



INTERNATIONAL
TRADE
ADMINISTRATION

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

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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 Hampshire'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 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.

New Hampshire Depends on World Markets

New Hampshire's export shipments of merchandise in 2006 totaled \$ 2.8 billion. New Hampshire's exports have increased 51 percent between 2002 and 2006.

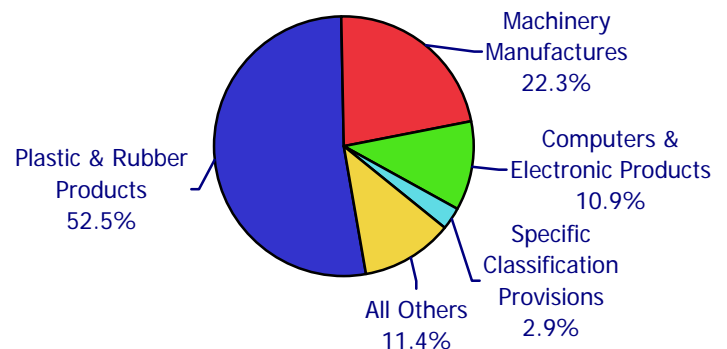
Exports Support Jobs for New Hampshire's Workers – In 2003, export-supported jobs linked to manufacturing accounted for an estimated 4.3 percent of New Hampshire's total private-sector employment; over one-sixth (17.1 percent) of all manufacturing workers in New Hampshire depended on manufactured exports for their jobs. (2003 data are the latest available.)

Exports Sustain Thousands of New Hampshire Businesses – A total of 2,078 companies exported goods from New Hampshire locations in 2005. Of those, 1,823 (88 percent) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.

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

SMEs generated 43 percent of New Hampshire'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 Hampshire Exported \$2.5 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 Hampshire's Exports

Computers and Electronic Products – New Hampshire's leading manufactured export category is computers and electronic products, which alone accounted for \$754 million, or 27 percent, of New Hampshire's total export shipments in 2006. Almost all U.S. exports of products covered by the Information Technology Agreement, including important New Hampshire 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.

Machinery Manufactures – In dollar terms, New Hampshire's leading manufactured export growth category is machinery manufactures. Export shipments of these products during the 2002-2006 period grew \$277 million. New Hampshire's exports of machinery 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.

Transportation Equipment – New Hampshire's exports of transportation will benefit from Peru TPA tariff reductions. In 2006, New Hampshire exported \$99 million in transportation equipment globally. For transportation equipment, 74 percent of U.S. industrial goods exports will be immediately duty-free upon implementation of the agreement. The elimination of Peruvian tariffs on equipment such as trailers, semi-trailers, truck axels and railway parts will provide a competitive boost to New Hampshire exporters, who will no longer be facing tariffs that are as high as 12 percent. This will help New Hampshire companies take advantage of Peru's growing demand for transportation equipment.

Free Trade Works for New Hampshire's Exporters

In the first three years (2004-2006) of the U.S.-Chile FTA, New Hampshire's exports to Chile increased by 49 percent, from \$5.4 million to \$8.1 million. Since the North American Free Trade Agreement's (NAFTA) entry into force in 1994, New Hampshire's combined exports to Canada and Mexico have grown 75 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.