

U.S.-Panama Trade Promotion Agreement

Market Access Results

Scientific Equipment

Trade and Tariffs

This sector is defined by the World Trade Organization's Uruguay Round sector initiative on scientific equipment.

Scientific equipment accounted for less than 1 percent of U.S. industrial exports to Panama in 2007, totaling \$13 million. The top U.S. exports in this sector included telecommunications instruments, testing and measuring equipment, and parts thereof. Panamanian tariffs range between 3 and 15 percent, with an average of 8 percent.

Panamanian exports to the United States in this sector were negligible in 2007, totaling \$324 thousand, or less than 1 percent of Panama's industrial exports to the United States. The sole Panamanian exports to the United States in this sector were instruments designed for telecommunications. The U.S. tariffs range between zero and 4 percent with an average of 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 scientific equipment, 100 percent of U.S. industrial exports will receive duty-free treatment 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 scientific equipment exports from Panama will continue to receive duty-free treatment.

Non-Tariff Barriers

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