



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



### 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 Colorado economy.
- Colorado's economy benefited from \$14.6 million in total exports to Peru in 2005.
- Colorado exports include machinery, plastic and rubber products, computers and electronics, chemicals, and electrical equipment, appliances and parts.
- Today, Peruvian tariffs now add between 5.8% and 8.0% to the price of these Colorado exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Colorado businesses in these key industries are expected to rise by between 45% and 57%.

	(1) Value of Exports, 2005	Import Duties Currently Assessed by:		What Full Implementation of the U.S.-Peru Trade Promotion Agreement (TPA) Means for Colorado:		
		(2) Peru on Colorado's Exports	(3) The U.S. on Peru's Exports	(4) Peru's Duties on Colorado's Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Colorado Exporters
<b>Colorado's Total Exports to Peru</b>	\$14,587,568					
<b>Machinery Manufactures</b>	\$7,151,735	Average 5.9%	0%	0% (a)	51.5%	\$422,000
<b>Plastic &amp; Rubber Products</b>	\$3,573,612	Average 7.1%	0%	0% (b)	45.1%	\$254,000
<b>Computers &amp; Electronic Products</b>	\$1,254,577	Average 5.8%-8.0%	0%	0% (c)	49.9%	\$73,000-\$100,000
<b>Chemical Manufacturers</b>	\$1,061,688	Average 7.1%	0%	0% (d)	45.1%	\$75,000
<b>Electrical Equipment, Appliances &amp; Parts</b>	\$663,494	Average 8.0%	0%	0% (e)	57.4%	\$53,000



## 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 did not calculate separate estimates for chemical, plastic, and rubber products.
- (6) Column 1 multiplied by Column 2.
  - (a) Approximately 84 percent of Colorado's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
  - (b) Peru will immediately eliminate tariffs on 67 percent of plastic products and 71 percent of rubber products exported by Colorado. The remaining tariffs will be eliminated in stages over 10 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) For chemical products, Peru will eliminate 76 percent of Colorado's exports immediately upon implementation of the Agreement.

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