



Peru is no longer a beneficiary of the Eurasian Economic Union's Generalized System of Preferences

Since October 10, Peru is no longer a beneficiary of the Generalized System of Preferences (GSP) of the Eurasian Economic Union (EAEU), which is made up of Russia, Armenia, Belarus, Kazakhstan, and Kyrgyzstan. This could affect Peruvian food exports to those destinations, especially the Russian market, stated the Global Business and Economy Research Center of the CIEN-ADEX Exporters Association.

Most of the food products exported to these markets had a 75% tariff preference over the base tariff, but now they will have to pay the general tariff.

Peru wasn't the only nation affected by these changes. The GSP went from benefiting 103 emerging countries (Peru belonged to this list) to only 29, and from benefiting 50 underdeveloped countries to 48.

In South America, Brazil, Colombia, Chile, Ecuador, Argentina, Paraguay, and Uruguay also ceased to be part of the GSP, while Bolivia and Venezuela maintain these benefits.

In 2020 Peruvian exports to that block amounted to \$132,766,000. Exports to Russia accounted for 99.8% of shipments to that block (\$ 132,446,000). 82.8% of the products exported there were food products (agroindustry and fishing products for direct human consumption), which enjoyed GSP tariff preferences.

The possibility of a decrease in shipments to that block highlights the country's need to diversify destinations and have a more competitive national offer. A





stable legal framework is required that encourages the development of agriculture and guarantees the active participation of the private sector (with voice and vote) in the so-called second agrarian reform.

In the case of aquaculture, it is essential to recover the tax incentives that were left without effect in December 2020 when the Law for the Promotion of the Agrarian Sector was repealed. In addition, the work of the Executive Board for the development of the Aquaculture Sector should be prioritized.

Products

According to data from the ADEX Data Trade business intelligence system, the main items sent to Russia in 2020 were avocados (\$ 22,860,000), grapes (\$ 18,722,000), pomegranates (\$ 10,265,000), frozen squid (\$ 9,974,000) and Fresh Wilkings (\$ 9,672,000).

Between January and August 2021, Peruvian food shipments to Russia totaled 92,582,000 dollars, i.e. 30.8% more than in the same period of the previous year.

Peruvian avocado exports to Russia will go from paying a preferential 3.5% tariff to a general 5% tariff. The same will happen to other competitors, such as Colombia, South Africa, Mexico, and Chile. Meanwhile, Kenya and Morocco will maintain the benefits as they continue to be part of the Eurasian Economic Union's Generalized System of Preferences.

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