



The U.S.-Colombia Trade Promotion Agreement

Opportunities for the U.S. Construction Equipment Sector

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

- Colombia is the **9th largest** market for U.S. construction equipment exports.
- Estimated duties paid on exports of U.S. construction equipment to Colombia were **over \$200 million** from 2008 to 2010. Tariff elimination could allow U.S. firms to reinvest in technology and production improvements.
- **Approximately 98 percent** of U.S. construction equipment exports to Colombia would receive duty-free treatment immediately upon implementation of the U.S.-Colombia Trade Promotion Agreement; Colombian construction equipment tariffs currently average 10.4 percent, ranging up to 15 percent.

Construction Equipment Sector Overview

- The construction equipment sector accounted for over \$787 million in U.S. exports to Colombia over 2008-10 (average) or 8.7 percent of total U.S. industrial exports to Colombia.¹
- Top U.S. construction equipment exports to Colombia include boring and sinking machinery parts, mechanical shovels, dumpers, and bulldozers.
- In 2009, U.S. production of construction equipment products was about \$40 billion.²
- The U.S. construction equipment sector employed over 130,000 workers in the United States in 2009.³

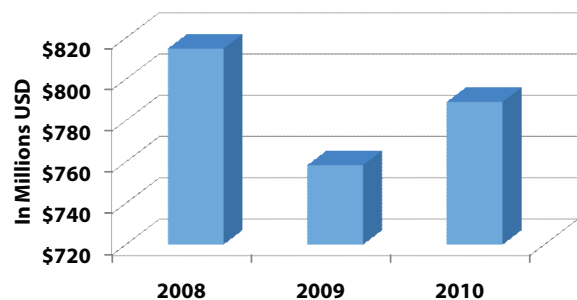
Improved Market Access for U.S. Construction Equipment Exporters to Colombia

- Colombian construction equipment tariffs currently average 10.4 percent, ranging from 5 to 15 percent.
- Over 98 percent of U.S. construction equipment exports to Colombia would receive duty-free treatment immediately upon implementation of the trade agreement.⁴
- Tariffs on the remaining 2 percent of construction equipment exports would be eliminated in five years.

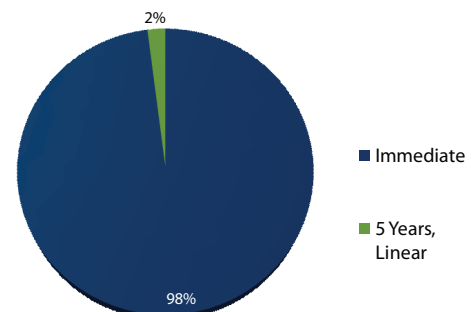
Key States Exporting to Colombia

- Top U.S. states exporting construction equipment to Colombia include: Texas, Florida, Alabama, Illinois, Wisconsin, Pennsylvania, Georgia, Iowa, New York, and Oklahoma.⁵

U.S. Construction Equipment Exports to Colombia Averaged \$787.4 Million



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



1 Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Colombia. The definition for construction equipment used in this report, unless otherwise cited, includes selected products within Harmonized System (HS) Chapters 84 and 87.

2 U.S. Department of Commerce, U.S. Census Bureau, NAICS 333120, 333131, 333923, and 333924. Shipments used as a best available proxy for production.

3 U.S. Department of Labor, Bureau of Labor Statistics, NAICS 33312 and 33392 (non-seasonally adjusted data).

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

5 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 construction equipment exporters would enjoy a 6.2 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 1.8 percent average tariff advantage over the EU.⁶

Other Key Commitments by Colombia for the Construction Equipment 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.

Rules of Origin:

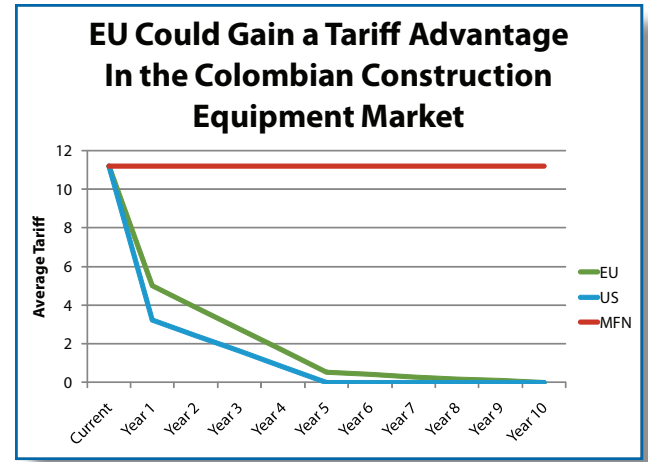
The U.S.-Colombia Trade Promotion Agreement rules of origin allow only U.S. and Colombian originating goods to receive preferential tariff treatment under the Agreement. The trade agreement rules of origin provide clear requirements for a good to be considered originating, including on goods wholly obtained 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.

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.

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.



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