



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



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 Louisiana economy.
- Louisiana’s economy benefited from \$118.6 million in total exports to Peru in 2005.
- Louisiana exports include crop production, petroleum and coal products, chemicals, processed foods and paper products.
- Today, Peruvian tariffs add between 7.1% and 25.0% to the price of these Louisiana exports.
- The United States levies tariffs of .01% or less on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Louisiana businesses in these key industries are expected to rise by between 33% and 62%.

	(1) Value of Exports, 2005	Import Duties Currently Assessed by:		What Full Implementation of the U.S.-Peru Trade Promotion Agreement (TPA) Means for Louisiana:		
		(2) Peru on Louisiana's Exports	(3) The U.S. on Peru's Exports	(4) Peru's Duties on Louisiana's Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Louisiana Exporters
Louisiana's Total Exports to Peru	\$118,604,113					
Crop Production	\$42,295,289	Average 12%-25%	0.01%	0% (a)	61.5%	\$5.1-\$10.6 million
Petroleum & Coal Products	\$36,740,545	Average 12.0%	0%	0% (b)	32.7%	\$4.4 million
Chemical Manufactures	\$22,785,144	Average 7.1%	0%	0% (d)	45.1%	\$1.6 million
Processed Foods	\$8,571,990	Average 16.0%	0%	0% (d)	45.4%	\$1.3 million
Paper Products	\$3,805,921	Average 9.7%	0.01%	0% (e)	48.9%	\$369,000



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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. Estimated increase in exports for overall crop production calculated from more detailed estimates by the International Trade Commission.
- (6) Column 1 multiplied by Column 2.
 - (a) Upon implementation of the Agreement, U.S. exporters of agricultural products will receive duty-free treatment on products accounting for nearly 90 percent of current trade and will see all tariffs phased out for the remaining products.
 - (b) Peru will eliminate all tariffs on Louisiana's petroleum and coal products in stages over ten years.
 - (c) For chemical products, Peru will eliminate duties on 76 percent of Louisiana's exports immediately upon implementation of the Agreement.
 - (d) The vast majority of Louisiana's exports of processed food products will receive immediate duty-free treatment.
 - (e) Eighty-six percent of Louisiana's paper exports will receive immediate duty-free treatment under the U.S.-Peru TPA. Duties on the remaining products will be eliminated in stages over 10 years.

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