



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



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 Delaware economy.
- Delaware’s economy benefited from \$1.5 million in total exports to Peru in 2005.
- Delaware exports include chemicals, miscellaneous manufactures, electrical equipment, appliances and parts, machinery, and computer and electronic products.
- Today, Peruvian tariffs add between 5.8% and 8.0% to the price of these Delaware exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Delaware 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 Delaware:		
		(2) Peru on Delaware’s Exports	(3) The U.S. on Peru’s Exports	(4) Peru’s Duties on Delaware’s Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Delaware Exporters
Delaware’s Total Exports to Peru	\$1,502,032					
Chemical Manufactures	\$982,643	Average 7.1%	0%	0% (a)	45.1%	\$70,000
Misc. Manufactures	\$219,145	Average 8.0%	0%	0% (b)	57.4%	\$16,000
Electrical Equipment, Appliances & Parts	\$212,865	Average 8.0%	0%	0% (c)	57.4%	\$17,000
Machinery Manufactures	\$37,258	Average 5.9%	0%	0% (d)	51.5%	\$2,200
Computers & Electronic Products	\$31,539	Average 5.8%-8.0%	0%	0% (c)	49.9%	\$1,800-\$2,500



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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.
- (6) Column 1 multiplied by Column 2.
- (a) For chemical products, Peru will eliminate duties affecting 76 percent of Delaware's exports immediately upon implementation of the Agreement.
- (b) Approximately 80 percent of Delaware's industrial exports will receive immediate duty-free treatment.
- (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) Approximately 84 percent of Delaware's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.

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