



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



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 Virginia economy.
- Virginia’s economy benefited from \$15.7 million in total exports to Peru in 2005.
- Virginia exports include chemicals, computers and electronic products, crop production, machinery, and paper products.
- Today, Peruvian tariffs add between 5.8% and 25.0% to the price of these Virginia 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 Virginia 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 Virginia:		
		(2) Peru on Virginia’s Exports	(3) The United States on Peru’s Exports	(4) Peru’s Duties on Virginia’s Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for Virginia Exporters
Virginia’s Total Exports to Peru	\$15,738,489					
Chemical Manufactures	\$6,543,412	Average 7.1%	0%	0% (a)	45.1%	\$465,000
Computers & Electronic Products	\$2,080,115	Average 5.8%-8.0%	0%	0% (b)	49.9%	\$121,000-\$166,000
Crop Production	\$1,745,011	Average 12.0%-25.0%	0.01%	0% (c)	61.5%	\$209,000-\$436,000
Machinery Manufactures	\$1,736,671	Average 5.9%	0%	0% (d)	51.5%	\$102,000
Paper Products	\$948,676	Average 9.7%	0.01%	0% (e)	48.9%	\$92,000



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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. 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) For chemical products, Peru will eliminate tariffs on 76 percent of Virginia's exports immediately upon implementation of the Agreement.
 - (b) 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.
 - (c) 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.
 - (d) Approximately 84 percent of Virginia's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
 - (e) Eighty-six percent of Virginia'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.

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