

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

Transportation Equipment

Trade and Tariffs

The transportation sector covers large cargo vehicles, railway vehicles, and cargo vessels. Transportation equipment accounted for less than 1 percent of U.S. industrial exports to Peru in 2007, totaling \$23 million. The top U.S. exports in this sector were pedestrian tractors, locomotives and railway parts, truck axels, and fishing and factory ships. Peruvian tariffs range between zero and 12 percent with an average of 5.5 percent.

Peru exported a negligible amount of transportation equipment to the United States in 2007. U.S. tariffs applied to the transportation sector range from zero to 15 percent, with an average of 3 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 transportation equipment, 74 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on another 7 percent of exports will be eliminated over five years. Duties on the remaining 19 percent of U.S. exports will be eliminated over ten years.

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

Non-Tariff Barriers

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