

U.S.-Colombia Trade Promotion Agreement

Market Access Results

Industrial Goods

Trade and Tariffs

The category of industrial products includes all products subject to neither the WTO Agreement on Agriculture or the Agreement on Textiles and Clothing. Industrial goods represented almost 78 percent of total U.S. exports to Colombia in 2006, totaling \$4.9 billion. U.S. industrial exports to Colombia are greatest in the information technology, chemicals, infrastructure and machinery, and construction equipment sectors.

Colombian tariffs on industrial products range from 0 to 35 percent, with an average of approximately 10.4 percent. The highest tariffs on industrial goods apply to motor vehicles.

Colombian industrial goods exports to the United States were about \$6.6 billion in 2006, or over 71 percent of Colombia's total exports to the United States.

The United States applies tariffs of zero to specific tariffs equivalent to 58 percent on industrial products. Almost all industrial import from Colombia are eligible to enter the United States free of duty under the Generalized System of Preferences (GSP), Andean Trade Preference Act (ATPA), and Andean Trade Promotion and Drug Eradication Act (ATPDEA).

Tariff Elimination

The U.S.-Colombia TPA will eliminate all industrial tariffs in the United States and Colombia within 10 years of implementation. 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 of tariff phasing will take place in year five.

Overall, 82 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on 6 percent of exports will be eliminated over five years, and tariffs on 2 percent will be eliminated over seven years. Duties on the remaining 10 percent of U.S. exports will be eliminated over ten years. Some products subject to ten-year staging include oil, some chemicals, stone and some building products, some metals items, furniture, some automobiles, and some toys and other consumer goods.

Priority products that will be provided rapid tariff elimination in Colombia include auto parts, fertilizers and agro-chemicals, pharmaceuticals, travel goods, certain paper and wood products, certain manufactured metal products, agricultural equipment, medical and scientific equipment, information technology products, aircraft, and certain appliances. Colombia also agreed to join the Information Technology Agreement multilaterally as part of the U.S.-Colombia TPA.

The United States agreed to consolidate all ATPA and ATPDEA tariff preferences into the final tariff elimination schedules. As a result, all Colombian exports of industrial goods to the United States will continue to receive duty-free treatment with the exception of seventeen rubber footwear items and three canned tuna fish lines.

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