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United States and Peru Sign Trade Promotion Agreement

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WASHINGTON – U.S. Trade Representative Rob Portman and Peruvian Minister of Foreign Trade and Tourism Alfredo Ferrero Diez Canseco today signed the United States – Peru Trade Promotion Agreement (PTPA), a comprehensive agreement that will eliminate tariffs and other barriers to goods and services and expand trade between the two nations. Peruvian President Alejandro Toledo was present to witness the signing.

"Signing this agreement today confirms the strong ties between the people of Peru and the United States," said Ambassador Portman. "This all-inclusive agreement will promote increased economic activity and commercial prosperity for both of our nations. PTPA will spur new export opportunities for U.S. businesses, manufacturers, farmers, and ranchers, expand choices for consumers and will help create jobs in the United States. For Peru, this agreement will significantly increase opportunities for economic growth and serve as a catalyst to further develop and modernize their own economy."

"This agreement with Peru is instrumental in our strategy to advance prosperity within our hemisphere," Portman continued. "We hope to bring Colombia and Ecuador into this agreement as soon as they are ready so no one misses out on the benefits of trade. We look forward to continuing to build bipartisan support for the U.S. – Peru Trade Promotion Agreement in both houses of Congress in order to quickly approve this high-quality pact," said Portman.



Upon implementation of this agreement, eighty percent of consumer and industrial products and more than two-thirds of current U.S. farm exports to Peru will become duty-free immediately. Over the coming years, Peru will continue to provide substantial market access to U.S. goods, services and agricultural products by gradually eliminating all tariffs on U.S. exports to Peru. The agreement will also provide a secure, predictable legal framework for U.S. investors operating in Peru, provide for enforcement of quality labor and environmental standards, protect intellectual property rights, and install an effective dispute settlement process. This is the second free trade agreement that includes an innovative public submissions process that will allow members of the public to raise concerns if they believe that a Party is failing to effectively enforce its environmental laws.

In 2005, U.S. goods exports to Peru totaled nearly \$2.3 billion. Two way trade between the U.S. and Peru during 2005 amounted to \$7.4 billion. As a result of this agreement, the United States will have greater access to the Peruvian market for products such as machinery, mineral fuel, electrical machinery and plastics, along with meats and poultry, grains, oilseeds, dairy products, horticulture, processed products, and other agricultural products.

Many products from Peru already enter the U.S. market duty-free under the Andean Trade Preference Act (ATPA), which expires in 2006. This new agreement helps Peru in a number of ways including expanding ATPA and locking in duty free status for Peru. Building on ATPA, duty-free treatment can now be a two-way street.

BACKGROUND

In May 2004, the United States initiated negotiations with three Andean nations – Peru, Colombia and Ecuador. Talks with Peru concluded on December 7, 2005 and negotiations with Colombia concluded on February 27, 2006. Discussions are ongoing with Ecuador. Bolivia has participated as an observer and could become part of the agreement at a later stage.

The United States has significant economic ties to the region. Total two-way goods trade with the Andean countries of Peru, Colombia and Ecuador was approximately \$29.4 billion in 2005. The countries comprised an important market for U.S. goods exports totaling \$9.7 billion in 2005. Leading exports included machinery, organic chemicals, plastics and cereals. U.S. exports of agricultural products to Peru, Colombia and Ecuador totaled \$1.0 billion. Leading exports included wheat, coarse grains, cotton and soybeans. Goods imports from Peru, Colombia and Ecuador totaled \$19.7 billion in 2005. The stock of U.S. foreign direct investment in these countries in 2004 was \$7.7 billion.

U.S. Trade Agenda

The United States is working to open markets globally in the Doha WTO negotiations; regionally through the APEC forum and the Free Trade Area of the Americas (FTAA) negotiations; and bilaterally with FTAs. Since 2001, FTAs with Australia, Chile, Jordan, Morocco, Singapore, El Salvador, Honduras and Nicaragua have entered into force. The Bush Administration has also concluded negotiations with Bahrain, Costa Rica, the Dominican Republic, Guatemala, Oman, Peru and Colombia. Negotiations are under way or about to begin with eleven more countries: Ecuador, Panama, Malaysia, the Republic of Korea, Thailand, the five nations of the Southern African Customs Union (SACU) and the United Arab Emirates. New and pending FTA partners, taken together, would constitute America's third largest export market and the third largest economy in the world.