

# U.S.-Colombia Free Trade Agreement

## Critical Step Toward Hemisphere-Wide Free Trade

### Summary

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. The North American Free Trade Agreement — which includes the United States, Mexico and Canada — has been in place for more than 15 years. The U.S.-Dominican Republic/Central American Free Trade Agreement — which includes the Dominican Republic, El Salvador, Nicaragua, Honduras, Guatemala and Costa Rica — received U.S. approval in 2005. There is discussion of an eventual Americas Free Trade Agreement (AFTA). Currently, one Central American nation and one South American nation are the focus of the United States for FTAs.

### Background

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 2007, the United States exported more than \$8.6 billion worth of goods to Colombia, with total trade topping \$18 billion. Colombia is California’s 39th largest trading partner, exporting more than \$320 million in goods in 2007.

### 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 go before both the U.S. and Colombian congresses for approval.

### 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.

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