



**Frequently Asked Questions About
Opportunities for Small Businesses to
Export Under the United States-Peru
Trade Promotion Agreement**



What is the United States-Peru Trade Promotion Agreement (PTPA)?

The United States and Peru signed the United States-Peru Trade Promotion Agreement (PTPA) on April 12, 2006. The Peruvian Congress ratified the Agreement in June 2006. In December 2007, the United States-Peru Trade Promotion Agreement Implementation Act became law, and the PTPA entered into force on February 1, 2009.

Small businesses that export to one foreign customers can increase their profits, sales, and add new and better-paying jobs in their local communities. The PTPA benefits small exporters by reducing and eliminating tariffs on goods, removing barriers to the provision of services, accelerating the customs clearance process to get products more quickly to market, strengthening the protection of intellectual property rights, and creating a more transparent and predictable business environment. Trade between the United States and Peru was \$11.8 billion in 2010.

The U.S.-Peru TPA provides a strong framework to enhance trade opportunities for American and Peruvian small businesses.

How does the Agreement benefit small exporters of goods?

The Agreement allows goods suppliers to be more price-competitive due to the reduction and elimination of duties charged at the border. A small exporter with goods that qualify under the Agreement may provide considerable cost savings to its customers, and may enjoy a cost advantage over competitors from third countries that do not have the duty benefits of the PTPA.

A product must qualify as an “originating good” with sufficient U.S. or Peruvian content or processing to meet the origin criteria of the Agreement. The Rules of Origin chapter may be viewed here: http://www.ustr.gov/sites/default/files/uploads/agreements/fta/peru/asset_upload_file242_9508.pdf

Key manufactured products of interest to small business already benefit from immediate duty-free treatment, such as informational technology equipment, medical and scientific equipment, machinery and paper and forest products. U.S. and Peruvian small exporters can find out the tariff treatment for specific industrial products under the PTPA with a new easy-to-use and free online search tool, at <http://export.gov/fta/ftatarifftool/TariffSearch.aspx>

Farm products also benefit from improved market access, including pork, beef, fruits and vegetables and processed food products. The Agreement creates new opportunities for farmers, ranchers and processors seeking to sell to PTPA customers.

Can small companies that provide services also benefit from the Agreement?

Yes. The Agreement provides for the elimination of obstacles and improved regulatory transparency in key areas of interest to smaller companies such as information and computer services, financial services, management consulting, tourism, advertising, and professional services. For example, under the PTPA, in most cases a company may supply services to customers of the other country without being required to maintain a foreign office—a key provision that benefits firms of all sizes but especially small companies that may not have the resources to open foreign offices.

Can textile producers benefit under the Agreement?

Textiles and apparel are duty-free and quota-free if the products meet the Agreement's rule of origin, promoting new opportunities for U.S. and Peruvian fiber, yarn, fabric and apparel manufacturing. Rules of origin are generally based on the yarn forward standard, thus encouraging production and economic integration between the United States and Peru. The Textiles and Apparel chapter may be viewed here: http://www.ustr.gov/sites/default/files/uploads/agreements/fta/peru/asset_upload_file827_9516.pdf

Can my company take advantage of government procurement opportunities under the Agreement?

Yes. Small firms and suppliers of all sizes benefit from the government procurement provisions of the PTPA, which opens up significant government procurement opportunities and ensures that firms can sell goods and services to a wide range of central and sub-central government entities on the same basis as domestic firms. The Agreement requires fair and transparent procurement procedures, such as advance public notice of purchases and provision of information to all interested suppliers regarding covered procurement opportunities. The Government Procurement Chapter and Annex may be viewed here: http://www.ustr.gov/sites/default/files/uploads/agreements/fta/peru/asset_upload_file52_12926.pdf

http://www.ustr.gov/sites/default/files/uploads/agreements/fta/peru/asset_upload_file937_9528.pdf

Where can I find out about programs for government export assistance and financing for small businesses?

Both the United States and Peru have agencies or offices which can assist small businesses with their plans to export goods and services to international customers. Please see the links below for more information.

For more information:

UNITED STATES

For trade policy information: The Office of the U.S. Trade Representative

www.ustr.gov

For information about export assistance: The U.S. Department of Commerce

www.export.gov

For information on U.S. tariffs: The U.S. International Trade Commission

www.usitc.gov

PERU

For trade and policy information: Ministry of Foreign Trade and Tourism (MINCETUR)

www.mincetur.gob.pe

For information about export assistance: PROMPERU

www.promperu.gob.pe

For information on Peru tariffs: SUNAT

www.sunat.gob.pe

For information on SMEs: Ministry of Production

www.produce.gob.pe