

Trade Agreement

COLOMBIA-EUROPEAN UNION



The Trade Agreement between the European Union on the one hand and Colombia and Peru includes political dialogue and cooperation components not limited to trade, such as Human Rights and Sustainable Development.

From the commercial point of view, the Agreement provides a stable legal framework for trade relations between the two parties, creates new job opportunities and a favourable framework for investment, while complying with environmental and human rights protection standards and agreements. It also ensures preferential treatment for Colombian goods and services in one of the world's most important economic markets with over 500 million consumers in 27 countries and, according to the World Trade Organization, the main importer and exporter of goods globally as well being number one in the world for the purchase and sale of services.

The Agreement continues the process of political dialogues that Colombia had been holding with the European Union and some of its Member States, in which human rights are an essential element, as is reflected in the Agreement.

Among the cooperation programmes included in the Agreement are human rights, labour rights, sustainable development and environmental protection, climate change, the development of small and medium sized businesses, development of the dairy sector and support for the fishing sector, among others.



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Benefits and impacts for Colombia

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Export sectors

It is estimated that, under the Trade Agreement, exports from Colombia to the European Union will increase by almost 10%. This means an additional growth of approximately 1.3% in Colombia's Gross Domestic Product, as well as a reduction of 2% in unemployment and an increase in the wages of the Colombian population¹.

For Colombian exporters, the Trade Agreement means that they will have preferential access to a market of over 500 million people, as well as to thousands of businesses seeking to trade with Latin American exporters. The Agreement also covers the possibility of technical assistance and other capacity building initiatives aimed at promoting competitiveness and innovation. European Commission estimates

¹ European Commission estimates.

In the case of Colombian industrial goods, 99.9% of exports, including fishing, have duty-free access to the European Union

Some of the sectors benefitted include the following:

Agricultural and fishing products

Key Colombian agricultural products, such as sugar, tobacco, flowers, palm oil, coffee, bananas, other fruits and beef, have new preferential access to the European Union market.

Industrial and raw materials

The Agreement immediately eliminates tariffs in the European Union on Colombian exports of industrial goods. Moreover, it facilitates foreign direct investment in the industrial and manufactured goods sectors of Colombia, ensuring greater growth and job creation in these areas.





Services

Restrictions on services have been eliminated under the Agreement, benefitting Colombians who depend on sectors such as engineering and printing, among others. Local jobs will also be created as European service providers arrive to Colombia.

The Agreement provides improved market access for Colombian services sectors, including consultancy, call centres, on-line translation, data processing, IT, design and professional services.

Investment

The Agreement also promotes investment by encouraging sustainable development while maintaining high labour and environmental protection standards.

Specific **product** benefits



PETROCHEMICALS AND PLASTICS

Petrochemicals and plastics: the Agreement provides much more flexible measures than those under the previous system of preferences².

² Generalised Systems of Preferences - GSP-PLUS. Unilateral customs tariffs preferences in force up to 31 December 2013.



TEXTILES

Textiles: Colombia succeeded in obtaining flexibilities for the importation of nylon and polyester yarns and silk-covered yarn or other material from third party countries. Likewise, a rule to permit the importation of fibres from third party countries was also established under the Agreement, providing the yarns are produced in Party countries (Colombia, Peru and the European Union).



CLOTHING

Clothing: Colombia also achieved considerable flexibility in the production of garments. A rule permitting the importation of yarns from third party countries was included, providing the fabric is manufactured in countries which are Party to the Agreement.



BANANAS

Bananas: customs tariffs for Colombian bananas entering the European Union used to be €176 per tonne, now pay 148€ under the Agreement, which will be reduced to 75€ in 2020. This is a great advantage as other partners of the European Union may only see these duties reduced as far as 114€ per ton.



SUGAR

Sugar: previously, there were few possibilities for this product to enter the European Union market due to the customs tariff conditions. However, the Agreement established that 62,000 tonnes of Colombian sugar may enter free duty-free, the amount of which will increase by 3% annually.



FLOWERS

Flowers: after the Agreement comes into force, Colombian flowers will permanently enter the European Union market on a duty-free basis. In addition, a regulation was established to permit Colombia to import genetic material from third party countries and subsequently export the end product to Europe under preferential conditions.



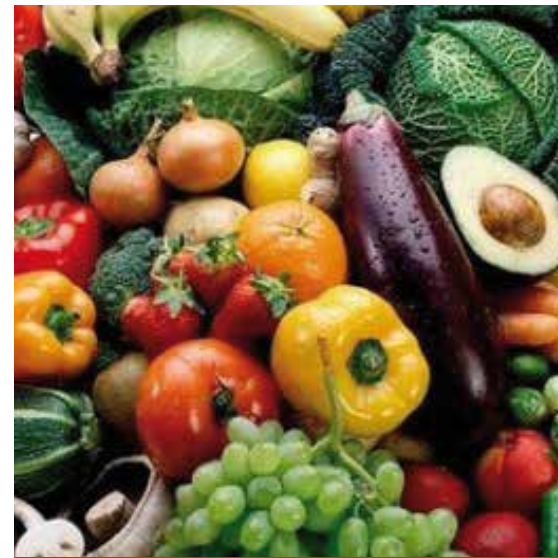
COFFEE

Coffee: under the Agreement, Colombia gained duty-free access for roasted coffee and coffee preparations.



PALM OIL

Palm Oil: under the Agreement, Colombian crude and refined oil will have duty-free access to the European Union. In addition, customs preferences were established for vegetable oils, animal oils and refined mixtures based on original untreated oils.



FRUITS AND VEGETABLES

Fruits and vegetables: the great majority of these products are duty free under the Agreement, while in other cases they enjoy preferential conditions compared to the same products from other countries.



TOBACCO

Tobacco: Colombian tobacco now has duty-free access to the European Union, while other competitor countries are charged €56 per 100 kilos exported.



MEATS

Meats: under the Agreement, 5,600 tonnes of premium cuts of Colombian meats can enter the European Union duty-free. The quantity will increase annually by 10%, which means that, in less than 5 years, it will be over 8,000 tonnes.

Benefits for consumers and import sectors

Under the Agreement, Colombian companies and consumers now also benefit from the gradual elimination of duties on the importation of raw materials, inputs, intermediate goods and consumer goods.

Before the Agreement, around 90% of imports from the European Union were subject to high duties, which varied from 5% to 94%. Under the provisions of the Agreement, products from the European Union such as whisky, paper products, pipes, liquid purification machinery and automobiles will gradually become duty-free within a period of 6 to 11 years, depending on the product.

Human Rights Provisions

Respect for human rights is an essential element of the Agreement. The parties must therefore give their assurance that they will comply with the internationally recognised democratic principles and protect human rights. Violations of the Agreement's clause referring to respecting human rights entitle the other Party to implement necessary in accordance with international law.



UN Secretary Ban Ki-moon at the enactment of the Victims' Act. **Bogota, June 2011**

Sustainable Development Provisions

The Agreement requires compliance with environmental regulations, to avoid reduction in environmental protection and trade and investment methods that prejudice sustainable development in environmental and labour terms.



EXPORT OPPORTUNITIES by Country



Germany

AGROINDUSTRY

- ▶ Aquiculture and fishing
- ▶ Exotic fruits
- ▶ Fresh and tropical flowers



Hotel supplies

MANUFACTURED GOODS

Natural cosmetics

Clothing
(especially jeans
and
ladies' underwear)



SERVICES AND ENTERTAINMENT

- ▶ Information and Communication Technologies (ICT)
- ▶ Standard and bespoke software



Austria

AGROINDUSTRY

- ▶ Fruit and edible agro industrial goods (especially organic)



Denmark

AGROINDUSTRY



Fruit and edible agro industrial goods
(especially organic)



Slovakia

MANUFACTURED GOODS



- ▶ Health care products and dietary supplements
- ▶ Cosmetics (especially anti- ageing)
- ▶ Medical equipment and sports items for the elderly
- ▶ Hardware and home-gardening products



Belgium

MANUFACTURED GOODS



- ▶ Clothing (especially leather footwear and men's and women's garments)
- ▶ Chemical industry products





Spain

AGROINDUSTRY

- Liquors (especially dark rum)
- Value-added sauces
- Snacks



MANUFACTURED GOODS



Articles and accessories for pets ◀

Nail polish ◀



Hotel supplies ◀
Cosmetics and personal care products ◀



All types of clothing ◀
(including casual and formal wear and bathing suits)

SERVICES AND ENTERTAINMENT

- Mobile applications
- Health services
- BPO (development of software and call centres)



Estonia

AGROINDUSTRY

- Organic foodstuffs (especially without preservatives, low fat and low sugar content)



MANUFACTURED GOODS

Sports items and clothing ◀



Slovenia

MANUFACTURED GOODS

- Baby products (clothing, footwear, food and toys)
- Clothing and footwear
- Cosmetics and personal hygiene products
- Hotel Supplies



Finland

AGROINDUSTRY



- Canned foods
- Fruits
- Coffee and its derivatives



France

AGROINDUSTRY

- Fruits and fruit juices



MANUFACTURED GOODS



Cosmetics and cleaning products ◀



Clothing (especially underwear and corsetry, bathing suits, sportswear, casual wear and designer clothes) ◀



Greece

AGROINDUSTRY

- Processed fruit and vegetables



MANUFACTURED GOODS

Clothing (especially men's and women's outerwear) ◀



Generic pharmaceutical products ◀



Holland

AGROINDUSTRY

- Processed and frozen fruit



Italy

AGROINDUSTRY

- Ready-made meals, take-away products and pre-packed, preserved, frozen and processed foods



- Sugars
- Wood



Portugal

AGROINDUSTRY

- Fresh flowers

MANUFACTURED GOODS

Iron and steel products ◀

Footwear ◀



United Kingdom

AGROINDUSTRY

- Exotic flowers and leaves
- Special coffees
- Tropical and exotic fruit
- Snacks and dehydrated fruit



MANUFACTURED GOODS

Home decoration and accessories ◀



Natural ingredients for the pharmaceutical and cosmetics industry. ◀



Clothing (especially corsetry, children wear and men's underwear) ◀



SERVICES AND ENTERTAINMENT

- Creative technology-based industries





Sweden

AGROINDUSTRY

- Frozen processed foods



- Fresh fruits



MANUFACTURED GOODS

- Plastic (containers and packaging)



Trade Agreement

COLOMBIA-EUROPEAN UNION

The Trade Agreement with the **European Union will help Colombia to³:**

1. Create jobs and growth at home to ensure continued economic development.
2. Provide access for Colombian producers to a consumer market larger than the United States and Japan combined.
3. Provide immediate duty free access to EU markets for 99.9% of Colombia's manufacturing, industrial goods and fisheries.
4. Provide duty free access to EU markets for key agricultural products, including sugar, flowers, coffee, bananas and other fruit and beef, whilst protecting sensitive products, such as pork, poultry, corn and rice.
5. Reduce barriers and boost investment from European countries into Colombia's manufacturing base and services sectors.
6. Build partnerships with international actors that can support Colombia's progress in promoting human and trade union rights at home and abroad.
7. Strengthen Colombia's commitment to sustainable development by ensuring guarantees within the architecture of the Agreement for high environmental and labour standards.
8. Ensure that Colombian companies can access European public procurement contracts on a non-discriminatory basis.
9. Provide technical assistance and capacity building initiatives aimed at promoting competitiveness and innovative potential.
10. Highlight Colombia's leadership within Latin America and strengthen Colombia's ties to a leading global political power.

Information from the Ministry of Trade, Industry and Tourism, Proexport, the European Commission and the European Parliament

³ Taken from <http://www.colombia-eu.org>

INTERNATIONAL
Herald Tribune

The New York Times



FINANCIAL
TIMES



ELESPECTADOR.COM

“The Trade Agreement with the EU is an achievement by President Juan Manuel Santos which will make it possible to reduce unemployment and improve trade relations with an important partner”

Javier Solana

Former EU High Representative for Common Foreign and Security Policy and Former NATO Secretary General of NATO

“The Trade Agreement between the EU and Colombia will undoubtedly help to boost the country’s economy and, according to official figures, GDP is expected to grow by one digit”

11.12.2012

El País of Spain, 27 January 2013 **“Colombia is a valuable partner with constructive will in both Latin America and on the international scenario (...) We share common values and objectives, such as democracy, the stability of a State under the rule of law and sustainable development.”**

José Manuel Durao-Barroso

President of the European Commission

El Espectador, February 17, 2013 **“Colombia is now open to the largest market in the world and the EU has become a partner in human rights and in supporting the peace process.”**

Martin Shulz

President of the European Parliament

Trade Agreement

COLOMBIA-EUROPEAN UNION



Ministry of Foreign Affairs
Republic of Colombia

**PROSPERIDAD
PARA TODOS**

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