



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

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

- Colombia is the **8th largest** market for U.S. shipping and transportation equipment exports.
- Estimated duties paid on exports of U.S. shipping and transportation equipment to Colombia were **over \$26 million** from 2008 to 2010. Tariff elimination could allow U.S. firms to reinvest in technology and production improvements.
- **Over 87 percent** of U.S. shipping and transportation equipment exports to Colombia would receive duty-free treatment immediately upon implementation of the U.S.-Colombia Trade Promotion Agreement; Colombian shipping and transportation equipment tariffs currently average 9.3 percent, ranging up to 20 percent.

## Shipping and Transportation Equipment Sector Overview

- The shipping and transportation equipment sector accounted for over \$81 million in U.S. exports to Colombia over 2008-10 (average) or 1 percent of total U.S. industrial exports to Colombia.<sup>1</sup>
- Top U.S. shipping and transportation equipment exports to Colombia include truck axels and wheels, railway cars, and trailers and semi-trailers.
- In 2009, U.S. production of shipping and transportation equipment products was over \$48 billion.<sup>2</sup>
- The U.S. shipping and transportation equipment sector employed over 155,000 workers in 2009.<sup>3</sup>

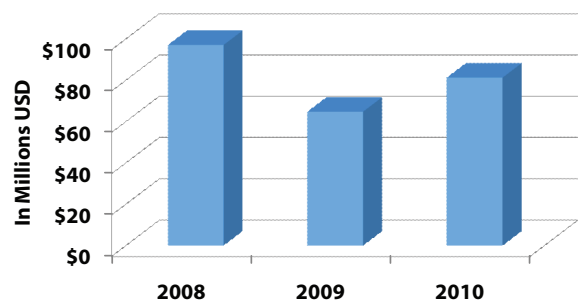
## Improved Market Access for U.S. Shipping and Transportation Equipment Exporters to Colombia

- Colombian shipping and transportation equipment tariffs currently average 9.3 percent, ranging from zero to 20 percent.
- Over 87 percent of U.S. shipping and transportation equipment exports to Colombia would receive duty-free treatment immediately upon implementation of the trade agreement.<sup>4</sup>
- Tariffs on an additional 3 percent of shipping and transportation equipment exports to Colombia would be eliminated over five years and tariffs on the remaining 10 percent of shipping and transportation equipment exports would be eliminated in equal cuts over ten years.

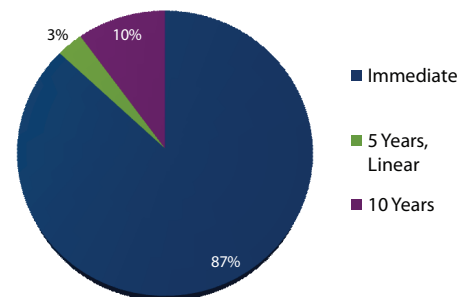
## Key States Exporting to Colombia

- Top U.S. states exporting shipping and transportation equipment to Colombia include: Florida, Illinois, Pennsylvania, Texas, Alabama, Minnesota, Louisiana, Missouri, Wisconsin, and Connecticut.<sup>5</sup>

### U.S. Shipping and Transportation Equipment Exports to Colombia Averaged \$81 Million



### 90% of U.S. Shipping & Transportation 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 shipping and transportation equipment used in this report, unless otherwise cited, is based on Harmonized System (HS) Chapters 86 and 89.

<sup>2</sup> U.S. Department of Commerce, U.S. Census Bureau, within NAICS 333 and 336. Shipments used as a best available proxy for production.

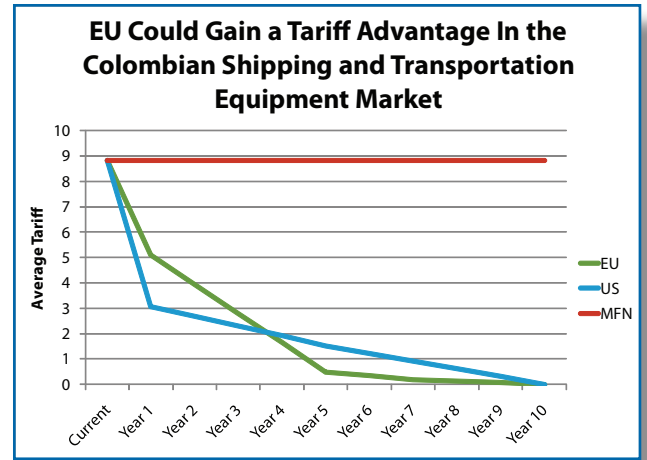
<sup>3</sup> U.S. Department of Labor, Bureau of Labor Statistics, within NAICS 336 (non-seasonally adjusted data).

<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 shipping and transportation equipment exporters would enjoy a 3.7 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 2 percent average tariff advantage over the EU.<sup>6</sup>



## Other Key Commitments by Colombia for the Shipping and Transportation 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.

### 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>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.