

Customs Flash

News you can count on



31 July 2013

Update on EU Free Trade Agreements: EU – Colombia FTA effective as of 1 August 2013

In December 2012, the European Union (EU) finalised its ratification process for the Free Trade Agreement (FTA) signed with Peru and Colombia. Shortly after Peru completed its internal legislative procedures, the FTA already became provisionally applicable for EU – Peru trade on 1 March 2013.

On 1 August 2013, the FTA will now also be effective for EU – Colombia trade as the latter country successfully completed its internal ratification process as well. This FTA opens up markets for products traded between the EU and Colombia / Peru by, among other things, eliminating or gradually reducing customs duties on both sides. At the end of transitional periods, duties will be completely eliminated for all industrial and fishery products and substantially reduced for agricultural products. Exporters on both sides could save up to €500 million a year on duty tariff eliminations and reductions alone.

According to the European Commission, EU exporters could save more than €270 million a year on exports to these two Latin American countries. Examples of the expected yearly duty savings for individual EU industries and sectors are:

- the automotive and car parts sector: over €33 million
- chemicals producers: more than €16 million
- the textiles industry: over €60 million
- telecoms equipment exporters: €18 million
- exporters of pharmaceutical products: €16 million

Furthermore, in December 2012 the EU also ratified the FTA with the Central American region (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama). The ratification process in the Central American countries is still on-going and the European Commission expects this Agreement to enter into force during the second half of 2013. We will keep you posted via the Customs Flash.

What does it mean for you?

Goods originating in the EU may benefit from lower duty rates upon import into Colombia (and Peru). Conversely, goods originating in Colombia (and Peru) may be eligible for improved EU market access.

What to do?

First of all, EU and Colombian exporters may assess whether their exports are eligible for the benefits from this new FTA. Do your exports benefit from duty free market access? Are these a part of a transitional, multiple step, reduction scheme? Or are these, unfortunately, excluded from duty elimination? Moreover, as mentioned, only

originating goods are eligible for the new FTA's improved market access, so exporters will also have to assess whether their exports meet the FTA's origin rules and criteria. Finally, in order to demonstrate that these rules and criteria are met and the goods concerned qualify as originating (either in Colombia or the EU), exporters will have to obtain movement certificates EUR.1 from their relevant authorities.

Deloitte can assist you with determining your potential benefits from this new FTA and can help you with ensuring that you actually obtain these benefits.

Contact

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