



The U.S.-Panama Trade Promotion Agreement

Opportunities for the U.S. Metals and Ores Sector

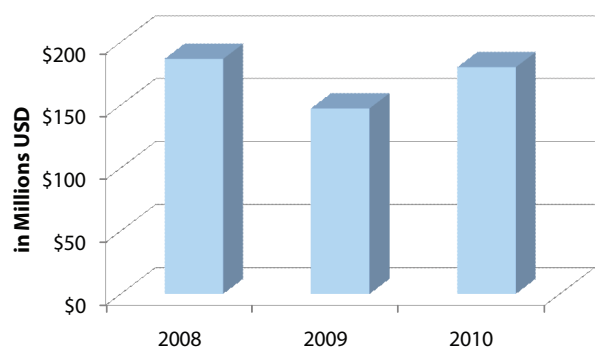
The U.S.-Panama Trade Promotion Agreement would provide significant commercial opportunities for U.S. exporters:

- The metals and ores sector accounted for **\$171 million** in U.S. exports to Panama over 2008-10 (average) or 7.8 percent of total U.S. industrial exports to Panama.
- Estimated duties paid on exports of U.S. metals and ores to Panama from 2008 to 2010 were **over \$20 million**.
- **Over 81 percent** of U.S. exports of metals and ores to Panama would receive duty-free treatment immediately upon implementation of the U.S.-Panama Trade Promotion Agreement.

Metals and Ores Sector Overview

- The metals and ores sector accounted for \$171 million in U.S. exports to Panama over 2008-10 (average) or 7.8 percent of total U.S. industrial exports to Panama.¹
- Top U.S. metals and ores exports to Panama include steel sheets and bars, aluminum sheets, bars and strips.
- In 2009, U.S. production of metals and ores products was over \$246 billion (or nearly 6 percent of U.S. manufacturing output).²
- The U.S. metals and ores sector employed over 629,000 workers in 2009.³

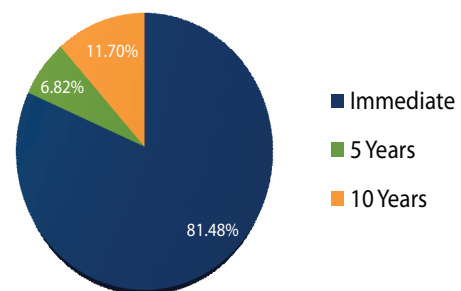
U.S. Metals and Ores Exports to Panama
Averaged \$171 Million



Improved Market Access for U.S. Metals and Ores Exporters to Panama

- Panama's metals and ores tariffs average 7.2 percent, ranging from 0 to 15 percent.
- Over 81 percent of U.S. metals and ores exports⁴ to Panama would receive duty-free treatment immediately upon implementation of this Agreement.
- Tariffs on the remaining 19 percent would be eliminated in 5 to 10 years.

More than 81% of U.S. Metals and Ores Exports to Panama Would be Duty-Free Immediately



Key States Exporting to Panama

- Top U.S. states exporting metals and ores to Panama include: California, Florida, Georgia, Alabama, Texas, Tennessee, Illinois, New York, New Jersey and Minnesota.

¹ Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Panama. The definition for metals and ores used in this report, unless otherwise cited, includes products within HS chapters 26, 72, 73, 74, 75, 76, 78, 79, 80, 81 and HS headings 7106 and 7112.

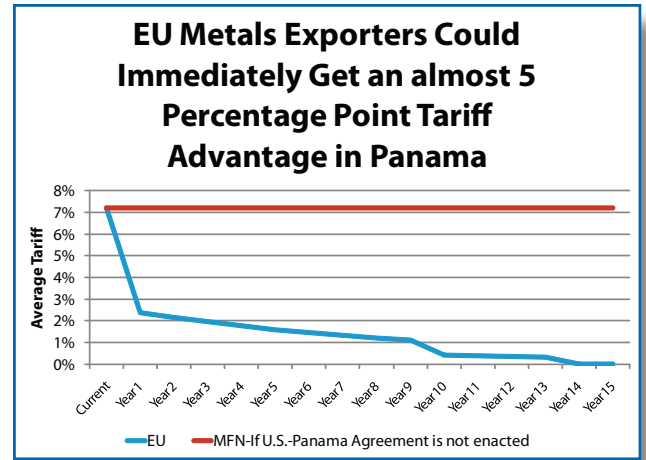
² U.S. Department of Commerce, U.S. Census Bureau, selected NAICS codes within 331, 332, and 339. Shipments used as best available proxy for production.

³ U.S. Department of Labor, Bureau of Labor Statistics, selected NAICS codes within 331, 332, and 339 (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 metals and ores exporters will immediately enjoy an average tariff of 2.3 percent upon implementation of the EU-Central America Association Agreement, while U.S. exporters will face an average MFN tariff of 7.2 percent until implementation of the U.S.-Panama Trade Promotion Agreement.



Other Key Commitments by Panama for the Metals and Ores Sector

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.

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.