

U.S.-Panama Trade Promotion Agreement

CUSTOMS ADMINISTRATION AND TRADE FACILITATION

The U.S.-Panama TPA establishes rules that are designed to encourage predictability and efficiency in the administration of customs procedures. The specific and cutting-edge customs obligations will significantly maximize the gains for Panamanian and U.S. exporters once the Agreement's chapter on Customs Administration and Trade Facilitation is fully implemented.

Businesses frequently complain that unclear rules, inconsistent interpretation of customs regulations and directives, and arbitrary clearance procedures often result in lengthy delays for the importation of goods. As described below, the Agreement's chapter on Customs Administration and Trade Facilitation addresses these concerns.

Improved Customs Procedures and Rules of Origin

- *Comprehensive rules of origin.* Rules of origin will ensure that only U.S. and Panamanian goods receive preferential tariff treatment. Rules are designed to be clear and easy to administer.
- *Enhanced Transparency.* The U.S.-Panama TPA requires transparency and efficiency in administering customs procedures, including rules of origin. Panama commits to publish customs laws and regulations on the Internet, and will be required to take other steps that will promote certainty and fairness in customs administration. This will make it easier for U.S. exporters to understand the Panamanian customs process.
- *Heightened Predictability.* The Agreement will allow exporters to obtain binding advance rulings on tariff classification, origin of goods and other customs matters. This important provision will provide an increased predictability and certainty to exporters, importers and customs administrators, which will minimize delays at the port of entry. The advance rulings will address an existing problem of customs officials issuing varying interpretation of product classification and minimize opportunities for customs officers to misuse authority.
- *Greater Accountability.* Under the Agreement, companies will be guaranteed to have access to both administrative and judicial review of initial customs decisions.
- *Improved Procedures for Express Delivery Shipments.* The demand for express-delivery services is increasing rapidly as a result of the growth of electronic commerce, the globalization of business, and rising demand by manufacturers for outsourced logistic services. The Agreement addresses that demand by requiring that, within one year after the date the Agreement takes effect, Panama must provide a separate, expedited customs procedure for express shipments. The Agreement obligates Panama, under normal

Each day saved in shipping time is worth an estimated 0.8 percent ad-valorem for manufactured goods.* U.S.-Panama TPA customs and trade facilitation measures will provide significant savings to U.S. exporters in terms of time and money.

**Time as a Trade Barrier by Hummels, David, July 2001*

circumstances, to clear express shipments from the port within six hours of submission of all necessary documents and with no maximum weight or value limitations.

- *Greater Customs Efficiency through Information Technology.* The Agreement promotes the use of information technology, including the electronic submission of information and automated release of goods. This will help expedite procedures for the release of goods, thereby saving companies time and money.

Customs Cooperation and Information Sharing. The United States and Panama agreed to share information to combat illegal transshipment of goods. Panama will maintain its existing program for monitoring free trade zones and will provide U.S. Customs officials with information to address any concerns of transshipment. Both countries committed to cooperate in undertaking any enforcement actions and verifications of claims of origin for textile and apparel goods.