



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



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 Pennsylvania economy.
- Pennsylvania’s economy benefited from \$45.5 million in total exports to Peru in 2005.
- Pennsylvania exports include machinery, miscellaneous manufactures, chemicals, processed foods, and computer and electronic products.
- Today, Peruvian tariffs add between 5.8% and 16.0% to the price of these Pennsylvania exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Pennsylvania businesses in these key industries are expected to rise by between 45% and 57%.

	(1) Value of Exports, 2005	Import Duties Currently Assessed by:		What Full Implementation of the U.S.-Peru Trade Promotion Agreement (TPA) Means for Pennsylvania:		
		(2) Peru on Pennsylvania's Exports	(3) The U.S. on Peru's Exports	(4) Peru's Duties on Pennsylvania's Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Pennsylvania Exporters
Pennsylvania's Total Exports to Peru	\$45,483,971					
Machinery Manufactures	\$22,628,640	Average 5.9%	0%	0% (a)	51.5%	\$1.3 million
Misc. Manufactures	\$4,318,650	Average 8.0%	0%	0% (b)	57.4%	\$345,000
Chemical Manufactures	\$4,047,023	Average 7.1%	0%	0% (c)	45.1%	\$287,000
Processed Foods	\$3,893,099	Average 16.0%	0%	0% (d)	45.4%	\$623,000
Computers & Electronic Products	\$3,390,568	Average 5.8%-8.0%	0%	0% (e)	49.9%	\$197,000-\$271,000



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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 Pennsylvania'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 Pennsylvania's industrial exports will receive immediate duty-free treatment.
 - (c) For chemical products, Peru will eliminate tariffs on 76 percent of Pennsylvania's exports immediately upon implementation of the Agreement.
 - (d) The vast majority of Pennsylvania's exports of processed food products will receive immediate duty-free treatment.
 - (e) Eighty-six percent of the State's electronic products will receive immediate duty-free treatment. For information technology product exports 100 percent will receive immediate duty-free treatment.

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