

Automotive Trade Policy Council

DAIMLERCHRYSLER   General Motors

United States- Colombia Free Trade Agreement (FTA) *Automotive Sector*

On November 11, 2006, the United States and Colombia signed a free trade agreement, which is now awaiting U.S. Congressional approval. ATPC member companies—General Motors Corporation, Ford Motor Company and DaimlerChrysler Corporation— support Congressional approval of this agreement.

Background on the Colombian Auto Market

- In 2006, vehicle sales totaled 89,606, including 56,400 cars and 33,206 trucks.
- Motor vehicle production totaled 111,134 (78,920 cars and 32,214 trucks) in 2006.
- Colombia is a member of the Andean Pact, a regional trade agreement that includes Ecuador, Colombia, and Venezuela (*Venezuela has announced its intent to leave the Pact.) Colombian vehicle assemblers benefit from this association because of the ability to ship products within the region without duty. This contributes to improved competitiveness of Colombian auto industry.
- Passenger vehicle imports from countries outside of the Andean Pact are subject to a 35% duty, while most commercial vehicles are assessed a 15% duty. Tariffs on auto parts range from 0% to 15%.
- Colombia currently bans imports of used and remanufactured motor vehicles and parts. The ban on remanufactured parts is an issue for ATPC member companies, as remanufactured parts are used extensively in after sales warranty service.

Expected Benefits of the Agreement

- Implementation of a free trade agreement is expected to stimulate local market vehicle sales in Colombia, first by contributing to improved economic growth in the region, and secondly by increasing the attractiveness of U.S.-sourced vehicles.
- Under the provisions of the agreement, Colombia will immediately eliminate tariffs on imports from the U.S. of larger engine four-wheel drive vehicles—a growing segment in the Colombia market.
- Colombian duties on other motor vehicles will be phased-down over a 10-year period. This gradual phase-down was sought by some ATPC members with investments in the Andean region to allow for a transition to more competitive market conditions.
- Colombia will enjoy immediate duty free access to the United States for auto products, similar to what they already enjoy under the Andean Trade Preferences Act.

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The Automotive Trade Policy Council Inc (ATPC) is a Washington D.C.- based trade association that represents the common international economic, trade and investment interests of its member companies: DaimlerChrysler Corporation, Ford Motor Company and General Motors Corporation.

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