

U.S.-Panama Trade Promotion Agreement

Market Access Results

Environmental Goods

Trade and Tariffs

The environmental sector includes a variety of products geared toward improving the environment and human safety.

Environmental goods accounted for 2.21 percent of U.S. industrial exports to Panama in 2007, totaling \$68 million. The top U.S. exports in this sector included water filtration equipment, combustion engine parts, and surveying instruments and parts. Panamanian tariffs on environmental goods range from zero to 15 percent, with an average of 5.7 percent.

Panamanian exports to the United States in this sector totaled \$1.4 million in 2007, or less than one percent of Panama's industrial exports to the United States. Top Panamanian exports to the United States in this sector were parts for combustion engines, electricity meters, gas generators, and machinery parts. The United States applies tariffs on environmental goods that range between zero and 8 percent, with an average of 1.5 percent. All Panamanian exports in this sector enter the United States duty-free under the Caribbean Basin Economic Recovery Act (CBERA) and Caribbean Basin Trade Promotion Act (CBTPA) tariff preference programs.

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 environmental products, nearly 100 percent of U.S. exports will receive duty-free treatment immediately upon implementation of the Agreement. Duties on the remaining products, which include miscellaneous articles of plastic and refractory ceramic goods and account for less than 1 percent of U.S. exports, will be phased out over ten years.

Tariffs on high-priority environmental goods such as filtration equipment and combustion engine parts will be eliminated immediately upon implementation of the Agreement.

The United States agreed to consolidate all CBERA and CBTPA tariff preferences into the final tariff elimination schedule; therefore all environmental goods exports from Panama will continue to receive duty-free treatment.