



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

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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 Florida'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. Peru's 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 current U.S. agricultural 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.

Florida Depends on World Markets

Florida's export shipments of merchandise in 2006 totaled \$38.5 billion, up 57 percent from \$24.5 billion in 2002. Florida ranked seventh among the states in terms of total exports in 2006. Florida exported globally to 222 foreign destinations in 2006.

Exports Support Jobs for Florida Workers –

In 2003, export-supported jobs linked to manufacturing accounted for an estimated 1.8 percent of Florida's total private-sector employment. One-ninth (11.1 percent) of all manufacturing workers in Florida depend on exports for their jobs. (2003 data are the latest available.)

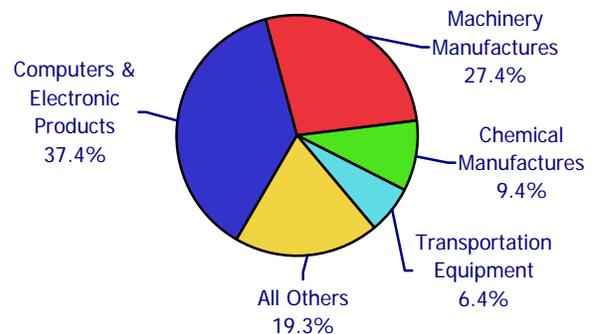
Exports Sustain Thousands of Florida Businesses –

A total of 28,603 companies exported from Florida locations in 2005. Of those, 27,116 (95 percent) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

Florida SMEs Will Benefit from U.S.-Peru TPA Provisions

SMEs generated nearly two-thirds (61 percent) of Florida's total exports of merchandise in 2005. This was the highest figure among the 50 states, and well above the U.S. average of 29 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.

Florida Exported \$658.0 Million in Goods to Peru in 2006



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

The U.S.-Peru TPA Moves the Trading 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.

The U.S.-Peru TPA Opens New Markets for Key Florida Exports

Computers and Electronic Products – The state's leading export category to Peru in 2006 was computers and electronic products, totaling \$246 million, or 37 percent, of Florida's total merchandise exports to Peru that year. The U.S.-Peru TPA improves market access for information technology goods and service providers. Almost all U.S. exports of products covered by the Information Technology Agreement, including key Florida exports of computer equipment and communication equipment, will receive duty-free treatment immediately upon entry into force of the U.S.-Peru TPA. With the immediate removal of most tariffs, U.S. exports will become much more competitive and affordable to Peruvians. Best prospects in this sector include computers and computer parts, radio and television broadcasting apparatus, and software.

Machinery Manufactures – Florida companies exported \$180 million in machinery manufactures to Peru in 2006 and will benefit from U.S.-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 Florida exporters, who will no longer be facing tariffs that are as high as 12 percent.

Transportation Equipment – In 2006, Florida companies exported \$42 million in transportation equipment to the Peruvian market. Florida's exports of transportation equipment will benefit from U.S.-Peru TPA tariff reductions, as 74 percent of U.S. industrial goods exports will be immediately duty-free upon entry into force of the Agreement.

The elimination of Peruvian tariffs on equipment such as trailers, semi-trailers, truck axles, and railway parts, will provide a competitive boost to Florida exporters, who will no longer be facing tariffs that are as high as 12 percent. This will help Florida companies take advantage of Peru's growing demand for transportation equipment.

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

In 2006, Florida's agricultural exports to the world amounted to \$1.7 billion. Despite high tariffs and other barriers on most agricultural products, including key Florida products, 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 Florida's Exporters

In the first three years of the U.S.-Chile FTA (2004-2006), Florida's exports to Chile have grown 73 percent. Since the U.S.-Jordan FTA took effect in 2001, Florida's exports to Jordan have jumped 1,092 percent and since the North American Free Trade Agreement (NAFTA) entered into force in 1994, Florida's combined exports to Canada and Mexico have increased 147 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,