



# FACT SHEET

## *U.S.-Peru Trade Promotion Agreement* Arkansas Farmers Will Benefit

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The U.S.-Peru Trade Promotion Agreement (PTPA) provides increased market access to Arkansas' agricultural exports by making agricultural trade a two-way street and leveling the playing field with respect to third country competitors in the Peruvian market. With immediate elimination of duties on nearly 90 percent of current U.S. trade to Peru, the PTPA will provide Arkansas producers and exporters the opportunity not only to preserve but to increase market share in Peru. The American Farm Bureau and over 40 other agricultural industry and farm groups strongly support the agreement stating that the agreement would benefit all U.S. agricultural sectors and allow the United States to become a competitive supplier of agricultural products to Peru.

Exports of farm products boost Arkansas's farm prices and income. Such exports support about 22,600 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$1.9 billion and made an important contribution to Arkansas' farm cash receipts in 2006 that totaled \$6.2 billion.

**Poultry.** With over \$306 million in total sales and ranked second in national exports, Arkansas poultry producers benefit from the PTPA.

- Peru will provide immediate duty-free access on chicken leg quarters, which currently faces a 25-percent duty (30-percent allowed by the World Trade Organization (WTO)), through a 12,000-ton tariff-rate quota (TRQ) that expands by eight percent compounded annually. Peru will phase out the 25-percent over-quota tariff over 17 years with no reductions during the first eight years.
- Peru will phase out duties on poultry products, such as wings and breast meat, over five years and on mechanically separated meat over two years. Most tariffs on turkey products will be phased out over five years.
- Peru will immediately eliminate duties on live chicks and hatching eggs and will phase out duties on eggs for consumption over ten years.
- Peru agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system.
- *The National Chicken Council, the USA Poultry and Egg Export Council, the National Turkey Federation, the United Egg Association, the United Egg Producers, and the Pet Food Institute publicly support the PTPA.*

**Soybeans and Products.** As the fourth largest source of farm cash receipts in the state, Arkansas soybean farmers benefit from the PTPA.

- Peru will immediately eliminate duties, currently ranging from four to twelve percent (30 percent allowed by the WTO) on soybeans, soybean meal, and crude soybean oil.
- Peru will provide duty-free access for refined soybean oil by establishing a 7,000-ton, duty-free TRQ that will grow five percent compounded annually. Peru will phase out the over-quota tariff over ten years.
- *The American Soybean Association, the National Oilseed Processors Association, the American Feed Industry Association, and the Pet Food Institute publicly support the PTPA.*

**Rice.** As the second largest source of farm cash receipts in the state with \$849 million in 2006, Arkansas rice producers benefit from the PTPA.

- U.S. rice exporters currently face a system of variable levies (price band system) that result in tariffs as high as the WTO ceiling of 68 percent.
- Peru will immediately eliminate the price band system on imports from the United States.
- Peru will establish a 74,000-ton, zero-duty rice TRQ that will grow six percent compounded annually. All rice types will be eligible for the TRQ with the quantity on a milled-equivalent basis. The over-quota tariff will be phased out over 17 years with no reduction during the first eight years.
- *The USA Rice Federation publicly supports the PTPA.*

**Cotton.** As third largest source of farm cash receipts in the state in 2006 and the nation's second largest exporter, Arkansas cotton farmers benefit from the PTPA.

- The PTPA provides for reciprocal elimination of all cotton duties.
- Under the PTPA, Peru will immediately eliminate the 12-percent tariff (30-percent allowed by the WTO) facing U.S. exporters.
- The Peruvian market is worth almost \$50 million to U.S. cotton suppliers.

**Beef.** Arkansas ranchers and beef industry, with cash receipts of \$535 million in 2006, benefit from the PTPA.

- Peru will immediately eliminate the 25-percent duties (30-percent allowed by the WTO) on the beef products of most importance to the U.S. beef industry – Prime and Choice cuts.
- U.S. exporters of variety meats (offals) will immediately receive duty-free access under a 10,000-ton TRQ that will grow six percent compounded annually. The 12-percent over-quota tariff will be phased out over ten years.
- Peru will provide immediate duty-free access for U.S. exports of standard quality beef through the establishment of an 800-ton TRQ that will grow six percent compounded annually. The 25-percent over-quota tariff will be phased out over 11 years.

- The United States will phase out its beef tariffs over 15 years except for those tariffs that are already duty-free under the Andean Trade Promotion and Drug Eradication Act (ATPDEA). The PTPA will continue the duty-free treatment.
- Peru agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- *The American Meat Institute, the National Cattlemen's Beef Association, the National Renderers Association, the U.S. Meat Export Federation, the US Hides, Skin and Leather Association, U.S. Livestock Genetics Export, Inc., and the Pet Food Institute publicly support the PTPA.*