

U.S.-Peru Trade Promotion Agreement Market Access Results

Infrastructure and Machinery

Trade and Tariffs

This sector includes various types of large machinery, hand tools, and energy generation equipment. Infrastructure and machinery products accounted for 15 percent of total U.S. industrial exports to Peru in 2007, totaling \$475 million. The top U.S. exports in this sector were parts for word processing machines, pumps, earth-separating equipment, and air pumps. Peruvian tariffs range between zero and 20 percent with an average of 5.9 percent.

Peruvian exports to the United States totaled \$17.8 million in 2007, or less than 1 percent of total Peruvian exports to the United States. Top Peruvian exports to the United States were parts for sorting, screening, and kneading equipment, parts for liquid pumps, and transformers. The United States' tariffs range between zero and 12 percent, averaging 2 percent. All Peruvian exports in this sector enter the United States duty-free under the Andean Trade Preference Act (ATPA) and Andean Trade Promotion and Drug Eradication Act (ATPDEA) tariff preferences.

Tariff Elimination

Overall, tariffs will be phased out according to four tariff elimination categories: immediate elimination, equal cuts over five years, equal cuts over seven years, and equal cuts over ten years.

For infrastructure and machinery products, 84 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on another 3 percent of U.S. exports will be eliminated over five years, and 5 percent will be eliminated over seven years. Duties on the remaining 8 percent of U.S. exports will be eliminated over ten years.

Tariffs on high-value machinery products such as pumps and compressors, printing machinery, distilling machinery, and primary battery cells will be eliminated immediately upon implementation of the agreement.

The United States agreed to consolidate all ATPA and ATPDEA tariff preferences into the final tariff elimination schedules. This means that all chemical exports from Peru will continue to receive duty-free treatment.

Tools

Peru will eliminate tariffs on 60 percent of U.S. tool exports immediately upon implementation of the agreement. Tariffs on another 23 percent of U.S. exports will be eliminated over five years. Duties on the remaining 17 percent of U.S. exports will be eliminated over ten years.

Energy Equipment

Peru will eliminate tariffs on 68 percent of U.S. energy equipment exports immediately upon implementation of the agreement. Tariffs on another 2 percent of U.S. exports will be eliminated

over five years, and 4 percent over seven years. Duties on the remaining 26 percent of U.S. exports will be eliminated over ten years.

Non-Tariff Barriers

Peru will eliminate its prohibition on the importation of remanufactured infrastructure and machinery goods, as defined in Chapter Four - Rules of Origin, on entry into force of the Agreement. Peru will eliminate tariffs on most remanufactured infrastructure and machinery goods immediately and will phase down tariffs on a small number of remanufactured goods over 10 years.