

The U.S. – Peru Trade Promotion Agreement: A winner for services

The U.S.-Peru Trade Promotion Agreement (PTPA) provides substantial benefits for U.S. service providers, including new market access for a broad range of US services industries pursuing business opportunities in the Peruvian market. The Agreement demonstrates to other developing countries that commitments to liberalization and internal economic reform are necessary for economic development, higher standards of living, and global competitiveness.

The PTPA contains important provisions for services-related investment, regulatory transparency, and for trade in key service sectors:

- Liberalization on a "negative list" basis—ensures truly comprehensive coverage and that new services are automatically liberalized, which is particularly important in sectors where new services are regularly being created, such as in computer services.
- Promotes a secure and predictable legal framework for U.S. investors; particularly important because a local presence is often needed to supply services.
 - Reduces barriers and ensures protection of U.S. investment.
 - Protects the legitimate exercise of each government’s regulatory authority to protect “public welfare objectives, such as public health, safety, and the environment.”
- Provides high standards of transparency in domestic regulation, a necessity for services industries because they generally are the most highly regulated.

The Agreement includes comprehensive provisions for new liberalization and market access across a broad range of service industries such as:

- Asset Management and Pension Services: U.S. portfolio managers will be able to provide asset management services to both Peruvian mutual funds and pension funds, including to funds that manage Peru’s privatized social security accounts. The agreement permits services to be supplied on a cross-border basis, providing U.S. firms with economies of scale in serving Peruvian clients, while providing Peruvian consumers with the expertise of skilled U.S.-based portfolio managers.
- Audiovisual Services: Provides for strong intellectual property protections, and strengthened enforcement. Includes important provisions to ensure market access for U.S. audiovisual services suppliers.
- Computer and Related Services: Ensures full market access and national treatment. Covers all modes of delivery, including electronic delivery.
- Education Services: Exceeds Peru’s WTO commitments, and dismantles significant services and investment barriers, while providing a predictable legal framework for U.S. investors in

education services in Peru.

- Electronic Commerce: Continues the concept of “digital products” as defined in previous FTAs, and affirms the importance of avoiding e-commerce barriers. Peru agreed to non-discriminatory treatment of digital products, providing a broad national treatment and most-favored nation provision, and the Agreement addresses the valuation of physically delivered digital products.
- Energy Services: With the 4th largest natural gas reserves in South America, Peru is likely to become an important supplier of liquefied natural gas in the coming years. The Agreement improves the conditions under which energy services suppliers operate, and provides for equity and reciprocity within a framework that can increase opportunities in Peru for U.S. energy services firms
- Express Delivery Services (EDS): The FTA includes important provisions for the sector, including an appropriate definition of express delivery services (EDS) and a positive statement ensuring at least the same level of market access at the time of the agreement. The Agreement also contains important provisions to facilitate customs clearance, which is critical to the efficient operation of express carriers.
- Financial Services (other than insurance and asset management): Peru will guarantee national treatment and establishment rights to U.S. financial services firms in connection with any privatized portion of its social security system. Peru will allow U.S.-based firms to offer services cross-border to Peruvians in areas such as financial information and data processing.
- Insurance: Contains high-standard commitments for national treatment and market access, including the ability to establish direct branches, with no limitations on foreign equity participation and no market caps. Agreement will allow U.S.-based firms to supply insurance on a cross-border basis, including reinsurance; reinsurance brokerage; marine, aviation and transport (MAT) insurance; and other insurance services.
- Telecommunications: Users of a telecommunications network are guaranteed reasonable and non-discriminatory access to the network. This prevents local firms from having preferential or "first right" of access to telecommunications networks. U.S. telecom companies gain the right to interconnect with Peruvian dominant suppliers' fixed networks at nondiscriminatory and cost-based rates. U.S. firms will be able to lease elements of Peruvian telecom networks on non-discriminatory terms and to re-sell telecom services of Peruvian suppliers to build a customer base.