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

- The electrical equipment sector accounted for over $59 million in U.S. exports to Panama over 2008-10 (average) or 2.6 percent of total U.S. industrial exports to Panama.
- Estimated duties paid on exports of U.S. electrical equipment to Panama from 2008 to 2010 were over $13 million.
- Over 91 percent of U.S. exports of electrical equipment to Panama would receive duty-free treatment immediately upon implementation of the U.S.-Panama Trade Promotion Agreement.

Electrical Equipment Sector Overview

- The electrical equipment sector accounted for over $59 million in U.S. exports to Panama over 2008-10 (average) or 2.6 percent of total U.S. industrial exports to Panama.¹
- Top U.S. electrical equipment exports to Panama include electronic engines, optical media, switches and transformers and batteries.
- In 2009, U.S. production of electrical equipment products was over $189 billion (or over 4 percent of total U.S. manufacturing production).²
- The U.S. electrical equipment sector employed over 969,000 workers in 2009.³

Improved Market Access for U.S. Electrical Equipment Exporters to Panama

- Panama's electrical equipment tariffs average 9.1 percent, ranging from 0 to 15 percent.
- Over 91 percent of U.S. electrical equipment exports⁴ to Panama would receive duty-free treatment immediately upon implementation of this Agreement.
- Tariffs on the remaining 9 percent would be eliminated in 5 to 10 years.

Key States Exporting to Panama

- Top U.S. states exporting electrical equipment to Panama include: California, Florida, Georgia, Ohio, South Carolina, Illinois, Missouri, New York and Texas.

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¹ Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as report by Panama. The definition for electrical equipment in this report, unless otherwise cited, is based on products within HS chapters 85 and 90. This includes but is not limited to the following products: lasers, magnetic tape, electrical parts of machinery, electric generating sets, optical devices, insulated coaxial cable, navigational instruments, and audio-frequency electric amplifiers.
² U.S. Department of Commerce, U.S. Census Bureau, within NAICS 327, 331, 333, 334, 335, and 336. Shipments used as best proxy for production.
⁴ Data based on the three-year average for 2008 to 2010.
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 electrical equipment exporters will immediately enjoy an average tariff of 3.1 percent upon implementation of the EU-Central America Association Agreement, while U.S. exporters will face an average MFN tariff of 9.1 percent until implementation of the U.S.-Panama Trade Promotion Agreement.

Other Key Commitments by Panama for the Electrical Equipment Sector

**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.

**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.

**Investment:**
The U.S.-Panama TPA establishes a strong and predictable legal framework for U.S. investors for all forms of investment. Under the Agreement, Panama will provide U.S. investors substantive protections and due process rights that are consistent with U.S. legal principles and practice. The Agreement establishes an impartial dispute settlement mechanism for investors to pursue damages for breaches of these protections.

**Government Procurement:**
The U.S.-Panama TPA government procurement provisions guarantee non-discriminatory access for U.S. goods, services, and suppliers to a broad range of public sector entities in Panama. The Agreement covers purchases of Panamanian central government entities, including all key ministries, and significant government enterprises. In addition to the $5.25 billion Panama Canal expansion project, the Government of Panama has identified almost $10 billion in other significant infrastructure projects. The U.S.-Panama TPA also clarifies that build-operate-transfer contracts (BOTs) are within the scope of the government procurement obligations in the Agreement.