INTERNATIONAL TRADE ADMINISTRATION

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

New York

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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 New York's exporters. When the Agreement is implemented, 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. The remaining tariffs phase out over ten 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.

New York Depends on World Markets

New York's export shipments of merchandise in 2006 totaled $57.4 billion. New York was the third largest exporter among the 50 states in 2006. New York's exports to the world increased by $ 20.4 billion from 2002 to 2006, the third largest dollar increase among the 50 states.

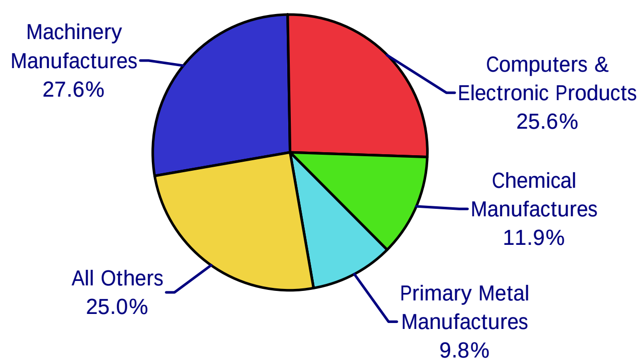
Exports Support Jobs for New York's Workers – In 2003, export-supported jobs linked to manufacturing accounted for an estimated 2.7 percent of New York's total private-sector employment; one-sixth (16.6 percent) of all manufacturing workers in New York depended on exports for their jobs. (2003 data are the latest available.)

Exports Sustain Thousands of New York Businesses – A total of 25,146 companies exported goods from New York locations in 2005, the third highest number among the 50 states. Of those, 94 percent, or 23,548 firms, were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

New York's Small and Medium-Sized Enterprises will benefit from U.S.-Peru TPA Provisions

SMEs generated more than half (54 percent) of New York'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.

New York Exported $61.7 Million in Goods to Peru in 2006



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

The U.S.-Peru TPA Moves the Trade 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 New York's Exporters

***Computers and Electronic Products* –** New York businesses exported more than $7.7 billion in computers and electronic products globally in 2006. Almost all U.S. exports of products covered by the Information Technology Agreement, including important New York 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.

***Machinery Manufactures* –** Machinery manufactures exports from New York totaled $5.7 billion in 2006. 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 New York exporters.

***Transportation Equipment* –** Transportation equipment is an important New York export. In 2006, New York exported $5.5 billion in transportation equipment. New York's exports of transportation equipment will benefit from U.S.-Peru TPA tariff reductions. 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 New York exporters, who will no longer be facing tariffs that are as high as 12 percent. This will help New York companies take advantage of Peru's growing demand for transportation equipment.

Free Trade Works for New York's Exporters

In the first three years (2004-2006) of the U.S.-Chile FTA, New York's exports to Chile have more than doubled (up 102 percent), from $81 million to $163 million and in the first three years of the U.S.-Singapore agreement (2004-2006), the state's exports to Singapore have increased 67 percent. Since the North American Free Trade Agreement's (NAFTA) entry into force in 1994, New York's exports to Canada and Mexico have grown by 82 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.