

**OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C.
20508**

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**FOR IMMEDIATE RELEASE:
DECEMBER 7, 2005**

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United States and Peru Conclude Free Trade Agreement

Negotiations with Colombia, Ecuador to Continue Early Next Year

WASHINGTON – The United States and Peru today announced that they have concluded their work on a bilateral free trade agreement. This comprehensive trade agreement will eliminate tariffs and other barriers to goods and services and expand trade between the United States and Peru. The conclusion of the negotiations with Peru was announced by U.S. Trade Representative Rob Portman and Alfredo Ferrero Diez Canseco, Peru's Minister of Foreign Trade and Tourism in Washington, DC. The United States will continue to negotiate with Colombia and Ecuador in an effort to broaden the trade agreement.



USTR Portman and Minister Ferrero, along with negotiators, congratulate each other after closing the U.S. - Peru Trade Promotion Agreement (PTPA).

“The United States and Peru have agreed on terms for a comprehensive trade opening agreement that will promote economic growth and prosperity in our countries,” said Ambassador Portman. “A Trade Promotion Agreement with Peru (PTPA) will generate export opportunities for U.S. companies, farmers, and ranchers, and help create jobs in the United States. At the same time, it will help American consumers save money while offering them greater choices. A trade opening agreement can bring Peru significant opportunities for economic growth and this agreement offers them hope to develop their own economy.

“An agreement with Peru is a key building block in our strategy to advance free trade within our hemisphere, which we hope to later bring in the other Andean countries including Colombia and Ecuador. In addition to eliminating tariffs, Peru will remove barriers to trade in services, provide a secure, predictable legal framework for U.S. investors operating in Peru, provide for effective enforcement of labor and environmental laws, protect intellectual property, and provide an effective system to settle disputes. Also, since many products from Peru already enter the U.S. market duty-free under the Andean Trade Preference Act (ATPA) – this free trade agreement with Peru will level the playing field and make duty-free treatment a two-way street. Consistent with the ATPA's intent, this FTA will strengthen Peru's development prospects and its ability to effectively counter narco-terrorism.”

In 2004, total two way goods trade with Peru was \$5.8 billion. U.S. goods exports to Peru in 2004 were \$2.1 billion. Top export categories included machinery and electrical machinery, plastic, cereals, and mineral fuel. U.S. exports of agricultural products to Peru totaled \$301 million in 2004. Leading categories included wheat, cotton, and coarse grains. The stock of foreign direct investment (FDI) in Peru in 2004 was \$3.9 billion. The three Andean countries collectively represent a market of over \$8 billion for U.S. exports, and are home to close to \$8 billion in U.S. foreign direct investment.

BACKGROUND

In May 2004, the United States initiated free trade agreement negotiations with three Andean nations – Peru, Colombia, and Ecuador. The negotiations with Colombia and Ecuador will resume early next year. 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 \$24 billion in 2004. The countries comprised an important market for U.S. goods exports totaling \$8.3 billion in 2004. Leading exports included machinery, organic chemicals, plastic, and cereals. U.S. exports of agricultural products to Peru, Colombia, and Ecuador totaled \$1 billion. Leading exports included wheat, coarse grains, cotton, and soybeans. Goods imports from Peru, Colombia, and Ecuador totaled \$15.3 billion in 2004. 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 aggressively working to open markets globally, regionally, and bilaterally and to expand American opportunities in overseas markets. The Bush Administration has completed FTAs with thirteen countries – Chile, Singapore, Australia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Morocco, Bahrain, Oman, and now Peru. Negotiations are under way with ten more countries: Colombia, Ecuador, United Arab Emirates, Panama, Thailand, and the five nations of the Southern African Customs Union (SACU). New and pending FTA partners, taken together, would constitute America's third largest export market and the sixth largest economy in the world.

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