

U.S.-Peru Trade Promotion Agreement

Market Access Results

Industrial Goods

Trade and Tariffs

The category of industrial products includes all products subject to neither the WTO Agreement on Agriculture or the Agreement on Textiles and Clothing. Industrial goods represented approximately 80 percent of total U.S. exports to Peru in 2004, totaling over \$1.4 billion. U.S. industrial exports to Peru are greatest in the information technology, chemicals, infrastructure and machinery, and construction equipment sectors.

Peruvian tariffs on industrial products range from 0 to 20 percent, with an average of approximately 8 percent. The highest tariffs on industrial goods apply to footwear, appliances, and mowers.

Peruvian industrial goods exports to the United States were about \$2.6 billion in 2004, or 71 percent of Peru's total exports to the United States.

The United States applies tariffs of zero to specific tariffs equivalent to 109 percent on industrial products. Almost all industrial import from Peru are eligible to enter the United States free of duty under the Generalized System of Preferences (GSP), Andean Trade Preference Act (ATPA), and Andean Trade Promotion and Drug Eradication Act (ATPDEA).

Tariff Elimination

The U.S.-Peru TPA will eliminate all industrial tariffs in the United States and Peru within 10 years of implementation. 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.

Overall, 80 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on 6 percent of exports will be eliminated over five years, and tariffs on 4 percent will be eliminated over seven years. Duties on the remaining 10 percent of U.S. exports will be eliminated over ten years. Some products subject to ten-year staging include raw stone, oil, some chemicals, some metals items, furniture, and some automobiles.

Priority products that will be provided rapid tariff elimination in Peru include auto parts, fertilizers and agro-chemicals, polymers and resins, travel goods, certain paper and wood products, certain manufactured metal products, medical and scientific equipment, information technology products, aircraft, toys, and certain appliances. Peru also agreed to join the Information Technology Agreement multilaterally as part of the U.S.-Peru TPA.

The United States agreed to consolidate all ATPA and ATPDEA tariff preferences into the final tariff elimination schedules. As a result, all Peruvian exports of industrial goods to the United States will continue to receive duty-free treatment with the exception of seventeen rubber footwear items and three canned tuna fish lines.