



US Colombia FTA

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Introduction:

US Trade Policy is at a standstill:

- **In USA ultimately Trade Agreements must pass the US Congress.**
- **Currently US Trade policy is at a standstill: Not just US-Colombia but also US-Panama, US Korea, and the Doha Round.**
- **In addition, unique problems for US-Colombia relate to the labor Issues:**

“Colombian Trade Minister Luis Plata got little encouragement from House Ways and Means Committee Chairman Sander Levin (D-MI) when they met on April 22. Levin told Plata that Colombia has “not done anything [in the labor area] these past four years” and “there was no progress at all,” according to a Colombian government official. Levin said he still sees problems with workers’ freedom of association, collective bargaining and the right to strike, the official said.


EU: Not so reluctant.

- **EU launches major new trade relationships with Latin America**
- The EU is stepping up its economic engagement with Latin America and the Caribbean through a range of trade deals which have been on the table at the EU, Latin America and the Caribbean Summit in Madrid on May 18.
- It was decided to re-launch negotiations for an EU-Mercosur Free Trade Agreement, **to give political approval to the conclusion of a comprehensive trade agreement between the EU and the Andean Countries (Peru and Colombia)** and also to endorse the conclusion of the negotiations between the EU and Central America.



Should Colombia Be Concerned?

- Why A Colombia-US FTA?
- What does Colombia need?
- What is included in the Agreement?
- How can the benefits be maximized and the costs minimized?



Colombia: Already enjoys duty-free entry into the US Market

- In 2005, approximately 90 percent of the value of U.S. imports from Colombia entered free of duty either unconditionally or under the Andean Trade Preference Act (ATPA) or other U.S. provisions
- So the FTA will reduce Colombia's trade barriers by more than it reduces the trade barriers of the USA.

US Imports From Colombia

U.S. Imports for Consumption

Annual + Year-To-Date Data from Jan - Mar

HTS Number	2003 In 1,000 Dollars	2004	2005	2006	2007	2008	2009
MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES	27 3,150,925	3,818,878	4,864,948	5,054,849	5,069,405	8,322,841	6,479,927
NATURAL OR CULTURED PEARLS, PRECIOUS OR SEMIPRECIOUS STONES, PRECIOUS METALS; PRECIOUS METAL CLAD METALS, ARTICLES THEREOF; IMITATION JEWELRY; COIN	71 560,462	507,628	408,138	434,783	501,053	735,896	1,210,024
COFFEE, TEA, MATE AND SPICES	9 368,331	396,175	609,346	604,800	687,478	822,930	722,873
SPECIAL IMPORT REPORTING PROVISIONS, NESOI	99 284,573	311,506	389,228	431,167	413,295	620,742	519,105
LIVE TREES AND OTHER PLANTS; BULBS, ROOTS AND THE LIKE; CUT FLOWERS AND ORNAMENTAL FOLIAGE	6 347,544	421,140	424,716	455,369	519,259	515,643	516,462
EDIBLE FRUIT AND NUTS; PEEL OF CITRUS FRUIT OR MELONS	8 168,085	169,615	202,263	200,540	164,467	214,625	240,001
SPECIAL CLASSIFICATION PROVISIONS, NESOI	98 98,654	88,432	71,985	131,432	78,455	91,590	157,066
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED	62 327,771	370,548	392,675	315,210	231,874	200,933	118,053
PLASTICS AND ARTICLES THEREOF	39 83,016	108,341	143,285	153,317	160,854	156,304	107,386
ARTICLES OF APPAREL AND CLOTHING ACCESSORIES, KNITTED OR CROCHETED	61 171,049	218,145	182,529	190,684	151,542	142,546	105,033
Subtotal :	5,560,410	6,410,409	7,689,112	7,972,152	7,977,683	11,824,050	10,175,929
All Other:	785,749	950,149	1,081,158	1,267,663	1,273,550	1,234,795	1,033,431
Total	6,346,159	7,360,558	8,770,270	9,239,815	9,251,233	13,058,845	11,209,359



Indeed, initially US Exports will increase more than US Imports

- **U.S. exports to Colombia are estimated to be \$1.1 billion higher with the fully implemented TPA, an increase of 13.7 percent.**
- **U.S. imports from Colombia are estimated to be \$487 million higher with the fully implemented TPA, an increase of 5.5 percent.**

What Does Columbia Need to Compete?

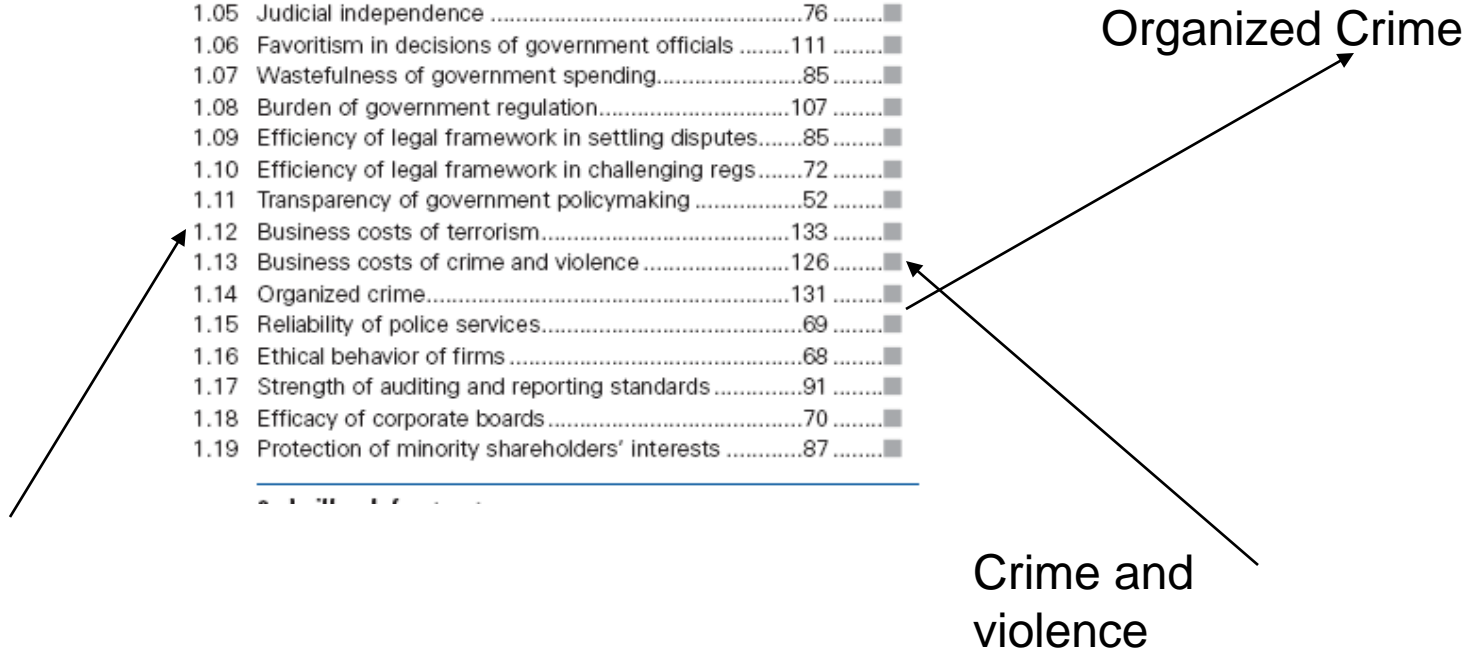
Global Competitiveness Index

	Rank (out of 133)	Score (1–7)
GCI 2009–2010	69	4.1
GCI 2008–2009 (out of 134).....	74	4.0
GCI 2007–2008 (out of 131).....	69	4.0
Basic requirements	83	4.1
1st pillar: Institutions	101	3.4
2nd pillar: Infrastructure.....	83	3.2
3rd pillar: Macroeconomic stability.....	72	4.6
4th pillar: Health and primary education	72	5.3
Efficiency enhancers	64	4.1
5th pillar: Higher education and training	71	3.9
6th pillar: Goods market efficiency.....	88	4.0
7th pillar: Labor market efficiency	78	4.3
8th pillar: Financial market sophistication.....	78	4.1
9th pillar: Technological readiness.....	66	3.6
10th pillar: Market size.....	31	4.6
Innovation and sophistication factors	62	3.7
11th pillar: Business sophistication	60	4.2
12th pillar: Innovation.....	63	3.2

Source: World Economic Forum 2010

Weakness: Institutions related to security.

INDICATOR	RANK/133
1st pillar: Institutions	
1.01 Property rights	83
1.02 Intellectual property protection.....	94
1.03 Diversion of public funds	99
1.04 Public trust of politicians.....	88
1.05 Judicial independence	76
1.06 Favoritism in decisions of government officials	111
1.07 Wastefulness of government spending.....	85
1.08 Burden of government regulation.....	107
1.09 Efficiency of legal framework in settling disputes.....	85
1.10 Efficiency of legal framework in challenging regs.....	72
1.11 Transparency of government policymaking	52
1.12 Business costs of terrorism.....	133
1.13 Business costs of crime and violence	126
1.14 Organized crime.....	131
1.15 Reliability of police services.....	69
1.16 Ethical behavior of firms	68
1.17 Strength of auditing and reporting standards	91
1.18 Efficacy of corporate boards.....	70
1.19 Protection of minority shareholders' interests	87



Terrorism

Crime and violence

Good Markets: Trade Barriers and FDI room for Improvement

6th pillar: Goods market efficiency

	6.01	Intensity of local competition	78	■
←	6.02	Extent of market dominance	113	■
	6.03	Effectiveness of anti-monopoly policy	65	■
	6.04	Extent and effect of taxation	120	■
	6.05	Total tax rate*	123	■
	6.06	No. of procedures required to start a business*	75	■
	6.07	Time required to start a business*	94	■
	6.08	Agricultural policy costs	63	■
	6.09	Prevalence of trade barriers.....	128	■
→	6.10	Tariff barriers*	101	■
	6.11	Prevalence of foreign ownership.....	89	■
→	6.12	Business impact of rules on FDI	94	■
→	6.13	Burden of customs procedures	77	■
	6.14	Degree of customer orientation	30	■
	6.15	Buyer sophistication	70	■

Part A.1 Tariffs and imports: Summary and duty ranges

Summary		Total	Ag	Non-Ag	WTO member since	1995
Simple average final bound		42.9	91.8	35.4	Binding coverage:	Total 100
Simple average MFN applied	2008	12.5	16.9	11.8		Non-Ag 100
Trade weighted average	2006	11.7	18.7	11.0	Ag: Tariff quotas (in %)	10.0
Imports in billion US\$	2006	25.1	2.3	22.8	Ag: Special safeguards (in %)	27.9

Frequency distribution	Duty-free	Tariff lines and import values (in %)							NAV in %
		0 <= 5	5 <= 10	10 <= 15	15 <= 25	25 <= 50	50 <= 100	> 100	
Agricultural products									
Final bound	0	0	0	0.1	0.1	0.3	74.9	24.5	0
MFN applied 2008	0.0	12.0	15.8	29.1	39.6	0.8	2.6	0	0
Imports 2006	0	4.8	9.5	56.0	24.7	0.6	4.4	0	0
Non-agricultural products									
Final bound	0	0	0	0	0	99.9	0.0	0.1	0
MFN applied 2008	2.4	34.9	12.9	24.0	25.5	0.2	0	0	0
Imports 2006	5.3	40.7	14.1	22.7	11.9	5.4	0	0	0

Part A.2 Tariffs and imports by product groups

Product groups	Final bound duties				MFN applied duties			Imports	
	AVG	Duty-free in %	Max	Binding in %	AVG	Duty-free in %	Max	Share in %	Duty-free in %
Animal products	98.9	0	209	100	24.5	0	80	0.2	0
Dairy products	136.7	0	159	100	26.8	0	50	0.0	0
Fruit, vegetables, plants	72.6	0	178	100	15.3	0.1	60	0.9	0
Coffee, tea	70.0	0	70	100	17.9	0	20	0.3	0
Cereals & preparations	111.6	0	195	100	20.4	0	80	4.2	0
Oilseeds, fats & oils	132.5	0	227	100	16.3	0	20	1.9	0
Sugars and confectionery	106.8	0	130	100	16.8	0	20	0.3	0
Beverages & tobacco	85.5	0	137	100	18.6	0	20	0.6	0
Cotton	75.8	0	99	100	10.0	0	10	0.3	0
Other agricultural products	78.1	0	151	100	9.9	0	70	0.7	0
Fish & fish products	38.2	0	104	100	19.1	0	20	0.5	0
Minerals & metals	35.0	0	35	100	10.1	0.9	20	13.1	1.7
Petroleum	35.0	0	35	100	10.1	0	15	2.6	0
Chemicals	34.9	0	35	100	8.0	6.2	20	19.6	8.0
Wood, paper, etc.	35.0	0	35	100	13.1	4.0	20	3.4	16.3
Textiles	35.7	0	40	100	17.7	0.2	20	3.9	0.3
Clothing	40.0	0	40	100	20.0	0	20	0.5	0
Leather, footwear, etc.	34.9	0	35	100	13.6	0.6	20	2.9	0.6
Non-electrical machinery	35.0	0	35	100	8.6	3.6	20	14.3	2.3
Electrical machinery	35.0	0	35	100	10.5	1.0	20	12.0	0.6
Transport equipment	35.4	0	40	100	13.6	6.8	35	12.4	15.8
Manufactures, n.e.s.	35.0	0	35	100	11.2	0.6	20	5.4	1.0

Part B Exports to major trading partners and duties faced

Major markets	Bilateral imports		Diversification		MFN AVG of traded TL		Pref. margin	Duty-free imports		
	in million US\$		95% trade in no. of		Simple	Weighted		Weighted	TL in %	Value in %
	HS 2-digit	HS 6-digit								
Agricultural products										
1. European Communities	2007	2,179	8	13	15.0	14.2	2.8	67.0	59.1	
2. United States	2007	1,575	12	25	5.8	2.7	2.6	93.8	99.5	
3. Bolivarian Republic of Venezuela	2006	491	18	43	18.8	17.2	17.2	100.0	100.0	
4. Japan	2007	275	3	4	8.2	0.9	0.2	48.3	94.0	
5. Canada	2007	259	6	12	3.5	2.3	0.4	63.3	75.1	
Non-agricultural products										
1. United States	2007	7,008	32	102	4.6	1.4	1.4	92.4	99.3	
2. European Communities	2007	3,163	23	38	4.5	0.8	0.7	99.4	98.0	
3. Bolivarian Republic of Venezuela	2006	1,930	50	488	14.9	20.6	20.6	100.0	100.0	
4. Ecuador	2006	1,327	51	541	11.8	12.4	12.4	100.0	100.0	
5. China	2007	1,093	4	4	7.7	1.4	0.0	17.2	37.8	

Colombia

Key indicators

Population (millions), 2009	45.7
Surface area (1,000 square kilometers).....	1,141.8
GDP (US\$ billions), 2009	228.6
Real GDP growth (percent), 2009	-0.3
GDP per capita (current prices, US\$), 2009	4,661.5
GDP per capita (rank out of 124), 2009 .....	.65
Total exports (rank out of 120), 2007 .....	.56
Total imports (rank out of 120), 2007 .....	.54

Source: IMF; UNFPA; World Bank; UNCTAD; WTO

Selected trade indicators

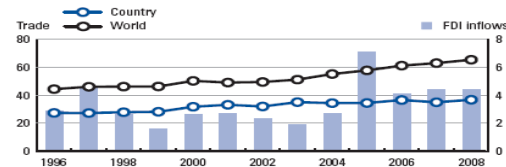
Current account balance (share of GDP), 2009	-2.9
Merchandise exports, f.o.b. (US\$ millions), 2008	37,625.9
Services exports (US\$ millions), 2008	3,967.4
Merchandise imports, c.i.f. (US\$ millions), 2008	39,668.8
Services imports (US\$ millions), 2008	7,108.2

WTO accession year	1995
Regional trade agreements notified to WTO .....	.4
MFN tariffs, simple avg., 2008: bound; applied	42.9; 12.5
Tariff escalation (rate diff. raw to finished), 2009	2.4

Tariff rate for agricultural products, 2008	18.3
Tariff rate for non-agricultural products, 2008	10.5
Agricultural tariff peaks (percent), 2008	3.0
Non-agricultural tariff peaks (percent), 2008	0.0

Source: IMF; ITC; World Bank; WTO

Trade and FDI inflows, percent of GDP



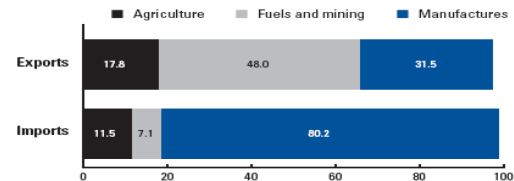
Main trading partners, 2008

Share of total volume of merchandise trade (percent)

Exports		Imports	
United States	38.0	United States	29.2
Venezuela	16.2	EU27	13.5
EU27	12.8	China	11.5
Ecuador	4.0	Mexico	7.9
Switzerland	2.5	Brazil	5.9
Others	26.5	Others	32.1

Exports and imports by sector, 2008

Share of total volume of merchandise trade (percent)



Enabling Trade Index

	Rank (out of 125)	Score (1-7 scale)
2010 Index	91	3.7
2009 Index.....	.84	3.6
Market access	57	4.2
1st pillar: Domestic and foreign market access .....	.57	4.2
Border administration	78	3.7
2nd pillar: Efficiency of customs administration .....	.91	3.4
3rd pillar: Efficiency of import-export procedures .....	.84	4.3
4th pillar: Transparency of border administration .....	.66	3.5
Transport and communications infrastructure	67	3.6
5th pillar: Availability and quality of transport infrastructure.....	.74	3.9
6th pillar: Availability and quality of transport services .....	.88	3.3
7th pillar: Availability and use of ICTs.....	.47	3.7
Business environment	118	3.3
8th pillar: Regulatory environment .....	.86	3.5
9th pillar: Physical security.....	.122	3.1

Note: For descriptions of variables and detailed sources, and for a list of multiple best-performing economies for each indicator in the ETI in detail on the right-hand page, please refer to "How to Read the Country/Economy Profiles."

Colombia

The Enabling Trade Index 2010 in detail

INDICATOR, UNITS		RANK/125	SCORE	Competitive Advantage	Competitive Disadvantage	BEST PERFORMER	SCORE
1st pillar: Domestic and foreign market access							
1.01	Tariff rate, %	103	11.0			Hong Kong SAR	0.0
1.02	Non-tariff measures, index 0-100 (best)	81	53.9			Uganda	0.1
1.03	Complexity of tariffs, index 1-7 (best)	19	6.7			Hong Kong SAR	7.0
	Tariff dispersion, standard deviation	31	7.2			Hong Kong SAR	0.0
	Tariff peaks, %	32	0.4			Multiple economies	0.0
	Specific tariffs, %	1	0.0			Multiple economies	0.0
	Distinct tariffs, number	30	11			Hong Kong SAR	1
1.04	Share of duty-free imports, %	98	27.7			Hong Kong SAR	100.0
1.05	Tariffs faced, %	19	5.0			Chile	3.7
1.06	Margin of preference in destination markets, index 0-100 (best)	15	67.1			Nepal	97.5
2nd pillar: Efficiency of customs administration							
2.01	Burden of customs procedures, 1-7 (best)	73	3.8			Singapore	6.4
2.02	Customs services index, 0-12 (best)	88	4.8			Multiple economies	12
3rd pillar: Efficiency of import-export procedures							
3.01	Efficiency of the clearance process, 1-5 (best)	81	2.5			Luxembourg	4.0
3.02	Time to import, days	37	14			Singapore	3
3.03	Documents to import, number	73	8			France	2
3.04	Cost to import, US\$ per container	97	1,750			Singapore	439
3.05	Time to export, days	40	14			Multiple economies	5
3.06	Documents to export, number	47	6			France	2
3.07	Cost to export, US\$ per container	107	1,770			Malaysia	450
4th pillar: Transparency of border administration							
4.01	Irregular payments in exports and imports, 1-7 (best)	66	3.7			New Zealand	6.7
4.02	Corruption Perceptions Index, 0-10 (best)	62	3.7			New Zealand	9.4
5th pillar: Availability and quality of transport infrastructure							
5.01	Airport density, number per million population	34	1.1			Iceland	29.7
5.02	Transshipment connectivity index, 0-100 (best)	37	74.6			United Kingdom	100.0
5.03	Paved roads, % of total	103	14.4			Multiple economies	100.0
5.04	Quality of air transport infrastructure, 1-7 (best)	76	4.2			Singapore	6.9
5.05	Quality of railroad infrastructure, 1-7 (best)	107	1.5			Switzerland	6.8
5.06	Quality of roads, 1-7 (best)	94	2.8			Singapore	6.7
5.07	Quality of port infrastructure, 1-7 (best)	100	3.2			Singapore	6.8
6th pillar: Availability and quality of transport services							
6.01	Liner Shipping Connectivity Index, 0-132.5 (best)	41	23.2			China	132.5
6.02	Ease and affordability of shipment, 1-5 (best)	102	2.5			Singapore	3.9
6.03	Logistics competence, 1-5 (best)	58	2.8			Switzerland	4.3
6.04	Tracking and tracing ability, 1-5 (best)	76	2.8			Switzerland	4.3
6.05	Timeliness of shipments in reaching destination, 1-5 (best)	57	3.5			Luxembourg	4.6
6.06	Postal services efficiency, 1-7 (best)	81	4.1			Japan	5.8
6.07	GATS commitments in the transport sector, index 0-1 (best)	69	0.0			Armenia	0.6
7th pillar: Availability and use of ICTs							
7.01	Extent of business Internet use, 1-7 (best)	49	4.7			Sweden	6.4
7.02	Mobile telephone subscriptions per 100 population	63	91.9			United Arab Emirates	208.6
7.03	Broadband Internet subscribers per 100 population	61	4.2			Sweden	41.2
7.04	Internet users per 100 population	46	38.5			Iceland	90.6
7.05	Fixed telephone lines per 100 population	64	17.9			Switzerland	64.1
7.06	Government Online Service Index, 0-1 (best)	9	0.7			Korea, Rep.	1.0
8th pillar: Regulatory environment							
8.01	Property rights, 1-7 (best)	83	3.6			Switzerland	6.4
8.02	Ethics and corruption, 1-7 (best)	88	2.6			Singapore	6.4
8.03	Undue influence, 1-7 (best)	80	3.0			Sweden	6.2
8.04	Government efficiency, 1-7 (best)	74	3.4			Singapore	6.0
8.05	Domestic competition, 1-7 (best)	104	3.8			Singapore	5.6
8.06	Efficiency of the financial market, 1-7 (best)	67	3.7			Hong Kong SAR	5.6
8.07	Openness to foreign participation, index 1-7 (best)	94	4.3			Hong Kong SAR	6.2
	Ease of hiring foreign labor, 1-7 (best)	67	4.3			United Arab Emirates	6.2
	Prevalence of foreign ownership, 1-7 (best)	85	4.6			Hong Kong SAR	6.8
	Business impact of rules on FDI, 1-7 (best)	88	4.5			Singapore	6.7
	Restriction on international capital flows, 1-7 (best)	108	3.5			Hong Kong SAR	6.5
	Openness to multilateral trade rules, index 0-100 (best)	49	65.8			Slovenia	93.1
9th pillar: Physical security							
9.01	Reliability of police services, 1-7 (best)	64	4.1			Finland	6.6
9.02	Business costs of crime and violence, 1-7 (best)	119	2.6			Qatar	6.7
9.03	Business costs of terrorism, 1-7 (best)	125	2.8			Austria	6.8

Ximena is the commercial manager for a small manufacturing business based in Bogotá that produces backpacks, briefcases, handbags and wallets made from recycled rubber inner tubes

- Ximena faces a burdensome environment to export to overseas markets.
- Exporting a container for textiles from Bogotá through the port of Cartagena requires, on average, 6 documents, 14 days and costs US\$ 1,770.
- Meanwhile, in Singapore, the best performer in *Doing Business 2010*, it takes only 4 documents, 5 days and costs US\$ 456 to complete all export requirements.
- To produce the handbags, Ximena needs to import aluminum buckles from China, where they are manufactured at the most competitive prices. She needs to receive the material on time and cheaply to keep her costs low.
- Importing a container from China to Bogotá through the port of Buenaventura requires on average 7 documents and 19 days with a cost of US\$ 1,990. In Denmark, the same process requires 3 documents and takes 5 days to complete at a cost of US\$ 74

Doing Better but still lots to do

Colombia has gained five positions since last year and is now placed 69th. The country has achieved significant advances in macroeconomic stabilization and civil pacification and can count on a rather extensive market size (31st) and sophisticated business sector (60th), successfully absorbing technology from abroad (66th for technological readiness) and with a fairly high innovation potential (63rd). However, the poor institutional environment (101st), displaying notably low levels of security for businesses and the population at large (132nd), infrastructure in sore need of improvement (83rd), and rather inefficient factor markets (88th, 78th, and 78th for goods, labor, and financial markets, respectively) are among the areas hindering Colombia's competitive potential going forward.

Recently Strong reforms:

- Colombia, represented
- by Bogotá, has been one of
- the top 10 reforming economies for 3
- consecutive years according to *Doing Business 2008, 2009 and 2010*. With a
- total of 24 reforms across the 10 *Doing Business* topics benchmarked annually,
- Colombia has made it easier for firms to
- start and operate, strengthened property
- rights and improved bankruptcy procedures
- (table 1.2). This consistent pace
- of reform allowed Colombia to move up
- the ease of doing business ranking over
- time. In the most recent report, *Doing Business 2010*, **Colombia ranks 37th of**
- **183 economies—an improvement of 12**
- **positions from one year before. Within**
- **Latin America, Colombia currently occupies**
- **the number 1 position for its ease**
- **of doing business.**⁵
- Thanks to multiple reforms, the
- time to export a container from Bogotá
- through the port of Cartagena fell from
- 34 days in 2006 to 14 in 2009, while
- the time to import dropped from 48 to
- 14 days. Customs declarations are now
- submitted online. A new system to coordinate
- simultaneous inspections was
- implemented this year. Investments in
- road and port infrastructure also helped
- cut delays for traders.

World Bank: Costs of Doing Business 2010

Cities in Colombia: Very Different

- TABLE 1.1

- **Where is it easier to do business in Colombia—and where not?**

- RANK Easiest

- 1 Manizales, Caldas
- 2 Ibagué, Tolima
- 3 Pereira, Risaralda
- 4 Sincelejo, Sucre
- 5 Valledupar, Cesar
- 6 Santa Marta, Magdalena
- 7 Armenia, Quindío
- 8 Popayán, Cauca
- 9 Pasto, Nariño
- 10 Tunja, Boyacá
- 11 Neiva, Huila

- RANK Most difficult

- 12 Bogotá, Distrito Capital
- 13 Riohacha, La Guajira
- 14 Montería, Córdoba
- 15 Cúcuta, Norte de Santander
- 16 Medellín, Antioquia
- 17 Barranquilla, Atlántico
- 18 Bucaramanga, Santander
- 19 Villavicencio, Meta
- 20 Cali, Valle del Cauca
- 21 Cartagena, Bolívar

- *Source: Doing Business World Bank 2010*



Why Sign FTA's?

- What Are The Costs and Benefits of Free Trade Agreements Between the USA and Colombia?
- How Can the benefits be exploited and the costs minimized?

A very extensive agreement!

- [2. National Treatment and Market Access for Goods](#)
- [3. Textiles and Apparel](#)
- [4. Rules of Origin and Origin Procedures \(why\)](#)
- [Annex - Product Specific Rules](#)
- [5. Customs Administration and Trade Facilitation](#)
- [6. Sanitary and Phytosanitary Measures](#)
- [7. Technical Barriers to Trade](#)
- [8. Trade Remedies](#)
- [9. Government Procurement](#)
- [10. Investment](#)
- [11. Cross-Border Trade In Services](#)
- [Side Letter on State Measures](#)
- [12. Financial Services](#)
- [Understanding Regarding Financial Services and Services](#)
- [13. Competition Policy](#)
- [14. Telecommunications](#)
- [15. Electronic Commerce](#)
- [16. Intellectual Property Rights](#)

- [17. Labor](#)
- [18. Environment](#)
- [19. Transparency](#)
- [20. Administration of the Agreement and Trade Capacity Building](#)
- [21. Dispute Settlement](#)



Customs Administration and Trade Facilitation

- **Article 5.1: Publication**
- **Article 5.2: Release of Goods..**
- **Article 5.3: Automation**
- **Article 5.4: Risk Management**
- **Article 5.5: Cooperation**
- **Article 5.7: Express Shipments**
- **Article 5.8: Review and Appeal**
- **Article 5.9: Penalties**

Competition Policies

- Each Party shall adopt or maintain national competition laws that proscribe anticompetitive business conduct and promote economic efficiency and consumer welfare, and shall take appropriate action with respect to such conduct.
- 2. Each Party shall maintain an authority responsible for the enforcement of its national competition laws. The enforcement policy of each Party's central government competition authorities is not to discriminate on the basis of the nationality of the subjects of their proceedings.
- 3. Each Party shall ensure that:
 - (a) before it imposes a sanction or remedy against any person for violating its competition law, it affords the person the right to be heard and to present evidence, except that it may provide for the person to be heard and present evidence within a reasonable time after it imposes an interim sanction or remedy; and
 - (b) a court or other independent tribunal established under that Party's laws imposes or, at the person's request, reviews any such sanction or remedy.
- 4. Each Party other than the United States may implement its obligations under this Article through Andean Community competition laws or an Andean Community enforcement authority.
- **Article 13.3: Cooperation**
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Labor

- **Article 17.2: Fundamental Labor Rights**

- 1. Each Party shall adopt and maintain in its statutes and regulations, and practices there under, the following rights, as stated in the *ILO Declaration on Fundamental Principles and Rights at Work and its Follow-Up (1998)* (ILO Declaration):^{1 2}
 - (a) freedom of association;
 - (b) the effective recognition of the right to collective bargaining;
 - (c) the elimination of all forms of compulsory or forced labor;
 - (d) the effective abolition of child labor and, for purposes of this Agreement, a prohibition on the worst forms of child labor; and
 - (e) the elimination of discrimination in respect of employment and occupation.
- 2. Neither Party shall waive or otherwise derogate from, or offer to waive or otherwise derogate from, its statutes or regulations implementing paragraph 1 in a manner affecting trade or investment between the Parties, where the waiver or derogation would be inconsistent with a fundamental right set out in that paragraph.



Dispute Settlement

- Panels of neutrals and from both countries.
- Violations can result in suspension to the Party complained against of benefits of equivalent effect. “



How to capitalize on the FTA

- Anchoring and Stimulating Reforms.
 - Customs,
 - Foreign Investment
 - Services Liberalization.
 - Labor Practices.
- Leveraging other Agreements.
- Actively Exploiting New Opportunities.
- Tasks for local governments.