

## U.S.-Panama Trade Promotion Agreement

### TEXTILES

Similar to the CAFTA-DR, the provisions of the U.S.-Panama TPA were crafted to promote trade in textiles and apparel. U.S. shipments of textiles and apparel to Panama increased 53 percent in the past year, totaling \$26.9 million in 2007.

Key benefits to U.S. manufacturers include:

- ***Yarn forward rule of origin*** – The U.S.-Panama TPA provides for a “yarn-forward” rule of origin, meaning that qualifying textile and apparel products must be made using U.S. or Panamanian yarns and fabrics, thereby supporting U.S. fabric and yarn exports and jobs. Goods that meet the rule of origin qualify for immediate duty-free market access upon entry into force of the Agreement.
- ***Regional Elastomeric, Pocketing, Thread, and Visible Lining Requirements*** – Consistent with other free trade agreements, elastomeric yarns, narrow elastic fabrics, pocketing fabric, thread, and visible linings must be sourced from the region for use in textile and apparel products that qualify for duty-free treatment.
- ***Anti-Circumvention Provision*** – The agreement contains strict customs enforcement provisions. U.S. and Panamanian customs authorities may conduct unannounced site visits to Panamanian producers, and the United States is authorized to undertake a variety of enforcement actions (including denying entry for suspect goods).
- ***Streamlined Short Supply Process*** – Similar to CAFTA-DR, a streamlined commercial availability (“short supply”) determination process will allow fabrics, yarns, or fibers that are not commercially available in a timely manner in the United States and Panama to be sourced from third countries and used in the production of apparel qualifying for duty-free treatment.
- ***Safeguards*** – A textile-specific safeguard mechanism allows for temporary application of NTR tariffs if a surge in imports under the Agreement causes or threatens to cause serious damage to the domestic industry.