



LATIN AMERICA TRADE COALITION

Why Support the U.S.-Colombia Trade Promotion Agreement? **Growth, Hope, and Opportunity**

GROWTH: Capitalizing on an already robust partnership

- America's two-way trade with Colombia has nearly doubled over the past five years, approaching \$18 billion in 2007.
- Colombia is the second most populous Spanish-speaking country in the world, our fourth-largest trading partner in Latin America, and our largest market for agricultural exports in South America. Its economic growth reached 7% last year, and poverty has been reduced by an impressive 15% since 2000.
- Already exporting to Colombia are nearly 8,000 U.S. companies, more than 80 percent of which are small and medium-sized firms that will benefit directly from the trade agreement.

HOPE: Supporting friends and allies in a region at risk

- The U.S.-Colombia Trade Promotion Agreement will help Colombian citizens strengthen the rule of law, internationally recognized workers' rights, and transparency in business and government.
- The agreement will provide local citizens with long-term alternatives to narcotics trafficking or emigration. It will also open services markets, safeguard investments, and secure the intellectual property of U.S. inventors, researchers, and creative artists.
- Last year, Colombia's House of Representatives voted 84-3 and its Senate voted 54-16 to include labor and environmental provisions reached in the May 10 bipartisan trade deal in the U.S.-Colombia Trade Promotion Agreement. Colombians are confident that stronger ties to the U.S. will enhance security, stability, and prosperity.

OPPORTUNITY: Leveling the playing field for U.S. workers and farmers

- More than 90% of all imports from Colombia already enter the U.S. marketplace duty-free under the Andean Trade Preference Act (ATPA), which was recently renewed by large bipartisan majorities in Congress.
- By contrast, U.S. exports to Colombia face average tariffs of 14% for manufactured goods and more than 50% for key agricultural exports such as corn and wheat. In other words, Colombians enjoy nearly free access to our marketplace while our access to theirs remains limited.
- The U.S.-Colombia Trade Promotion Agreement will remedy the unfairness of today's U.S.-Colombia trade relationship and transform it into a mutually beneficial partnership by eliminating most tariffs immediately upon entry-into-force.



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Why Support the U.S.-Colombia Trade Promotion Agreement? **Colombia Is Moving Forward!**

Few nations in the world have changed as much in recent years as Colombia — to the tremendous benefits of its citizens. Consider the country's transformation:

Jobs: Colombia's unemployment rate has fallen from 20% in the late 1990s to single digits in recent months. Three million jobs have been created since 2002, when the U.S. Congress further opened the U.S. market to Colombian exports through the Andean Trade Promotion and Drug Eradication Act — underscoring the power of trade as an effective alternative development program.

Education and Health Care: Fully 88% of Colombian children are enrolled in school, up from 71% in 2001. Currently, 73% of Colombians have health care coverage, up from 54% in 2002. In 2006, the government's budget for education, health care, and social programs was \$12.7 billion, a substantial sum given Colombia's \$100 billion GDP.

Public Safety: Colombia's homicide rate was cut in half and kidnappings were reduced by almost 90% over the past five years. Law and order have been restored in rural municipalities. More than 4,000 labor leaders, judges, human rights workers, and journalists benefit from program that provides for their personal security. Colombia's armed forces have received extensive human rights training — more than those anywhere else in the Americas. Partly as a result, 81% of Colombians express respect for the armed forces — more than for any other institution.

National Reconciliation: Colombia is disarming both left-wing and right-wing armed groups. The government has made dozens of peace overtures to the FARC and ELN, Marxist guerrilla groups that have fought the government for four decades. The right-wing paramilitaries have been disarmed, with more than 40,000 fighters demobilized. As a *Washington Post* editorial noted: "At last, the paramilitary network in Colombia and its military and political alliances are being exposed and uprooted" (3/15/07).

Narcotics Trafficking: Coca production in Colombia has been reduced by 40% over the past decade, according to the U.S. Office of National Drug Control Policy. Since 2000, Colombian security forces have interdicted cocaine and heroine shipments with an estimated street value between \$35 billion and \$40 billion.

How Did This Happen? President Uribe's principled leadership and the determination of the Colombian people have been bolstered by U.S. support through the Andean trade preferences and Plan Colombia. As the *Post* concludes, "Colombia's president can deliver on his promise to reform the country's political system and extend its authority to a long-lawless countryside. If Congress wishes to see those changes continue, it should approve the new Colombian aid plan as well as the free-trade agreement."



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Why Support the U.S.-Colombia Trade Promotion Agreement? **It Will Level the Playing Field!**

It's simple, really. The U.S.-Colombia Trade Promotion Agreement is about leveling the playing field for American workers, farmers, and companies.

The United States unilaterally opened its market to these two countries and many of their neighbors through the Andean Trade Preference Act, the Caribbean Basin Initiative, and the GATT Uruguay Round, and more than 90% of our imports from these countries already enter our market duty free. By contrast, exports of U.S. manufactured goods to Colombia and Panama face average tariffs of 14%, and 7%, respectively. In other words, these countries enjoy nearly free access to our marketplace while our access to theirs remains limited.

These trade agreements will fix this imbalance by building a mutually beneficial, reciprocal trade partnership. More than 80% of U.S. consumer and industrial products and half of current U.S. farm exports will enter Colombia and Panama duty-free immediately, with the rest phased out over time. Consider these representative examples from Colombia and the U.S.-Colombia Trade Promotion Agreement:

Without CTPA		Products	With CTPA	
We Pay	They Pay		We Pay	They Pay
35%	2.5%	Automobiles	0%	0%
20%	0%	Furniture	0%	0%
5-15%	0-3.9%	Audiovisual products (film and DVDs)	0%	0%
5-15%	0%	Mineral Fuels and Coal	0%	0%
10%	0%	Cotton	0%	0%
5-15%	0-3.9%	Metal Products (copper, zinc, gold, silver)	0%	0%
5-21%	0-1.9%	Cereals (oats, corn, soybeans)	0%	0%
10%	0%	Computers and related products	0%	0%



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Why Support the U.S.-Colombia Trade Promotion Agreement? **Here are 7,705 Great Reasons!**

More than 9,000 U.S. companies export their products to Colombia, which is one of Latin America's most dynamic growth markets. Of this total, 7,705, or 85%, were small and medium-sized companies. These so-called SMEs exported nearly \$1.7 billion worth of merchandise to Colombia in 2005. This represented 35% of all U.S. exports to Colombia, well above the 29% share of U.S. exports that our smaller companies contribute globally.

Market	No. of U.S. Exporters	No. of U.S. SME Exporters	SME Exporters as % of Total	SME Exports in US\$ millions	SME Exports as % of Total
Colombia	9,112	7,705	85.0	1,681	35.3

Source: Bureau of the Census, Department of Commerce (DOC), 2005 data

What if there were a way to eliminate the barriers that prevent America's small businesses from seizing the full benefit of Colombia's booming opportunities? The U.S.-Colombia Trade Promotion Agreement will open the door to new opportunities for smaller U.S. firms in ways that go far beyond just cutting tariffs:

- **Non-Tariff Barriers:** NTBs are especially harmful to smaller companies because they add to the fixed costs of doing business. A \$10,000 permit is a nuisance for a big firm; it can be a show-stopper for a smaller one.
- **Intellectual Property:** Trade agreements protect the innovation and creative content captured in so many U.S. exports; in fact, Colombia will give protections for intellectual property similar to those in U.S. law.
- **Services:** The U.S.-Colombia Trade Promotion Agreement will also open up service sector sales by American companies, expanding the opportunities for a part of our economy that's humming with efficient and innovative smaller companies. Many of these companies are potentially world-class exporters.
- **Government Procurement:** This agreement will give American small business expanded access to government procurement contracts. Those contracts for roads, schools, clinics, and the like are often too small for major American companies to perform profitably. But they are just the kinds of contracts that our smaller construction companies, distance learning companies, and medical equipment companies (to mention just a few) can fulfill beautifully.



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Why Support the U.S.-Colombia Trade Promotion Agreement? **Look to Chile!**

The U.S.-Colombia Trade Promotion Agreement is a great deal for U.S. workers, farmers, and businesses. It's the latest in a series of trade agreements that are paying dividends for the American economy.

Consider the success of the recent trade agreement with **Chile**, upon which the agreement with Colombia is modeled. The U.S.-Chile Free Trade Agreement was implemented on January 1, 2004, and immediately began to pay dividends for American businesses and farmers. While the U.S. International Trade Administration had forecast total export growth of 18-52% over the first 12 years of the agreement's implementation, U.S. exports to Chile leapt by 33% in 2004, 43% in 2005, 31% in 2006, and an additional 17% in 2007. All told, U.S.-Chile trade has nearly tripled in just four years!

The conclusion? Trade agreements work! Trade is a motor for economic growth, and it generates new economic opportunities throughout the United States. Consider the remarkable results from trade with Chile:

- U.S. exports rose by \$5.3 billion in four years, reaching nearly \$8 billion in 2007.
- Individual companies can point to the same impressive gains. Caterpillar, for instance, has seen U.S. exports to Chile triple for some of its product lines.
- Helped by the boom in trade, Chile's per capita income doubled from 2003 to 2006, and unemployment fell from 8.1% in 2003 to 6% at the end of 2006.

Other recent trade agreements have borne similar fruits:

- Trade with **Jordan** has risen six-fold since the U.S.-Jordan Free Trade Agreement was signed in 2000, fostering the creation of tens of thousands of jobs in a country that is a close ally of the United States.
- The U.S. trade surplus with **Singapore** nearly quintupled over the first three years of implementation of the U.S.-Singapore Free Trade Agreement (2004-2006), reaching \$6.9 billion.
- Implemented in January 2005, the free trade agreement with **Australia** helped boost U.S. exports down under by over 30% in just three years.

The U.S.-Colombia Trade Promotion Agreement takes the same comprehensive, high-standard approach to trade as these earlier agreements. To build on the success of these earlier trade agreements, Congress should approve the U.S.-Colombia Trade Promotion Agreement swiftly!



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Why Support the U.S.-Colombia Trade Promotion Agreement? **It's a Foreign Policy Imperative**

The trade agreement with Colombia is a great deal for U.S. workers, farmers, and businesses, but it's also an imperative for America's foreign policy and geostrategic interests in Latin America:

Development: By enhancing opportunities for economic growth and development in the troubled Andean region, the U.S.-Colombia Trade Promotion Agreement will lend strength to Colombia's economy and provide citizens with long-term alternatives to narcotics trafficking or emigration.

Security: The agreement promotes U.S. security interests by forging a deeper partnership with Colombia through a framework for government to government relationships that is grounded in the tangible national interests of all parties. Such a framework is vital to enhancing cooperation in the fight against terrorism and narcotics trafficking; it also sets an example for other countries around the world as we pursue our global security goals.

Democracy: The agreement will enhance U.S. efforts to strengthen democracy in Latin America by lending direct support for the rule of law, internationally recognized workers' rights, and transparency in business and government.

Corruption: Like many countries around the world, Colombia is struggling against corruption, which undermines growth, security, and stability. The agreement contains critical provisions to enhance transparency and accountability in governance, providing important tools to fight the scourge of corruption.

Narcotics: While Colombia has made tremendous strides fighting narcotics trafficking over the past 15 years, the production and movement of illicit drugs pose serious challenges for the hemisphere. The trade agreement helps establish a cooperative framework in which other fronts such as narcotic interdiction can be constructively addressed, while providing the economic alternatives to keep individuals away from illegal activities. Additionally, the agreement grants duty-free access to the U.S. market for an expanded range of Latin American products, thus offering the possibility of more good jobs locally.

In Colombia and throughout Latin America, the consolidation of democracy and sustainable economic development are clearly in the national interest of the United States. The U.S.-Colombia Trade Promotion Agreement will provide Colombians with the tools they need to achieve their own development aims.