



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



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 Iowa economy.
- Iowa's economy benefited from \$5.5 million in total exports to Peru in 2005.
- Iowa exports include chemical and machinery manufactures, fabricated metal products, animal production and computers and electronic products.
- Today, Peruvian tariffs add between 5.8% and 12.0% to the price of these Iowa exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Iowa businesses in these key industries are expected to rise by between 24% 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 Iowa:		
		(2) Peru on Iowa's Exports	(3) The United States on Peru's Exports	(4) Peru's Duties on Iowa's Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Iowa Exporters
Iowa's Total Exports to Peru	\$5,545,447					
Chemical Manufactures	\$1,816,203	Average 7.1%	0%	0% (a)	45.1%	\$129,000
Machinery Manufactures	\$1,596,290	Average 5.9%	0%	0% (b)	51.5%	\$94,000
Fabricated Metal Products	\$480,636	Average 8.8%	0%	0% (c)	28.6%	\$42,000
Animal Production	\$448,000	Average 12.0%	0%	0% (d)	23.5%	\$54,000
Computers & Electronic Products	\$296,078	Average 5.8%-8.0%	0%	0% (e)	49.9%	\$17,000-\$24,000



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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.
- (6) Column 1 multiplied by Column 2.
- (a) For chemical products, Peru will eliminate duties on 76 percent of Iowa's exports immediately upon implementation of the Agreement.
- (b) Approximately 84 percent of Iowa's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
- (c) Peru will eliminate tariffs on 65 percent of the State's steel products and 97 percent of non-ferrous metals immediately.
- (d) Under the Agreement the highest quality of U.S. cuts of beef will receive immediate duty-free treatment. The Agreement also provides significant immediate duty-free access for U.S. pork, poultry and dairy. All tariffs on U.S. animal products will be eliminated in phases over 17 years.
- (e) 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.

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