



The U.S.-Colombia Trade Promotion Agreement

Opportunities for the U.S. Environmental Goods Sector

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

- Colombia is the **24th largest** market for U.S. environmental goods exports.
- Estimated duties paid on exports of U.S. environmental goods to Colombia were **over \$66 million** from 2008 to 2010. Tariff elimination could allow U.S. firms to reinvest in technology and production improvements.
- Approximately **78 percent** of U.S. environmental goods exports to Colombia would receive duty-free treatment immediately upon implementation of the U.S.-Colombia Trade Promotion Agreement; Colombian environmental goods tariffs currently average 9.9 percent, ranging up to 20 percent.

Environmental Goods Sector Overview

- The environmental goods sector accounted for over \$215 million in U.S. exports to Colombia over 2008-10 (average) or 2.4 percent of total U.S. industrial exports to Colombia.¹
- Top U.S. environmental goods exports to Colombia include pumps and compressors, valves, converters, surveying instruments, generating sets, and turbines.
- The U.S. environmental goods sector generated approximately \$60 billion in equipment sales in 2009.²
- The U.S. environmental goods sector employed approximately 400,000 workers in 2009, with an additional 1.3 million employed in environmental services.³

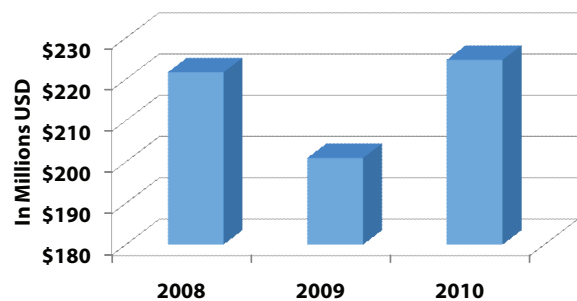
Improved Market Access for U.S. Environmental Goods Exporters to Colombia

- Colombian environmental goods tariffs currently average 9.9 percent, ranging from zero to 20 percent.
- Approximately 78 percent of U.S. environmental goods exports to Colombia would receive duty-free treatment immediately upon implementation of the trade agreement.⁴
- Tariffs on an additional 3 percent of environmental goods exports to Colombia would be eliminated over five years. Tariffs on the remaining 19 percent of environmental goods exports would be eliminated over ten years.

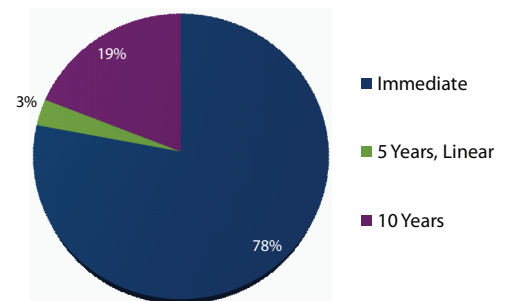
Selected Sub-Sectors:

- **Air Pollution Control:** Colombia would eliminate its tariffs on 81 percent of U.S. air pollution control equipment exports immediately upon implementation of the trade agreement. Tariffs on the remaining 19 percent of exports would be eliminated over ten years.

U.S. Environmental Good Exports to Colombia Averaged \$215.8 Million



81% of U.S. Environmental Good Exports to Colombia Would be Duty-Free Within 5 Years



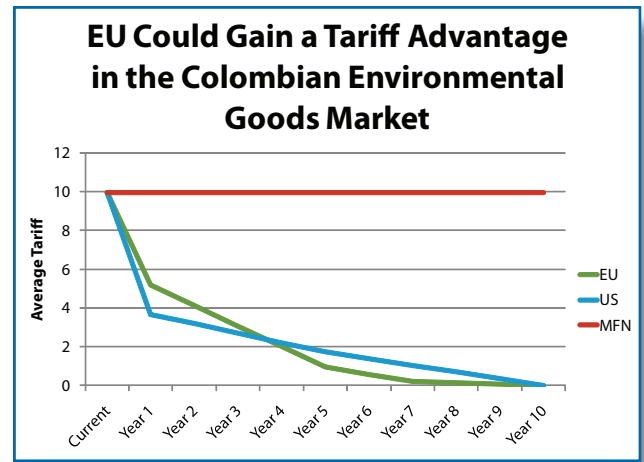
1 Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Colombia. The definition for environmental goods used in this report, unless otherwise cited, is based on the Environmental Goods Convergence List tabled as a non-paper in the WTO, with products falling within Harmonized System (HS) Chapters 39, 44, 69, 70, 73, 76, 84, 85, 89, 90 and 95. Total imports by Colombia from the United States have been adjusted in an attempt to capture only environmental goods trade.

2 Environmental Business International, Inc. Note that data for the environmental goods industry and markets vary significantly because of inexact definitions of the sector.

3 Environmental Business International, Inc.

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

- **Environmental Monitoring Equipment:** Colombia would eliminate its tariffs on nearly 100 percent of U.S. environmental monitoring equipment exports immediately upon implementation of the trade agreement. Tariffs on less than 1 percent of exports would be eliminated over five years.
- **Solid Waste Management:** Colombia would eliminate its tariffs on 89 percent of U.S. solid waste management equipment exports immediately upon implementation of the trade agreement. Tariffs on an additional 6 percent of exports would be eliminated over five years, and tariffs on the remaining 5 percent of exports would be eliminated over ten years.
- **Waste Water Management:** Colombia would eliminate its tariffs on 56 percent of U.S. waste water management equipment 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 40 percent of exports would be eliminated over ten years.
- **Renewable Energy:**



- **Biomass/Biofuel:** Colombia would eliminate its tariffs on 85 percent of U.S. biomass/biofuel power exports immediately upon implementation of the trade agreement. Tariffs on an additional 8 percent of exports would be eliminated over five years, and tariffs on the remaining 7 percent of exports would be eliminated over ten years.
- **Geothermal:** Colombia would eliminate its tariffs on 15 percent of U.S. geothermal power exports immediately upon implementation of the trade agreement. Tariffs on the remaining 85 percent of exports would be eliminated over ten years.
- **Hydropower:** Colombia would eliminate its tariffs on 100 percent of U.S. hydropower exports immediately upon implementation of the trade agreement.
- **Solar:** Colombia would eliminate its tariffs on 53 percent of U.S. solar power exports immediately upon implementation of the trade agreement. Tariffs on an additional 11 percent of exports would be eliminated over five years, and tariffs on the remaining 36 percent of exports would be eliminated over ten years.
- **Wind:** Colombia would eliminate its tariffs on 73 percent of U.S. wind power exports immediately upon implementation of the trade agreement. Tariffs on an additional 6 percent of exports would be eliminated over five years, and tariffs on the remaining 21 percent of exports would be eliminated over ten years.

Key States Exporting to Colombia

- Top U.S. states exporting environmental goods to Colombia include: Texas, Florida, California, Illinois, Oklahoma, Pennsylvania, New York, Wisconsin, Ohio, and North Carolina.⁵

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 environmental goods exporters would enjoy a 4.8 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 1.5 percent average tariff advantage over the EU.⁶

Other Key Commitments by Colombia for the Environmental Goods Sector

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.

⁵ U.S. Department of Commerce, U.S. Census Bureau.

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.