



Peru TPA Facts

Office of the United States Trade Representative
U.S. PERU TRADE PROMOTION AGREEMENT Policy Brief –December 2005

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Free Trade with Peru ***Brief Summary of the U.S.-Peru Trade Promotion Agreement***

- ***New Market Access for U.S. Consumer and Industrial Products:*** Eighty percent of U.S. exports of consumer and industrial products to Peru will become duty-free immediately, with remaining tariffs phased out over 10 years. Key U.S. exports will gain immediate duty-free access to Peru. Peru has agreed to allow trade in remanufactured goods, and will join the WTO Information Technology Agreement.
- ***New Opportunities for U.S. Farmers and Ranchers:*** More than two-thirds of current U.S. farm exports will become duty-free immediately. Tariffs on most U.S. farm products will be phased out within 15 years, with all tariffs eliminated in 17 years. The United States and Peru have worked to resolve sanitary and phytosanitary barriers to agricultural trade, including on food safety inspection procedures for beef, pork, and poultry.
- ***Textiles and Apparel – Promoting Cooperation and Benefits:*** Textiles and apparel will be duty-free and quota-free immediately if the products meet the Agreement's rule of origin, promoting new opportunities for U.S. and Peruvian fiber, yarn, fabric and apparel manufacturing.
- ***Strong Protections for U.S. Investors:*** The Agreement establishes a secure, predictable legal framework for U.S. investors operating in Peru. All forms of investment are protected under the Agreement. U.S. investors will enjoy in almost all circumstances the right to establish, acquire and operate investments in Peru on an equal footing with local investors.
- ***Expanded Access to Services Markets:*** Peru will accord substantial market access across its entire services regime including financial services. Peru has agreed to eliminate measures that require U.S. firms to hire national rather than U.S. professionals and measures requiring the purchase of local goods. Peru also agreed that both mutual funds and pension funds in Peru will be allowed to use portfolio managers in the U.S.
- ***Greater Protection for Intellectual Property Rights:*** The Agreement provides for improved standards for the protection and enforcement of a broad range of intellectual property rights, which are consistent both with U.S. standards of protection and enforcement and with emerging international standards. Such improvements include state-of-the-art protections for digital products such as U.S. software, music, text, and videos; stronger protection for U.S. patents, trademarks and test data, including an electronic system for the registration and maintenance of trademarks; and further deterrence of piracy and counterfeiting by criminalizing end-user piracy.
- ***The Digital Age:*** Peru and the U.S. agreed to provisions on e-commerce that commits both parties to non-discriminatory treatment of digital products. Both parties have agreed not to impose customs duties on such products and to cooperate in numerous policy areas related to e-commerce. Additionally, the Agreement requires a system to resolve disputes about trademarks used in Internet domain names. Furthermore, the Agreement applies the principle of "first-in-time, first-in-right" to trademarks and geographical indications, so that the first person who

This Agreement creates important new markets for U.S. goods. Eighty percent of U.S. consumer and industrial products and more than two-thirds of current U.S. farm exports will enter Peru duty-free immediately.

acquires a right to a trademark or geographical indication is the person who has the right to use it. Under the Agreement, Copyright owners maintain rights over temporary copies of their works on computers, establishing that only authors, composers and other copyright owners have the right to make their work available on-line.

- **Strong Protections for Worker Rights:** Labor obligations are part of the core text of the Agreement. The Agreement requires that the parties effectively enforce their own domestic labor laws, and this obligation is enforceable through the Agreement's dispute settlement procedures. Procedural guarantees in the Agreement will ensure that workers and employers will have fair, equitable and transparent access to labor tribunals/courts.
- **Commitments and Cooperation to Protect the Environment:** The Agreement commits parties to effectively enforce their own domestic environmental laws. Additionally, the Agreement is complemented by an Environmental Cooperation Agreement that provides a framework for undertaking environmental capacity building in Peru. A public submissions process will ensure that views of civil society are appropriately considered. The Parties will now work on developing a work plan for cooperative activities.
- **Trade Capacity-Building: Development and Trade Together:** The Agreement creates a Trade Capacity Building Committee, which will help Peru build its capacity to implement the obligations of the Agreement and to benefit more broadly from the opportunities it creates. Assistance programs discussed by the committee include programs for small and medium-sized enterprises and rural farmers, and programs for improvements in transportation infrastructure and telecommunications. The U.S. Government provided approximately \$25 million in trade capacity building (TCB) assistance to Peru for the period of fiscal years 2004 and 2005, Peru has benefited from an additional \$7 million in U.S. Government TCB assistance to Andean regional programs for that period, and multilateral lenders such as the Inter-American Development Bank and the World Bank provide additional trade-related assistance.
- **Fair and Open Government Procurement:** U.S. suppliers are granted non-discriminatory rights to bid on contracts from a broad range of Peruvian government ministries, agencies, public enterprises, and regional governments. The Agreement requires the use of fair and transparent procurement procedures, such as advance notice of purchases and timely and effective bid review procedures.
- **An Open and Competitive Telecommunications Market:** Users of the telecom network are guaranteed reasonable and non-discriminatory access to the network. This prevents local firms from having preferential or "first right" of access to telecom networks. U.S. phone companies obtain the right to interconnect with Peruvian dominant suppliers' fixed networks at nondiscriminatory and cost-based rates.
- **Increased Transparency:** The Agreement's dispute settlement mechanisms provide for open public hearings, public access to documents, and the opportunity for third parties to submit views. Transparency in customs operations will aid express delivery shipments and will require more open and public processes for customs rulings and administration. For customs procedures, Peru commits to publish laws and regulations on the Internet, and will ensure procedural certainty and fairness. Peru also committed to make public its response to significant comments received on proposed technical regulations.
- **Dispute Settlement:** Core obligations, including labor and environment provisions, are subject to the dispute settlement mechanism of the Agreement.

Peru is a growing market for U.S. products. U.S. goods exports increased 24 percent from 2003 to 2004, and almost 50 percent over the past 10 years. Current U.S. goods exports are more than \$2 billion per year.