



United States
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Foreign
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FACT SHEET

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

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The U.S.-Peru Trade Promotion Agreement (PTPA) provides increased market access to Tennessee'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 Tennessee 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 Tennessee's farm prices and income. Such exports support about 10,900 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$924 million and made an important contribution to Tennessee's farm cash receipts in 2006 that totaled \$2.6 billion.

Beef. Tennessee's ranchers and beef industry, which provides the largest source of the state's farm cash receipts at \$483 million, benefits from the PTPA.

- Peru will immediately eliminate the 25-percent duties (30-percent allowed by the World Trade Organization (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.*

Poultry and Eggs. Providing the state’s second largest source of farm cash receipts, Tennessee’s poultry producers and processors 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 WTO), through a 12,000-ton 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. As the state’s second largest agricultural export and fifth largest source of farm cash receipts, Tennessee soybean producers 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.*

Cotton. Providing the third largest source of state farm cash receipts and the largest state agricultural export, Tennessee’s cotton farmers benefit from 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.

Corn. As the state’s sixth leading source of farm cash receipts, Tennessee’s corn 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 corn products.
- Peru will provide immediate duty-free access by establishing a 500,000-ton TRQ that grows six percent compounded annually. Peru will phase out the over-quota tariff over 12 years.
- All currently applied duties on crude corn oil will be phased out over three years; on high fructose corn syrup over five years; and on white corn and other corn products within ten years.
- *The Corn Refiners Association, the National Corn Growers Association, the National Grain and Feed Association, the National Grains Trade Council, the North American Export Grain Association, the North American Millers' Association, the American Feed Industry Association, and the Pet Food Institute publicly support the PTPA.*

Tobacco. As the state's fourth largest agricultural export, Tennessee's tobacco producers benefit from the PTPA.

- Under the PTPA, Peru will immediately eliminate duties, which are 12 percent (30 percent allowed by the WTO) on most tobacco products and 25 percent (30 percent allowed by the WTO) on cigarettes, on stemmed or stripped burley tobacco and on cigarettes made from burley. Peru will phase out all other duties on tobacco and tobacco products over 5 years.
- The United States will phase out its tariffs on tobacco over 15 years. For tobacco and tobacco products currently receiving duty-free treatment under the ATPDEA, U.S. tariffs will continue to be duty-free.