



# The U.S.-Panama Trade Promotion Agreement

## *Opportunities for the U.S. Consumer Goods Sector*

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

- The consumer goods sector accounted for **\$158 million** in U.S. exports to Panama over 2008-10 (average) or 7 percent of total U.S. industrial exports to Panama.
- Estimated duties paid on exports of U.S. consumer goods to Panama from 2008 to 2010 were over **\$50 million**.
- **Over 62 percent** of U.S. exports of consumer goods to Panama would receive duty-free treatment immediately upon implementation of the U.S.-Panama Trade Promotion Agreement.

### Consumer Goods Sector Overview

- The consumer goods sector accounted for \$158 million in U.S. exports to Panama over 2008-10 (average) or 7 percent of total U.S. industrial exports to Panama.<sup>1</sup>
- Top U.S. consumer goods exports to Panama include jewelry, video games, arcade equipment, furniture, kitchen appliances, and washing machines.
- In 2009, U.S. production of consumer goods products was over \$154 billion (or nearly 4 percent of total U.S. manufacturing production).<sup>2</sup>
- The consumer goods sector employed over 1.2 million workers in the United States in 2009.<sup>3</sup>

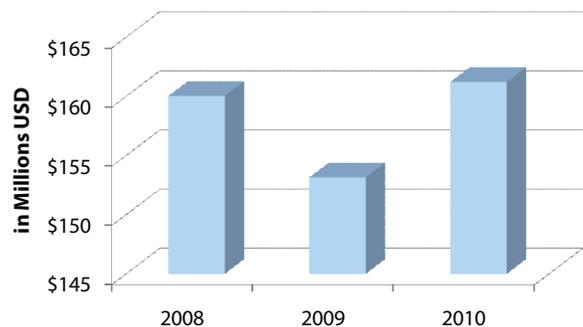
### Improved Market Access for U.S. Consumer Goods Exporters to Panama

- Panama's consumer goods tariffs average 10.9 percent, ranging from 0 to 15 percent.
- Over 62 percent of U.S. consumer goods exports<sup>4</sup> to Panama would receive duty-free treatment immediately upon implementation of this Agreement.
- Tariffs on the remaining 38 percent would be eliminated in 5 to 10 years.

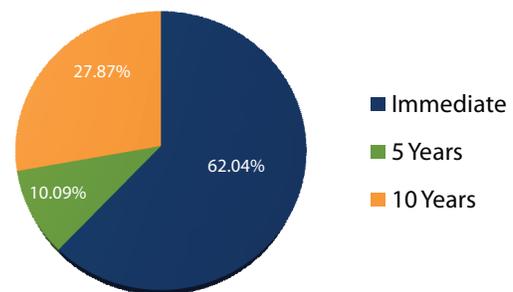
#### Selected Sub-sectors:

- **Furniture:** Panama will eliminate tariffs on 5 percent of U.S. furniture exports immediately. Tariffs on another 14.4 percent of exports will be eliminated over five years, and duties on the remaining 81 percent of exports will be eliminated over ten years.
- **Toys:** Panama will eliminate tariffs on 74 percent of U.S. toy exports immediately upon implementation of the Agreement. Tariffs on another less than 1 percent will be eliminated over five years and the remaining 25.3 percent over ten years.
- **Appliances:** Panama will eliminate tariffs on 85 percent of U.S. appliance exports immediately upon implementation of the Agreement and another 5.8 percent within five years. Tariffs on the remaining 9.5 percent will be eliminated over ten years.

**U.S. Consumer Goods Exports to Panama Averaged \$158 Million**



**Over 70% of U.S. Consumer Goods Exports to Panama Would be Duty-Free Within Five Years**



1 Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Panama. The definition for consumer goods in this report, unless otherwise cited, includes products within HS chapters 46, 66, 69, 70, 71, 73, 83, 84, 85, 87, 89 to 92, and 94 to 97.

2 U.S. Department of Commerce, U.S. Census Bureau, within NAICS 323, 327, 332, 333, 334, 335, 336, 337, and 339. Shipments used as best proxy to production.

3 U.S. Department of Labor, Bureau of Labor Statistics, within NAICS 327, 223, 335, 336, 337, and 339 (based on non-seasonally adjusted).

4 Data based on three-year average for 2008 to 2010.

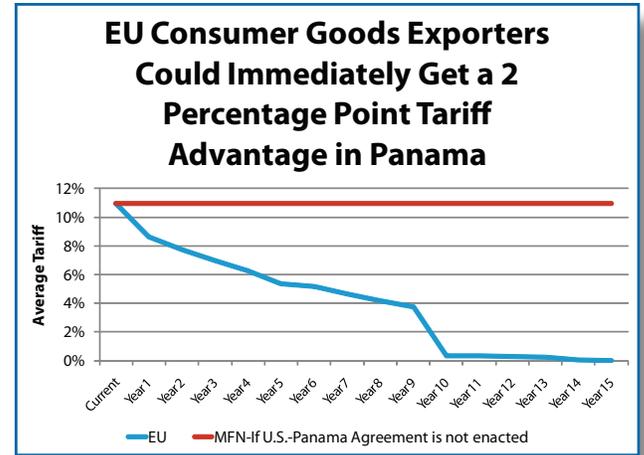
- *Recreational Goods*: Panama will eliminate tariffs on 93 percent of U.S. recreational goods exports immediately upon implementation of the Agreement. Tariffs on another 2.4 percent of exports will be eliminated over five years. Tariffs on the remaining 4.2 percent will be eliminated over ten years.

## Key States Exporting to Panama

- Top U.S. states exporting consumer goods to Panama include: Florida, Georgia, Illinois, Indiana, Ohio, Alabama, California, Michigan, Minnesota, Nevada, North Carolina, New Jersey, Pennsylvania, New York, Texas and Wisconsin.

## 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 consumer goods exporters will immediately enjoy an average tariff of 8.6 percent upon implementation of the EU-Central America Association Agreement, while U.S. exporters will face an average MFN tariff of 10.9 percent until implementation of the U.S.-Panama Trade Promotion Agreement.



## Other Key Commitments by Panama for the Consumer Goods Sector

### 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.

### Rules of Origin:

The U.S. Panama TPA rules of origin allow only U.S. and Panamanian originating goods to receive preferential tariff treatment under the Agreement. The trade agreement rules of origin provide clear requirements for a good to be considered originating, including that a good must be wholly obtained or produced entirely in the territory of the United States or Panama, as well as requirements for materials that are used in the production of the good.

### 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.