



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



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 Mississippi economy.
- Mississippi's economy benefited from \$11.6 million in total exports to Peru in 2005.
- Mississippi exports include chemicals, paper products, non-metallic mineral manufactures, wood products, and machinery.
- Today, Peruvian tariffs add between 5.9% and 12.0% to the price of these Mississippi 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 Mississippi businesses in these key industries are expected to rise by between 45% and 71%.

	(1) Value of Exports, 2005	Import Duties Currently Assessed by:		What Full Implementation of the U.S.-Peru Trade Promotion Agreement (TPA) Means for Mississippi:		
		(2) Peru on Mississippi's Exports	(3) The U.S. on Peru's Exports	(4) Peru's Duties on Mississippi's Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Mississippi Exporters
Mississippi's Total Exports to Peru	\$11,603,505					
Chemical Manufactures	\$6,717,427	Average 7.1%	0%	0% (a)	45.1%	\$477,000
Paper Products	\$1,697,348	Average 9.7%	0.01%	0% (b)	48.9%	\$165,000
Non-Metallic Mineral Manufactures	\$1,057,395	Average 12.0%	0%	0% (c)	49.8%	\$127,000
Wood Products	\$877,725	Average 11.5%	0%	0% (d)	70.7%	\$101,000
Machinery Manufactures	\$640,745	Average 5.9%	0%	0% (e)	51.5%	\$38,000



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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) For chemical products, Peru will eliminate duties affecting 76 percent of Mississippi's exports immediately upon implementation of the Agreement.
- (b) Eighty-six percent of Mississippi'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.
- (c) Overall, 80 percent of all U.S. industrial exports will receive immediate duty-free treatment, including many glass, concrete, and other non-metallic mineral products.
- (d) Upon implementation of the U.S.-Peru TPA, Peru will immediately eliminate tariffs on 100 percent of the State's lumber and wood exports.
- (e) Approximately 84 percent of Mississippi'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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