



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



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 Oklahoma economy.
- Oklahoma’s economy benefited from \$11.7 million in total exports to Peru in 2005.
- Oklahoma exports include machinery, chemicals, transportation equipment, paper products, and fabricated metal products.
- Today, Peruvian tariffs add between 5.5% and 9.7% to the price of these Oklahoma 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 Oklahoma businesses in these key industries are expected to rise by between 29% and 52%.

	(1) Value of Exports, 2005	Import Duties Currently Assessed by:		What Full Implementation of the U.S.-Peru Trade Promotion Agreement (TPA) Means for Oklahoma:		
		(2) Peru on Oklahoma’s Exports	(3) The U.S. on Peru’s Exports	(4) Peru’s Duties on Oklahoma’s Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Oklahoma Exporters
Oklahoma’s Total Exports to Peru	\$11,737,484					
Machinery Manufactures	\$9,621,647	Average 5.9%	0%	0% (a)	51.5%	\$568,000
Chemical Manufactures	\$484,911	Average 7.1%	0%	0% (b)	45.1%	\$34,000
Transportation Equipment	\$304,670	Average 5.5%	0%	0% (c)	40.6%	\$17,000
Paper Products	\$176,202	Average 9.7%	0.01%	0% (d)	48.9%	\$17,000
Fabricated Metal Products	\$167,939	Average 8.8%	0%	0% (e)	28.6%	\$15,000



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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) Approximately 84 percent of Oklahoma'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 Oklahoma's exports immediately upon implementation of the Agreement.
 - (c) Seventy-four percent of Oklahoma's transportation equipment exports will receive immediate duty-free treatment. The remaining duties will be eliminated over ten years.
 - (d) Eighty-six percent of Oklahoma'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) Peru will eliminate tariffs on 65 percent of the State's steel products and 97 percent of non-ferrous metals immediately.

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