



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



**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 Montana economy.
- Montana’s economy benefited from nearly \$600,000 in total exports to Peru in 2005.
- Montana exports include chemicals, machinery, transportation equipment, electrical equipment, appliances and parts and non-metallic mineral manufactures.
- Today, Peruvian tariffs add between 5.5% and 12.5% to the price of these Montana exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Montana businesses in these key industries are expected to rise by between 41% and 57%.

	(1) 2005	Import Duties Currently Assessed by:		What Full Implementation of the U.S.-Peru Trade Promotion Agreement (TPA) Means for Montana:		
		(2) Peru on Montana's Exports	(3) The U.S. on Peru's Exports	(4) Peru's Duties on Montana's Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Montana Exporters
<b>Montana's Total Exports to Peru</b>	\$594,354					
<b>Chemical Manufactures</b>	\$261,160	Average 7.1%	0%	0% (a)	45.1%	\$18,500
<b>Machinery Manufactures</b>	\$212,458	Average 5.9%	0%	0% (b)	51.5%	\$12,500
<b>Transportation Equipment</b>	\$63,798	Average 5.5%	0%	0% (c)	40.6%	\$3,500
<b>Electrical Equipment, Appliances &amp; Parts</b>	\$13,500	Average 8.0%	0%	0% (d)	57.4%	\$1,000
<b>Non-Metallic Mineral Manufactures</b>	\$12,261	Average 12.5%	0%	0% (e)	57.4%	\$1,500



## Business Roundtable

### 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 tariffs on 76 percent of Montana's exports immediately upon implementation of the Agreement.
- (b) Approximately 84 percent of Montana's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
- (c) Seventy-four percent of Montana's transportation equipment exports will receive immediate duty-free treatment. The remaining duties will be eliminated over ten years.
- (d) Upon implementation of the U.S.-Peru TPA, 86 percent of the State's electrical and electronic equipment will receive immediate duty-free treatment.
- (e) Approximately 80 percent of Montana's industrial exports (including non-metallic mineral manufactures) will receive immediate duty-free treatment under the U.S.-Peru TPA.

Contact: Brigitte Schmidt Gwyn  
Director, International Trade & Investment Policy  
Business Roundtable  
202.496.3263  
bgwyn@businessroundtable.org