



# The U.S.-Peru Trade Promotion Agreement: A Very Good Deal for California



### The Facts:

- The U.S.-Peru TPA would level the playing field by eliminating Peruvian tariffs on many products that play important roles in the California economy.
- California’s economy benefited from \$180 million in total exports to Peru in 2006.
- California exports include computers and electronics, machinery, fabricated metal products, electrical equipment, appliances and parts and miscellaneous manufactures.
- Today, Peruvian tariffs add between 5.8% and 8% to the price of these California exports.
- The United States levies no tariffs on equivalent products from Peru.
- With the U.S.-Peru TPA, exports to Peru by California businesses in these key industries are expected to rise by between 29% and 57%.

	(1) Value of Exports, 2006	Import Duties Currently Assessed by:		What Full Implementation of the U.S.-Peru Trade Promotion Agreement (TPA) Means for California:		
		(2) Peru on California’s Exports	(3) The U.S. on Peru’s Exports	(4) Peru’s Duties on California’s Exports	(5) Estimated Increase in Exports	(6) Estimated Duty Savings for California Exporters
<b>California’s Total Exports to Peru</b>	\$180,883,853					
<b>Computers &amp; Electronic Products</b>	45,138,519	Average 5.8%-8.0%	0%	0% (a)	49.9%	\$2.6 million – \$3.6 million
<b>Machinery Manufacturers</b>	42,196,158	Average 5.9%	0%	0% (b)	51.5%	\$2.5 million
<b>Fabricated Metal Products</b>	23,599,921	Average 8.8%	0%	0% (c)	28.6%	\$2.1 million
<b>Electrical Equipment, Appliances &amp; Parts</b>	12,104,542	Average 8.0%	0%	0% (d)	57.4%	\$968,000
<b>Misc. Manufactures</b>	9,603,966	Average 8.0%	0%	0% (e)	57.4%	\$768,000



### Sources and Notes

- (1) U.S. Department of Commerce.
- (2) U.S. International Trade Commission, U.S. Department of Commerce, and U.S. Department of Agriculture. For some categories, Peru's duties range as high as 40 percent.
- (3) U.S. International Trade Commission.
- (4) U.S. Department of Commerce.
- (5) U.S. International Trade Commission. Estimated increase in exports for overall crop production calculated from detailed estimates by the International Trade Commission.
  - (a) Eighty-six percent of the State's electronic products will receive immediate duty-free treatment. For information technology product exports 100 percent will receive immediate duty-free treatment.
  - (b) Approximately 84 percent of California's machinery exports will receive immediate duty-free treatment. The remaining 16 percent of products will be duty-free within seven years.
  - (c) Peru will eliminate tariffs on 65 percent of the State's steel products and 97 percent of non-ferrous metals immediately.
  - (d) Upon implementation of the U.S.-Peru TPA, 86 percent of the State's electrical and electronic equipment will receive immediate duty-free treatment.
  - (e) Approximately 80 percent of California's industrial exports will receive immediate duty-free treatment.

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