



The U.S.-Panama Trade Promotion Agreement

Opportunities for the U.S. Textiles and Apparel Sector

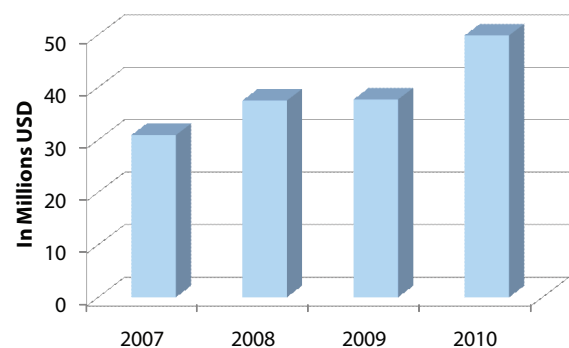
The U.S.-Panama Trade Promotion Agreement (TPA) would provide additional commercial opportunities for U.S. exporters:

- The provisions of the U.S.-Panama TPA were crafted to promote increased trade in textiles and apparel. U.S. shipments of textiles and apparel to Panama have increased by 61 percent since 2007, totaling **\$49.9 million** in 2010.
- Estimated duties paid on exports of U.S. textile and apparel products to Panama were **\$8.4 million** from 2008 to 2010.
- **Ninety-nine percent** of U.S. textile and apparel exports that meet the rule of origin will qualify for immediate duty free market access upon implementation of the U.S.-Panama TPA.

Textile and Apparel Industry Overview

- The textile and apparel industry accounted for \$41.7 million in U.S. exports to Panama over 2008-2010 (average).¹
- Top U.S. textile and apparel exports to Panama include fabric (felts/nonwovens, specialty and industrial); men's and boys' suits, trousers, and shorts; women's and girls' slacks, shorts, pants, and dresses; accessories; infant wear; undergarments (excluding foundation garments); floor coverings; curtains and drapes; and bedroom furnishings.²
- In 2010, U.S. production of textiles and apparel was over \$66.3 billion.³
- The U.S. textile and apparel industry employed an average of 395,500 workers in the United States in 2010.⁴

The U.S. Exported \$49.9 Million in Textile and Apparel to Panama in 2010



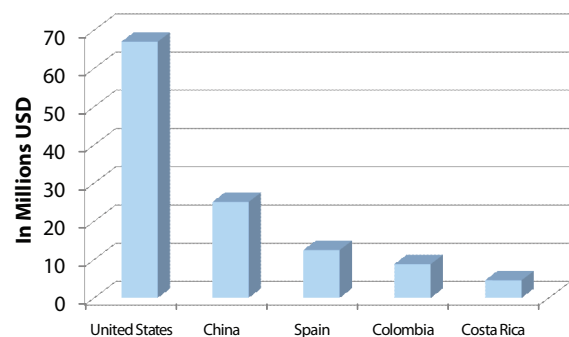
Improved Market Access for U.S. Textile and Apparel Exporters to Panama

- The U.S.-Panama TPA will level the playing field for U.S. exports to Panama. Panamanian textile and apparel tariffs average 6.7 percent, ranging from 0 to 15 percent.⁵
- Ninety-nine percent of U.S. textile and apparel exports that meet the rule of origin will qualify for immediate duty free market access upon implementation of the Agreement.

Foreign Competition in the Panamanian Market

- Panama has trade agreements, is negotiating agreements, or is considering negotiating agreements with the following countries:
 - Free Trade Agreements: Chile, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Taiwan, and Singapore⁶

Panama's Imports of Textile and Apparel Products, 2009



1 Office of Textiles and Apparel Export Market Report, March 24, 2011

2 Office of Textiles and Apparel Export Market Report; March 24, 2011

3 U.S. Department of Commerce, U.S. Census Bureau, in NAICS 313, 314 and 315. Shipments used as a best available proxy for production.

4 U.S. Department of Labor, Bureau of Labor Statistics, in NAICS 313, 314 and 315 (based on non-seasonally adjusted data).

5 Office of Textiles and Apparel, Panama Market Report

6 Organization of American States. SICE-Foreign Trade Information System

- Partial Trade Agreements: Colombia, Cuba, Dominican Republic, and Mexico⁷
 - Trade Agreements Negotiated (not implemented): Canada and the United States⁸
 - Current Negotiations: Colombia, MERCOSUR, and Trinidad and Tobago⁹
 - Considering Free Trade Agreements: Israel, Korea, Mexico, and Gulf Cooperation Council¹⁰
- The United States has a 19.5 percent share of the textile and apparel market to Panama, followed by China (6.47 percent), Spain (3.12 percent), Colombia (2.3 percent), and Costa Rica (1.03 percent).¹¹

Other Key U.S.-Panama Trade Promotion Agreement Commitments for the Textile and Apparel Industry

Textile Specific Safeguard:

The U.S.-Panama TPA provides for a textile-specific safeguard mechanism allowing for temporary application of NTR tariffs if a surge in imports under the U.S.-Panama TPA causes or threatens to cause serious damage to the domestic industry.

Yarn-Forward Rule of Origin:

The U.S.-Panama TPA provides for a “yarn-forward” rule of origin, meaning that qualifying textile and apparel products must be made using U.S. or Panamanian yarns and fabrics, thereby supporting U.S. fabric and yarn exports and jobs. Goods that meet the rule of origin qualify for immediate duty-free market access upon entry into force of the TPA.

Elastomeric Yarn, Pocketing, Thread, and Visible Lining Requirements:

Consistent with other U.S. free trade agreements, elastomeric yarns, narrow elastic fabrics, pocketing fabric, thread, and visible linings must be sourced from the United States or Panama for textile and apparel products to qualify for preferential treatment.

Streamlined Processes to Address Commercial Availability:

The U.S.-Panama TPA, similar to CAFTA-DR, a streamlined commercial availability (“short-supply”) determination process will allow fabrics, yarns, or fibers that are not commercially available in a timely manner in the United States and Panama to be sourced from third countries and used in the production of apparel qualifying for duty-free treatment.

Anti-Circumvention Provision:

The U.S.-Panama TPA contains strict customs enforcement provisions. U.S. and Panamanian customs authorities may conduct unannounced site visits to Panamanian producers, and the United States is authorized to undertake a variety of enforcement actions (including denying entry for suspect goods).

7 Organization of American States. SICE-Foreign Trade Information System

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9 Organization of American States, SICE-Foreign Trade Information System

10 Ministerio de Comercio e Industrias, <http://www.mici.gob.pa>

11 In 2010, 60% of Panama's textile and apparel imports were distributed through the Colon Free Zone.