

Chamber-Supported Trade Agreement with Peru Pending Before Congress

The California Chamber of Commerce-supported U.S.-Peru Free Trade Agreement (FTA) is pending before Congress and may be voted on this spring.

Benefits to State, Nation

“The U.S.-Peru Free Trade Agreement will benefit those of us in California and the United States as a whole,” said Susanne Stirling, Chamber vice president of international affairs. “Agreements like the proposed U.S.-Peru FTA ensure that the United States may continue to gain access to world markets, which will result in an improved economy and additional employment of Americans.”

California is one of the 10 largest economies in the world with a gross state product of approximately \$1.4 trillion. International-related commerce accounts for approximately one-quarter of the state’s economy. Export-supported jobs account for more than 10 percent of California’s total private sector employment — about one in 10 jobs.

U.S.-Peru Trade Potential

Peru is the third largest country in South America and is approximately three times the size of California. Peru is the fifth most populous country in Latin America and has an annual gross domestic product (GDP) of more than \$67 billion.

Peru’s economy is one of the most dynamic in Latin America, showing particularly strong growth over the last three years. Recent economic expansion has been driven by construction, mining, investment, domestic demand and exports.

Total trade in 2004 between Peru and the United States was \$5.8 billion, with the United States exporting \$2.1 billion worth of goods to the nation. About 200,000 U.S. citizens visit Peru annually for business, tourism and study. Nearly 16,000 Americans reside in Peru, and more than 400 companies are represented in the country.

In 2004, California exported \$117 million to Peru, making it California’s 49th largest trading partner. California’s main exports to Peru include computers and electronic products, machinery, and

Eduardo Ferrero, ambassador of Peru to the United States, describes the mutual benefits that will accrue to both nations upon the adoption of a free trade agreement at a February 24 international breakfast hosted by the California Chamber of Commerce. California is the third largest exporter of products to Peru among the United States, about \$104.3 million annually. Los Angeles represents \$70.9 million of that total, Ferrero said. The ambassador’s slide presentation is available at www.calchamber.com.



agriculture. California is one of the top exporting states to Peru, after Texas and Florida.

Possible U.S.-Andean FTA

The United States launched free trade negotiations with Peru, Columbia, Ecuador and Bolivia in November 2003. The combined population of these four countries is 93 million, and the collective GDP is \$507 billion.

Earlier this month, an agreement was reached on a U.S.-Columbian FTA, the second FTA with an Andean country, with a goal of creating an inclusive agreement, a U.S.-Andean FTA. Negotiations with Ecuador are expected to resume this month.

Issues negotiated in the Columbian FTA include agriculture and intellectual property rights. Other topics discussed included investment, intellectual property rights, textiles and rules of origin.

Most Andean exports to the United States have duty-free status under a special arrangement aimed at boosting the regions’ economies; however, FTAs are more comprehensive and do not require ongoing U.S. congressional reauthorization. U.S. exports to the region currently have an average 12 percent tariff.

The U.S.-Andean FTA will expand on

the Andean Trade Promotion and Drug Eradication ACT (ATPDEA), signed by President George W. Bush in 2002. The ATPDEA is an amended version of the Andean Trade Preference Act, which was extended through 2006 and provides the four Andean countries with duty-free access to U.S. markets for more than 6,000 products.

Send a Letter

The Chamber, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad and elimination of disincentives that impede the international competitiveness of California business.

New multilateral, sectoral and regional trade agreements ensure that the United States may continue to gain access to world markets, resulting in an improved economy and additional employment of Americans.

For more information on international trade issues, or to find a sample letter in support of the U.S.-Peru and U.S.-Andean FTAs, visit www.calchamber.com/international.

Staff Contact: Susanne Stirling