

United States, Panama Set Date for Entry into Force of United States-Panama Trade Promotion Agreement

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Washington, DC – Today, United States Trade Representative Ron Kirk and Ricardo Quijano, Minister of Commerce and Industry of the Government of Panama, exchanged letters in which they determined that the United States-Panama Trade Promotion Agreement (Agreement) will enter into force on October 31, 2012. This announcement follows completion of a thorough review by the United States and Panama of their respective laws and regulations related to the implementation of the Agreement.

Ambassador Kirk welcomed the decision to have the Agreement enter into force on October 31. **“Under this comprehensive Agreement, Panama will eliminate tariffs and other barriers to U.S. exports, which will promote economic growth, and expand trade between our two countries. This Agreement also provides U.S. firms and workers improved access to customers in Panama’s \$22 billion services market, including in areas such as financial, telecommunications, computer, express delivery, energy, environmental, and professional services,”** he said. **“Panama is one of the fastest growing economies in Latin America, expanding 10.6 percent in 2011, with forecasts of between five to eight percent annual growth through 2017. That adds up to support for more well-paying jobs across the United States,”** said Ambassador Kirk. **“The increased access to this expanding market is backed by the Agreement’s strong enforcement provisions.”**

After entry into force of the Agreement, Panama will immediately reduce or eliminate tariffs on U.S. industrial goods, currently averaging seven percent, with some tariffs as high as 81 percent. Over 86 percent of U.S. exports of consumer and industrial products to Panama will become duty-free immediately, including information technology equipment, agricultural and construction equipment, aircraft and parts, medical and scientific equipment, environmental products, pharmaceuticals, and fertilizers. Additionally, U.S. agricultural exports will also benefit from this Agreement. U.S. agricultural goods currently face an average tariff of 15 percent, with some tariffs as high as 260 percent. Nearly half of U.S. exports of agricultural commodities to Panama will immediately become duty-free, including wheat, barley, soybeans, high-quality beef, bacon, and almost all fruit and vegetable products, with most of the remaining tariffs to be eliminated within 15 years.

As noted, the Agreement will also provide significant new access to Panama’s \$22 billion services market, supporting increased market opportunities for U.S. service providers. For example, Panama agreed to eliminate measures that prevented firms from hiring U.S. professionals, and to phase-out market restrictions in cable television. The Agreement also includes important disciplines relating to customs administration and trade facilitation, technical barriers to trade, government procurement, investment, telecommunications, electronic commerce, intellectual property rights, and labor and environmental protection.

Panama’s strategic location as a major shipping route also enhances the importance of the Agreement. Approximately two-thirds of the Panama Canal’s annual transits are bound to or from U.S. ports.

BACKGROUND

President Obama signed the United States-Panama Trade Promotion Agreement Implementation Act into law in the United States on October 21, 2011. The United States-Panama Trade Promotion Agreement is an important part of President Obama’s effort to increase opportunities for U.S. businesses, farmers, ranchers, and workers through improved market access for their products and services abroad. Along with the trade agreements with Korea and Colombia, which entered into force earlier this year, the agreement with Panama supports the President’s goal of doubling of U.S. exports to support well-paying jobs at home. The Agreement will also enhance the competitiveness of both small and large U.S. businesses in Panama’s growing economy. U.S. goods exports to Panama in 2011 were \$8.2 billion.

The Agreement includes strong protections for workers' rights. In addition, from 2009 to 2011, the Government of Panama took a series of legislative and administrative actions to further strengthen its labor laws and enforcement in a number of areas. The Administration will continue to work with Panama to ensure that all of these important initiatives are effectively implemented.

Additional information related to the Agreement is available at <http://www.ustr.gov/uspanamatpa>.