

Customs Flash

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New Free Trade Agreement between Peru and the EU

Pending ratification necessary for full entry into force, on March 1, 2013, the new Free Trade Agreement (FTA) between Peru and the European Union (EU) provisionally entered into force.

This new FTA substantially improves market access for both Peruvian and EU exporters as both will ultimately benefit from customs duty free market access for industrial goods and fisheries whilst the agricultural markets on both sides will be opened up considerably. In the long run, Peruvian and EU exporters are expected to save more than € 500 million annually as a result of this duty tariff elimination alone in the mutual trade between Peru and the EU.

The EU is Peru's main export destination and the third largest source of its imports. The EU mainly exports machinery and transport equipment to Peru whilst, the other way around, the exports from Peru to the EU mainly concern fisheries, fuels and agricultural- and mining products. EU industries and sectors that are particularly expected to benefit from the FTA are: the automotive and car parts sector, EU chemicals producers, the textiles industry and the telecoms equipment industry.

Besides substantially improved market access as a result of duty tariff elimination on both sides, the FTA also addresses other trade obstacles, such as technical regulations and standards and topics such as intellectual property rights and the protection of human and labour rights and the environment.

What does it mean for you?

Goods originating in the EU may benefit from lower duty rates upon import into Peru. The other way around, goods originating in Peru may be eligible for improved EU market access.

What to do?

First of all, EU and Peruvian exporters may access whether their exports are eligible for the benefits of this new FTA. Do your exports benefit from duty free market access, are these part of a transitional, multiple step, elimination scheme or are these, unfortunately, excluded from duty elimination? Further, as said, only originating goods are eligible for the new FTA's improved market access, so exporters will also have to assess whether their exports meet the FTA's origin rules and criteria. Finally, in order to demonstrate these rules and criteria are met and the goods concerned qualify as originating (either in Peru or the EU), exporters will have to obtain movement certificates EUR.1 from their competent authorities.

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