



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



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 Kentucky economy.
- Kentucky’s economy benefited from \$16.1 million in total exports to Peru in 2005.
- Kentucky exports include chemical manufactures, computers and electronic products, processed foods, machinery, and plastic and rubber products.
- Today, Peruvian tariffs add between 5.8% and 16.0% to the price of these Kentucky exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Kentucky businesses in these key industries are expected to rise by between 45% 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 Kentucky:		
		(2) Peru on Kentucky’s Exports	(3) The United States on Peru’s Exports	(4) Peru’s Duties on Kentucky’s Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Kentucky Exporters
Kentucky’s Total Exports to Peru	\$16,079,473					
Chemical Manufactures	\$6,115,450	Average 7.1%	0%	0% (a)	45.1%	\$434,000
Computers & Electronic Products	\$5,362,578	Average 5.8%-8.0%	0%	0% (b)	49.9%	\$311,000-\$429,000
Processed Foods	\$1,529,709	Average 16.0%	0%	0% (c)	45.4%	\$245,000
Machinery Manufactures	\$719,449	Average 5.9%	0%	0% (d)	51.5%	\$42,000
Plastic & Rubber Products	\$656,715	Average 7.1%	0%	0% (e)	45.1%	\$47,000



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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) For chemical products, Peru will eliminate duties affecting 76 percent of Kentucky's exports immediately upon implementation of the Agreement.
 - (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 Kentucky's exports of processed food products will receive immediate duty-free treatment.
 - (d) Approximately 84 percent of Kentucky's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
 - (e) Peru will immediately eliminate tariffs on 67 percent of plastic products and 71 percent of rubber products exported by Kentucky. The remaining tariffs will be eliminated in stages over 10 years.

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