

## U.S.-Panama Trade Promotion Agreement

### INVESTMENT

The U.S.-Panama TPA establishes a secure and predictable legal framework for U.S. investors in Panama. The Agreement's commitments improve transparency, reduce barriers to investment, and improve the dispute settlement process, addressing key concerns about the investment climate in Panama. Foreign investment can contribute significantly to the economic development and stability of Panama. Increased foreign investment in Panama will greatly improve the development of efficient, reliable systems for power generation, water, sewage, transportation, and telecommunications.

Panama is actively seeking foreign investment in nearly all sectors of the economy. The \$5.25 billion Panama Canal expansion project is one of the government's highest priorities and is arguably the largest infrastructure project in Western Hemisphere. The project is due to be completed in 2014 and will entail primarily the construction of a "third lane" of traffic along the Canal and a new sets of locks which will double capacity allowing more traffic and wider ships to transit the Canal.

#### *Key Investment Provisions*

- Establishes a stable legal framework for U.S. investors operating in Panama.
- Protects all forms of investment, including enterprises, debt, concessions, contracts, and intellectual property.
- Gives U.S. investors, with limited exceptions, the right to establish, acquire, and operate investments in Panama on an equal footing with local investors, and with investors of other countries.
- Provides U.S. investors in Panama the same substantive protections foreign investors enjoy in the United States.
- Ensures that U.S. investors will receive the fair market value of their investment in the event of an expropriation.
- Backs investor rights by effective, impartial dispute settlement procedures.

In addition, the government has several other significant infrastructure investment projects in the early development stages totaling over \$2 billion. Projects include the construction of a highway between Colon and Panama City, the development of the Howard Airport facility, the Panama Bay environmental clean-up project, expansion and modernization of Tocumen International Airport, and a megaport project for container ships at the Pacific side of the Panama Canal. The government is also proposing to construct a pipeline to transport natural gas from Colombia, to construct an \$8 billion oil refinery, and to begin new hydroelectric projects to keep up with the growing demand. The government's pro-investment policies, coupled with the more secure, predictable legal framework that the U.S.-Panama TPA will establish, should improve the investment climate in Panama.

The U.S.-Panama TPA includes an effective, impartial, and transparent investor-state dispute settlement mechanism, which provides investors with the option of seeking recourse through binding international arbitration.