



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

Nevada

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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 Hawaii'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 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.

Nevada Depends on World Markets

Nevada's export shipments of merchandise in 2006 totaled \$5.5 billion. Nevada's exports to the world from 2002 to 2006 increased 367 percent, the largest percentage gain among the 50 states. By comparison, total U.S. merchandise exports increased 50 percent over this period.

Exports Support Jobs for Nevada's Workers

– In 2003, export-supported jobs linked to manufacturing accounted for an estimated 1.2 percent of Nevada's total private-sector employment; approximately one-eighth (12.4 percent) of all manufacturing workers in Nevada depended on manufactured exports for their jobs. (2003 data are the latest available.)

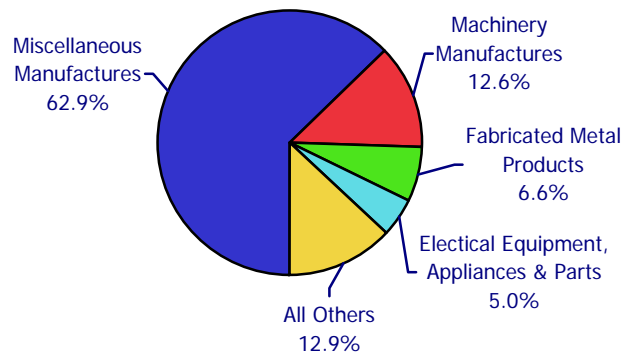
Exports Sustain Many Nevada Businesses –

A total of 2,010 companies exported goods from Nevada locations in 2005. Of those, 1,749 (87 percent) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

Nevada's Small and Medium Enterprises Will Benefit from U.S.-Peru TPA Provisions

SMEs generated one-third (33 percent) of Nevada'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.

Nevada Exported \$5.8 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 Nevada Exports

Primary Metal Manufactures – Nevada's leading manufactured export category is primary metal manufactures, which alone accounted for \$2.7 billion, or 49 percent of Nevada's total export shipments in 2006. Nevada's exporters of metals and ores to Peru will be more competitive as tariffs averaging almost 9 percent fall to zero on 81 percent of U.S. exports immediately upon entry into force of the Agreement. Remaining tariffs are phased out within 10 years. Major infrastructure projects and private sector-led development should continue to provide opportunities for U.S. exporters in this sector.

Computers and Electronic Products – Nevada's businesses exported \$684 million in computers and electronic products in 2006. Almost all U.S. exports of products covered by the Information Technology Agreement, including important Nevada exports of computer equipment and communications equipment, will receive duty-free treatment immediately upon entry into force of the U.S.-Peru TPA. Peru is forging ahead in the digital age and ranks third in Latin America in terms of Internet connectivity. With the immediate removal of most tariffs, U.S. exports will become much more competitive and affordable to Peruvians.

Paper Products – Between 2002 and 2006, Nevada's exports of paper products to the world increased by 40 percent. U.S. paper and paper products producers will benefit from the immediate elimination of Peruvian tariffs on 86 percent of U.S. paper products. Peruvian tariffs in this sector currently average 9.7 percent. The top U.S. exports to Peru in this sector include graphics paper and paperboard, chemical woodpulp, kraftliner, and newsprint.

Free Trade Works for Nevada's Exporters

In the first five years (2002-2006) of the U.S.-Jordan FTA, Nevada's exports to Jordan increased by 1,436 percent, from \$16 thousand to \$242 thousand. Since the North American Free Trade Agreement's (NAFTA) entry into force in 1994, Nevada's combined exports to Canada and Mexico have grown by 482 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.