



INTERNATIONAL  
**TRADE**  
ADMINISTRATION

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

[www.export.gov/fta/peru/state](http://www.export.gov/fta/peru/state)

August 2007

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

The U.S.-Peru Trade Promotion Agreement (TPA) offers tremendous opportunities for Georgia'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 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.

## Georgia Depends on World Markets

Georgia's export shipments of merchandise in 2006 totaled \$20.0 billion. Georgia ranked 16th among the 50 states in terms of 2006 export value. Georgia increased its merchandise exports \$5.7 billion (39 percent) from 2002 to 2006.

### *Exports Support Jobs for Georgia Workers –*

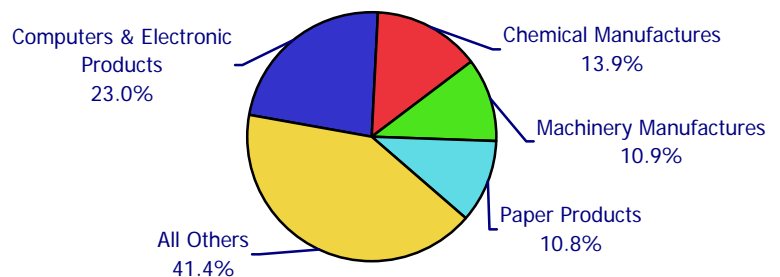
Export-supported jobs linked to manufacturing accounted for an estimated 4.2 percent of Georgia's total private-sector employment. Nearly one-seventh (13.3 percent) of all manufacturing workers in Georgia depend on exports for their jobs. (2003 data are the latest available.)

***Exports Sustain Thousands of Georgia Businesses*** – A total of 7,566 companies exported from Georgia locations in 2005. Of those, 6,485 (86 percent) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

## Georgia SMEs Will Benefit from U.S.-Peru TPA Provisions

SMEs generated nearly one-quarter (24 percent) of Georgia's total exports of merchandise in 2005. 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.

### Georgia Exported \$64.4 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 Georgia Exports

**Transportation Equipment** – In 2006, the state's leading global export category was transportation equipment, which accounted for 19 percent, or \$3.9 billion, of Georgia's total merchandise exports. Georgia's exports of transportation equipment increased \$1.3 billion during the 2002–2006 period. For transportation equipment, 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 Georgia exporters, who will no longer be facing tariffs as high as 12 percent. This will help Georgia companies take advantage of Peru's growing demand for transportation equipment.

**Computers And Electronic Products** – In 2006, Georgia companies exported \$2.3 billion in computers and electronic products globally. The U.S.-Peru TPA improves market access for Georgia's information technology goods and service providers. Almost all U.S. exports of products covered by the Information Technology Agreement, including important Georgia exports of computer equipment and communications equipment, will receive duty-free treatment immediately upon entry into force of the U.S.-Peru TPA.

With the immediate removal of most tariffs, Georgia-made products 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** – Machinery manufactures are Georgia's leading global manufactured export growth category in dollar terms, increasing \$1.5 billion during the 2002-2006 period to a total of \$2.9 billion in 2006. Georgia's exporters of machinery manufactures 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 Georgia's exporters, who will no longer be facing tariffs that are as high as 12 percent.

## Free Trade Works for Georgia's Exporters

In the first three years of the U.S.-Singapore FTA (2004–2006), Georgia's exports to Singapore have grown 153 percent. Since the North American Free Trade Agreement (NAFTA) entered into force in 1994, Georgia's combined exports to Canada and Mexico have increased by 223 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.