



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



**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 Tennessee economy.
- Tennessee’s economy benefited from \$37.2 million in total exports to Peru in 2005.
- Tennessee exports include crop production, chemicals, machinery, plastic and rubber products, and computers and electronic products.
- Today, Peruvian tariffs add between 5.8% and 25.0% to the price of these Tennessee 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 Tennessee businesses in these key industries are expected to rise by between 45% 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 Tennessee:		
		(2) Peru on Tennessee’s Exports	(3) The United States on Peru’s Exports	(4) Peru’s Duties on Tennessee’s Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Tennessee Exporters
<b>Tennessee’s Total Exports to Peru</b>	\$37,222,265					
<b>Crop Production</b>	\$15,244,612	Average 12%-25%	0.01%	0% (a)	61.5%	\$1.8-3.8 million
<b>Chemical Manufactures</b>	\$10,627,630	Average 7.1%	0%	0% (b)	45.1%	\$755,000
<b>Machinery Manufactures</b>	\$3,280,194	Average 5.9%	0%	0% (c)	51.5%	\$194,000
<b>Plastic &amp; Rubber Products</b>	\$1,780,296	Average 7.1%	0%	0% (d)	45.1%	\$126,000
<b>Computers &amp; Electronic Products</b>	\$1,302,618	Average 5.8%-8.0%	0%	0% (e)	49.9%	\$76,000-\$104,000



## 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. 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) 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.
  - (b) For chemical products, Peru will eliminate tariffs on 76 percent of Tennessee's exports immediately upon implementation of the Agreement
  - (c) Approximately 84 percent of Tennessee's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
  - (d) Peru will immediately eliminate tariffs on 67 percent of plastic products and 71 percent of rubber products exported by Tennessee. The remaining tariffs will be eliminated in stages over 10 years.
  - (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.

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