



FACT SHEET

U.S.-Peru Trade Promotion Agreement North Carolina Farmers Will Benefit

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The U.S.-Peru Trade Promotion Agreement (PTPA) provides increased market access to North Carolina'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 North Carolina 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 North Carolina's farm prices and income. Such exports support about 24,200 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$2 billion and made an important contribution to North Carolina's farm cash receipts in 2006 that totaled \$8.2 billion.

Pork. As the largest source of state farm cash receipts at \$1.9 billion, North Carolina's pork producers benefit from the PTPA.

- Peru will phase out all duties, which are currently as high as 25 percent (30 percent allowed by the World Trade Organization (WTO), on fresh, chilled and frozen pork as well as on smoked and dried pork within five years.
- Peru will immediately eliminate duties on bacon and will phase out tariffs on processed pork products within seven years.
- Peru agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system.
- *The National Pork Producers Council, the American Meat Institute, the U.S. Meat Export Federation, the National Renderers Association, the US Hides, Skin and Leather Association, and the Pet Food Institute publicly support the PTPA.*

Poultry and Eggs. As the third largest agricultural exporter of poultry in the nation (\$282 million) with cash receipts of \$2.7 billion, North Carolina'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 tariff-rate quota (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.*

Cotton. As the fourth largest agricultural export in the state (\$273 million) and sixth largest in state cash receipts, North Carolina cotton producers benefit from the 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.

Soybeans and Products. With over 1.3 million acres planted in the state, North Carolina soybean producers will 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.*

Tobacco. North Carolina, the nation's top exporter of tobacco (\$407 million), benefits 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 Andean Trade Promotion and Drug Eradication Act, U.S. tariffs will continue to be duty-free.