



The U.S.-Panama Trade Promotion Agreement

Opportunities for the U.S. Shipping and Transportation Equipment Sector

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

- The shipping and transportation equipment sector accounted for **over \$11 million** in U.S. exports to Panama over 2008-10 (average).
- Estimated duties paid on exports of U.S. shipping and transportation equipment to Panama from 2008 to 2010 were **over \$5 million**.
- **Over 58 percent** of U.S. exports of shipping and transportation equipment to Panama would receive duty-free treatment immediately upon implementation of the U.S.-Panama Trade Promotion Agreement.

Shipping and Transportation Sector Overview

- The shipping and transportation equipment sector accounted for over \$11 million in U.S. exports to Panama over 2008-10 (average).¹
- Top U.S. shipping and transportation equipment exports to Panama include trains, locomotive parts and transport containers.
- In 2009, U.S. production of shipping and transportation equipment products was over \$48 billion.²
- The U.S. shipping and transportation sector employed over 155,000 workers in 2009.³

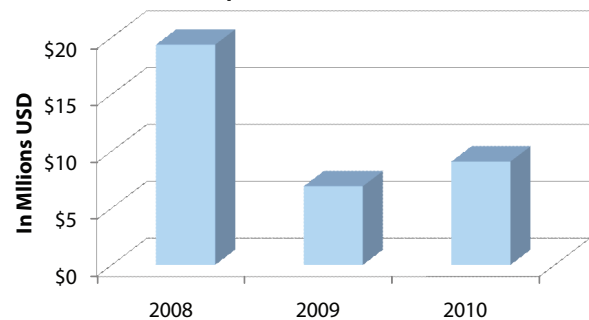
Improved Market Access for U.S. Shipping and Transportation Exporters to Panama

- Panama's shipping and transportation equipment tariffs average 13.5 percent, ranging from 0 to 15 percent.
- Over 58 percent of U.S. shipping and transportation equipment exports⁴ to Panama would receive duty-free treatment immediately upon implementation of this Agreement.
- Tariffs on the remaining 41 percent would be eliminated in 5 to 10 years.

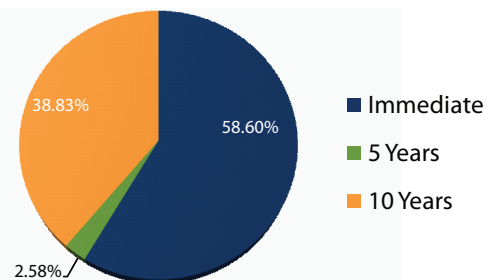
Key States Exporting to Panama

- Top U.S. states exporting shipping and transportation equipment to Panama include: Florida, Georgia, Illinois, North Carolina, and Texas.

U.S. Shipping and Transportation Products Exports to Panama Averaged \$11 Million



Over 58% of U.S. Shipping and Transportation Exports to Panama Would be Duty-Free Immediately



¹ Global Trade Atlas. Calculation based on import data as reported by Panama. The definition for shipping and transportation equipment used in this report, unless otherwise cited, is based on HS chapters 86 and 89.

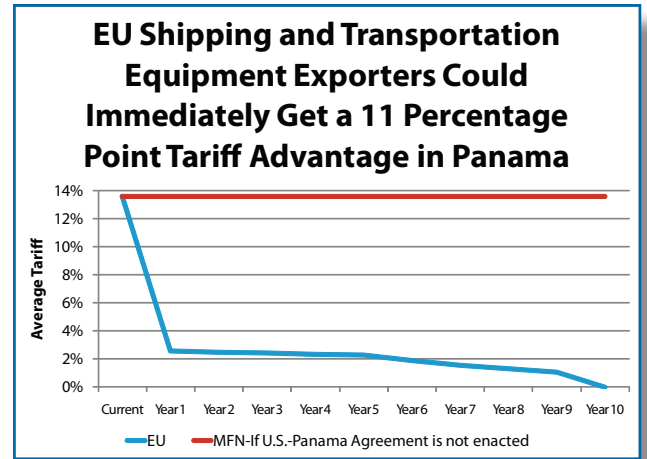
² U.S. Department of Commerce, U.S. Census Bureau, within NAICS 333 and 336. Shipments used as best proxy for production.

³ U.S. Department of Labor, Bureau of Labor Statistics, within NAICS 336.

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 shipping and transportation equipment exporters will immediately enjoy an average tariff of 2.5 percent upon implementation of the EU-Central America Association Agreement, while U.S. exporters will face an average MFN tariff of 13.5 percent until implementation of the U.S.-Panama Trade Promotion Agreement.



Other Key Commitments by Panama for the Shipping and Transportation 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.

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.