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United States and Colombia Conclude Free Trade Agreement

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WASHINGTON – The United States and Colombia today announced they have concluded their work on a free trade agreement. This comprehensive trade agreement will eliminate tariffs and other barriers to goods and services, and expand trade between the United States and Colombia. The conclusion of the negotiations with Colombia was announced by U.S. Trade Representative Rob Portman and Jorge Humberto Botero, Minister of Trade, Industry and Tourism.



"The United States and Colombia agreed on terms for a comprehensive trade opening agreement that will enhance economic growth and prosperity between the U.S. and Colombia," said Ambassador Portman. "The free trade agreement with Colombia will generate export opportunities for U.S. agriculture, industry, and service providers, and help create jobs in the United States. The agreement will help foster economic development in Colombia, and contribute to efforts to counter narco-terrorism, which threatens democracy and regional stability."

"An agreement with Colombia is an essential component of our regional strategy to advance free trade within our hemisphere, combat narco-trafficking, build democratic institutions, and promote economic development. In addition to eliminating tariffs, Colombia will remove barriers to trade in services, provide a secure, predictable legal framework for U.S. investors operating in Colombia, provide for effective enforcement of labor and environmental laws, protect intellectual property, and provide an effective system to settle disputes. Also, since many products from Colombia already enter the U.S. market duty-free under the Andean Trade Preference Act (ATPA), the agreement will level the playing field and make duty-free treatment a two-way street," Portman said.

"I look forward to working on a bipartisan basis with Congress to implement this solid agreement that will benefit American workers, manufacturers, service providers, farmers and ranchers," Portman added.

In 2005, Colombia and the United States had \$14.3 billion in two-way trade, and Colombia is currently the second largest agricultural market for the United States in Latin America. U.S. goods exports to Colombia in 2005 were \$5.4 billion. Top export categories in 2005 were: machinery, organic chemicals, electrical machinery, and plastic. U.S. exports of agricultural products to Colombia totaled \$677 million in 2005. Leading categories include: coarse grains, wheat, cotton, and soybeans. U.S. foreign direct investment (FDI) in Colombia was \$3.0 billion in 2004, primarily concentrated in the manufacturing, mining and wholesale sectors.

BACKGROUND

In May 2004, the United States initiated free trade agreement negotiations with three Andean nations – Colombia, Peru, and Ecuador. The United States concluded negotiations with Peru in December 2005. Negotiations with Ecuador are continuing. Bolivia has participated as an observer and could become part of the agreement at a later stage.

The United States has significant economic ties to the region. Total two-way trade with the Andean countries of Colombia, Peru, and Ecuador was approximately \$24 billion in 2004. The countries comprised an important market for U.S. goods exports totaling \$8.3 billion in 2004. Leading exports included machinery, organic

chemicals, plastic, and cereals. U.S. exports of agricultural products to Colombia, Peru, and Ecuador totaled \$1 billion. Leading exports included wheat, coarse grains, cotton, and soybeans. Goods imports from Colombia, Peru, and Ecuador totaled \$15.3 billion in 2004. The stock of U.S. foreign direct investment in these countries in 2004 was \$7.7 billion. The three Andean countries collectively represent a market of over \$8 billion for U.S. exports, and are home to close to \$8 billion in U.S. foreign direct investment.

U.S. TRADE AGENDA

The United States is working to open markets globally in the Doha WTO negotiations; regionally through the APEC forum and the Free Trade Area of the Americas (FTAA) negotiations; and bilaterally with FTAs. Since 2001, FTAs with Australia, Chile, Jordan, Morocco and Singapore have entered into force. The Bush Administration has also concluded negotiations with Bahrain, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Oman, Peru and now Colombia. Negotiations are under way or about to begin with ten more countries: Ecuador, the Republic of Korea, Panama, the five nations of the Southern African Customs Union (SACU), Thailand, and the United Arab Emirates. New and pending FTA partners, taken together, would constitute America's third largest export market and the third largest economy in the world.

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