

Chamber Hosts Peruvian Ambassador at International Luncheon Forum

The California Chamber of Commerce hosted the Honorable Eduardo Ferrero, Ambassador of Peru to the United States, at an international luncheon forum this week to discuss the future of California trade in Latin America and the pending U.S.-Peru Free Trade Agreement (FTA).

The more than 110 guests who greeted Ambassador Ferrero included a delegation of officials from Peru, representatives of California's state government and business people from California and Peru, including representatives of agriculture, manufacturing and mining.

Important Trade Partnership

"The United States is Peru's number one trading partner," said Ambassador Ferrero. "More than 17 percent of Peru's total imports come from the United States. In fact, California is the third exporter of products to Peru among states in the Union."

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 past three years. Recent economic expansion has been driven by construction, mining, investment, domestic demand and exports.

Two-way trade between the United States and Peru has increased from \$2.6 billion in 1995 to \$7.1 billion in 2005. 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 in goods to Peru, making it California's 49th largest trading partner. California's main exports to Peru include computers and electronic products, machinery and agricultural goods. California is the third top exporting state to Peru, after Florida and Texas.

Pending Trade Agreement

The Chamber-supported U.S.-Peru FTA currently is pending before Congress and may be voted on this year. President George W. Bush has formally notified



Photo by Andrew Larsen

The Honorable Eduardo Ferrero, Ambassador of Peru to the United States, discusses the future of California trade in Latin America and the pending U.S.-Peru Free Trade Agreement during a question-and-answer session moderated by Susan Corrales-Diaz, chair of the California Chamber of Commerce International Trade Committee, at an international luncheon forum this week at the Chamber.

Congress of his intent to sign the FTA.

With the recent presidential election in Peru and current developments in political leadership in Latin America, trade is becoming an increasingly vital part of the U.S.-Latin American relationship. The U.S.-Peru FTA serves as a building block toward the potential establishment of a wider U.S.-Andean FTA.

"Implementing this free trade agreement will level the playing field for Peru," Ferrero said. "The FTA would create new markets for exports, which would translate into new business opportunities, especially for small and medium businesses in Peru."

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

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 reauthoriza-

tion. U.S. exports to the region currently have an average 12-percent tariff.

"Sixty-six percent of U.S. farm exports to Peru will become duty-free immediately after the FTA is approved," Ferrero explained. "This will include ninety-nine percent of current U.S. exports to Peru. All the rest of the products will be phased out in a maximum of 17 years."

The U.S.-Andean FTA will expand on the Andean Trade Promotion and Drug Eradication Act (ATPDEA), signed by President 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.

Most importantly, passage of the U.S.-Peru FTA will create access to more and better jobs, access to reduced prices for consumers and access to a major variety of quality goods and services for both California and Peru.

Staff Contact: Susanne Stirling