

Israel and Panama Complete Negotiations on Free Trade Agreement

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In 2016, Panama Will Join the List Of Countries with which Israel Enjoys Free Trade Agreements, Including the US, the EU, AFTA Countries, Canada, Turkey, Mexico, Colombia, Brazil, Argentina, Uruguay and Paraguay

JERUSALEM –November 26th, 2015 – Israel concluded negotiations with Panama on a free trade agreement: an Israeli delegation headed by the Foreign Trade Administration at the Israeli Ministry of Economy which included seven representatives from relevant government ministries held the fourth round of talks in Panama City between November 16th -19th, 2015 and succeeded in bridging the remaining gaps between the sides and completing the talks.

Panama enjoys free trade agreements with several countries, including the US, the EU, Canada, AFTA countries, Singapore, Taiwan, Peru, Colombia, Chile and Mexico. The free trade agreement with Panama will put Israel in a similar position regarding trade benefits.



The agreement, which will include a clause on the services sector, represents another springboard for Israeli companies in the service industry (a field comprising 30% of all Israeli exports). Israeli companies will now be able to participate in this sector in Panama — with an emphasis on software, communications, information security, engineering and research and development – and thus enjoy the potential of this and related markets. Negotiations took place within the framework of the Israeli Ministry of Economy's policy of expanding exports from Israel to new markets and the policy established in May, 2013 of tightening relations with Latin American countries.

In this latest round of talks, several work groups convened to discuss the following subjects: access to markets, customs and rules of origin, services, investments, protection of vegetation and livestock, trade obstacles and institutional issues. The agreement includes total reduction of customs on all industrial products (some will be reduced gradually over several years), partial lifting of tariffs on agricultural products and benefits for the export of services in various fields. The agreement is expected to take effect at the end of 2016.

With talks successfully concluded, Panama will join the list of countries with which Israel has signed trade agreements: the EU – since 1975, US – 1985, AFTA (Switzerland, Lichtenstein, Norway, and Iceland) – 1992, Canada – 1997, Turkey – 1997, Mexico – 1999, MERCOSUR (Brazil, Argentina, Uruguay and Paraguay) – 2007, Colombia – (signed in 2013 but yet to be ratified by the Colombian government).



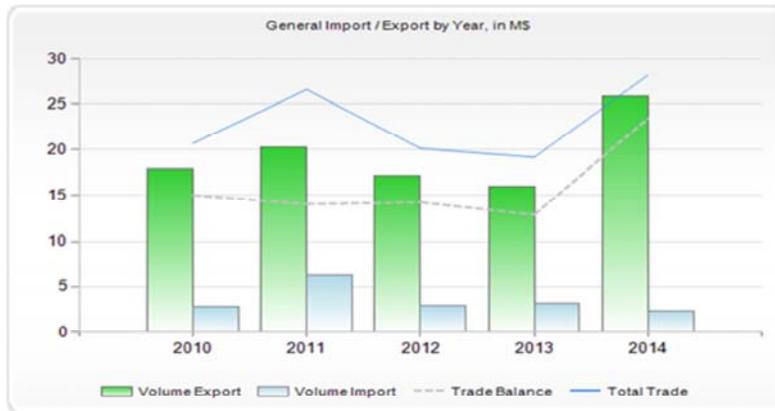


Ohad Cohen, Head of the Foreign Trade Administration at the Israeli Ministry of Economy, said: "The Ministry of Economy continues to strengthen Israel's economic ties with countries around the world, with an emphasis on developing economies with high growth potential. This will strengthen Israel's foothold in Latin America, in line with our policy of expanding export channels for Israeli industry and various services sectors. The agreement will open new possibilities for Israeli industry while giving a competitive edge to Israeli manufacturers. Panama is a candidate to become member of the Pacific Alliance, a bloc of Latin American countries comprising Mexico, Colombia (both countries with which Israel has free trade agreements), Chile and Peru. The bloc includes some 200 million people and a combined GDP of more than \$3 trillion; it covers 35% of the GDP of all Latin American countries and more than 50% of Latin American trade".

Mrs. Yifat Alon Perel, Director of Bilateral Trade and Economic Agreements at the Foreign Trade Administration and head of the Israeli negotiating team, said: "Free trade agreements constitute a significant infrastructural framework for Israeli exports. Today, some 65% of Israeli exports are directed to countries with which Israel has free trade agreements and this gives exporters customs benefits and a competitive edge, among other advantages. The Foreign Trade Administration continues to act for the benefit of exporters by ensuring their products remain competitive and by creating better access to new markets. This is done by striving to remove trade obstacles exporters may encounter when trying to enter new markets. As of today, Israeli industry enjoys a competitive advantage in Latin America in exports to the Mercosur bloc which includes Brazil, Argentina, Uruguay and Paraguay. Israel is the only non-Latin American country with an active free trade agreement with this important bloc. In addition, Israel has an active trade agreement with Mexico and two years ago signed a free trade agreement with Colombia which is expected to take effect in the coming year. Our goal is to expand the benefits Israeli industry enjoys to additional countries. The agreement with Panama will be the fourth one Israel has signed in Latin America. Strengthening economic relations with Panama is doubly important, both in opening new markets for Israeli industry but also in strengthening Israel's position among Latin American countries".

According to the Foreign Trade Administration at the Israeli Ministry of Economy, the economy of Panama is based mainly on a highly developed services sector, which represents more than three-quarters of the country's GDP, and includes management of the Panama Canal, logistics, banking, the Colon Free Trade Zone, insurance, operation of the ports, shipping registration and tourism. The rate of economic growth in Panama reached 8.4% in 2013 and 6.2% in 2014, significantly higher than the average for Latin America and the Caribbean Islands (1.7% in 2014, according to World Bank data). Panama's growth is attributed among other things to the widening of the Panama Canal, begun in 2007 at a cost of \$5.3 billion. Additional infrastructure development projects expected to take place may also draw Israeli companies with relevant experience.

The country's modest exports reach only \$25 million, but may grow in light of the agreement and in light of Panama's role as a bridge to other countries in the region.



Tag:Foreign Trade, Foreign Trade Administration, FTA, General, Israel, Ministry of Economy, Panama