

## **BENEFITS OF THE U.S.-PANAMA TRADE PROMOTION AGREEMENT**

*The U.S. –Panama Trade Promotion Agreement (the “Agreement”) will support American jobs, expand markets and enhance U.S. competitiveness.*

- Panama is one of the fastest growing economies in Latin America. This comprehensive Agreement will eliminate tariffs and other barriers to U.S. exports, promote economic growth, and expand trade between our two countries. The Agreement guarantees access to Panama’s \$20.6 billion services market, including in priority areas such as financial, telecommunications, energy, and professional services. Panama’s strategic location as a major shipping route also enhances the importance of the Agreement.
- The United States faces strong competition as Panama’s other trading partners increase their share of Panama’s total imports. In 2010, Panama finalized a trade agreement with Canada, many of whose goods and services directly compete with those of the U.S. in Panama. The European Union (EU) also negotiated an Association Agreement with Central American countries including Panama in March 2011.

*The Agreement will remove barriers to U.S. goods entering Panama’s market.*

- U.S. industrial and agricultural goods currently face an average Panamanian tariff of 7 percent and 15 percent, respectively, with some tariffs as high as 81 percent and 260 percent, respectively. Over 87 percent of U.S. exports of consumer and industrial products to Panama will become duty-free immediately. Remaining tariffs will be phased out over ten years. Over half of current U.S. agricultural trade will also receive immediate duty-free treatment, with most of the remaining tariffs to be eliminated within 15 years.
- In addition to the \$5.25 billion Panama Canal expansion project, almost \$10 billion in infrastructure projects have been identified. Construction equipment and machinery accounted for \$280 million in U.S. exports to Panama in 2010. Tariffs average 5 percent with almost all being eliminated upon entry into force.

*Other benefits of the Agreement include:*

***A Level Playing Field for U.S. Investors:*** The Agreement ensures U.S. investors in Panama are protected against discriminatory or unlawful treatment, providing a neutral, transparent mechanism for dispute settlement.

***Greater Protection for Intellectual Property Rights:*** The Agreement provides for better enforcement of intellectual property rights, including stronger protections for patents, trademarks and test data.

***Commitments to Protect Labor Rights and the Environment:*** The Agreement commits both Parties to adopt, maintain, and enforce the five fundamental labor rights stated in the 1998 ILO Declaration on Fundamental Principles and Rights at Work. Both Parties also commit to implement and enforce laws needed to fulfill their obligations under covered multilateral environmental agreements.

***Fair and Open Government Procurement:*** Under the Agreement, U.S. suppliers are guaranteed non-discriminatory treatment in bidding on Panamanian government procurement.

***An Open and Competitive Telecommunications Market:*** Panama has agreed to a regulatory framework that guarantees U.S. telecom companies access to Panamanian networks on reasonable, non-discriminatory terms.