

**Dear Colleague; Peru TPA- A Winning Trade Policy
for America's Farmers and Ranchers**

November 1, 2007

Support the U.S.-Peru TPA

A Winning Trade Policy for America's Farmers and Ranchers

Dear Colleague:

Currently U.S. agricultural imports to Peru face an average tariff of 18%, this tariff could be higher depending on the product. The U.S.-Peru TPA will eliminate all tariffs on U.S. agricultural and food products entering the Peruvian market. For the U.S., more than two-thirds of current U.S. agricultural exports to Peru will become duty-free immediately, such as high-quality beef, cotton, wheat, soybeans, soybean meal, apples, pears, cherries, almonds and some processed food products.

Elimination of these tariffs will provide increased export opportunities and greater competitive potential for all segments of U.S. agriculture, livestock, grains, oilseeds, fruits and vegetables. Estimates show that the total increase in U.S. farm exports associated with the Peru agreement could exceed \$705 million per year after full implementation of the agreement.

In addition to removing tariff barriers, the TPA resolves sanitary and phytosanitary barriers to agricultural trade, including the Peruvian cases regarding food safety inspection procedures for U.S. beef, pork and poultry.

Increased U.S. competitiveness in the Peruvian market does not mean a displacement of Peruvian farmers. Peru must import food in order to meet the consumption demands of the country. They are currently importing agricultural products from a variety of countries, specifically Chile with 28 percent market share and Colombia and Argentina with 11 percent. The United States on the other hand only stands at 8 percent and fluctuates widely. The US-Peru TPA will allow American farmers and ranchers to become the preferred supplier in Peru, gaining market share from our competitors, not Peruvian farmers. Increasing the competitiveness for U.S. agricultural products though will only come from elimination of tariffs as guaranteed under the U.S.-Peru TPA, until then they will remain at a significant market disadvantage.

The U.S.-Peru TPA also provides significant benefits for Peruvian farmers. Roughly 99 percent of Peru's agricultural exports enter the United States without any tariffs due to the Andean Trade Promotion and Drug Eradication Act (ATPDEA). The trade preferences for Peruvian agricultural products allowed

under ATPDEA are not permanent and requires U.S. Congressional extensions every few years. Passage of the TPA would make Peru's agricultural preferences to the U.S. market permanent. This would provide Peruvian farmers and ranchers the confidence and security that the U.S. market will remain a viable and open market to their products.

By eliminating one-way market barriers for America agriculture exporters the US-Peru TPA will make America's farmers and ranchers more competitive in a global economy. The US-Peru TPA is winning trade policy for American farmers and ranchers and we urge you to support the US-Peru TPA.

Sincerely,

/s

/s

Bob Etheridge

Ron Kind

Member of Congress

Member of Congress