



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



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 Illinois economy.
- Illinois' economy benefited from \$110.5 million in total exports to Peru in 2005.
- Illinois exports include machinery and miscellaneous manufactures, transportation equipment, computers and electronics and processed foods.
- Today, Peruvian tariffs add between 5.5% and 16.0% to the price of these Illinois exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Illinois businesses in these key industries are expected to rise by between 41% 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 Illinois:		
		(2) Peru on Illinois' Exports	(3) The U.S. on Peru's Exports	(4) Peru's Duties on Illinois' Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Illinois Exporters
Illinois' Total Exports to Peru	\$110,504,461					
Machinery Manufactures	\$51,371,318	Average 5.9%	0%	0% (a)	51.5%	\$3.0 million
Misc. Manufactures	\$12,362,485	Average 8.0%	0%	0% (b)	57.4%	\$989,000
Transportation Equipment	\$12,320,943	Average 5.5	0%	0% (c)	40.6%	\$678,000
Computers & Electronic Products	\$11,214,235	Average 5.8%-8.0%	0%	0% (d)	49.9%	\$650,000-\$897,000
Processed Foods	\$7,925,296	Average 16.0%	0%	0% (e)	45.4%	\$1.3 million



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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) Approximately 84 percent of Illinois' machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
 - (b) Approximately 80 percent of Illinois' industrial exports will receive immediate duty-free treatment.
 - (c) Seventy-four percent of the State's transportation equipment exports will receive immediate duty-free treatment. The remaining duties will be eliminated over ten years.
 - (d) 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.
 - (e) The vast majority of Illinois' exports of processed food products will receive immediate duty free treatment.

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