



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



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 Vermont economy.
- Vermont's economy benefited from \$2.1 million in total exports to Peru in 2005.
- Vermont exports include transportation equipment, processed foods, paper products, computers & electronic products, and wood products.
- Today, Peruvian tariffs add between 5.5% and 16.0% to the price of these Vermont exports.
- The United States levies tariffs of 0.01% or less on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by Vermont businesses in these key industries are expected to rise by between 41% and 71%.

	(1) Value of Exports, 2005	Import Duties Currently Assessed by:		What Full Implementation of the U.S.-Peru Trade Promotion Agreement (TPA) Means for Vermont:		
		(2) Peru on Vermont's Exports	(3) The U.S. on Peru's Exports	(4) Peru's Duties on Vermont Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Vermont Exporters
Vermont's Total Exports to Peru	\$2,114,071					
Transportation Equipment	\$1,350,000	Average 5.5%	0%	0% (a)	40.6%	\$74,000
Processed Foods	\$487,180	Average 16.0%	0%	0% (b)	45.4%	\$7,800
Paper Products	\$91,483	Average 9.7%	0.01%	0% (c)	48.9%	\$8,900
Computers & Electronic Products	\$67,961	Average 5.8%-8.0%	0%	0% (d)	49.9%	\$3,900-\$5,400
Wood Products	\$35,280	Average 11.5%	0%	0% (e)	70.7%	\$4,100



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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) Seventy-four percent of Vermont's transportation equipment exports will receive immediate duty-free treatment. The remaining duties will be eliminated over ten years.
- (b) The vast majority of the State's exports of processed food products will receive immediate duty-free treatment
- (c) Eighty-six percent of Vermont'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.
- (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) Upon implementation of the U.S.-Peru TPA, Peru will immediately eliminate tariffs on 100 percent of Vermont's lumber and wood exports.

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