



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



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 Indiana economy.
- Indiana’s economy benefited from \$15.3 million in total exports to Peru in 2005.
- Indiana exports include machinery, chemicals, transportation equipment, plastic and rubber products and electrical equipment, appliances and parts.
- Today, Peruvian tariffs add between 5.5% and 8.0% to the price of these Indiana exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Indiana 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 Indiana:		
		(2) Peru on Indiana’s Exports	(3) The United States on Peru’s Exports	(4) Peru’s Duties on Indiana’s Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Indiana Exporters
Indiana’s Total Exports to Peru	\$15,335,470					
Machinery Manufactures	\$5,917,658	Average 5.9%	0%	0% (a)	51.5%	\$349,000
Chemical Manufactures	\$3,489,984	Average 7.1%	0%	0% (b)	45.1%	\$248,000
Transportation Equipment	\$1,435,786	Average 5.5%	0%	0% (c)	40.6%	\$79,000
Plastic & Rubber Products	\$1,054,978	Average 7.1%	0%	0% (d)	45.1%	\$75,000
Electrical Equipment, Appliances & Parts	\$693,570	Average 8.0%	0%	0% (e)	57.4%	\$55,000



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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 did not publish separate estimates for chemical, plastic, and rubber products.
- (6) Column 1 multiplied by Column 2.
- (a) Approximately 84 percent of Indiana's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
- (b) For chemical products, Peru will eliminate duties affecting 76 percent of Indiana's exports immediately upon implementation of the Agreement.
- (c) Seventy-four percent of Indiana's transport equipment exports will receive immediate duty-free treatment. The remaining duties will be eliminated over ten years.
- (d) Peru will immediately eliminate tariffs on 67 percent of plastic products and 71 percent of rubber products exported by Indiana. The remaining tariffs will be eliminated in stages over 10 years.
- (e) Upon implementation of the U.S.-Peru TPA, 86 percent of the State's electrical and electronic equipment will receive immediate duty-free treatment.

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