

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

Chemicals

Trade and Tariffs

This sector is defined by the Chemical Harmonization and Pharmaceutical Uruguay Round sector agreements. Chemicals accounted for 28 percent of total U.S. exports to Peru in 2004, totaling \$400 million. The top U.S. exports in this sector were polyethylene, lubricating oil additives, and acrylic polymers. Peruvian tariffs range between zero and 12 percent with an average of 7.1 percent in 2004.

Peruvian exports to the United States totaled \$68 million, or 2.7 percent of total exports to the United States. Peru's exports in this sector were led by ethylene, propylene, new tires, and cosmetics. The United States is a signatory of the Uruguay Round Chemical Harmonization and Pharmaceuticals Agreements. All Peruvian exports of chemicals 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 7 years, and equal cuts over 10 years.

For chemical products, 76 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on another 11 percent of exports will be eliminated over five years, and 7 percent will be eliminated over seven years. Duties on the remaining 6 percent of U.S. exports will be eliminated over ten years.

Tariffs on high-value chemical products such as many resins, fertilizers, soda ash, and new tires will be phased out 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.

Pharmaceuticals

Peru will eliminate tariffs on 72 percent of U.S. pharmaceutical exports immediately upon implementation of the agreement. Tariffs on the remaining 28 percent will be eliminated over five years.

Cosmetics

Peru will eliminate tariffs on 79 percent of U.S. cosmetics exports immediately upon implementation of the agreement, and 13 percent within five years. Duties on the remaining 8 percent of exports will be eliminated over seven and ten years.

Fertilizer & Agro-Chemicals

Peru will eliminate tariffs on 96 percent of fertilizer and agro-chemical exports immediately upon implementation of the agreement. Tariffs on the remaining 4 percent will be eliminated over five years.

Plastics

Peru will eliminate tariffs on 67 percent of resin and manufactured plastic exports immediately upon implementation of the agreement. Tariffs on another 12 percent of exports will be eliminated over five years, and tariffs on 17 percent will be eliminated over seven years. Only 4 percent of U.S. plastics exports will be subject to ten-year staging in Peru.

Rubber

Peru will eliminate tariffs on 71 percent of rubber and rubber product exports immediately upon implementation of the agreement. Tariffs on another 1 percent of exports will be eliminated over five years. Tariffs on the remaining 28 percent of U.S. rubber exports will be eliminated over ten years in Peru.