



The U.S.-Colombia Trade Promotion Agreement *Opportunities for the U.S. Electrical Equipment Sector*

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

- Colombia is the **20th largest** market for U.S. electrical equipment exports.
- Estimated duties paid on exports of U.S. electrical equipment to Colombia were nearly **\$63 million** from 2008 to 2010. Tariff elimination could allow U.S. firms to reinvest in technology and production improvements.
- **More than 76 percent** of U.S. electrical equipment exports to Colombia would receive duty-free treatment within five years of implementation of the U.S.-Colombia Trade Promotion Agreement; Colombian electrical equipment tariffs currently average 8.9 percent, ranging up to 20 percent.

Electrical Equipment Sector Overview

- The electrical equipment sector accounted for nearly \$200 million in U.S. exports to Colombia over 2008-10 (average) or 2.2 percent of total U.S. industrial exports to Colombia.¹
- Top U.S. electrical equipment exports to Colombia include laser disks, generating sets, and parts of electronic calculation devices.
- In 2009, U.S. production of electrical equipment products was over \$189 billion (or over 4 percent of total U.S. manufacturing production).²
- The U.S. electrical equipment sector employed over 969,000 workers in 2009.³

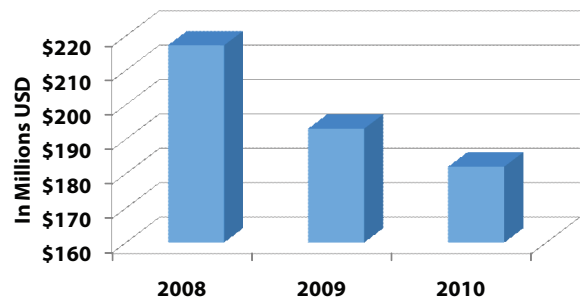
Improved Market Access for U.S. Electrical Equipment Exporters to Colombia

- Colombian electrical equipment tariffs currently average 8.9 percent, ranging from zero to 20 percent.
- Over 61 percent of U.S. electrical equipment exports to Colombia would receive duty-free treatment immediately upon implementation of the trade agreement.⁴
- Tariffs on an additional 15 percent of electrical equipment exports to Colombia would be eliminated over five years. Tariffs on less than 1 percent of exports will be eliminated over seven years, and tariffs on the remaining 23 percent of electrical equipment exports would be eliminated in equal cuts over ten years.

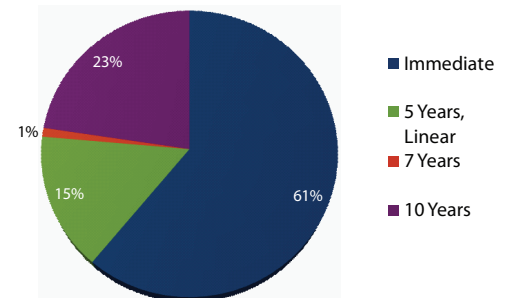
Key States Exporting to Colombia

- Top U.S. states exporting electrical equipment to Colombia include: Florida, Texas, California, Oregon, South Carolina, Illinois, Tennessee, Wisconsin, Minnesota, and Georgia.⁵

U.S. Electrical Equipment Exports to Colombia Averaged \$197.4 Million



76% of U.S. Electrical Equipment 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 electrical equipment in this report, unless otherwise cited, is based on products within Harmonized System (HS) Headings 8443, 8470, 8501-02, 8504-05, 8507, 8511, 8516, 8518, 8522-23, 8531, 8536, 8539, 8543-48, 9007-08, 9010, 9013-14, and 9022.

2 U.S. Department of Commerce, U.S. Census Bureau, within NAICS 327, 331, 333, 334, 335, and 336. Shipments used as a best available proxy for production.

3 U.S. Department of Labor, Bureau of Labor Statistics, within NAICS 334, 335, and 336 (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 electrical equipment exporters would enjoy a 6.3 percent average tariff advantage over U.S. exports.⁶

Other Key Commitments by Colombia for the Electrical Equipment Sector

Rules of Origin:

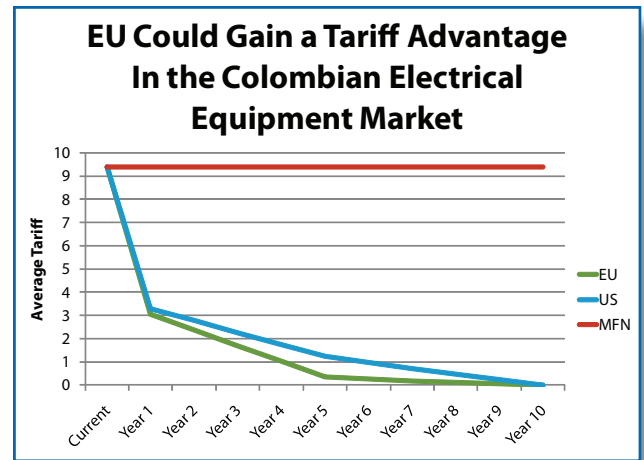
The U.S.-Colombia Trade Promotion Agreement rules of origin allow only U.S. and Colombian originating goods to receive preferential tariff treatment under the Agreement. The trade agreement rules of origin provide clear requirements for a good to be considered originating, including on goods wholly obtained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

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.

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.



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.