



Trade Facts

Office of the United States Trade Representative
June 2007

www.ustr.gov

Free Trade with Peru

Brief Summary of the United States - 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 (many immediately or within 5 years), with all tariffs eliminated in 17 years. In addition, Peru agreed to eliminate its price band system on trade with the United States, and the United States and Peru resolved a number of significant sanitary and phytosanitary (SPS) and technical standards issues that had impeded or blocked U.S. exports of beef, pork, poultry, and rice.
- **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 video; 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 or 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 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.
- **Internationally-recognized Labor Rights:** The Agreement includes an enforceable reciprocal obligation for the countries to adopt and maintain in their laws and practice the principles concerning the fundamental labor rights as stated in the 1998 ILO Declaration on Fundamental Principles and Rights at Work, including a prohibition on the worst forms of child labor. Neither Party may waive or derogate from the laws that implement this obligation in a manner affecting trade or investment. There is also an enforceable obligation to effectively enforce labor laws related to those rights and to working conditions. These labor obligations are subject to the same dispute settlement procedures and enforcement mechanisms as commercial obligations. The Agreement also establishes a Cooperative Mechanism for the governments to develop cooperative activities aimed at promoting and advancing fundamental labor rights.
- **Commitments and Cooperation to Protect the Environment:** The Agreement commits parties to effectively enforce their own domestic environmental laws and adopt, maintain and implement laws, regulations and all other measures to fulfill obligations under the seven covered multilateral environmental agreements (MEAs). All obligations in the Environment Chapter are subject to the same dispute settlement procedures and enforcement mechanisms as commercial obligations. The Chapter includes a groundbreaking Annex on Forest Sector Governance, addressing the environmental and economic consequences of trade associated with illegal logging and illegal trade in wildlife, and provides for concrete steps that the Parties will take to enhance forest sector governance and promote legal trade in timber products. The Chapter includes provisions recognizing the importance of conserving and protecting biodiversity, and creates a public submissions process with an independent secretariat for environmental matters to ensure that views of civil society are appropriately considered. There is also an environmental cooperation agreement that provides a framework for undertaking environmental capacity building in Peru.

- **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 to be discussed by the committee include, for example, programs for small and medium-sized enterprises and farmers, and programs for improvements in transportation infrastructure and telecommunications. The U.S. Government provided a total of approximately \$58 million in trade capacity building (TCB) assistance to Peru in fiscal years 2004 through 2006. Peru also has benefited from U.S. government provided trade capacity building assistance to Andean regional programs, totaling more than \$8.5 million for the same 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 contract 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 purchase 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.