



Benefits from the U.S.-Peru Trade Promotion Agreement

Wyoming

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The U.S.-Peru Trade Promotion Agreement Provides Enhanced Market Access

The U.S.-Peru Trade Promotion Agreement (TPA) offers tremendous opportunities for Wyoming's exporters. When the Agreement enters into force, fully 80 percent of U.S. consumer and industrial exports to Peru, including nearly all information technology products; mining, agriculture, and construction equipment; medical and scientific equipment; auto parts; paper products; and chemicals, will be duty-free immediately. The remaining tariffs phase out over 10 years. U.S. farmers and ranchers will also become much more competitive, benefiting from immediate duty-free treatment of 90 percent of U.S. current exports. Key U.S. agriculture exports such as cotton, wheat, soybeans, high quality beef, apples, pears, peaches, cherries, and almonds will be duty-free upon entry into force of the Agreement. Peru will phase out all other agricultural tariffs within 17 years.

Wyoming Depends on World Markets

Wyoming's export shipments of merchandise in 2006 totaled \$830 million. This is a 50 percent increase over the 2002 total of \$553 million. Wyoming exported \$6.5 million worth of goods to Peru in 2006, a 158 percent increase from \$2.5 million in 2002.

Exports Support Jobs for Wyoming's Workers

– In 2003, export-supported jobs linked to manufacturing accounted for an estimated 1.0 percent of Wyoming's total private-sector employment. Roughly one in fourteen (7.2 percent) of all manufacturing workers in Wyoming depend on exports for their jobs. (2003 data are the latest available.)

Exports Sustain Wyoming Businesses

– A total of 413 companies exported goods from Wyoming locations in 2005. Of those, 293 (71 percent) were small and medium-sized enterprises (SMEs) with fewer than 500 employees.

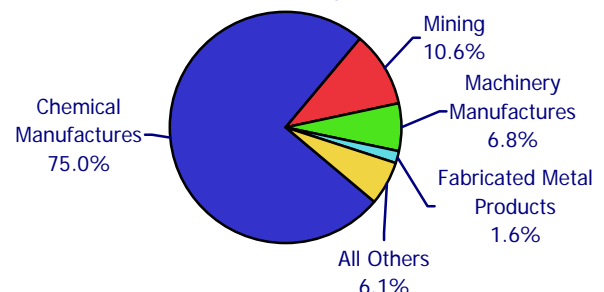
Wyoming's SMEs Will Benefit from U.S.-Peru TPA Provisions

SMEs generated 32 percent of Wyoming's total exports of merchandise in 2005. This was the highest percentage among all 50 states and far exceeded the U.S. total of 28.6 percent. SMEs particularly benefit from the tariff-eliminating provisions of free trade agreements (FTAs) and should benefit from the significant tariff cuts under the U.S.-Peru TPA. The transparency obligations, particularly those contained in the customs chapter, are also very important to SMEs, which may not have the resources to navigate customs and regulatory red tape.

The U.S.-Peru TPA Moves the Trade Relationship from One-Way Preferences to Reciprocity

In 2006, 98 percent of Peru's exports to the United States entered duty free under unilateral U.S. trade preference programs such as the Andean Trade Preference Act and the Generalized System of Preferences or under zero Normal Trade Relations tariffs. Because of high tariffs, U.S. exporters do not have equivalent access to the Peruvian market. The U.S.-Peru TPA levels the playing field and enhances competition because it moves the U.S.-Peru commercial relationship beyond one-way preferences to full partnership and reciprocal commitments.

Wyoming Exported \$830.0 Million in Goods Globally in 2006



Source: International Trade Administration, U.S. Department of Commerce.

The U.S.-Peru TPA Creates Opportunities for Wyoming's Agriculture

In 2006, Wyoming's agricultural exports to the world were estimated at \$53 million. Despite high tariffs and other barriers on most agricultural products, including key Wyoming farm products such as beef, wheat and barley, and pork, U.S. exporters shipped more than \$209 million in U.S. farm products to Peru in 2006. In the free trade agreement, a primary U.S. objective was to change the "one-way street" of duty-free access currently enjoyed by most Peru exports into a "two-way street" that provides U.S. suppliers with access to these markets and levels the playing field with competitors. This objective was achieved.

For more information on agricultural exports and the U.S.-Peru TPA, see the fact sheets posted by the U.S. Department of Agriculture at:
<http://www.fas.usda.gov/itp/us-peru.asp>

Free Trade Works for Wyoming's Exporters

Since the entry into force of the U.S.-Singapore FTA in 2004, Wyoming's exports to Singapore increased by 412 percent. In the five years that the U.S.-Jordan FTA has been in effect (2002-2006), the state's exports to Jordan have jumped 139 percent and since the North American Free Trade Agreement's (NAFTA) entry into force in 1994, Wyoming's exports to Canada and Mexico combined have grown by 600 percent.

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to state based on transportation origin, i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about "export production" in a state should not be made solely on the basis of the OM state export figures.

Sources: Bureau of the Census, U.S. Department of Commerce, Origin of Movement Series; U.S. Department of Agriculture.

Prepared by the International Trade Administration, U.S. Department of Commerce.

Chemical Manufactures – Wyoming's leading manufactured export category is chemical manufactures, which alone accounted for 75 percent (\$622 million) of Wyoming's total merchandise exports in 2006.

Wyoming's exporters of chemicals and related products, including pharmaceuticals, cosmetics, fertilizers and agro-chemicals, plastics, and rubber, will benefit from the U.S.-Peru TPA's tariff reductions. Seventy-six percent of U.S. chemical exports will receive duty-free treatment immediately upon entry into force of the agreement, with the remaining tariffs phased out within 10 years. Tariffs on high-value chemical products, including many resins, fertilizers, and soda ash, will be phased out immediately. Current Peruvian chemical tariffs average 7 percent and can be as high as 12 percent. Over the past five years, U.S. exporters of basic chemicals (up \$93 million) and resin, synthetic rubber, synthetic fibers and filaments (up \$89 million) have seen strong export growth to Peru.

Machinery Manufactures – Wyoming's machinery manufacturers exported \$56 million worldwide in 2006, making machinery another top Wyoming export. Wyoming's exports of machinery will benefit from Peru TPA tariff reductions. Eighty-nine percent of U.S. capital goods exports will be immediately duty-free upon entry into force of the agreement. All U.S. exports of agricultural equipment and 95 percent of construction equipment, including bulldozers, mechanical shovels, boring and sinking machinery, and dumpers, will receive duty-free treatment immediately upon entry into force of the agreement; remaining tariffs will be phased out within 10 years. The elimination of Peruvian tariffs on such high-value equipment will provide a competitive boost to Wyoming's exporters, who will no longer be facing tariffs that are as high as 12 percent.

Mineral Exports – Apart from directly exporting a wide range of manufactures, Wyoming is also an important exporter of minerals, such as coal—a fact not apparent from U.S. export statistics because Wyoming's mineral exports are often sold indirectly, through wholesalers and other vendors located outside the state. In dollar terms, the leading growth category among U.S. manufactured exports to Peru is petroleum and coal products. U.S. exports of these products surged between 2002 and 2006, growing from \$54 million to \$282 million. The U.S.-Peru TPA will eliminate tariffs on several key products including certain types of coal. Currently, Peruvian tariffs in this sector range as high as 12 percent.