

U.S.-Colombia Free Trade Agreement

Critical Step to Promote Economic Development

Summary

Background

The Americas are well-developed for trade and investment. The United States has signed and implemented multiple free trade/trade promotion agreements (FTAs) with Latin American nations. Currently, one Central American nation and one South American nation are the focus of the United States for FTAs.

In 2006, the United States and Colombia concluded negotiations for a trade promotion deal. Then-U.S. Trade Representative Rob Portman said in a statement, "An agreement with Colombia is an essential component of our regional strategy to advance free trade within our hemisphere, combat narco-trafficking, build democratic institutions and promote economic development."

Current

Passage of the U.S.-Colombia FTA will eliminate tariffs and other barriers to trade in goods and services, promote economic growth and enhance trade between the United States and Colombia. In 2008, the United States exported more than \$11.4 billion worth of goods to Colombia, with total trade topping \$24.4 billion. Colombia is California's 36th largest trading partner, exporting more than \$419 million in goods in 2008.

Impact

The U.S. Department of Commerce International Trade Administration states that the U.S.-Colombia FTA offers tremendous opportunities for California's exporters. When the agreement enters into force, 80 percent of U.S. consumer and industrial exports to Colombia will be duty-free, including: nearly all information technology products; mining, agriculture and construction equipment; medical and scientific equipment; auto parts; paper products; and chemicals. The remaining tariffs will phase out over 10 years. U.S. farmers and ranchers also will become much more competitive, benefiting from immediate duty-free treatment of 77 percent of current U.S. agriculture exports. Key U.S. agriculture exports—such as cotton, wheat, soybeans, high-quality beef, apples, pears, peaches, cherries and almonds—also will be duty-free when the agreement goes into effect. Colombia will phase out all other agricultural tariffs within 19 years.

Anticipated Action

The U.S.-Colombia FTA must be approved by the U.S. Congress.

CalChamber Position

The California Chamber of Commerce, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business. New multilateral, sectoral and regional trade agreements ensure that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

Reasons for Position

- This FTA is a critical element of the U.S. strategy to liberalize trade through multilateral, regional and bilateral initiatives.
- Bilateral and regional agreements will complement the possible goal of creating a trade agreement encompassing the Americas.
- This FTA will increase momentum toward lowering trade barriers and set a positive example for other small economies in the Western Hemisphere.

Staff Contact

Susanne T. Stirling

Vice President, International Affairs
susanne.stirling@calchamber.com
 California Chamber of Commerce
 P.O. Box 1736, Sacramento, CA 95812-1736
 (916) 444-6670
www.calchamber.com/international
 January 2010