



## **U.S. Pork Producers Support the Peru FTA**

- The Free Trade Agreement negotiated between the United States and Peru, when implemented, will create important new opportunities for U.S. pork producers. U.S. pork exports to Peru currently are restricted by duties as high as 25 percent. However, the Peru FTA, if implemented, will establish immediate tariff reductions on all pork products. Some pork products will receive unlimited duty free access upon implementation of the agreement. Tariffs on most pork items will be phased out within five years. All pork tariffs will be completely phased out in ten years.
- In addition to the favorable market access provisions, significant sanitary and technical issues have been resolved. By a letter dated January 5, 2006 the Peruvian government confirmed that it shall recognize the meat inspection system of the United States as equivalent to its own meat inspection system. The aggressive market access provisions coupled with the agreement on equivalence make the Peru agreement a state of the art agreement for pork producers to which all future FTAs will be compared.
- **Congressional action is needed!** This agreement provides significant benefits for U.S. pork producers, which cannot be realized until the agreement is implemented.
- Live hog prices are positively impacted by the introduction of new export markets. Recent price strength in U.S. pork markets is directly related to increased U.S. pork exports. Mexico continues to be a strong and growing export market for U.S. pork. The same competitive advantage that has resulted in expanded U.S. pork exports to Mexico will also facilitate an expansion of U.S. pork exports to 28 million new consumers in Peru.
- An important impact of this agreement is the income growth that accompanies free trade. Most consumers in Peru currently are at an income level that does not allow them to consume meat on a regular basis. Prosperity created by a free trade agreement will create millions of new customers for U.S. meat and other agricultural products.
- According to Iowa State University economist Dermot Hayes, the Peru agreement, when fully implemented, will increase U.S. live hog prices by 83 cents per hog. That means that the profits of the average U.S. pork producer profits will expand by 7 percent.

***The Global Voice for the U.S. Pork Industry***