

U.S.-Colombia Trade Promotion Agreement Wisconsin Impact

December, 2011

Overview:

The U.S. Congress recently passed the U.S.-Colombia Trade Promotion Agreement. This agreement will have a significant impact on Wisconsin's export economy through the elimination of import duties, tariffs and other barriers on a range of Wisconsin manufactured and agricultural goods. In fact, more than 80 percent of U.S. exports of consumer and industrial products to Colombia will become duty-free immediately when it enters into force, with remaining tariffs phased out over 10 years. With average tariffs on U.S. industrial exports ranging from 7.4 to 14.6 percent, this will substantially increase U.S. exports.

On October 21, 2011, President Obama signed legislation approving the U.S.-CTPA. Before the agreement can enter into force, Colombia must be able to demonstrate that it is in compliance with those obligations that will take effect on day one. It is estimated that the agreement will enter into force at the end of 2012 or in the first half of 2013.

Impact on Wisconsin:

Key U.S. exports that will gain immediate duty-free access to Colombia include almost all products in these sectors:

- Agriculture and construction equipment
- Aircraft and parts
- Auto parts
- Fertilizers and agro-chemicals
- Information technology equipment
- Medical and scientific equipment
- Wood

Top Wisconsin Exports to Colombia:

As the third largest economy in Central and South America, Colombia is a significant international market for Wisconsin product. Wisconsin exports to Colombia, in 2010, surpassed \$181 million, reflecting an 81.9 percent increase over the previous year. In fact, Wisconsin exports to Colombia have grown 451.4 percent over the last 10 years.

1. Machinery (\$122M)
2. Electrical Machinery (\$18M)
3. Medical Equipment (\$11M)
4. Plastics (\$4.9M)
5. Paper Products (\$4.8M)

Opportunities for Wisconsin Companies:

A fast-growing market of 45 million consumers, Colombia purchases more U.S. products than Russia, Spain, Indonesia or Thailand.



Industrial Machinery

- Primary Wisconsin exports to Colombia from this category include self-propelled earthmoving machinery; parts for moving, lifting, handling and loading equipment; transmission equipment; centrifuges; and overhead travelling cranes.
- Current import duties range from five to 15 percent and will be eliminated immediately upon entry into force of the agreement.
- More than 66 percent of U.S. machinery exports to Colombia would receive duty-free treatment immediately upon implementation of the trade agreement.

Electrical Machinery

- Colombian electrical equipment tariffs currently average 8.9 percent, ranging up to 20 percent.
- Over 61 percent of U.S. electrical equipment exports to Colombia would receive duty-free treatment immediately upon implementation of the trade agreement, with remaining tariffs being eliminated over a 10 year span.
- Wisconsin exports of electrical equipment to Colombia totaled more than \$18M in 2012, ranking it as one of the top U.S. state exporters to Colombia in this category.

Medical Equipment

- Nearly 98 percent of U.S. medical equipment exports to Colombia will receive duty-free treatment immediately upon implementation of the U.S.-Colombia Trade Promotion Agreement.
- Colombian medical equipment tariffs currently average 7.6 percent, ranging up to 15 percent.
- Wisconsin is already the eight largest U.S. state exporter of medical equipment to Colombia.

Wood & Lumber

- Colombian wood and lumber tariffs currently average 12 percent, ranging from five to 20 percent.
- More than 61 percent of U.S. wood and lumber exports to Colombia would receive duty-free treatment immediately upon implementation of the trade agreement.
- Tariffs on an additional 24 percent of wood and lumber exports to Colombia would be eliminated over five years, and tariffs on the remaining 15 percent of wood and lumber exports would be eliminated in equal cuts over 10 years.
- Wisconsin is already one of the top U.S. state exporters to Colombia of wood and lumber.

The U.S.-Colombia Trade Promotion Agreement will provide Wisconsin companies with concrete opportunities to expand their export markets. The Wisconsin International Trade Team at the Wisconsin Economic Development Corporation (WEDC) is available to assist Wisconsin manufacturing companies expand exports to Colombia.

To further support market access opportunities for Wisconsin companies in Colombia, WEDC will lead a business development mission to South America (Brazil, Chile and Colombia) from April 14-24, 2012. For more [details](#), please contact Brad Schneider (Brad.Schneider@wedc.org / 608-347-2480).