

# U.S.-Colombia Free Trade Agreement

## Market Access Results

### Chemicals

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#### Trade and Tariffs

The chemicals sector is defined by the Chemical Harmonization and Pharmaceutical Uruguay Round sector agreements in the World Trade Organization.

Chemicals accounted for 34 percent of total U.S. industrial exports to Colombia in 2006, totaling \$1.67 billion. The top U.S. exports to Colombia in this sector were vinyl chloride, propylene, styrene, medications, and polyethylene. Colombian tariffs range between zero and 20 percent with an average of 7.8 percent in 2006.

Colombian exports to the United States in this sector totaled nearly \$217 million in 2006, or 3.3 percent of total exports to the United States. Colombia's chemicals exports were led by ethylene, pigments, polyvinyl chloride, household plastic items, and fungicides. The United States is a signatory of the Uruguay Round Chemical Harmonization and Pharmaceuticals Agreement. All Colombian exports of chemicals enter the United States duty-free under the Andean Trade Preference Act (ATPA) and Andean Trade Promotion and Drug Eradication Act (ATPDEA) tariff preferences.

#### Tariff Elimination

Overall, tariffs will be phased out according to five tariff elimination categories: immediate elimination, equal cuts over five years, unequal cuts over five years, equal cuts over seven years, and equal cuts over ten years. Tariff elimination under the unequal five-year staging category will proceed with a 10 percent cut in the tariff in years one and two, a 30 percent cut in year three, a 20 percent cut in year four, and the remaining 30 percent tariff cut in year five.

For chemical products, 82 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on another 2 percent of exports will be eliminated over five years, and 5 percent will be eliminated over seven years. Duties on the remaining 11 percent of U.S. exports will be eliminated over ten years.

Tariffs on high-value chemical products including many resins, fertilizers, soda ash, and new tires will be phased out immediately upon implementation of the Agreement.

The United States agreed to consolidate all ATPA and ATPDEA tariff preferences into the final tariff elimination schedules. This means that all chemical exports from Colombia will continue to receive duty-free treatment.

*Pharmaceuticals.* Colombia will eliminate tariffs on 79 percent of U.S. pharmaceutical exports immediately upon implementation of the agreement. Tariffs on the remaining 21 percent will be eliminated over ten years.

*Cosmetics.* Colombia will eliminate tariffs on 79 percent of U.S. cosmetics exports immediately upon implementation of the agreement, and 3 percent within five years. Duties on the remaining 18 percent of exports will be eliminated over ten years.

Fertilizer & Agro-Chemicals. Colombia will eliminate tariffs on 100 percent of fertilizer and agro-chemical exports immediately upon implementation of the agreement.

Plastics. Colombia will eliminate tariffs on 60 percent of resin and manufactured plastic exports immediately upon implementation of the agreement. Tariffs on another 4 percent of exports will be eliminated over five years, and tariffs on 30 percent will be eliminated over seven years. Only 6 percent of U.S. plastics exports will be subject to ten-year staging in Colombia.

Rubber. Colombia will eliminate tariffs on 59 percent of rubber and rubber product exports immediately upon implementation of the agreement. Tariffs on the remaining 41 percent of exports will be eliminated over ten years.