



# The U.S.-Colombia Trade Promotion Agreement

## *Opportunities for the U.S. High-Tech Instrumentation Sector*

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

- Colombia is the **22nd largest** market for U.S. high-tech instrument exports.
- Estimated duties paid on exports of U.S. high-tech instrumentation products to Colombia were **over \$34 million** from 2008 to 2010. Tariff elimination could allow U.S. firms to reinvest in technology and production improvements.
- **More than 99 percent** of U.S. high-tech instrument exports to Colombia would receive duty-free treatment immediately upon implementation of the U.S.-Colombia Trade Promotion Agreement; Colombian high-tech instrument tariffs currently average 6.9 percent, ranging up to 15 percent.

### High-Tech Instruments Sector Overview

- The high-tech instruments sector accounted for over \$188 million in U.S. exports to Colombia over 2008-10 (average) or 2.1 percent of total U.S. industrial exports to Colombia.<sup>1</sup>
- Top U.S. high-tech instruments exports to Colombia include remote measuring equipment, surveying high-tech instruments, and high-tech instrument parts.
- In 2009, U.S. production of high-tech instruments was over \$43 billion.<sup>2</sup>
- The U.S. high-tech instruments sector employed over 191,000 workers in 2009.<sup>3</sup>

### Improved Market Access for U.S. High-Tech Instruments Exporters to Colombia

- Colombian high-tech instruments tariffs currently average 6.9 percent, ranging from zero to 15 percent.
- Over 99 percent of U.S. high-tech instruments exports to Colombia would receive duty-free treatment immediately upon implementation of the trade agreement.<sup>4</sup>
- Tariffs on less than 1 percent of high-tech instruments exports to Colombia would be eliminated over five years.

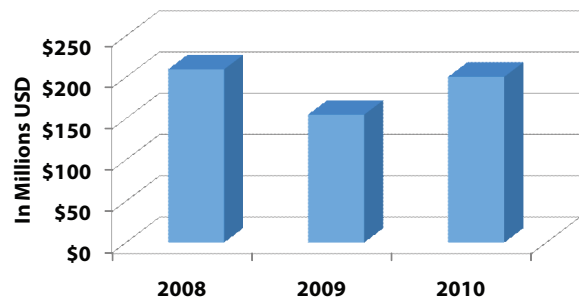
#### Selected Sub-Sectors:

- **Scientific Equipment:** Colombia would eliminate its tariffs on 99 percent of U.S. scientific equipment exports immediately upon implementation of the trade agreement. Tariffs on the remaining 1 percent of exports would be eliminated over five years.

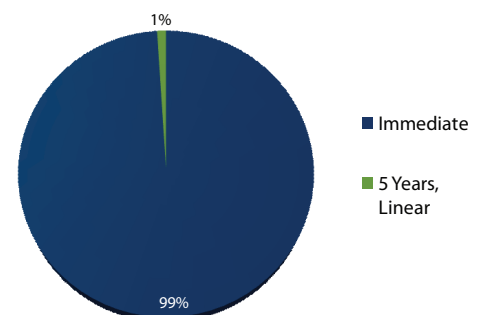
### Key States Exporting to Colombia

- Top U.S. states exporting high-tech instruments to Colombia include: Texas, Florida, California, Oregon, Illinois, Massachusetts, Pennsylvania, New York, Colorado, and Maryland.<sup>5</sup>

**U.S. Instrumentation Exports to Colombia Averaged \$188.2 Million**



**All U.S. Instrumentation Exports to Colombia Would be Duty-Free Within 5 Years**



1 Global Trade Atlas. Calculation based on import data as reported by Colombia. The definition for high-tech instruments used in this report, unless otherwise cited, is based on Harmonized System (HS) Headings 7107, 9001-02, 9011-13, 9015, and 9023-32.

2 U.S. Department of Commerce, U.S. Census Bureau, selected NAICS codes within 333 and 334. Shipments used as a best available proxy for production.

3 U.S. Department of Labor, Bureau of Labor Statistics, (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 high-tech instrumentation exporters would enjoy a 5.4 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 1.3 percent average tariff advantage over the EU.<sup>6</sup>

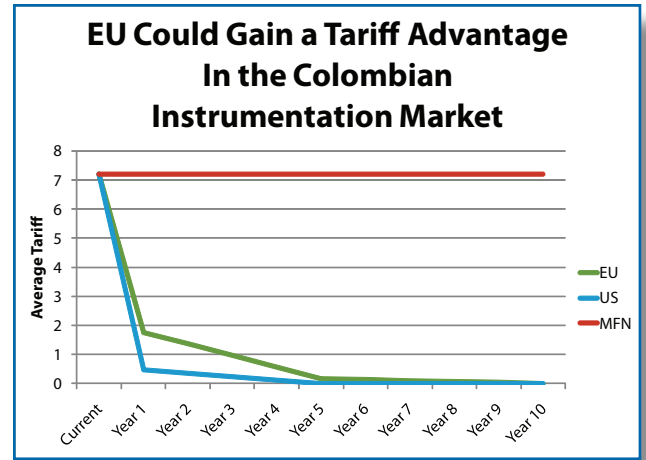
## Other Key Commitments by Colombia for the High-Tech Instrumentation Sector

### 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.

### 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.



<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.