



**Written Statement for the Record**

**Submitted by the Colombian American Chamber of Commerce (AmCham Colombia)**

**to the**

**Subcommittee on Trade of the Committee on Ways and Means**

**U.S. House of Representatives**

**First of Three Hearings on the Pending, Job-Creating Trade Agreements**

**U.S. – Colombia Free Trade Agreement**

**March 17, 2011**

The Colombian American Chamber of Commerce (AmCham Colombia) appreciates the opportunity to submit a written statement for the first of three hearings on the pending, job-creating trade agreements.

For 56 years, AmCham Colombia has worked to strengthen trade and investment ties between the United States and Colombia and represented U.S. business interests. AmCham Colombia is a non-profit business association with its principal office in Bogotá and branches in Barranquilla, Cali, Cartagena, and Medellín. AmCham Colombia member companies support jobs throughout the United States that are tied to trade and investment in Colombia. Our more than 900 member companies nationwide include U.S. multinational companies, small and medium U.S. companies, Colombian companies that are representatives and distributors for U.S. companies, owners of U.S. franchises, as well as Colombian companies that import from the United States, and export to and invest in the United States. AmCham member companies are committed to contributing to the prosperity of both countries and are leaders in corporate social responsibility.

Our members remain steadfast in their strong support for the U.S.-Colombia Free Trade Agreement (FTA), which will contribute to economic growth and jobs in both countries. Below we outline some of the many reasons why our members support prompt action on the agreement.

**Colombia is an important and growing market for U.S. exports.**

Colombia is the fourth largest market for U.S. exports in Latin America and the Caribbean and the fourth largest economy in the region. With a population of 45 million and strong economic growth, Colombia represents a growing consumer market. U.S. merchandise exports to Colombia in 2010 were over US\$12 billion.

Colombia is an important market for U.S. agricultural exports: it is the largest U.S. agricultural export market in South America and third largest in Latin America, after Mexico and Canada. U.S. agricultural exports to Colombia were US\$906 million in 2009.



Approximately 85% of the U.S. companies that export to Colombia are small and medium enterprises (SMEs). SMEs represent a dynamic sector of the U.S. economy and accounted for almost 55% of private sector employment in the first quarter of 2009. SMEs created about 64% of net new jobs during the period from 1992-2009. The FTA addresses non-tariff trade barriers that affect U.S. businesses and which are particularly burdensome for small and medium companies.

U.S. exporters of services will benefit from the implementation of the FTA. Services represent nearly one-third of all U.S. exports worldwide and account for about 80% of U.S. employment. The FTA will improve market access for U.S. services exporters and generate new opportunities for a diverse range of U.S. service providers such as financial services, express delivery, telecommunications, information technology, audiovisual, and many others.

Colombia will be making significant investments in infrastructure in the coming years that will generate new business opportunities for U.S. exporters. For example, the Colombian Ministry of Transportation estimates that investment in road, rail, mass transit, airport and port infrastructure will total US\$42 billion during the 2011-2018 period. The country is continuing to attract significant foreign investment in the oil and gas and mining industries. Investment and exploration in oil and gas was approximately US\$4 billion in 2010. The Colombian oil company, Ecopetrol, plans to invest at least US\$6.73 billion in 2011.

According to a September 9, 2010 ITA Export Fact Sheet, the U.S. Trade Promotion Coordinating Committee has identified Colombia as one of six markets worldwide where U.S. companies have growing export opportunities over the next 5-10 years. The U.S. Export-Import Bank has identified Colombia as one of its key markets.

Every US\$1 billion in exports of goods and services creates 6,000 new jobs, according to U.S. Department of Commerce estimates. The USDA estimates that every US\$1 billion in agricultural exports supports approximately 8,000 jobs. Agricultural exports support jobs in the 41 states that export agricultural goods to Colombia. One in three of U.S. manufacturing jobs depends on exports.

**Colombia has become a more competitive market as Colombia carries out policies to diversify its international trade.**

Colombia has opened its economy to international trade and investment. Colombia's trade agreement with Canada is expected to enter into force by October 2010. Colombia has also signed an agreement with the European Union and is negotiating agreements with South Korea and Panama. Agricultural producers from Argentina, Brazil, and Chile are among the countries that already enjoy preferential access to the Colombian market. China has dramatically increased its share of the Colombian market in the last ten years. In terms of Colombia's imports, China now ranks second after the United States. Imports from China increased 40% from January to September 2010, compared to the same period in 2009.

**The implementation of the FTA can support the reform process in Colombia.**

Through the ratification and implementation of the U.S. –Colombia FTA, the United States has an important opportunity to reinforce and advance the significant progress that Colombia has made in the human rights and labor arena. The FTA will help strengthen the U.S. partnership with the new administration of President Juan Manuel Santos, which is committed to continued improvements as part of the country's development policy.

The U.S.-Colombia FTA was amended to incorporate the provisions of May 2007 Congressional-Executive Agreement on Trade Policy, which reflected bipartisan agreement on labor and

environment provisions in U.S. trade agreements. The Colombian Congress approved the amended treaty.

The FTA makes the enforcement of International Labor Organization (ILO) core labor standards subject to binding dispute resolution. It provides a vehicle for continued U.S. engagement with the Colombia on labor issues through the creation of a Labor Affairs Council, cooperative labor consultations and labor cooperation and capacity building.

As Colombia carries out an active policy to negotiate new trade agreements, it should be noted that Colombia's FTA with the United States is the only agreement that Colombia has signed that contains ambitious and binding provisions regarding labor rights.

### **Social Reforms Underway in Colombia.**

The administration of President Juan Manuel Santos is committed to making continued progress in labor and human rights. Since taking office in August 2010, the government has taken concrete actions to demonstrate this commitment and to consolidate an integral human rights policy.

#### *National Policies on Human Rights*

- The National Development Plan 2011-2014 "Prosperity for All," which serves as the foundation for the government's policy priorities and national budget, sets forth the government's plans to address Human Rights, International Humanitarian Law, and Transitional Justice as part of the process of consolidating peace in Colombia.
- The government is creating a National System for Human Rights and International Humanitarian Law, which will be coordinated by a multi-sector commission headed by Vice President Angelino Garzón.
- The plan includes increased coordination with state and municipal government authorities and education programs on human rights. It also includes a focus on public policies to prevent human rights violations by developing prevention plans with the participation of civil society, public forces, and territorial authorities.

#### *High-Level Leadership within the Government*

Vice President Angelino Garzón has a long-standing commitment to labor and human rights, having served as a union leader, Secretary General of the Central Union of Workers, and Minister of Labor and Social Security, among other positions. Vice President Garzón is widely respected and plays a key leadership role in government initiatives and newly created commissions related to labor and human rights.

#### *Legislative Agenda*

- **Land Restitution and Victims Reparation.** In late September 2010, the Santos Administration submitted to Congress draft legislation to provide victims of violence with the right to truth, justice and reparations. Victims are defined as those who have been subject to violations of human rights or international humanitarian law, irrespective of the perpetrator of the violations. Reparations will include housing and property restitution, compensation, rehabilitation and guarantees that the crimes will not recur. The bill requires the government to develop a long-term action plan for the continuity of reparation programs. The government is conducting consultations with the indigenous and Afro-Colombian communities in order to incorporate their input into the program implementation.

- Separate Ministries of Justice, Labor, and Environment. The Colombian Congress recently approved legislation that will create separate Justice, Labor, and Environmental Ministries from the existing Ministry of Interior and Justice, Ministry of Social Protection (combines Labor and Health), and Ministry of Housing, Environmental and Territorial Order. This process is expected to be completed by July 2011.
- Integral Anti-Corruption Law. Presented by the Santos Administration to create administrative, penal and disciplinary penalties for corruption cases.
- Royalties Reform Law. This law will involve the redistribution of income from royalties paid by extractive industries to all of Colombia's departments (states) in order to provide additional resources to economic and social development projects in Colombia's poorest regions.

*Judicial Branch: Efforts to Strengthen the Administration of Justice and Fight Impunity*

New Prosecutor General: The new Prosecutor General, Viviane Morales, took office in January 2011, filling a critical position in the justice system that had been vacant for 18 months. Among her top priorities, Prosecutor General Morales has pledged to address the problem of congestion in the court system.

Judicial Reform Process: Colombia is implementing a significant judicial reform process that will facilitate the effective prosecution of crimes against unionists. In 2004, the Colombian Congress enacted legislation to reform the criminal justice system from an inquisitorial closed-door system to a more transparent and expeditious accusatorial system with oral procedures and open trials.

Law 1149 passed in 2007 establishes new oral procedures for labor court proceedings. The implementation of this reform is being phased-in over four years from its inception on January 1, 2008. Courts already using the oral procedure report a decline of 66 percent in the time spent to reach a decision. As a result of these changes, continued progress in the fight against impunity can be expected.

**Conclusion**

In closing, AmCham Colombia wishes to express our members' strong support for the free trade agreement with Colombia, which will benefit both countries. The FTA will help U.S. exporters compete and increase U.S. exports to the growing Colombian market, which in turn, will help sustain and create jobs in the United States. The agreement provides an opportunity for the United States to strengthen its partnership with Colombia and to support the Santos government's commitment to continued progress in labor and human rights in Colombia.

**Supplemental Fact Sheet for the Testimony submitted by the Colombian American Chamber of Commerce (AmCham Colombia)**

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