



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



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 Arkansas economy.
- Arkansas' economy benefited from \$7.8 million in total exports to Peru in 2005.
- Arkansas exports include transportation equipment, machinery, computers and electronics, and paper, rubber and plastic products.
- Today, Peruvian tariffs add between 5.5% and 9.7% to the price of these Arkansas exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Arkansas businesses in these key industries are expected to rise by between 41% 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 Arkansas:		
		(2) Peru on Arkansas' Exports	(3) The U.S. on Peru's Exports	(4) Peru's Duties on Arkansas' Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Arkansas Exporters
Arkansas' Total Exports to Peru	\$7,785,093					
Transportation Equipment	\$1,985,754	Average 5.5%	0%	0% (a)	40.6%	\$109,000
Machinery Manufactures	\$1,093,370	Average 5.9%	0%	0% (b)	51.5%	\$65,000
Computers & Electronic Products	\$963,941	Average 5.8%-8.0%	0%	0% (c)	49.9%	\$56,000-\$77,000
Paper Products	\$824,394	Average 9.7%	0%	0% (d)	48.9%	\$80,000
Plastic & Rubber Products	\$708,291	Average 7.1%	0%	0% (e)	45.1%	\$50,000



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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 Arkansas' equipment exports will receive immediate duty-free treatment. The remaining duties will be eliminated over ten years.
- (b) Approximately 84 percent of Arkansas' 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) Eighty-six percent of Arkansas' 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.
- (e) 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