



# The U.S.-Peru Trade Promotion Agreement: A Very Good Deal for Alabama



### The Facts:

- The U.S.-Peru TPA would level the playing field by eliminating Peruvian tariffs on many products that play important roles in the Alabama economy.
- Alabama’s economy benefited from \$17.2 million in total exports to Peru in 2005.
- Alabama exports include crop production, paper products, chemicals, machinery, and animal production.
- Today, Peruvian tariffs add between 5.9% and 25.0% to the price of these Alabama exports.
- The United States levies tariffs of .01% or less on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Alabama businesses in these key industries are expected to rise by between 24% and 62%.

	(1) Value of Exports, 2005	Import Duties Currently Assessed by:		What Full Implementation of the U.S.-Peru Trade Promotion Agreement (TPA) Means for Alabama:		
		(2) Peru on Alabama's Exports	(3) The U.S. on Peru's Exports	(4) Peru's Duties on Alabama's Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Alabama Exporters
<b>Alabama's Total Exports to Peru</b>	\$17,184,835					
<b>Crop Production</b>	\$6,498,586	Average 12%-25%	0.01%	0% (a)	61.5%	\$780,000-\$1.6 million
<b>Paper Products</b>	\$3,078,557	Average 9.7%	0.01%	0% (b)	48.9%	\$299,000
<b>Chemical Manufactures</b>	\$3,062,909	Average 7.1%	0%	0% (c)	45.1%	\$217,000
<b>Machinery Manufactures</b>	\$1,054,859	Average 5.9%	0%	0% (d)	51.5%	\$62,000
<b>Animal Production</b>	\$790,420	Average 12.0%	0%	0% (e)	23.5%	\$95,000



## Business Roundtable

### Sources and Notes

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- (1) U.S. Department of Commerce.
- (2) U.S. International Trade Commission, U.S. Department of Commerce, and U.S. Department of Agriculture. For some categories, Peru's duties range as high as 40 percent.
- (3) U.S. International Trade Commission. Most U.S. tariffs applied to Peru's exports are zero or near zero because much of Peru's exports have received duty-free treatment under the Andean Trade Partnership and Drug Eradication Act (ATPDEA) and its predecessor, the Andean Trade Preferences Act, since 1991. Peru has also received duty-free benefits under the Generalized System of Preferences (GSP) program since 1976.
- (4) U.S. Department of Commerce.
- (5) U.S. International Trade Commission. Estimated increase in exports for overall crop production calculated from detailed estimates by the International Trade Commission.
- (6) Column 1 multiplied by Column 2.
  - (a) Upon implementation of the Agreement, U.S. exporters of agricultural products will receive duty-free treatment on products accounting for nearly 90 percent of current trade and will see all tariffs phased out for the remaining products.
  - (b) Eighty-six percent of Alabama's paper exports will receive immediate duty-free treatment under the U.S.-Peru TPA. Duties on the remaining products will be eliminated in stages over 10 years.
  - (c) For chemical products, Peru will eliminate duties affecting 76 percent of Alabama's exports immediately upon implementation of the Agreement.
  - (d) Approximately 84 percent of Alabama's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
  - (e) Under the Agreement the highest quality of U.S. cuts of beef will receive immediate duty-free treatment. The Agreement also provides significant immediate duty-free access for U.S. pork, poultry and dairy products. All tariffs on U.S. animal products will be eliminated in phases over 17 years.

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