



## Benefits from the U.S.-Panama Trade Promotion Agreement

### California

August 2011

#### The U.S.-Panama Trade Promotion Agreement (TPA) Levels the Playing Field for the United States, Panama's Lead Trade Partner

Ninety-eight percent of Panama's exports to the U.S. received duty-free treatment in 2010, yet fewer than 40 percent of U.S. exports entered Panama duty-free. With the TPA in place, 87 percent of U.S. goods will enter Panama duty-free immediately; remaining tariffs will be eliminated within 10 years.

- Nearly all products in key sectors such as computers and IT equipment and agricultural and construction products will gain instant duty-free access to Panama under the TPA.
- The TPA will provide substantial access to Panama's important services market.
- Panama is in the midst of a \$5.25 billion Panama Canal expansion project, and plans almost \$5 billion in additional infrastructure programs before 2014.
- TPA provisions for transparency, anticorruption, and cross-border services will protect California small- and medium-sized enterprises (SMEs) when participating in these projects.

#### The TPA is Essential to Ensuring U.S. Competitiveness in Panama and Throughout Latin America

Panama is not standing still in the absence of the TPA, but is entering into preferential trade agreements with major world players such as Canada and the European Union (EU).

- Without the TPA, Canadian and European exports to machinery and transportation equipment for the Canal will have a serious advantage over U.S. supplies.
- For example, current tariffs on key U.S. construction products range from 5 percent on backhoes to 10 percent on dump trucks, tower cranes, and bulldozers.
- Almost all of these tariffs will immediately be eliminated upon implementation of the TPA, affording greater benefits for U.S. firms, especially SMEs.

#### California Depends on World Markets

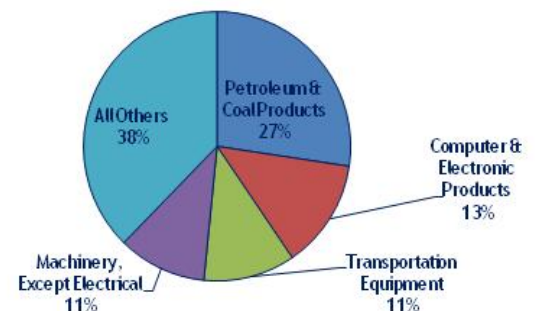
California's shipments of merchandise in 2010 totaled \$143.2 billion.

- A total of 59,998 companies exported goods from California locations in 2008.
- 57,461 of California exporting firms were SMEs with fewer than 500 employees.
- SMEs generated over two-fifths (43.6 percent) of California's total exports of merchandise in 2008.

#### Trade Works for California

Recently implemented trade agreements have benefited California. For example, since the U.S.-Chile trade agreement entry into force in 2004, California's exports to Chile have grown by 272 percent. PTPA can similarly benefit California.

California Exported an Average of \$276 Million in Goods to Panama from 2008-2010



Source: U.S. Department of Commerce, International Trade Administration

For more detail on how PTPA will benefit additional business and agricultural sectors in California, see the Department of Commerce fact sheets at: <http://www.trade.gov/fta/panama> and the Department of Agriculture fact sheets at: <http://www.fas.usda.gov/itp/us-Panama.asp>