



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



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 Nebraska economy.
- Nebraska’s economy benefited from \$2.7 million in total exports to Peru in 2005.
- Nebraska exports include machinery, chemicals, electrical equipment, appliances, and parts, crop production, and transportation equipment.
- Today, Peruvian tariffs add between 5.5% and 25.0% to the price of these Nebraska 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 Nebraska businesses in these key industries are expected to rise by between 41% 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 Nebraska:		
		(2) Peru on Nebraska’s Exports	(3) The U.S. on Peru’s Exports	(4) Peru’s Duties on Nebraska’s Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Nebraska Exporters
Nebraska’s Total Exports to Peru	\$2,687,344					
Machinery Manufactures	\$1,171,655	Average 5.9%	0%	0% (a)	51.5%	\$69,000
Chemical Manufactures	\$855,548	Average 7.1%	0%	0% (b)	45.1%	\$61,000
Electrical Equipment, Appliances & Parts	\$217,285	Average 8.0%	0%	0% (c)	57.4%	\$17,000
Crop Production	\$138,756	Average 12%-25%	0.01%	0% (d)	61.5%	\$17,000-\$35,000
Transportation Equipment	\$84,419	Average 5.5%	0%	0% (e)	40.6%	\$4,600



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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 detailed estimates by the International Trade Commission.
- (6) Column 1 multiplied by Column 2.
 - (a) Approximately 84 percent of Nebraska's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
 - (b) For chemical products, Peru will eliminate duties affecting 76 percent of Nebraska's exports immediately upon implementation of the Agreement.
 - (c) Under the U.S.-Peru TPA, 86 percent of the State's electrical and electronic equipment will receive immediate duty-free treatment.
 - (d) 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.
 - (e) Seventy-four percent of Nebraska's transportation equipment exports will receive immediate duty-free treatment. The remaining duties will be eliminated over ten years.

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