



The U.S.-Panama Trade Promotion Agreement

Opportunities for the U.S. Agricultural Equipment Sector

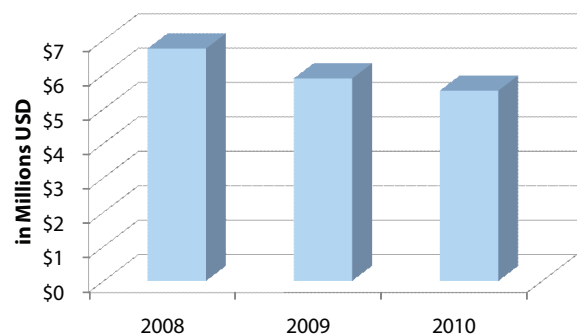
The U.S.-Panama Trade Promotion Agreement would provide significant commercial opportunities for U.S. exporters:

- The agricultural equipment sector accounted for **\$6 million** in U.S. exports to Panama over 2008-10 (average).
- Estimated duties paid on exports of U.S. agricultural equipment to Panama from 2008 to 2010 were **over \$700,000**.
- **All** U.S. exports of agricultural equipment to Panama would receive duty-free treatment immediately upon implementation of the U.S.-Panama Trade Promotion Agreement.

Agricultural Equipment Sector Overview

- The agricultural equipment sector accounted for \$6 million in U.S. exports to Panama over 2008-10 (average).¹
- Top agricultural equipment exports to Panama include tractors, harvesters, lawn mowers, and straw balers and parts.
- In 2009, U.S. production of agricultural equipment products was over \$22 billion.²
- The U.S. agricultural equipment sector employed over 56,000 workers in the United States in 2009.³

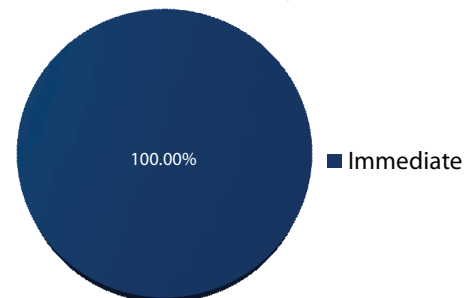
U.S. Agricultural Equipment Exports to Panama Averaged \$6 Million



Improved Market Access for U.S. Agricultural Equipment Exporters to Panama

- Panama's agricultural equipment tariffs average 1.6 percent, ranging from 0 to 10 percent.
- All U.S. exports⁴ to Panama will receive duty-free treatment immediately upon implementation of this trade Agreement.

All Agricultural Equipment Exports to Panama Would be Duty-Free Immediately



Key States Exporting to Panama

- Top U.S. states exporting agricultural equipment to Panama include: Florida, Illinois, Texas, Washington, Michigan, Louisiana, Pennsylvania, and Georgia.

¹ Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Panama. The definition for agricultural equipment in this report, unless otherwise cited, is based on HS headings 8432, 8433, 8434, and 8701.

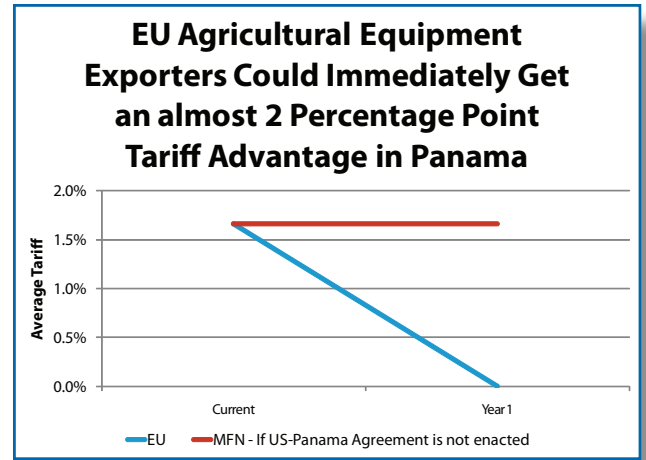
² U.S. Department of Commerce, U.S. Census Bureau, NAICS 333111. Shipments used as best available proxy for production.

³ U.S. Department of Labor, Bureau of Labor Statistics, NAICS 333111 (non-seasonally adjusted data).

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 agricultural equipment exporters will immediately enjoy complete duty-free access upon implementation of the EU-Central America Association Agreement, while U.S. exporters will face an average MFN tariff of 1.6 percent until implementation of the U.S.-Panama Trade Promotion Agreement.



Other Key Commitments by Panama for the Agricultural Equipment Sector

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.

Rules of Origin:

The U.S. Panama TPA rules of origin allow only U.S. and Panamanian originating goods to receive preferential tariff treatment under the Agreement. The trade agreement rules of origin provide clear requirements for a good to be considered originating, including that a good must be wholly obtained or produced entirely in the territory of the United States or Panama, as well as requirements for materials that are used in the production of the good.

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.

Customs Administration:

The U.S.-Panama TPA requires measures designed to increase transparency and efficiency in administering customs procedures. The Agreement will allow exporters to obtain advance rulings on tariff classification, origin of goods, and other customs matters. The Agreement addresses industry's demand for express delivery services by requiring that, within one year after the date the Agreement takes effect, Panama must provide a separate, expedited customs procedure for express shipments.