

The U.S. – Colombia Trade Promotion Agreement: Expanding Opportunities

The U.S.-Colombia Trade Promotion Agreement (CTPA) significantly expands opportunities for U.S. companies in the second largest South American market. CTPA demonstrates to other developing countries that commitments to liberalization and internal economic reform are necessary for economic development, higher standards of living, and global competitiveness.

The CTPA contains important provisions for services-related investment, regulatory transparency, and for trade in key service sectors:

- Liberalization on a "negative list" basis—ensures substantial U.S. market access to the entire services market with very few restrictions.
- Provides a stable legal framework for U.S. investors; particularly important because a local presence is often needed to supply services and to guarantee the protection of U.S. investments.
 - Dismantles barriers and ensures protection of U.S. investment and U.S. workers.
 - Protects the legitimate exercise of each government's regulatory authority with respect to public welfare objectives, such as public health, safety, and the environment.
 - Includes penalties for corrupt practices.
- Improves transparency
 - Commits Colombia to an open, transparent and fair framework in which U.S. companies can participate in Colombia's government procurement market.
- Eliminates discriminatory treatment
 - Eliminates Colombia's dealer protection regime laws that provide preferential deals for companies with pre-existing relationships.

The Agreement includes comprehensive provisions for new liberalization and market access across a broad range of service industries such as:

- Accounting Services: Expands the ability of U.S. firms to supply accounting services to the Colombian market through continuing contractual and other arrangements with local firms.
- Architectural and Engineering Services: Provides U.S. companies with a growing, un-restricted market due to the developing industry.
- Asset Management and Pension Services: U.S. portfolio managers will be able to provide certain asset management services to Colombian mutual and pension funds within four years, including Colombia's privatized social security accounts.

- Audiovisual Services: Overall, the U.S. film industry is accorded substantial commercial access to the Colombian market. Films from outside Colombia are completely free of restrictions and receive meaningful assurances that new media opportunities will not be arbitrarily undercut.
- Construction Services: CTPA provides for U.S. access to construction projects of the central and regional governments.
- Electronic Commerce: Digital products will not be treated in a discriminatory manner, nor will customs duties be imposed on them.
- Energy Services: U.S. energy service providers will be allowed to own 100% of their investments in the Energy Services.
- Express Delivery Services (EDS): CTPA provides an appropriate definition of EDS and will bind the current level of market access. It also includes provisions to facilitate more efficient customs clearance.
- Financial Services (other than insurance and asset management): Provides full national treatment and the ability to establish bank branches, along with investment protection.
- Insurance: Will allow direct branches after four years. No limits imposed on foreign equity participation or market caps. Colombians can now purchase certain insurance services from abroad.
- Telecommunications: U.S. firms are guaranteed reasonable and non-discriminatory access to the networks in Colombia.