty-free treatment within five years of implementation of the U.S.-Colombia Trade Promotion Agreement; Colombian building product tariffs currently average 13.2 percent, ranging up to 20 percent.

## Building Products Sector Overview

- The building products sector accounted for over \$300 million in U.S. exports to Colombia over 2008-10 (average) or 3.3 percent of total U.S. industrial exports to Colombia.<sup>1</sup>
- Top U.S. building products exports to Colombia include pumps and ventilation equipment, valves, air conditioning parts, filtration equipment, and metal structures.
- In 2009, U.S. production of building products was about \$53 billion.<sup>2</sup>
- U.S. SMEs exported approximately \$23 million in building products to Colombia in 2008.<sup>3</sup>
- The U.S. building products sector employed over 315,000 workers in the United States in 2009.<sup>4</sup>

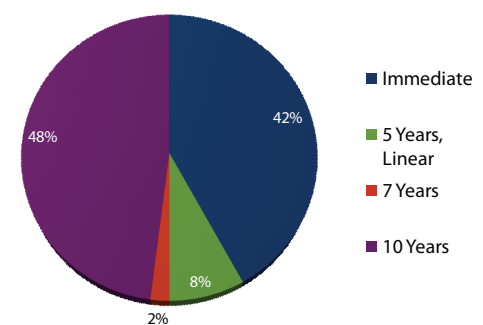
### U.S. Building Products Exports to Colombia Averaged \$301.6 Million



## Improved Market Access for U.S. Building Products Exporters to Colombia

- Colombian building products tariffs currently average 13.2 percent, ranging from zero to 20 percent.
- Over 42 percent of U.S. building products exports to Colombia would receive duty-free treatment immediately upon implementation of the trade agreement.<sup>5</sup>
- Tariffs on an additional 8 percent of building products exports to Colombia would be eliminated over five years and tariffs on a further 2 percent of exports would be eliminated over seven years. Tariffs on the remaining 48 percent of building products exports would be eliminated in equal cuts over ten years.

### 50% of U.S. Building Products Exports to Colombia Would be Duty-Free Within 5 Years



## Key States Exporting to Colombia

- Top U.S. states exporting building products to Colombia include: Texas, Florida, Oregon, North Carolina, Ohio, Pennsylvania, New York, Wisconsin, Alabama, and Illinois.<sup>6</sup>

<sup>1</sup> Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Colombia. The definition for building products in this report, unless otherwise cited, is based on portions of the Harmonized System (HS) Chapters 25, 68, 69, 70, 90, and 94. This report includes all non-metal, mineral based building products including ceramics and glass.

<sup>2</sup> U.S. Department of Commerce, U.S. Census Bureau, within NAICS 327. Shipments used as a best available proxy for production.

<sup>3</sup> U.S. Department of Commerce, U.S. Census Bureau, within NAICS 327.

<sup>4</sup> U.S. Department of Labor, Bureau of Labor Statistics, within NAICS 327 (non-seasonally adjusted data).

<sup>5</sup> Data based on three-year average for 2008-2010.

<sup>6</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 building product exporters would enjoy a 4.6 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 percent average tariff advantage over the EU.<sup>7</sup>

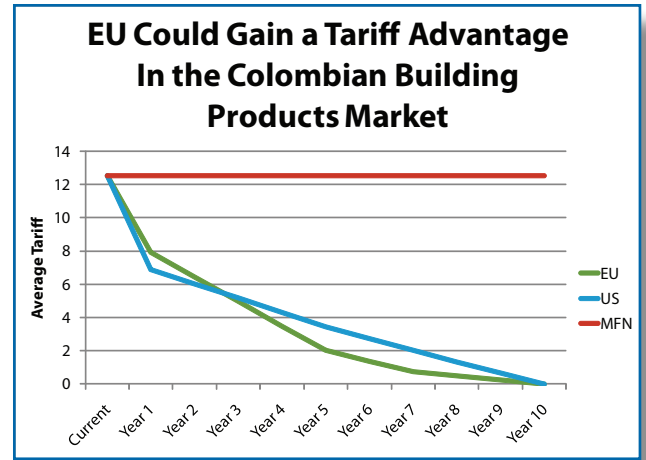
## Other Key Commitments by Colombia for the Building Products Sector

### Government Procurement:

The government procurement provisions of the U.S.-Colombia Trade Promotion Agreement guarantee non-discriminatory access to the procurements of most Colombian central government entities, including all key ministries and significant state-owned enterprises, as well as Colombia's regional governments. The Agreement also imposes strong disciplines on government procurement procedures, such as requiring advance public notice of purchases and provision of information to all interested suppliers, regarding covered procurement opportunities, as well as timely and effective domestic review procedures.

### Investment:

The U.S.-Colombia Trade Promotion Agreement establishes a strong and predictable legal framework for U.S. investors for all forms of investment. Under the Agreement, Colombia will provide U.S. investors substantive protections and due process rights that are consistent with U.S. legal principles and practice. The Agreement establishes an impartial dispute settlement mechanism for investors to pursue damages for breaches of these protections.



<sup>7</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.