



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



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 Arizona economy.
- Arizona’s economy benefited from \$13.6 million in total exports to Peru in 2005.
- Arizona exports include transportation equipment, machinery, computers and electronics and fabricated metal, rubber and plastic products.
- Today, Peruvian tariffs add between 5.5% and 8.8% to the price of these Arizona exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Arizona businesses in these key industries are expected to rise by between 29% and 52%.

	(1) Value of Exports, 2005	Import Duties Currently Assessed by:		What Full Implementation of the U.S.-Peru Trade Promotion Agreement (TPA) Means for Arizona:		
		(2) Peru on Arizona's Exports	(3) The U.S. on Peru's Exports	(4) Peru's Duties on Arizona's Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Arizona Exporters
Arizona's Total Exports to Peru	\$13,592,447					
Transportation Equipment	\$7,547,363	Average 5.5%	0%	0% (a)	40.6%	\$415,000
Machinery Manufactures	\$2,348,279	Average 5.9%	0%	0% (b)	51.5%	\$139,000
Computers & Electronic Products	\$1,482,362	Average 5.8%-8.0%	0%	0% (c)	49.9%	\$86,000-\$119,000
Fabricated Metal Products	\$910,469	Average 8.8%	0%	0% (d)	28.6%	\$80,000
Plastic & Rubber Products	\$651,308	Average 7.1%	0%	0% (e)	45.1%	\$46,000



Business Roundtable

Sources and Notes

- (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. The International Trade Commission calculated one estimate for chemical, plastic, and rubber products.
- (6) Column 1 multiplied by Column 2.
- (a) Seventy-four percent of Arizona's equipment exports will receive immediate duty-free treatment. The remaining duties will be eliminated over ten years.
- (b) Approximately 84 percent of Arizona's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
- (c) Eighty-six percent of the State's electronic products will receive immediate duty-free treatment. For information technology product exports 100 percent will receive immediate duty-free treatment.
- (d) Peru will eliminate tariffs on 65 percent of U.S. steel products and 97 percent of non-ferrous metals immediately.
- (e) Under the U.S.-Peru TPA, Peru will immediately eliminate tariffs on 67 percent of plastic products and 71 percent of rubber products. The remaining tariffs will be eliminated in stages over 10 years.

Contact: Brigitte Schmidt Gwyn
Director, International Trade & Investment Policy
Business Roundtable
202.496.3263
bgwyn@businessroundtable.org