



ADVANCING GLOBAL COMMUNICATIONS

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September 25, 2007

Senate Committee on Finance  
Attn. Editorial and Document Section  
Rm. SD-203  
Dirksen Senate Office Building  
Washington, DC 20510-6200b

RE: The U.S.-Peru Trade Promotion Agreement

On behalf of the Telecommunications Industry Association (TIA), I would like to express our support for the U.S.-Peru Trade Promotion Agreement (TPA). TIA is a leading trade association for the information and communications technology (ICT) industry, with approximately 600 member companies that manufacture or supply the products and services used in global communications. TIA represents its members on the full range of public policy issues affecting the industry, forges consensus on industry standards, and helps its members develop new business in foreign markets.

In its entirety, the U.S. telecommunications market was valued at \$923 billion in 2006 with annual growth of 9.3%. By comparison, the telecom market value of all other world regions is \$2.1 trillion and growing annually at 11.2%. The difference in annual growth clearly indicates that more opportunities for U.S. firms exist outside the United States. Accordingly, TIA members are developing comprehensive business strategies that target foreign markets, including Peru.

We believe that a successfully implemented TPA with Peru would benefit ICT manufacturers, suppliers and service providers by establishing greater market access, assuring a rules-based and predictable business climate, and encouraging further bilateral investment. In the past decade, Peru's ICT market has developed rapidly as international calling prices have declined, infrastructure investment has increased, and cellular subscribers have grown. Since 2001, Peru has added 1 million landlines with an average annual growth rate of 5.6 percent projected through 2010. Similarly, wireless subscribers in Peru grew by 36 percent in 2005 with 5.5 million total subscribers. Wireless subscribers will increase at an average annual rate of 12 percent, reaching 11 million subscribers or nearly 40 percent of the population by 2010.

Because there is little domestic production of telecommunications equipment in Peru, a liberal trade environment, with little or no tariffs and non-tariff barriers, and an open and transparent regulatory process is important for ensuring continued growth in the country's ICT sector. The U.S.-Peru TPA achieves this by reducing or eliminating tariffs for ICT products, ensuring regulatory transparency, and reducing customs impediments. The agreement creates greater regulatory certainty for ICT service providers by guaranteeing access to and use of the public network, including leased circuits. In addition, the agreement guarantees the independence of the regulator, which is critical to ensuring fairness, impartiality and regulatory integrity in each participating country's communications industry.

With respect to specific provisions of the agreement, the TPA includes language in the telecommunications chapter on technology neutrality. The principle of technology neutrality ("technology choice") is one of the most critical issues for regulated sectors like telecommunications. Markets and innovation benefit most when ICT manufacturers and suppliers engage in demand-driven competition, standards are competitively and openly developed, and governments do not interfere to either curb market failures or enhance market champions.



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Finally, as part of their commitments, Peru has agreed to join the World Trade Organization's Information Technology Agreement (ITA) that eliminates duties on a wide variety of information technology products, including most telecom equipment. ITA products accounted for 16.6 percent of total U.S. Industrial exports to Peru in 2006, totaling over \$376 million. Tariffs on these products range from zero to 12 percent with a majority of such duties eliminated upon implementation of the agreement.

As stated above, TIA strongly supports the U.S.-Peru TPA. The implementation of the agreement will provide important benefits to TIA's members, facilitating investment in Peru telecommunications sector and guaranteeing market access for ICT goods and services. On behalf of TIA and our member companies, I look forward to the successful passage and implementation of the agreement. If you have any questions about this letter, or if there are other ways we can assist you, please feel free to contact James Maday at [jmaday@tiaonline.org](mailto:jmaday@tiaonline.org), or 703.907.7724.

Sincerely,

A handwritten signature in black ink that reads "Grant E. Seiffert". The signature is written in a cursive, flowing style.

Grant Seiffert  
President