



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



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 Kansas economy.
- Kansas' economy benefited from \$4.5 million in total exports to Peru in 2005.
- Kansas exports include machinery, computer and electronic products, processed foods, transportation equipment, and plastic and rubber products.
- Today, Peruvian tariffs add between 5.5% and 16.0% to the price of these Kansas exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Kansas businesses in these key industries are expected to rise by between 41% 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 Kansas:		
		(2) Peru on Kansas' Exports	(3) The U.S. on Peru's Exports	(4) Peru's Duties on Kansas' Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Kansas Exporters
Kansas' Total Exports to Peru	\$4,477,927					
Machinery Manufactures	\$2,320,484	Average 5.9%	0%	0% (a)	51.5%	\$137,000
Computers & Electronic Products	\$958,860	Average 5.8%-8.0%	0%	0% (b)	49.9%	\$56,000-\$77,000
Processed Foods	\$325,264	Average 16.0%	0%	0% (c)	45.4%	\$52,000
Transportation Equipment	\$299,593	Average 5.5%	0%	0% (d)	40.6%	\$16,000
Plastic & Rubber Products	\$208,814	Average 7.1%	0%	0% (e)	45.1%	\$15,000



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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) Approximately 84 percent of Kansas' machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
- (b) 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.
- (c) The vast majority of Kansas' exports of processed food products will receive immediate duty-free treatment under the Agreement.
- (d) Seventy-four percent of Kansas' transportation equipment exports will receive immediate duty-free treatment. The remaining duties will be eliminated over ten years.
- (e) Under the U.S.-Peru TPA, Peru will immediately eliminate tariffs on 67 percent of plastic products and 71 percent of rubber products exported by Kansas. The remaining tariffs will be eliminated in stages over 10 years.

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