



U.S.-COLOMBIA TRADE PROMOTION AGREEMENT (TPA) Will Help Grow U.S. Exports and Promote Economic Development and Political Stability in Latin America

Colombia's growing economy is an important market for U.S. exports.

- Colombia is the third largest country in Latin America after Brazil and Mexico. Its economy has been growing rapidly in recent years. In 2005, its gross domestic product grew by 5.1 percent; its growth is estimated to be 5.4 percent in 2006.
- U.S. exports to Colombia in 2006 were \$6.7 billion; up 24 percent from 2005. Between 2001 and 2006, U.S. exports to Colombia grew 86 percent. America's primary exports to Colombia are in high value-added industries such as industrial machinery, chemicals and plastics.
- Colombia is the second largest market for U.S. agricultural products in Latin America and the 12th largest world market for U.S. agricultural exports. Wheat is one of the primary U.S. exports to Colombia. Other significant and growing agricultural exports include cotton and soybeans.

The Colombia TPA will level the playing field for the 8,000 U.S. exporters to Colombia and clear the way for new U.S. exporters by removing barriers to U.S. products.

- Many Colombian products already enter the United States duty-free under the Andean Trade Preferences and Drug Eradication Act. This is not true for U.S. exports to Colombia. The U.S.-Colombia TPA will level the playing field by removing barriers to U.S. exports of goods, services and agricultural products.

Fast Facts

Colombia is the third largest Latin American country.

Exports to Colombia grew 86 percent between 2001 and 2006.

Colombia is the second largest Latin American market for U.S. agriculture exports.

Under the U.S.-Colombia TPA:

- 80% of U.S. exports will immediately enter duty-free
- All information technology products will be duty-free
- Important agricultural exports, such as wheat and soybeans, will immediately be duty-free

- Eighty percent of U.S. exports of consumer and industrial goods will enter Colombia duty-free upon implementation of the TPA. Key U.S. exports, such as agricultural and construction equipment, aircraft and parts, auto parts, fertilizers, and agro-chemicals, will gain immediate duty-free access to Colombia.
- As part of the agreement, Colombia will join the World Trade Organization (WTO) Information Technology Agreement, which mandates removal of all tariff and nontariff barriers on computers and other information technology products.
- Upon implementation of the agreement, significant U.S. agricultural exports, including high-quality beef, cotton, wheat, soybeans, soybean meal, apples, pears, peaches, cherries and many process food products, will receive immediate duty-free treatment.

Colombia's commitments to liberalize its services sector will significantly improve market access for U.S. services exports.

- Colombia has agreed to exceed its WTO commitments for service liberalization, creating increased opportunities for American companies.
- The U.S.-Colombia TPA improves market access across all aspects of the services sector. In addition, unlike the WTO services agreement, the TPA uses a "negative list" approach, meaning that all services are subject to liberalization except those specifically excluded. This allows greater market access in emerging services industries because new negotiations will not be necessary to liberalize those industries.
- The agreement with Colombia includes significant liberalization in the key financial services sector. New access for financial services providers will include the right to establish subsidiaries or branches of U.S. banks and insurance companies.
- Colombia also has agreed to significant reforms in its telecommunications market, granting users of a telecommunications network reasonable and nondiscriminatory access to the network in Colombia. Once the TPA is implemented, U.S. phone companies will obtain the right to interconnect with Colombia's networks at nondiscriminatory and cost-based rates.

A TPA with Colombia will promote economic development and political stability in Colombia and Latin America.

- Successful trade agreements in the Andean region are important to U.S. economic strategy in Latin America. The United States has significant economic ties to the Andean region. Together, Colombia, Ecuador and Peru imported more than \$12 billion in U.S. goods in 2006. U.S. exports of agricultural products to Colombia, Ecuador and Peru totaled \$1.2 billion. The stock of U.S. foreign direct investment in these countries was nearly \$8 billion in 2005.
- Liberalization of trade and investment regimes in Latin America is critical to fostering economic development, democracy and political stability in the region. Growth and stability are key to controlling drug trafficking, narco-terrorism and the rise of antidemocratic politics in the region. Approval of the Colombia TPA signals U.S. commitment to Colombia and to the Andean region in these important initiatives.

The U.S.-Colombia TPA will secure worker rights and promote the protection of Colombian labor leaders.

- The TPA will incorporate internationally recognized labor rights and their obligations will be subject to the same dispute settlement and enforcement provisions as other trade and investment obligations in the TPA.
- The TPA will create a new environment in which Colombia will be able to expand its ongoing efforts to protect labor leaders from violence.

Contact: Brigitte Schmidt Gwyn
Director, International Trade & Fiscal Policy
Business Roundtable
202.496.3263
bgwyn@businessroundtable.org