



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



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 Michigan economy.
- Michigan's economy benefited from \$11.4 million in total exports to Peru in 2005.
- Michigan exports include transportation equipment, furniture and related products, chemicals, machinery, and computers and electronic products.
- Today, Peruvian tariffs add between 5.5% and 12.0% to the price of these Michigan exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Michigan businesses in these key industries are expected to rise by between 41% and 71%.

	(1) Value of Imports, 2005	Import Duties Currently Assessed by:		What Full Implementation of the U.S.-Peru Trade Promotion Agreement (TPA) Means for Michigan:		
		(2) Peru on Michigan's Exports	(3) The U.S. on Peru's Exports	(4) Peru's Duties on Michigan's Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Michigan Exporters
Michigan's Total Exports to Peru	\$11,428,207					
Transportation Equipment	\$4,313,984	Average 5.5%	0%	0% (a)	40.6%	\$237,000
Furniture & Related Products	\$1,823,208	Average 12.0%	0%	0% (b)	70.7%	\$219,000
Chemical Manufactures	\$1,700,650	Average 7.1%	0%	0% (c)	45.1%	\$121,000
Machinery Manufactures	\$1,324,626	Average 5.9%	0%	0% (d)	51.5%	\$78,000
Computers & Electronic Products	\$548,568	Average 5.8%-8.0%	0%	0% (e)	49.9%	\$32,000-\$44,000



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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) Seventy-four percent of Michigan's transportation equipment exports will receive immediate duty-free treatment. The remaining duties will be eliminated over ten years.
- (b) Peru will eliminate tariffs on 16 percent of Michigan's furniture exports over five years. The remaining duties will be eliminated in stages over ten years.
- (c) For chemical products, Peru will eliminate duties on 76 percent of Michigan's exports immediately upon implementation of the Agreement.
- (d) Approximately 84 percent of Michigan's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.

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