



FACT SHEET

U.S.-Peru Trade Promotion Agreement Oregon Farmers Will Benefit

November 2007

The U.S.-Peru Trade Promotion Agreement (PTPA) provides increased market access to Oregon's 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 Oregon 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 Oregon's farm prices and income. Such exports support about 11,800 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$1 billion and made an important contribution to Oregon's farm cash receipts in 2006 that totaled \$4 billion.

Fruits. As the nation's fourth largest exporter of fruits and preparations, and with exports of over \$146 million, Oregon's fruit producers and processors benefit from the PTPA.

- Peru's current duties on fruit are 25 percent, and under World Trade Organization (WTO) rules, Peru could raise these duties to as high as 30 percent.
- With \$102 million in cash receipts, Oregon's apple and pear producers benefit from immediate duty elimination by Peru on fresh apples and pears.
- Providing over \$60 million in cash receipts, Oregon's grape producers benefit from the immediate elimination of duties on grapes by Peru.
- Contributing \$49 million in farm cash receipts, Oregon's cherry producers benefit from immediate duty elimination by Peru on cherries.
- Providing nearly \$75 million in cash receipts, Oregon's blueberry and cranberry producers benefit from immediate duty elimination on fresh and frozen blueberries and cranberries by Peru.
- With cash receipts of \$16 million, Oregon's strawberry producers benefit from immediate duty elimination on fresh and frozen strawberries by Peru.

- With cash receipts of \$15 million, Oregon’s raspberry producers benefit from immediate duty elimination on fresh and frozen raspberries by Peru.
- *The Northwest Horticultural Council publicly supports the PTPA.*

Beef. Providing the state’s second largest source of farm cash receipts, Oregon’s ranchers and beef industry 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 tariff-rate quota (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.*

Vegetables. As the state’s third largest agricultural export category and the ninth largest source of exports in the nation, Oregon’s vegetable producers and processors benefit from the PTPA.

- Peru’s current duties on vegetables are 12 to 25 percent, and under World Trade Organization (WTO) rules, Peru could raise these duties to as high as 30 percent.
- With over \$115 million in cash receipts, Oregon’s potato growers and processors will benefit from Peru’s immediate elimination of all duties on potatoes and potato products, including frozen french fries, potato flakes and potato chips.
- Peru will eliminate most duties on vegetables and processed vegetables and will phase out most others over five years.
- *The National Potato Council, the American Frozen Food Institute, the Northwest Horticultural Council, the Grocery Manufacturers of America, and the Food Products Association publicly support the PTPA.*

Wheat. With nearly \$138 million in export sales and total farm cash receipts of \$174 million, Oregon’s wheat producers benefit from the PTPA.

- Peru will immediately eliminate the 17-percent tariff (up to 68 percent allowed by the WTO on certain wheat products) wheat imports from the United States.

- Peru will immediately eliminate tariffs on processed wheat products.
- *The National Association of Wheat Growers, the National Grain and Feed Association, the National Grain Trade Council, the North American Export Grain Association, the Wheat Export Trade Education Committee, the North American Millers' Association, and the American Bakers Association publicly support the PTPA.*

Dairy. Providing the third largest source of farm cash receipts, Oregon's dairy producers benefit from the PTPA.

- Under the PTPA, Peru will immediately eliminate its system of variable levies (price bands) facing U.S. exporters. Under the system, tariffs can be as high as the WTO ceiling of 68 percent on some dairy products.
- Peru will immediately eliminate tariffs on whey.
- Both Peru and the United States will establish duty-free TRQs for certain dairy products totaling 10,000 tons.
- TRQs will grow by ten percent compounded annually, with certain dairy products subject to safeguards during the tariff phase-out period.
- All Peruvian duties on dairy products will be eliminated within 17 years, with duties on some dairy products eliminated earlier.
- *The National Milk Producers Federation, the U.S. Dairy Export Council, the Grocery Manufacturers of America, the International Dairy Foods Association, and the Food Products Association publicly support the PTPA.*