

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

Construction Equipment

Trade and Tariffs

This sector is defined by the Uruguay Round sector agreement on construction equipment. Construction equipment accounted for 12.6 percent of total U.S industrial exports to Peru in 2004, totaling \$180 million. The top U.S. exports in this sector included parts and attachments for construction machinery, drilling and sinking machinery, and dumpers. Peruvian tariffs range between zero and 12 percent, with an average of 5.9 percent in 2004.

Peruvian exports to the United States totaled less than \$1 million in 2004, a negligible percentage of total industrial exports to the United States. Top Peruvian exports to the United States included parts and attachments for derricks and cranes, mechanical shovels, and bulldozers. The United States is a signatory of the Uruguay Round sectoral agreement and as a result imposes zero duties on these products.

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 construction equipment, 95 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the agreement. Tariffs on the remaining 5 percent of exports will be eliminated over five years. Tariffs on less than one percent of U.S. construction equipment exports will be eliminated over seven years.

Tariffs on high-value construction equipment including bulldozers, mechanical shovels, boring and sinking machinery, and dumpers will be phased out immediately upon implementation of the agreement.

Non-Tariff Barriers

As defined in the Chapter on Rules of Origin of the U.S.-Peru TPA, Peru will allow the importation of remanufactured goods. Peruvian tariffs on remanufactured goods from the United States will be eliminated over 10 years.