



The U.S.-Panama Trade Promotion Agreement

Opportunities for the U.S. Environmental Goods Sector

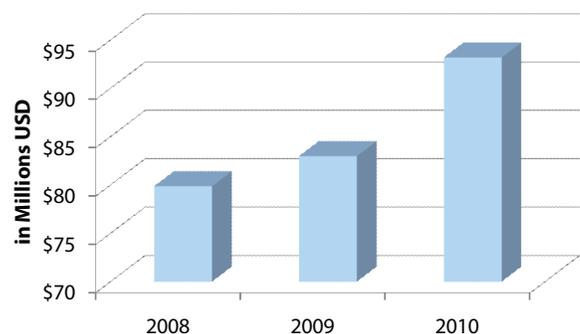
The U.S.-Panama Trade Promotion Agreement would provide significant commercial opportunities for U.S. exporters:

- The environmental goods sector accounted for approximately **\$85 million** in U.S. exports to Panama over 2008-10 (average) or over 3.8 percent of total U.S. industrial exports to Panama.
- Estimated duties paid on exports of U.S. environmental goods to Panama from 2008 to 2010 were **over \$13 million**.
- **Over 96 percent** of U.S. exports of environmental goods to Panama would receive duty-free treatment immediately upon implementation of the U.S.-Panama Trade Promotion Agreement.

Environmental Goods Sector Overview

- The environmental goods sector accounted for approximately \$85 million in U.S. exports to Panama over 2008-10 (average) or over 3.8 percent of total U.S. industrial exports to Panama.¹
- Top U.S. environmental goods exports to Panama include air and gas pumps, water filtration and purification machinery, regulators, and heat exchange pumps.
- The U.S. environmental goods sector generated approximately \$60 billion in equipment sales in 2009.²
- The U.S. environmental goods sector employed approximately 400,000 workers in 2009, with an additional 1.3 million employed in environmental services.³

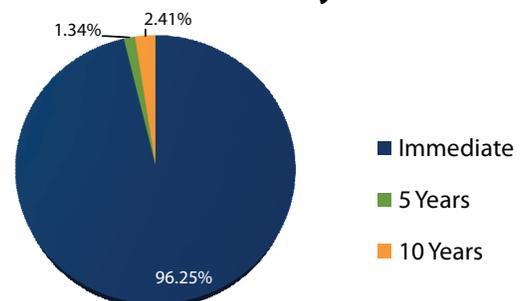
U.S. Environmental Goods Exports to Panama Averaged \$85 Million



Improved Market Access for U.S. Environmental Goods Exporters to Panama

- Panama's environmental goods tariffs average 6.3 percent, ranging from 0 to 15 percent.
- Over 96 percent of U.S. environmental goods exports⁴ to Panama would receive duty-free treatment immediately upon implementation of this Agreement.
- Tariffs on the remaining 4 percent would be eliminated in 5 to 10 years.

Over 96% of U.S. Environmental Goods Exports to Panama Would be Duty-Free Immediately



Key States Exporting to Panama

- Top U.S. states exporting environmental goods to Panama include: Florida, Georgia, Texas, Wisconsin, Tennessee, South Carolina, Minnesota, California, Illinois, Missouri, Washington, Ohio, Michigan, New Jersey and New York.

1 Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Panama. The definition for environmental goods uses in this report, unless otherwise cited, is based on the Environmental Goods Convergence List tabled as a non-paper in the WTO, with products falling with HS chapters 39, 44, 69, 70, 73, 76, 84, 85, 89, 90 and 95. Total imports by Panama from the United State have been adjusted in an attempt to capture only environmental goods trade.

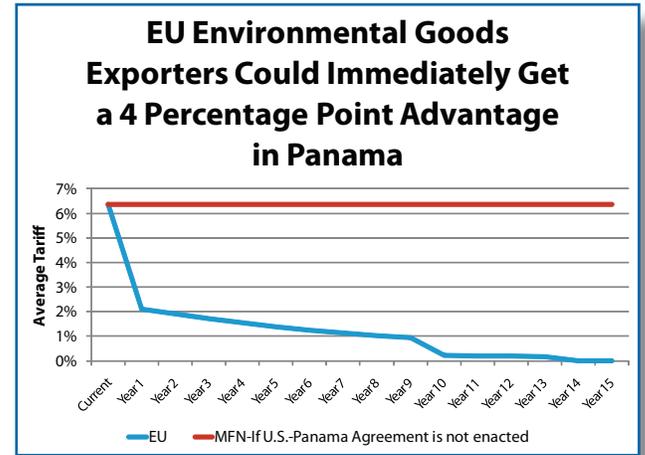
2 Environmental Business International, Inc. Note that data for the environmental goods industry and markets vary significantly because of inexact definitions of the sector.

3 Environmental Business International, Inc.

4 Data based on 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 environmental goods exporters will immediately enjoy an average tariff of 2.1 percent upon implementation of the EU-Central America Association Agreement, while U.S. exporters will face an average MFN tariff of 6.3 percent until implementation of the U.S.-Panama Trade Promotion Agreement.



Other Key Commitments by Panama for the Environmental Goods Sector

Remanufactured Goods:

Currently, remanufactured equipment could be treated as a "used good" and face possible import prohibitions and restrictions in Panama. Upon entry into force of the Agreement, U.S. remanufacturers of many products, such as engines, radiators, and alternators for construction equipment and transportation machinery, will gain access to export their remanufactured products to Panama without being unjustified prohibitions and restrictions.

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.