



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



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 Minnesota economy.
- Minnesota’s economy benefited from \$19.8 million in total exports to Peru in 2005.
- Minnesota exports include computers and electronic products, miscellaneous manufactures, machinery, paper products and processed foods.
- Today, Peruvian tariffs add between 5.8% and 16.0% to the price of these Minnesota 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 Minnesota businesses in these key industries are expected to rise by between 45% and 57%.

	(1) Value of Imports, 2005	Import Duties Currently Assessed by:		What Full Implementation of the U.S.-Peru Trade Promotion Agreement (TPA) Means for Minnesota:		
		(2) Peru on Minnesota’s Exports	(3) The U.S. on Peru’s Exports	(4) Peru’s Duties on Minnesota’s Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Minnesota Exporters
Minnesota’s Total Exports to Peru	\$19,777,735					
Computers & Electronic Products	\$6,000,550	Average 5.8%-8.0%	0%	0% (a)	49.9%	\$348,000-\$480,000
Misc. Manufactures	\$3,527,639	Average 8.0%	0%	0% (b)	57.4%	\$282,000
Machinery Manufactures	\$2,867,100	Average 5.9%	0%	0% (c)	51.5%	\$169,000
Paper Products	\$1,764,561	Average 9.7%	0.01%	0% (d)	48.9%	\$171,000
Processed Foods	\$824,997	Average 16.0%	0%	0% (e)	45.4%	\$132,000



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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) 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.
 - (b) Eighty percent of Minnesota's industrial exports will receive immediate duty-free treatment.
 - (c) Approximately 84 percent of the State's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
 - (d) Eighty-six percent of Minnesota'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.
 - (e) The vast majority of Minnesota's exports of processed food products will receive immediate duty-free treatment.

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