



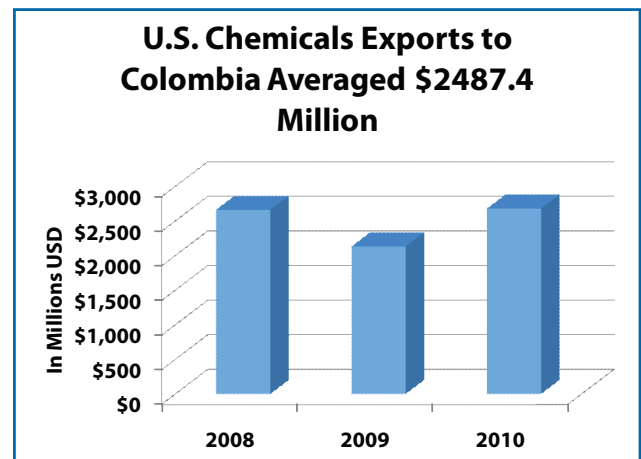
The U.S.-Colombia Trade Promotion Agreement *Opportunities for the U.S. Chemicals Sector*

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

- Colombia is the **14th largest** market for U.S. chemicals exports.
- Estimated duties paid on exports of U.S. chemical products to Colombia were **nearly \$480 million** from 2008 to 2010. Tariff elimination could allow U.S. firms to reinvest in technology and production improvements.
- **More than 86 percent** of U.S. chemicals exports to Colombia would receive duty-free treatment immediately upon implementation of the U.S.-Colombia Trade Promotion Agreement; Colombian chemicals tariffs currently average 7.6 percent, ranging up to 20 percent.

Chemicals Sector Overview

- The chemicals sector accounted for nearly \$2.5 billion in U.S. exports to Colombia over 2008-10 (average) or 27.3 percent of total U.S. industrial exports to Colombia.¹
- Top U.S. chemicals exports to Colombia include organic chemicals, medications, polymers and resins, and fertilizers.
- The U.S. chemicals sector, which is highly integrated into the world economy and global supply chains, accounted for 18 percent of U.S. manufacturing production in 2009.²
- U.S. SMEs exported nearly \$825 million in chemicals, plastics, and rubber to Colombia in 2008 and comprised 77 percent of all U.S. chemicals firms exporting to Colombia in that year.³
- The U.S. chemicals sector employed over 1.4 million workers in 2009.⁴

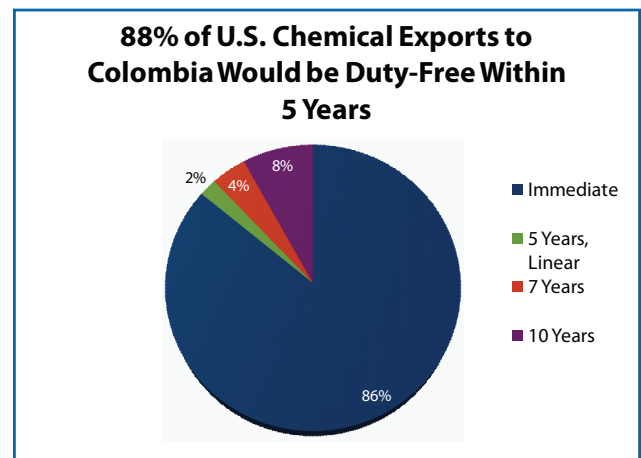


Improved Market Access for U.S. Chemicals Exporters to Colombia

- Colombian chemicals tariffs currently average 7.6 percent, ranging from zero to 20 percent.
- Over 86 percent of U.S. chemicals exports to Colombia would receive duty-free treatment immediately upon implementation of the trade agreement.⁵
- Tariffs on an additional 2 percent of chemicals exports to Colombia would be eliminated over five years and tariffs on a further 4 percent of chemicals exports would be eliminated over seven years. Tariffs on the remaining 8 percent of U.S. chemicals exports would be eliminated in equal cuts over ten years.

Selected Sub-Sectors:

- **Cosmetics:** Colombia would eliminate its tariffs on 78 percent of U.S. cosmetics exports immediately upon implementation of the trade agreement. Tariffs on an additional 4 percent of exports would be eliminated over five years and tariffs on the remaining 18 percent of exports would be eliminated over ten years.



1 Global Trade Atlas. Calculation based on import data as reported by Colombia. The definition for chemicals used in this report, unless otherwise cited, is based on Harmonized System (HS) Chapters 28-40.

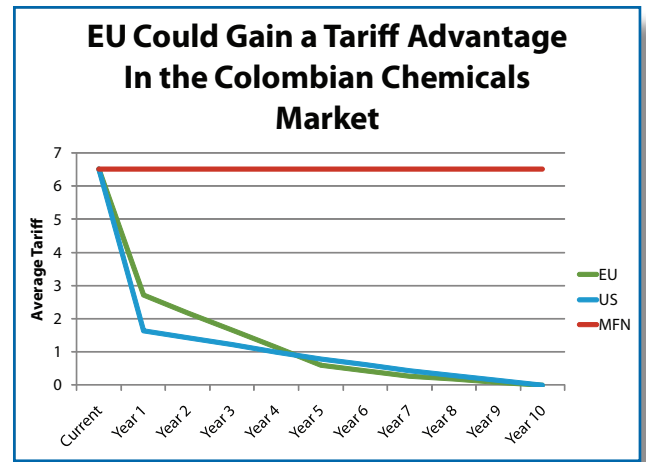
2 U.S. Department of Commerce, U.S. Census Bureau, within NAICS 325 and 326. Shipments used as a best available proxy for production.

3 U.S. Department of Commerce, U.S. Census Bureau, within NAICS 325 and 326.

4 U.S. Department of Labor, Bureau of Labor Statistics, within NAICS 325 and 326 (based on non-seasonally adjusted data).

5 Data based on three-year average for 2008-2010.

- **Plastics:** Colombia would eliminate its tariffs on 75 percent of U.S. plastics exports immediately upon implementation of the trade agreement. Tariffs on an additional 2 percent of exports would be eliminated over five years and tariffs on the remaining 23 percent of exports would be eliminated within ten years.
- **Pharmaceuticals:** Colombia would eliminate its tariffs on 97 percent of U.S. pharmaceutical exports immediately upon implementation of the trade agreement. Tariffs on the remaining 3 percent of exports would be eliminated over ten years.
- **Fertilizers and Agro-chemicals:** Colombia would eliminate its tariffs on 100 percent of U.S. fertilizer and agro-chemical exports immediately upon implementation of the trade agreement.
- **Rubber:** Colombia would eliminate its tariffs on 64 percent of U.S. rubber product exports immediately upon implementation of the trade agreement. Tariffs on the remaining 36 percent of exports would be eliminated over ten years.



Key States Exporting to Colombia

- Top U.S. states exporting chemicals to Colombia include: Texas, Florida, Louisiana, New Jersey, North Carolina, Georgia, California, Illinois, and South Carolina.⁶

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 chemicals exporters would enjoy a 3.8 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 1.1 percent average tariff advantage over the EU.⁷

Other Key Commitments by Colombia for the Chemicals Sector

Rules of Origin:

The U.S.-Colombia Trade Promotion Agreement rules of origin allow only U.S. and Colombian originating goods to receive preferential tariff treatment under the Agreement. The trade agreement rules of origin provide clear requirements for a good to be considered originating, including on goods wholly obtained or produced entirely in the territory of the United States or Colombia, as well as requirements on materials that are used in the production of the good.

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.

Pharmaceutical Data Protection:

Colombia has obligated itself to data protection for pharmaceuticals for five years. Pharmaceutical companies can introduce new medicines in the Colombian market confident that their product will have both patent and data protections.

⁶ U.S. Department of Commerce, U.S. Census Bureau.

⁷ U.S. Department of Commerce calculations based on EU-Colombia FTA and U.S.-Colombia Trade Agreement tariff commitments and Colombian 2010 Tariff Schedule.