



The U.S.-Panama Trade Promotion Agreement *Opportunities for the U.S. Information and Communications Technologies (ICT) Sector*

The U.S.-Panama Trade Promotion Agreement would provide significant commercial opportunities for U.S. exporters:

- Information and communications technologies (ICT) products accounted for **\$502 million** in U.S. exports to Panama over 2008-10 (average), or over 22 percent of total U.S. industrial exports to Panama.
- Estimated duties paid on exports of U.S. ICT products to Panama from 2008 to 2010 were **over \$85 million**.
- **Almost all** of U.S. exports of ICT products to Panama would receive duty-free treatment immediately upon implementation of the U.S.-Panama Trade Promotion Agreement.

ICT Sector Overview

- ICT products accounted for \$502 million in U.S. exports to Panama over 2008-10 (average), or over 22 percent of total U.S. industrial exports to Panama.¹
- Top U.S. ICT exports to Panama include computers, portable computers, telecommunications equipment, and radio and television parts.
- In 2009, U.S. production of ICT products was over \$218 billion.²
- The United States leads in many of the more advanced computer hardware product segments (such as high performance computers and servers), is a major vendor of PCs, disk drives and hardcopy peripheral equipment, and has a strong hold on the global markets for software and IT services.
- The U.S. ICT sector employed over 763,000 workers in 2009.³

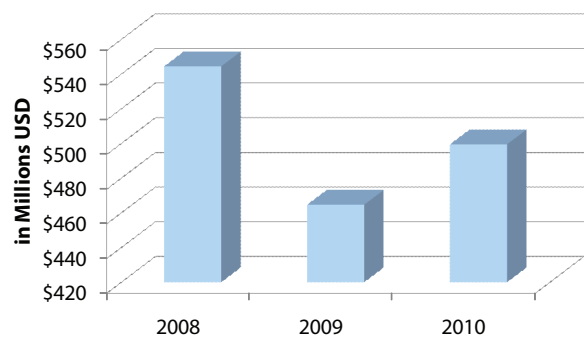
Improved Market Access for U.S ICT Exporters to Panama

- Panama's ICT tariffs average 7.5 percent, ranging from 0 to 15 percent.
- Over 98 percent of U.S. ICT exports⁴ to Panama would receive duty-free treatment immediately upon implementation of this Agreement.
- Tariffs on the remaining 2 percent would be eliminated in 5 to 10 years.

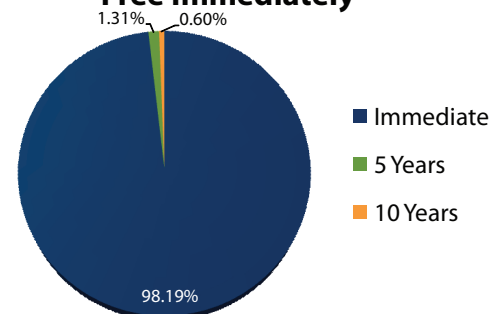
Key States Exporting to Panama

- Top U.S. states exporting information and communications technologies to Panama include: Florida, California, Illinois, Massachusetts, Maryland, Ohio, Pennsylvania, Virginia, Wisconsin, Indiana, New York, North Carolina, Tennessee and Texas.

**U.S. ICT Exports to Panama
Averaged \$502 Million**



**More than 98% of U.S. ICT Equipment
Exports to Panama Would be Duty-
Free Immediately**



¹ Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Panama. The definition of ICT used in this report, unless otherwise cited, is based on products with HS chapters 84, 85 and 90.

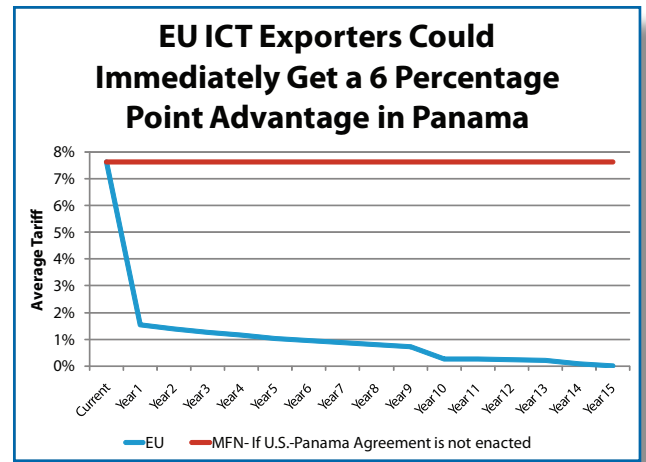
² U.S. Department of Commerce, U.S. Census Bureau, within NAICS 333, 334, and 33592. Shipments used as best available proxy for production.

³ U.S. Department of Labor, Bureau of Labor Statistics, within NAICS 333 and 334 (non-seasonally adjusted)

⁴ Data based on three-year average for 2008 to 2010.

Foreign Competition in Panama's Market

- Since the conclusion of negotiations with the United States, Panama has concluded separate negotiations with Canada and the EU. The EU-Central America Association Agreement which includes Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama successfully completed negotiations in May 2010. This agreement will provide the EU with increased regional opportunities in Central America through lower tariffs, increased government procurement market access and elimination of certain non-tariff barriers. Panama also concluded free trade agreement negotiations with Canada in May 2010. As part of this agreement, Panama will eliminate tariffs immediately on 90 percent of Canada's exports.
- EU ICT exporters will immediately enjoy an average tariff of 1.5 percent upon implementation of the EU-Central America Association Agreement, while U.S. exporters will face an average MFN tariff of 7.5 percent until implementation of the U.S.-Panama Trade Promotion Agreement.



Other Key Commitments by Panama for the ICT Sector

Intellectual Property Rights:

The U.S.-Panama TPA requires high levels of intellectual property protection, consistent with U.S. standards of protection, and will support the growth of trade in digital and other intellectual property-based products. This Agreement provides protection for copyrighted works, stronger protection for patents and trade secrets and the high level of enforcement required provides tough penalties for piracy and counterfeiting.

Investment:

The U.S.-Panama TPA establishes a strong and predictable legal framework for U.S. investors for all forms of investment. Under the Agreement, Panama will provide U.S. investors substantive protections and due process rights that are consistent with U.S. legal principles and practice. The Agreement establishes an impartial dispute settlement mechanism for investors to pursue damages for breaches of these protections.

Government Procurement:

The U.S.-Panama TPA government procurement provisions guarantee non-discriminatory access for U.S. goods, services, and suppliers to a broad range of public sector entities in Panama. The Agreement covers purchases of Panamanian central government entities, including all key ministries, and significant government enterprises. In addition to the \$5.25 billion Panama Canal expansion project, the Government of Panama has identified almost \$10 billion in other significant infrastructure projects. The U.S.-Panama TPA also clarifies that build-operate-transfer contracts (BOTs) are within the scope of the government procurement obligations in the Agreement.

Remanufactured Goods:

Currently, remanufactured equipment could be treated as a "used good" and face possible import prohibitions and restrictions in Panama. Upon entry into force of the Agreement, U.S. remanufacturers of many products, such as engines, radiators, and alternators for construction equipment and transportation machinery, will gain access to export their remanufactured products to Panama without being unjustified prohibitions and restrictions.