



The U.S.-Panama Trade Promotion Agreement

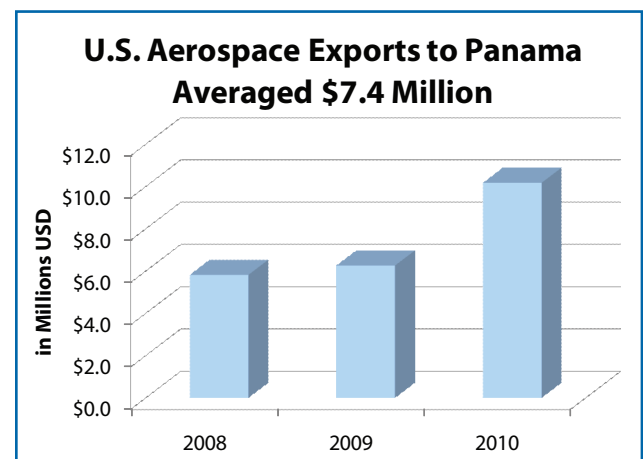
Opportunities for the U.S. Aerospace Sector

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

- The aerospace sector accounted for **\$7.4 million** in U.S. exports to Panama over 2008-10 (average).
- Estimated duties paid on exports of U.S. aerospace products to Panama from 2008 to 2010 were **over \$2.3 million**.
- **Over 90 percent** of U.S. aerospace exports to Panama would receive duty-free treatment immediately upon implementation of the U.S.-Panama Trade Promotion Agreement.

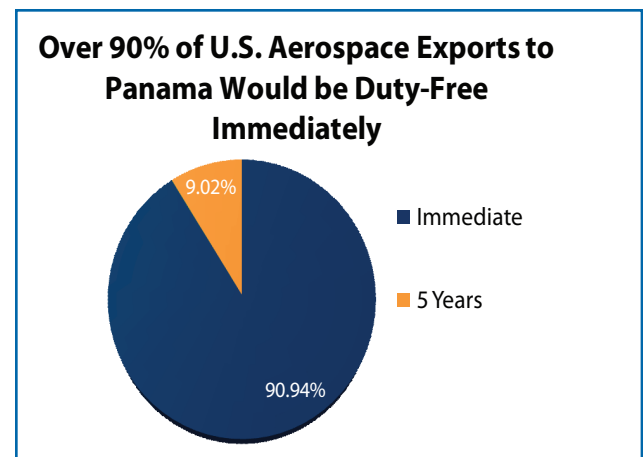
Aerospace Sector Overview

- The aerospace sector accounted for \$7.4 million in U.S. exports to Panama over 2008-10 (average).¹
- Top U.S. aerospace exports to Panama include parts of airplanes and helicopters, parts of civilian turbojets, and parts of turbo propeller engines.
- In 2009, U.S. production of aerospace products was over \$172 billion.²
- The U.S. aerospace sector employed approximately 492,800 workers in 2009.³



Improved Market Access for U.S. Aerospace Exporters to Panama

- Panama's aerospace tariffs average 10.3 percent, ranging from 0 to 15 percent.
- Over 90 percent of U.S. aerospace exports⁴ to Panama would receive duty-free treatment immediately upon implementation of this trade Agreement.
- Tariffs on the remaining 10 percent would be eliminated in 5 to 10 years.



Key States Exporting to Panama

- Top U.S. states exporting aerospace products to Panama include: New York, New Jersey, Florida, California, Georgia, and South Carolina.

¹ Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Panama. The definition of aerospace, unless otherwise cited, is based on the product coverage under the WTO Civil Aircraft Agreement and includes products with HS 84, 85, 88 and 90.

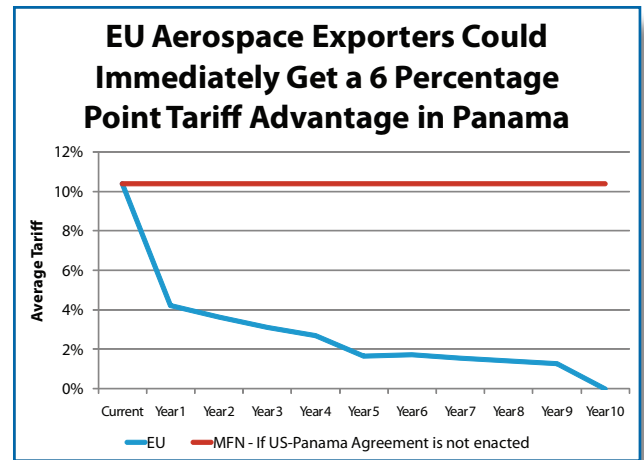
² U.S. Department of Commerce, U.S. Census Bureau, NAICS 33641. Shipments used as best available proxy for production.

³ U.S. Department of Labor, Bureau of Labor Statistics, NAICS 33641 (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 aerospace exporters will immediately enjoy an average tariff of 4.2 percent upon implementation of the EU-Central America Association Agreement, while U.S. exporters will face an average MFN tariff of 10.3 percent until implementation of the U.S.-Panama Trade Promotion Agreement.



Other Key Commitments by Panama for the Aerospace Sector

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.

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.

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.