

Joint Statement of the Fourth United States-Peru FTA Free Trade Commission Meeting Lima, Peru

June 5, 2014

The fourth meeting of the United States - Peru Free Trade Commission (hereinafter the “Commission”) took place on June 5, 2014 in Lima, Peru. The Commission is responsible for overseeing implementation and further elaboration of the United States-Peru Trade Promotion Agreement (hereinafter the “Agreement”). John Melle, Assistant United States Trade Representative for the Western Hemisphere, led the United States delegation, and Edgar Vásquez, Vice Minister of Foreign Trade for the Ministry of Foreign Trade and Tourism (MINCETUR), led the Peruvian delegation. The following Joint Statement highlights the results of the meeting.

Trade and Investment Effects

February 1, 2014 marked the five year anniversary of the Agreement’s entry into force. According to U.S. trade statistics two-way trade in goods between the United States and Peru in 2013 was \$18.2 billion, and the outlook for future growth is positive. Since the Agreement entered into force, total bilateral trade has grown more than 50%, with U.S. goods exports to Peru increasing by more than 60% between 2008 and 2013 and Peruvian goods exports to the U.S. increasing by nearly 40% during the same timeframe. Additionally, according to Peruvian trade statistics, Peru’s non-traditional exports – a priority in terms of diversifying its exports - have experienced a 14% increase (annually, on average) since the entry into force of the Agreement.

The United States and Peru noted that the bilateral relationship has continued to strengthen during the Agreement’s fifth year and that implementation is proceeding well. The Parties agreed to continue working to ensure the effective implementation of the Agreement, and to ensure that the benefits of the Agreement are widely shared and accessible to both Parties.

Institutional Framework, Committee, Council Meetings

The Commission received reports of the recent meetings of certain committees established under the Agreement.

In the Technical Barriers to Trade Committee, the Parties exchanged information about trade concerns, including Peru’s Act to Promote Healthy Eating, status of Peru’s Biotech labeling regulations and Peru’s implementing regulations for the Moratorium on Genetically Modified Seeds. The Parties also discussed APEC initiatives and future work on cooperation activities, including those under the Standards Alliance framework.

In the working group on Small and Medium Enterprises, the U.S. and Peru highlighted their cooperation through the Small Business Network of the Americas, and welcomed the Ministry of Production’s decision to establish pilot Small Business Development Centers based on the U.S.

model in 2015. The Parties also discussed promoting SME trade by minority and women-owned businesses through Look South and Women's Entrepreneurship in the Americas (WEAmericas) initiatives.

The Parties provided information on recent staff engagements related to implementation of the Agreement's Environment Chapter and Forest Annex, and also reported on discussions on environmental cooperation in these areas.

The regular meetings of committees established under the Agreement facilitate a productive exchange of information, which is critical to strengthening communication and transparency between the Parties and their respective stakeholders. In this regard, the Commission noted plans to hold meetings of the Standing Committee on Sanitary and Phytosanitary Measures, the Labor Affairs Council, the Intellectual Property Working Group, the Environmental Affairs Council, the Subcommittee on Forest Sector Governance, and the Environmental Cooperation Commission prior to the next FTC meeting.

Implementation Issues

The United States and Peru discussed the work that is being carried out with respect to the continued implementation of the Annex on Forest Sector Governance. The Parties also discussed environmental cooperation initiatives and the progress towards establishing a Secretariat for Submissions on Environmental Enforcement Matters.

Decisions by the Commission

The Parties discussed the remaining work needed to formalize the product-specific rules of origin and tariff elimination schedules in order to conform to changes to the Harmonized System 2007 and 2012, which have been agreed to at a technical level. The Commission asked that this work be completed by September 2014.

The Commission also noted progress that has been made on completing the work on the Dispute Settlement Chapter and instructed their respective legal groups to finalize the work in the coming months.

Bilateral Issues

The Parties shared views about a number of bilateral issues including Peru's Moratorium on Genetically Modified Seeds and its implementing regulations; Peru's interest in regional cumulation with Colombia; joint work being carried out in the Standards Alliance; Peru's concern regarding the sale of Pisco-labeled products in the United States; questions of the United States regarding Peru's tax on distilled spirits; the interest of the United States in Peru's Law to Promote Healthy Eating Among Children; questions from the United States regarding labor-related aspects of Peru's Law on Promotion of Non-Traditional Exports; Peru's interest in continuing bilateral cooperation on labor and environment issues; concerns from the United States regarding Peru's recent law on the importation of agricultural chemicals for farmers' own

use; and concerns from Peru regarding USDA's proposed modification of User Fees for Agricultural Quarantine and Inspection Services.

Cooperation in other Fora and Trade Negotiations

The United States and Peru reiterated their commitment to multilateral trade liberalization, exchanged information about their respective bilateral negotiations, and also highlighted joint work in the Trade in Services Agreement (TISA), and the Asia-Pacific Economic Cooperation (APEC) Forum.

The Commission agreed to hold its next meeting in the United States in 2015.