

U.S.-Panama Trade Promotion Agreement

Market Access Results

Construction Equipment

Trade and Tariffs

This sector is defined by the Uruguay Round sector agreement on construction equipment in the World Trade Organization.

Construction equipment accounted for 3.34 percent of U.S industrial exports to Panama in 2007, totaling over \$103 million. The top U.S. exports in this sector included freight elevators, dump trucks, mechanical shovel loaders, and mobile lifting frames on tires. Panamanian tariffs range between zero and 10 percent, with an average of 6.5 percent.

Panamanian exports to the United States in this sector totaled \$1.8 million in 2007, or about 1 percent of U.S. industrial imports from Panama. Top Panamanian exports to the United States included mechanical shovel loaders, public works machinery, and parts. The United States is a signatory of the Uruguay Round sector agreement and as a result imposes zero duties on these products on an MFN basis.

Tariff Elimination

Tariffs will be phased-out according to four tariff elimination categories: immediate elimination; linear cuts over five years; linear cuts over ten years; and nonlinear cuts over ten years. Tariff elimination under the nonlinear ten-year staging category will proceed with a 3 percent cut in the tariff in years one and two, a 5 percent cut in years three through six, an 18 percent cut in years seven and eight, and a 19 percent cut each in years nine and ten.

For construction equipment, 100 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the Agreement, including high-value construction equipment such as freight elevators, dump trucks, and shovel loaders.

Non-Tariff Barriers

Panama will eliminate its prohibition on the importation of remanufactured construction equipment, as defined in Chapter 4—Rules of Origin, on entry into force of the Agreement.

Government Procurement

The government procurement provisions of the U.S.-Panama TPA guarantee non-discriminatory access for U.S. goods, services, and suppliers of a broad range of public purchasing entities in Panama, including the Panama Canal Authority. The \$5.25 billion expansion of the Panama Canal will offer significant opportunities for U.S. businesses in goods, services, and construction services.