

October 31, 2007

VOTE “YES” ON THE U.S.-PERU TRADE PROMOTION AGREEMENT

Dear Colleague:

Soon we will be asked to vote on a bill that will demonstrate to the global trading community that we mean what we say about fair and balanced trade. The U.S.-Peru Trade Promotion Agreement (PTPA) establishes precisely the level playing field that many Members of Congress have argued our trade agreements should pursue. The PTPA is good for the U.S. economy, good for our farmers, and good for our country. We strongly urge you to vote for its implementation.

By now, you have probably received many letters, backgrounders and fact sheets on this agreement. The benefits are too numerous to list in this short letter. But below are a few key facts that are critical to fully understanding the benefits of this agreement to the U.S. agricultural community.

Currently, about 98 percent of agricultural imports from Peru enter our market completely free of tariffs or other restrictions. This is the result of the many zero tariff rates already fixed in our tariff schedule because Peru benefits from zero duty rates under such programs as the Andean Trade Preference Act and the Generalized System of Preferences. Under the PTPA, two-thirds of our agricultural goods will immediately begin to enter Peru's market duty-free and all tariffs on U.S. products will be eliminated within 17 years. U.S. products now entering Peru are subject to applied tariffs of between 12 and 52 percent and could be subject to full bound tariffs of between 30 and 68 percent. The PTPA, therefore, achieves a much more level playing field for American farmers, ranchers and food processors immediately upon its entry into force.

U.S. agricultural exports to Peru include wheat (\$18 million), feed grains (\$45 million), cotton (\$43 million), rice (\$9 million), soybeans and soybean products (\$26 million) and dairy products (\$12 million). Under the PTPA, exports of these and many other commodities will expand. Other products expected to benefit include high value food products, such as beef, pork, poultry, processed foods, pet foods, apples and other fruits, juices, and wine. Economists at the American Farm Bureau Federation have estimated that the Agreement will lead to a growth in U.S. food and agriculture exports of \$700 million by the end of the full implementation period, up from the recent average of \$231 million. USDA estimates that for every million dollars of agricultural exports, 13.4 jobs are created. When fully implemented, the PTPA will create over 9,000 new jobs due to increased agricultural exports.

Additionally, Peru has previously agreed to recognize the U.S. meat inspection system as “equivalent” and to permit imports from meat and poultry plants approved by the U.S. Food Safety Inspection Service. Peru will continue this policy under the PTPA. This has removed a major impediment to U.S. exports of meat and poultry products. The Agreement will also eliminate certain non-tariff barriers, such as Peru's price band system, which has restricted access to the Peruvian market for a range of products, including corn, rice, dairy, and sugar. Under the current price band system, the tariffs on these products vary with world prices and may range up to Peru's WTO bound rate of 68 percent.

This agreement allows both sides to benefit – both economically and by securing the bond of friendship between our two nations. Approval and implementation of the PTPA will demonstrate to the people of Peru that the United States stands with them as they consolidate their economic freedoms and democracy. The vast majority of our agricultural constituents support this Agreement because it will help level the playing field in our agricultural trade relationship with Peru and because it sets a standard of excellence for future bilateral trade agreements covering farm products.

The PTPA ensures our ability to compete in the Peruvian market. Peru has already signed free trade agreements or is in the process of negotiating free trade agreements with Colombia, Mexico, Brazil, Cuba, Argentina, the EU and Chile. The United States should not risk sacrificing its share of Peru's market for food and agriculture products.

We urge you to vote YES to implement the Peru Trade Promotion Agreement.

Sincerely,

Bob Goodlatte
Member of Congress

Bob Etheridge
Member of Congress