The U.S.-Colombia Trade Promotion Agreement

Opportunities for the U.S. Automotive Sector

The U.S.-Colombia Trade Promotion Agreement would provide significant commercial opportunities for U.S. exporters:

- Colombia is the 27th largest market for U.S. automotive exports.
- Estimated duties paid on exports of U.S. automotive products to Colombia were over $122 million from 2008 to 2010. Tariff elimination could allow U.S. firms to reinvest in technology and production improvements.
- Approximately 62 percent of U.S. automotive exports to Colombia would receive duty-free treatment within five years of implementation of the U.S.-Colombia Trade Promotion Agreement; Colombian automotive tariffs currently average 17.4 percent, ranging up to 35 percent.

Automotive Sector Overview

- The automotive sector accounted for over $216 million in U.S. exports to Colombia over 2008-10 (average) or 2.4 percent of total U.S. industrial exports to Colombia.¹
- Top U.S. automotive exports to Colombia include medium and large engine motor vehicles, transport vehicles and road tractors, as well as engines and other auto parts.
- The U.S. automotive industry accounts for over 4 percent of U.S. GDP through intricate supply chains that range from raw materials to advanced technology inputs.
- In 2009, U.S. production of automotive products was about $206 billion.²
- The U.S. automotive sector employed approximately 666,400 workers in 2009, providing jobs in all 50 states.³

Improved Market Access for U.S. Automotive Exporters to Colombia

- Colombian automotive tariffs currently average 17.4 percent, ranging from 5 to 35 percent.
- Over 33 percent of U.S. automotive exports to Colombia would receive duty-free treatment immediately upon implementation of the trade agreement.⁴
- Tariffs on an additional 29 percent of automotive exports to Colombia would be eliminated over five years and tariffs on the remaining 38 percent of automotive exports would be eliminated in equal cuts over ten years.

Selected Sub-Sectors:

- **Motor Vehicles:** Colombia would eliminate its tariffs on 6 percent of U.S. motor vehicle exports immediately upon implementation of the trade agreement. Tariffs on the remaining 94 percent of exports would be eliminated over ten years.

---

¹ Global Trade Atlas. Calculation based on import data as reported by Colombia. The definition for autos in this report, unless otherwise cited, includes products within Harmonized System (HS) Headings 8701, 8702, 8703, 8704, and 8706. The definition for auto parts, unless otherwise cited, includes products within HS Chapters 68, 70, 83, 84, 85, 91, and 94 and HS Headings 8707, 8708, and 8716.
² U.S. Department of Commerce, U.S. Census Bureau, within NAICS 336. Shipments used as a best available proxy for production.
⁴ Data based on three-year average for 2008-2010.
Auto Parts: Colombia would eliminate its tariffs on 52 percent of U.S. auto part exports immediately upon implementation of the trade agreement. Tariffs on the remaining 48 percent of exports would be eliminated over five years.

Key States Exporting to Colombia
- Top U.S. states exporting automotive products to Colombia include: Florida, Michigan, California, Alabama, Texas, Illinois, Pennsylvania, Ohio, South Carolina, and Indiana.5

Foreign Competition in Colombian Market
- Colombia signed trade agreements with both the EU and Canada in November, 2008. Additionally, Colombia has FTAs in force with the rest of the Andean Community, Chile, Mexico, El Salvador, Guatemala, and Honduras. Colombia grants some preferential access to MERCOSUR, CARICOM, Costa Rica, Nicaragua, and Panama.
- Upon implementation of its agreement, EU automotive exporters would enjoy a 2.7 percent average tariff advantage over U.S. exports. However, if the U.S.-Colombia TPA is implemented at the same time, U.S. exports would have an immediate 1.3 percent average tariff advantage over the EU.6

Other Key Commitments by Colombia for the Automotive Sector

Rules of Origin:
The U.S.-Colombia Trade Promotion Agreement rules of origin allow only U.S. and Colombian originating goods to receive preferential tariff treatment under the Agreement. The trade agreement rules of origin provide clear requirements for a good to be considered originating, including on goods wholly obtained or produced entirely in the territory of the United States or Colombia, as well as requirements on materials that are used in the production of the good.

Remanufactured Goods:
Colombia will eliminate its prohibition on the importation of remanufactured goods upon entry into force of the Agreement. Most Colombian tariffs on remanufactured goods will be eliminated immediately upon entry into force of the agreement, while tariffs on a small number of remanufactured goods will phase out over ten years.

6 U.S. Department of Commerce calculations based on EU-Colombia FTA and U.S.-Colombia Trade Agreement tariff commitments and Colombian 2010 Tariff Schedule.