

U.S.-Peru Trade Promotion Agreement Market Access Results

Autos and Auto Parts

Trade and Tariffs

The automotive sector covers motor vehicles and parts.

Automotive products accounted for 1.7 percent of U.S. exports to Peru in 2004, totaling approximately \$25 million. The top U.S. exports in this sector were brakes, shock absorbers, fuel pumps, and large engines. Peruvian tariffs range between 4 and 12 percent with an average of 7.4 percent in 2004.

Peruvian exports to the United States totaled \$5.9 million in 2004 or less than 1 percent of total exports to the United States. Top Peruvian exports were safety glass, brake lining and pads, and clutches. U.S. tariffs applied to the automotive sector range from 0 to 25 percent, with an average of 2.4 percent. All Peruvian exports in this sector enter the United States duty-free under the Andean Trade Preference Act (ATPA) and Andean Trade Promotion and Drug Eradication Act (ATPDEA) tariff preferences.

Tariff Elimination

Overall, tariffs will be phased out according to four tariff elimination categories: immediate elimination, equal cuts over five years, equal cuts over 7 years, and equal cuts over 10 years.

For automotive products, 80 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on another 2 percent of exports will be eliminated over five years, and 6 percent will be eliminated over seven years. Duties on the remaining 12 percent of U.S. exports will be eliminated over ten years.

Tariffs on priority automotive products including large-engine 4x4 vehicles, engines, brakes, shock absorbers, and other auto parts will be phased out immediately upon implementation of the agreement.

The United States agreed to consolidate all ATPA and ATPDEA tariff preferences into the final tariff elimination schedules. This means that all automotive exports from Peru will continue to receive duty-free treatment.

Vehicles

Peru will eliminate tariffs on 53 percent of U.S. vehicle exports immediately upon implementation of the agreement. Tariffs on the remaining 47 percent will be eliminated over ten years.

Auto Parts

Peru will eliminate tariffs on 89 percent of U.S. auto part exports immediately upon implementation of the agreement. Tariffs on another 3 percent of exports will be eliminated over five years. Duties on radiators, which make up the remaining 8 percent of U.S. exports, will be eliminated over seven years.

Non-Tariff Barriers

Peru will eliminate its prohibition on the importation of remanufactured goods, as defined in Chapter Four - Rules of Origin, on entry into force of the Agreement. Peru will eliminate tariffs on most remanufactured goods immediately and will phase down tariffs on a small number of remanufactured goods over 10 years.