



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



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 Texas economy.
- Texas' economy benefited from \$631.4 million in total exports to Peru in 2005.
- Texas exports include petroleum and coal products, chemicals, machinery, computers and electronic products, and fabricated metal products.
- Today, Peruvian tariffs add between 5.8% and 12.0% to the price of these Texas exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Texas 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 Texas:		
		(2) Peru on Texas' Exports	(3) The United States on Peru's Exports	(4) Peru's Duties on Texas' Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Texas Exporters
Texas' Total Exports to Peru	\$631,390,938					
Petroleum & Coal Products	\$154,413,534	Average 12.0%	0%	0% (a)	32.7%	\$18.5 million
Chemical Manufactures	\$142,534,934	Average 7.1%	0%	0% (b)	45.1%	\$10.1 million
Machinery Manufactures	\$135,617,861	Average 5.9%	0%	0% (c)	51.5%	\$8.0 million
Computers & Electronic Products	\$57,608,241	Average 5.8%-8.0%	0%	0% (d)	49.9%	\$3.3-\$4.6 million
Fabricated Metal Products	\$48,397,687	Average 8.8%	0%	0% (e)	28.6%	\$4.2 million



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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) Peru will eliminate all tariffs on Texas' petroleum and coal products in stages over ten years.
- (b) For chemical products, Peru will eliminate tariffs 76 percent of Texas' exports immediately upon implementation of the Agreement.
- (c) Approximately 84 percent of Texas' machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
- (d) 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.
- (e) Peru will eliminate tariffs on 65 percent of the State's steel products and 97 percent of non-ferrous metal products immediately.

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