



Business RoundtableSM

**ISSUE BRIEF: PERU TPA
GOOD FOR U.S. EXPORTS**

THE U.S.-PERU TRADE PROMOTION AGREEMENT IS GOOD FOR U.S. BUSINESS, FARMERS, AND WORKERS

The U.S.-Peru Trade Promotion Agreement (“PTPA”) will help level the playing field for U.S. exporters by removing barriers to trade. The U.S. market is already very open to imports from Peru. The Peruvian market, however, has significant barriers to U.S. exports.

The PTPA will level the playing field for U.S. exports to Peru by rapidly removing barriers on a significant percentage of U.S. exports.

- Many Peruvian products already enter the U.S. duty free under the Andean Trade Preferences and Drug Eradication Act. The same is not true of U.S. products entering Peru. The PTPA helps level the playing field by removing Peruvian barriers to U.S. goods, services, and agricultural products.
- As soon as the agreement is implemented a groundbreaking 80 percent of U.S. exports of consumer and industrial goods will enter Peru duty-free. Important U.S. exports, such as information technology equipment, agriculture and construction equipment, auto parts, and forestry products will enter duty-free immediately upon implementation of the agreement.
- As part of the agreement, Peru will join the WTO Information Technology Agreement, which mandates removal of all tariff and non-tariff barriers on computers and other information technology products.
- The PTPA also contains important provisions allowing trade in remanufactured goods. This will provide significant opportunities for U.S. firms involved in remanufactured products, such as computers, cell phones and other devices.

**The PTPA will level the playing field for U.S. exports removing
barriers on a significant percentage of U.S. exports.**

- More than two-thirds of U.S. farm exports to Peru become duty-free upon implementation of the agreement, most additional tariffs will be removed within 15 years. Key U.S. agricultural exports, such as cotton, wheat, soybeans, apples, pears, peaches and almonds, are included in the list of products receiving immediate duty free treatment. Immediate removal of duties will also apply to U.S. exports of significant processed food products.

Peru's commitments to liberalize its services sector will significantly improve market access for U.S. services companies.

- Peru has agreed to exceed its WTO commitments for services liberalization, creating increased opportunities for American companies.
- The PTPA improves market access across all aspects of the services sector. In addition, unlike the WTO services agreement, the free trade agreement with Peru uses a “negative list” approach, meaning that all services are subject to liberalization except those specifically excluded. This allows greater market access in emerging services industries, because new negotiations will not be necessary to liberalize those industries.
- The PTPA includes significant liberalization in the key financial services sector. New access for financial services providers will include the right to establish subsidiaries or branches of U.S. banks and the ability to supply insurance on a cross-border basis. The agreement will also produce significant improvements in the transparency of Peru's domestic regulatory regime for financial services.

The PTPA will provide opportunities for small and medium sized U.S. businesses.

- Seventy-nine percent of U.S. companies exporting to Peru are small or medium sized businesses with fewer than 500 employees. The PTPA will expand opportunities for those companies to export to Peru.
- Peru is an important market for small companies. Forty-two percent of all U.S. exports to Peru are from small and medium sized businesses – well above the 27 percent share that those businesses have of U.S. exports to the world.

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