

Agriculture Coalition for U.S. – Peru Trade

U.S.-Peru Trade Promotion Agreement: Importance to U.S. Agriculture

The U.S.-Peru Trade Promotion Agreement (PTPA) holds many benefits for U.S. agriculture. U.S. agriculture supports this free trade agreement because it will ensure that U.S. products compete with products of our competitors on a level playing field.

From 2000 to 2004, the United States exported an average of \$227 million in agricultural products to Peru. U.S. agricultural exports to Peru include wheat (\$78 million), feed grains (\$20 million), cotton (\$38 million), oilseeds and products (\$13 million), rice (\$9 million), and dairy products (\$6 million).¹

U.S. agriculture has much to gain from PTPA.

- More than \$700 million increase in Ag exports expected by the end of the full implementation period of the agreement.
- The gains from this agreement cover all sectors of U.S. agriculture.

This agreement provides U.S. agriculture the same duty free access to the Peruvian market as they have had to the U.S. market under the Andean Trade Preference Act.

- More than two-thirds of current U.S. agricultural exports to Peru will immediately become duty free as they enter the Peruvian market. All tariffs on U.S. products will be eliminated within 17 years.²
- Resolution of many sanitary and phytosanitary barriers and elimination of non-tariff barriers, like Peru's price band system, will allow real market access.
- U.S. meat and poultry exports have enjoyed only modest success in the Peruvian market because various trade barriers have served as major impediments to trade. This is expected to change under the PTPA, with tariffs on most meat and poultry products being phased out within five years. In addition, Peru has agreed to continue to recognize the U.S. meat inspection system as "equivalent" and to thereby permit imports from meat and poultry plants approved by the U.S. Food Safety Inspection Service.

PTPA will give U.S. agriculture a competitive advantage over agricultural exports to Peru from other Latin American countries that in the past have been preferred suppliers.

- Consumer-oriented food imports have been growing, with the U.S. representing Peru's 4th largest supplier. With stiff competition from countries with which Peru has negotiated trade deals, such as Colombia, Mexico, Brazil, Cuba and Argentina, and with Peru seeking FTAs with the EU and Chile, the Peru Trade Promotion Agreement (PTPA) will provide U.S. producers and exporters the opportunity to compete on a more fair and level playing field.
- U.S. products entering Peru prior to this agreement were subject to actual tariffs of between 12 and 52 percent and could have legally been subject to tariffs of between 30 and 68 percent.
- After full implementation of the PTPA, tariffs on all U.S. Ag products exported to Peru will be eliminated.

¹ USDA Trade Internet System.

² USTR Website.