

U.S.-Panama Trade Promotion Agreement

Market Access Results

Metals and Ores

Trade and Tariffs

This sector includes both ferrous and non-ferrous metals, metal products, and ores. Products covered in the World Trade Organization Uruguay Round sector agreement on steel and the U.S. initiative on non-ferrous metals are included in this sector.

Metals and ores accounted for 2.2 percent of U.S. industrial exports to Panama in 2007, totaling over \$68 million. The top U.S. exports in this sector were aluminum alloy plates, iron or steel towers, aluminum foil, flat-rolled iron, and unwrought gold. Panamanian tariffs range between zero and 15 percent with an average of 7.5 percent.

Panamanian exports to the United States in this sector totaled over \$45 million in 2007, or 24.57 percent of Panama's industrial exports to the United States. Top Panamanian exports to the United States were unwrought and semi-manufactured gold, aluminum and copper waste, and aluminum alloy profiles and bars. U.S. tariffs range between zero and 15 percent, averaging 2 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 metals and ores, 87 percent of U.S. industrial exports will receive duty-free treatment immediately upon implementation of the Agreement. Tariffs on another 6.8 percent of U.S. exports will be eliminated over five years. Duties on the remaining 5 percent of U.S. exports will be eliminated over ten years.

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

Steel. Panama will eliminate tariffs on 95 percent of U.S. steel exports immediately upon implementation of the Agreement. Tariffs on another 2 percent of U.S. exports will be eliminated over five years. Duties on the remaining 3 percent of U.S. exports will be eliminated over ten years.

Non-Ferrous Metals. Panama will eliminate tariffs on 93 percent of U.S. non-ferrous metals exports immediately upon implementation of the Agreement. Tariffs on another 9 percent of U.S. exports will be eliminated over five years. Duties on the remaining 2.6 percent of U.S. exports will be eliminated over ten years.