



Benefits from the U.S.-Colombia Trade Promotion Agreement

Ohio

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The U.S.-Colombia Trade Promotion Agreement Provides Enhanced Market Access

The U.S.-Colombia Trade Promotion Agreement (TPA) offers tremendous opportunities for Ohio's exporters. When the Agreement enters into force, 80 percent of U.S. consumer and industrial exports to Colombia, including nearly all information technology products; mining, agriculture, and construction equipment; medical and scientific equipment; auto parts; paper products; and chemicals, will be duty-free immediately. The remaining tariffs phase out over 10 years. U.S. farmers and ranchers will also 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 will be duty-free upon entry into force of the Agreement. Colombia will phase out all other agricultural tariffs within 19 years.

Ohio Depends on World Markets

Ohio's export shipments of merchandise in 2006 totaled \$37.8 billion, up 36 percent (\$10.1 billion) from 2002. This was the ninth largest dollar increase among the 50 states during that period.

Ohio's exports shipments of merchandise to Colombia in 2006 totaled \$117 million. Ohio ranked 11th among the 50 states in exports to Colombia in 2006.

Exports Support Jobs for Ohio's Workers –

Export-supported jobs linked to manufacturing account for an estimated 6.1 percent (tied for the seventh highest share among the 50 states) of Ohio's total private-sector employment. Over one-fifth (20.6 percent) of all manufacturing workers in Ohio depend on exports for their jobs. (2003 data are the latest available.)

Exports Sustain Thousands of Ohio's Businesses – A total of 11,114 companies exported from Ohio locations in 2005. Of these, 89 percent (9,847 firms) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

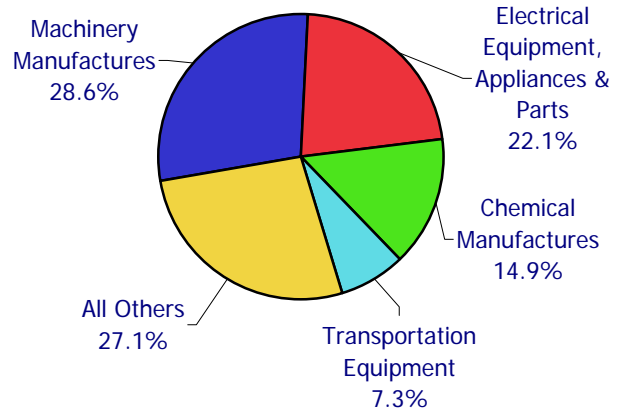
Ohio's SMEs Will Benefit from U.S.-Colombia TPA Provisions

SMEs generated over one-fifth (23 percent) of Ohio's total exports of merchandise in 2005. SMEs particularly benefit from the tariff-eliminating provisions of free trade agreements (FTAs) and should benefit from the significant tariff cuts under the U.S.-Colombia TPA. The transparency obligations, particularly those contained in the customs chapter, are also very important to SMEs, which may not have the resources to navigate customs and regulatory red tape.

The U.S.-Colombia TPA Moves the Trade Relationship from One-Way Preferences to Reciprocity

In 2006, 92 percent of Colombia's exports to the United States entered duty-free under unilateral U.S. trade preference programs such as the Andean Trade Preference Act and the Generalized System of Preferences or under zero Normal Trade Relations tariffs. Because of high tariffs, U.S. exporters do not have equivalent access to the Colombian market. The U.S.-Colombia TPA levels the playing field and enhances competition because it moves the U.S.-Colombia commercial relationship beyond one-way preferences to full partnership and reciprocal commitments.

Ohio Exported \$117 Million in Goods to Colombia in 2006



Source: U.S. Department of Commerce, International Trade Administration.

The U.S.-Colombia TPA Opens New Markets for Ohio's Exports

Machinery Manufactures – In 2006, Ohio's exports of machinery manufactures to Colombia totaled \$34 million, up 292 percent since 2002. Ohio companies will benefit from U.S.-Colombia TPA tariff reductions. For infrastructure and machinery products, 70 percent of U.S. industrial exports will receive duty-free treatment immediately upon entry into force of the agreement, including products such as pumps and compressors, filtration equipment, earth-sorting machinery, and printing machinery. Ninety-two percent of agricultural equipment and 88 percent of construction equipment, including bulldozers, mechanical shovels, boring and sinking machinery, and dumpers, will receive duty-free treatment immediately upon entry into force of the agreement. The elimination of Colombian tariffs on such high-value equipment will provide a competitive boost to U.S. exporters, who will no longer face tariffs as high as 20 percent. This will help Ohio's companies take advantage of Colombia's growing demand for industrial machinery.

Electrical Equipment, Appliances and Parts – In 2006, Ohio's exports of electrical equipment, appliances and parts to the Colombian market amounted to \$26 million, or 22 percent of the state's total merchandise exports to Colombia that year. Ohio exporters in this sector will benefit from U.S.-Colombia TPA tariff reductions. Colombian tariffs on high-priority U.S. electrical and electronic products such as video recorders and projectors, radio broadcast receivers, and coaxial cable will be eliminated immediately upon entry into force of the agreement. Colombia will also eliminate tariffs on 78 percent of U.S. appliance exports immediately upon entry into force of the agreement, with remaining tariffs eliminated within five to 10 years. U.S. exports in this sector currently face Colombian tariffs averaging 11 percent, with some as high as 20 percent.

Chemical Manufactures – Ohio businesses exported \$17 million in chemical manufactures to Colombia in 2006, a 97 percent jump since 2002. Ohio exporters of chemical and related products, including pharmaceuticals, cosmetics, fertilizers, and agro-chemicals, will benefit from U.S.-Colombia TPA tariff reductions. Eighty-two percent of U.S. chemical exports will receive duty-free treatment immediately upon entry into force of the agreement, including many resins, fertilizers, and soda ash. Remaining tariffs will phase out within 10 years. Current Colombian chemical tariffs average nearly 8 percent and can be as high as 20 percent. Other top U.S. export opportunities in this sector include vinyl chloride, styrene, and polyethylene.

The U.S.-Colombia TPA Creates Opportunities for Ohio's Agriculture

In 2006, Ohio's agricultural exports to the world were estimated at \$1.7 billion. Colombia is already the second largest market for U.S. farm products in Latin America, with significant potential for growth. Despite high tariffs and other barriers on most agricultural products, including key Ohio farm products such as soybeans, corn, and dairy, U.S. exporters shipped more than \$868 million in U.S. farm products to Colombia in 2006. A primary U.S. objective was to change the "one-way street" of duty-free access currently enjoyed by most Colombian exports into a "two-way street" that provides U.S. suppliers with access to these markets and levels the playing field with competitors. This objective was achieved.

For more information on agricultural exports and the U.S.-Colombia TPA, see the fact sheets prepared by the U.S. Department of Agriculture at <http://www.fas.usda.gov/itp/us-colombia.asp>

Free Trade Works for Ohio's Exporters

Since the North American Free Trade Agreement (NAFTA) entered into force in 1994, Ohio's combined exports to Canada and Mexico have grown by 141 percent. Ohio's exports to Chile have grown by 55 percent since the entry into force of the U.S.-Chile FTA in 2004. Subsequent to the entry into force of both the U.S.-Jordan agreement in 2001 and U.S.-Singapore agreement in 2004, Ohio's exports to those countries have risen by 551 and 99 percent respectively.

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to state based on transportation origin, i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about "export production" in a state should not be made solely on the basis of the OM state export figures.

Sources: Bureau of the Census, U.S. Department of Commerce, Origin of Movement Series; U.S. Department of Agriculture.

Prepared by the U.S. Department of Commerce, International Trade Administration, Market Access and Compliance.