



The U.S.-Panama Trade Promotion Agreement

Opportunities for the U.S. High-Tech Instruments Sector

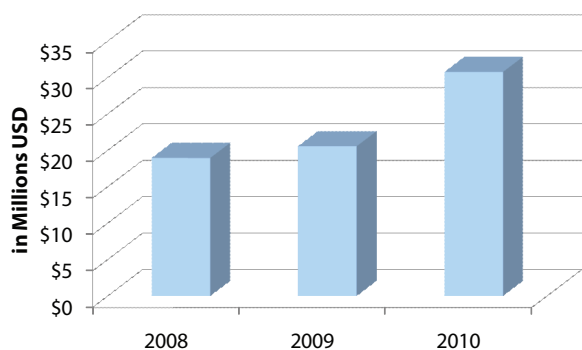
The U.S.-Panama Trade Promotion Agreement would provide significant commercial opportunities for U.S. exporters:

- The high-tech instrumentation sector accounted for **over \$23 million** in U.S. exports to Panama over 2008-10 (average).
- Estimated duties paid on exports of U.S. high-tech instrumentation to Panama from 2008 to 2010 were **over \$6 million**.
- **Almost 100 percent** of U.S. exports of high-tech instrumentation to Panama would receive duty-free treatment immediately upon implementation of the U.S.-Panama Trade Promotion Agreement.

High-Tech Instrumentation Sector Overview

- The high-tech instrumentation sector accounted for over \$23 million in U.S. exports to Panama over 2008-10 (average).¹
- Top U.S. high-tech instrumentation exports to Panama include analytical instruments, instruments for modeling and electricity meters.
- In 2009, U.S. production of high-tech instrumentation products was over \$43 billion.²
- The U.S. high-tech instrumentation sector employed over 191,000 workers in 2008.³

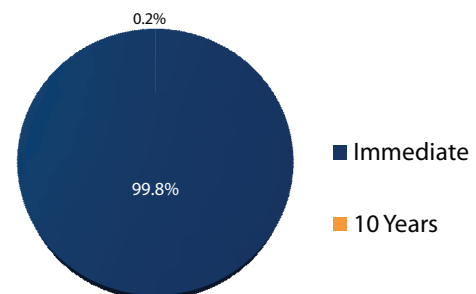
U.S. High-Tech Instrumentation Exports to Panama Averaged \$23 Million



Improved Market Access for U.S. High-Tech Instrumentation Exporters to Panama

- Panama's high-tech instrumentation tariffs average 8.2 percent, ranging from 0 to 15 percent.
- Almost 100 percent of U.S. high-tech instrumentation exports⁴ to Panama would receive duty-free treatment immediately upon implementation of this Agreement.
- The remaining tariffs will be eliminated in 10 years.

Almost 100% of U.S. High-Tech Instrumentation Exports to Panama Would be Duty-Free Immediately



Key States Exporting to Panama

- Top U.S. states exporting high-tech instrumentation to Panama include: California, Georgia, New York, Washington, South Carolina, Florida, Minnesota, and Indiana.

¹ Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Panama. The definition for high-tech instrumentation used in this report, unless otherwise cited, is based on HS headings 9023-24, 9026-28 and 9030-32.

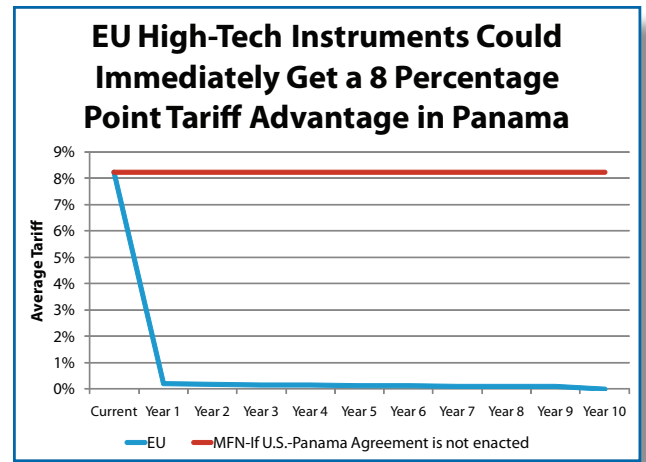
² U.S. Department of Commerce, U.S. Census Bureau, selected NAICS within 333 and 334. Shipments used as best available proxy for production.

³ U.S. Department of Labor, Bureau of Labor Statistics.

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 high-tech instrumentation exporters will immediately enjoy an average tariff of less than one percent upon implementation of the EU-Central America Association Agreement, while U.S. exporters will face an average MFN tariff of 8.2 percent until implementation of the U.S.-Panama Trade Promotion Agreement.



Other Key Commitments by Panama for the High-Tech Instruments 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.

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

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.

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.