



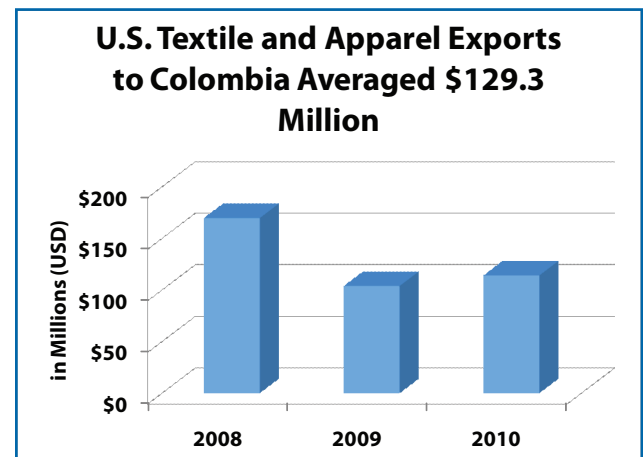
The U.S.-Colombia Trade Promotion Agreement *Opportunities for the U.S. Textiles and Apparel Sector*

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

- Colombia is the **23rd largest** market for U.S. textile and apparel exports.
- Estimated duties paid on exports of U.S. textile and apparel products to Colombia were **\$23.8 million** from 2008 to 2010. Tariff elimination could allow U.S. firms to reinvest in technology and production improvements.
- **100 percent** of U.S. textile and apparel exports to Colombia would receive duty-free treatment immediately upon implementation of the U.S.-Colombia Trade Promotion Agreement; Colombian textile and apparel tariffs currently average 18.3 percent, ranging up to 20 percent.

Textile and Apparel Industry Overview

- The textile and apparel industry accounted for approximately \$129.3 million in U.S. exports to Colombia over 2008-2010 (average).¹
- Top U.S. textile and apparel exports to Colombia include Felts & Other Non-Wovens; Filament Yarn; Specialty & Industrial Fabrics; Knit & Knit Pile Fabrics; and Cotton Broadwoven Fabrics.
- In 2010, U.S. production of textiles and apparel was over \$66.3 billion.²
- The U.S. textile and apparel industry employed an average of 395,500 workers in the United States in 2010.³

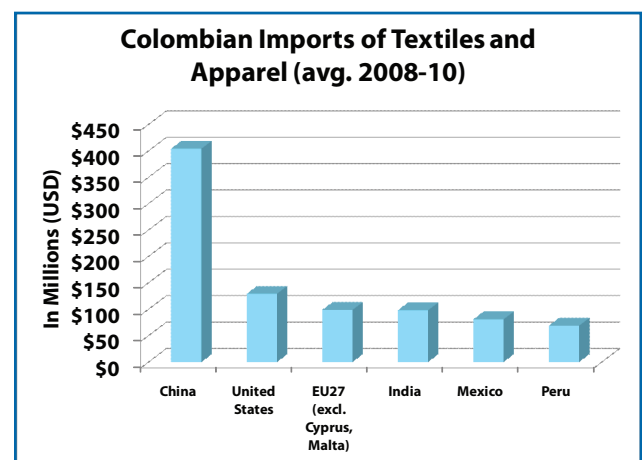


Improved Market Access for U.S. Textile and Apparel Exporters to Colombia

- Colombian textile and apparel tariffs average 18.3 percent, ranging from 5 to 20 percent.
- All U.S. textile and apparel exports to Colombia would receive duty-free treatment immediately upon implementation of the U.S.-Colombia Trade Agreement as long as the products meet the agreement's rules of origin.

Key States Exporting to Colombia

- Top U.S. states exporting textiles and apparel to Colombia include: Florida, Texas, Georgia, North Carolina, California, New York, and Illinois.⁴



1 United Nations, COMTRADE Database. Calculation based on import data as reported by Colombia for Standard Industrial Classifications (SICs) 65 (Textile Yarn, Fabrics) and 84 (Articles of Apparel and Clothing).

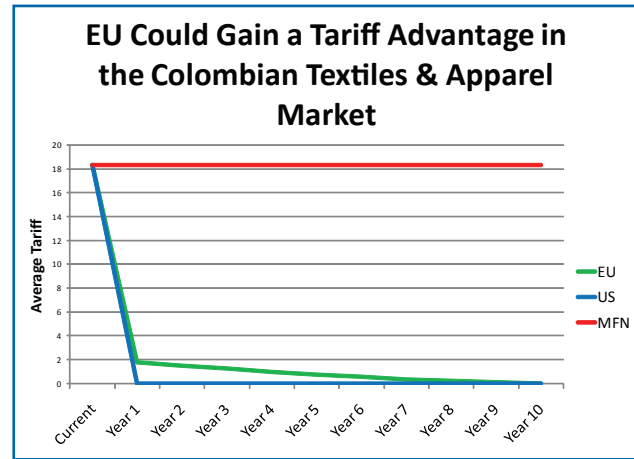
2 U.S. Department of Commerce, U.S. Census Bureau, in NAICS 313, 314 and 315. Shipments used as a best available proxy for production.

3 U.S. Department of Labor, Bureau of Labor Statistics, in NAICS 313, 314 and 315 (based on non-seasonally adjusted data).

4 ITA, Trade Stats Express – State Export Data, NAICS 313, 314 and 315.

Foreign Competition in the Colombian Market

- As a member of the Andean Community (Colombia, Peru, Bolivia, and Ecuador), Colombia has free trade agreements with Bolivia, Ecuador, Peru and the Mercosur countries (Brazil, Argentina, Paraguay and Uruguay). On its own, Colombia has free trade agreements in place with the Central American Northern Triangle (El Salvador, Guatemala, and Honduras), Canada, Mexico, Chile and the European Free Trade Association (EFTA) countries (Switzerland, Norway, Iceland and Liechtenstein).⁵
- In March 2010, Colombia finalized FTA negotiations with the European Union and has begun negotiating with South Korea and Panama. Additional free trade agreements are scheduled to be negotiated with Japan, Singapore, Australia, and the Dominican Republic.⁶
- Upon implementation of its agreement, EU textile and apparel exporters would enjoy a 16.6 percent average tariff advantage over U.S. exports. However, if the U.S.-Colombia Trade Promotion Agreement is implemented at the same time, U.S. exports would have an immediate 1.8 percent average tariff advantage over the EU.
- China is the leading exporter of textiles and apparel to Colombia, with approximately \$404.1 million or 30.7 percent of Colombia's total imports over 2008-2010 on average. The United States (\$129.3 million), EU27⁷ (\$98.7 million), India (\$98.1 million), Mexico (\$81.0 million), and Peru (\$68.9 million) are the other leading exporters to Colombia.⁸



Other Key Commitments by Colombia for the Textiles and Apparel Sector

Rules of Origin:

Generally, the U.S.-Colombia TPA adheres to a "yarn-forward" rule of origin, meaning that in order to enter the U.S. market duty free, textile and apparel products must be made using U.S. and regional yarns and fabrics. Goods that meet the rule of origin qualify for immediate duty-free market access upon entry into force.

Elastomeric Yarn Requirement:

Consistent with other trade agreements, elastomeric yarns must be sourced from the region for textile and apparel products to qualify for duty-free entry.

Customs Procedures:

The U.S.-Colombia Trade Promotion Agreement includes specific cooperation language for enforcing measures affecting trade in textile and apparel goods to help prevent transshipment and circumvention of the rules of origin of the Agreement.

Streamlined Processes to Address Commercial Availability:

Streamlined commercial availability (short supply) determination processes will help yarns or fabrics that are deemed not commercially available in the region to be used in the production of apparel.

Textile Specific Safeguard:

A special textile safeguard mechanism will provide for temporary MFN tariffs, if a surge in imports under the U.S.-Colombia TPA is shown to be causing or threatening to cause serious damage to domestic industry.

⁵ U.S. Commercial Service, "Doing Business in Colombia: 2011 Country Commercial Guide for U.S. Companies."

⁶ U.S. Commercial Service, "Doing Business in Colombia: 2011 Country Commercial Guide for U.S. Companies."

⁷ Excluding Cyprus and Malta; data not available.

⁸ United Nations, COMTRADE Database. Calculation based on import data as reported by Colombia for Standard Industrial Classifications (SICs) 65 (Textile Yarn, Fabrics) and 84 (Articles of Apparel and Clothing).