



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



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 Ohio economy.
- Ohio's economy benefited from \$32.8 million in total exports to Peru in 2005.
- Ohio exports include machinery and miscellaneous manufactures, transportation equipment, chemicals and plastic and rubber products.
- Today, Peruvian tariffs add between 5.5% and 8.0% to the price of these Ohio exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Ohio businesses in these key industries are expected to rise by between 41% 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 Ohio:		
		(2) Peru on Ohio's Exports	(3) The U.S. on Peru's Exports	(4) Peru's Duties on Ohio's Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Ohio Exporters
Ohio's Total Exports to Peru	\$32,831,029					
Machinery Manufactures	\$6,564,426	Average 5.9%	0%	0% (a)	51.5%	\$387,000
Misc. Manufactures	\$6,111,330	Average 8.0%	0%	0% (b)	57.4%	\$489,000
Transportation Equipment	\$4,787,359	Average 5.5%	0%	0% (c)	40.6%	\$263,000
Chemical Manufactures	\$4,692,333	Average 7.1%	0%	0% (d)	45.1%	\$333,000
Plastic & Rubber Products	\$3,802,180	Average 7.1%	0%	0% (e)	45.1%	\$270,000



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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. The International Trade Commission did not publish separate estimates for chemical, plastic, and rubber products.
- (6) Column 1 multiplied by Column 2.
- (a) 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.
- (b) Eighty percent of Ohio's industrial exports will receive immediate duty-free treatment.
- (c) Seventy-four percent of Ohio's transportation equipment exports will receive immediate duty-free treatment. The remaining duties will be eliminated over ten years.
- (d) For chemical products, Peru will eliminate tariffs on 76 percent of Ohio's exports immediately upon implementation of the Agreement.
- (e) Peru will immediately eliminate tariffs on 67 percent of plastic products and 71 percent of rubber products exported by Ohio's. The remaining tariffs will be eliminated in stages over 10 years.

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