

U.S.-Peru Trade Promotion Agreement Market Access Results

Autos and Auto Parts

Trade and Tariffs

The automotive sector covers motor vehicles and parts.

Automotive products accounted for 3.3 percent of U.S. exports to Peru in 2007, totaling approximately \$104 million. The top U.S. exports in this sector were passenger vehicles, auto parts, and transport vehicles. Peruvian tariffs range between 4 and 12 percent with an average of 7.4 percent.

Peruvian exports to the United States totaled \$4.4 million in 2007 or less than 1 percent of total exports to the United States. Top Peruvian exports were safety glass, brake lining and pads, and fuel pumps. U.S. tariffs applied to the automotive sector range from 0 to 25 percent, with an average of 2.4 percent. All Peruvian exports in this sector enter the United States duty-free under the Andean Trade Preference Act (ATPA) and Andean Trade Promotion and Drug Eradication Act (ATPDEA) tariff preferences.

Tariff Elimination

Overall, tariffs will be phased out according to four tariff elimination categories: immediate elimination, equal cuts over five years, equal cuts over seven years, and equal cuts over ten years.

For automotive products, 80 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on another 2 percent of exports will be eliminated over five years, and 6 percent will be eliminated over seven years. Duties on the remaining 12 percent of U.S. exports will be eliminated over ten years.

Tariffs on priority automotive products including large-engine 4x4 vehicles, engines, brakes, shock absorbers, and other auto parts will be phased out immediately upon implementation of the agreement.

The United States agreed to consolidate all ATPA and ATPDEA tariff preferences into the final tariff elimination schedules. This means that all automotive exports from Peru will continue to receive duty-free treatment.

Non-Tariff Barriers

Peru will eliminate its prohibition on the importation of remanufactured automotive goods, as defined in Chapter Four - Rules of Origin, on entry into force of the Agreement. Peru will eliminate tariffs on most remanufactured automotive goods immediately and will phase down tariffs on a small number of remanufactured goods over 10 years.