



The U.S.-Panama Trade Promotion Agreement

Opportunities for the U.S. Forest Products Sector

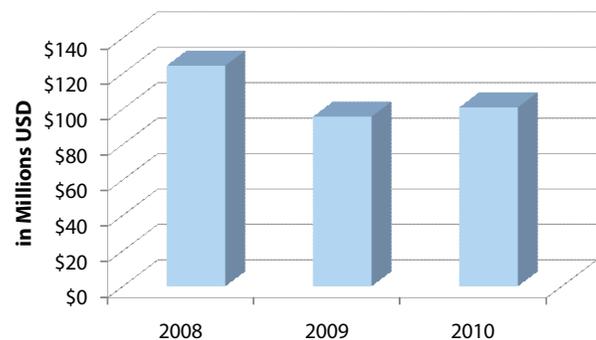
The U.S.-Panama Trade Promotion Agreement would provide significant commercial opportunities for U.S. exporters:

- The forest products sector accounted for **over \$107 million** in U.S. exports to Panama over 2008-10 (average) or 4.8 percent of total U.S. industrial exports to Panama.
- Estimated duties paid on exports of U.S. forest products to Panama from 2008 to 2010 were **over \$15 million**.
- **Over 80 percent** of U.S. exports of forest products to Panama would receive duty-free treatment immediately upon implementation of the U.S.-Panama Trade Promotion Agreement.

Forest Products Sector Overview

- The forest products sector accounted for over \$107 million in U.S. exports to Panama over 2008-10 (average) or 4.8 percent of total U.S. industrial exports to Panama.¹
- Forest products includes paper and paper products and wood and wood products.
- Top U.S. forest products exports to Panama include veneered panels, wooden doors and windows, newsprint, sanitary paper, paper and paperboard and kraftliner in rolls.
- In 2009, U.S. production of forest products was about \$209 billion.²
- The U.S. wood and lumber sector employed approximately 449,000 workers in 2009.³

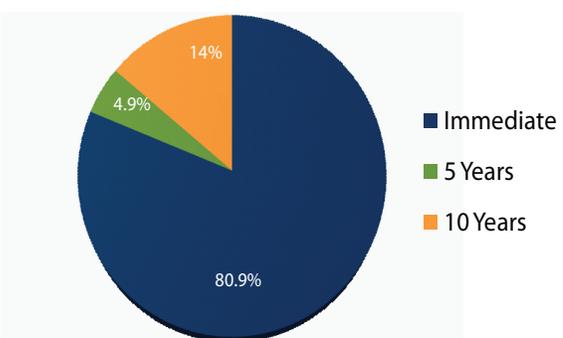
U.S. Forest Product Exports to Panama
Averaged \$107 Million



Improved Market Access for U.S. Forest products Exporters to Panama

- Panama's forest products tariffs average 7 percent, ranging from 0 to 15 percent.
- Over 80 percent of U.S. forest products exports⁴ to Panama would receive duty-free treatment immediately upon implementation of this Agreement.
- Tariffs on the remaining 19 percent would be eliminated in 5 to 10 years.

Over 80% of U.S. Forest Product Exports
Would be Duty-Free Immediately



Key States Exporting to Panama

- Top U.S. states exporting forest products to Panama include: California, Florida, Georgia, Alabama, Indiana, North Carolina, South Carolina, Louisiana, New York, New Jersey, Ohio and Texas.

¹ Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Panama. The definition for forest products in this report, unless otherwise cited, is based on HS chapters 44 to 49.

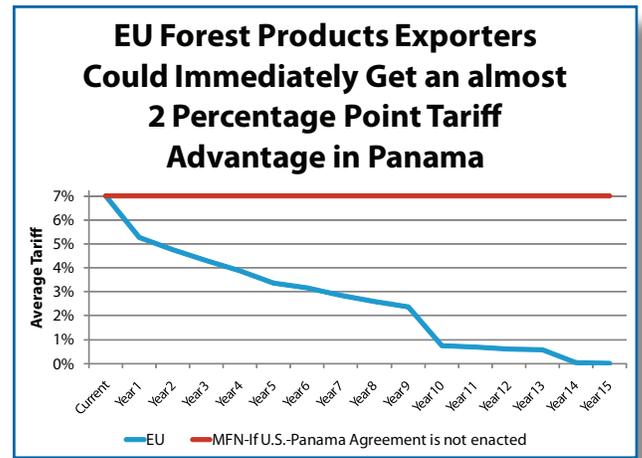
² U.S. Department of Commerce, U.S. Census Bureau, selected NAICS codes within 321, 322, 323, 337 and 339.

³ U.S. Department of Labor, Bureau of Labor Statistics, within NAICS 321 and 337.

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 forest products exporters will immediately enjoy an average tariff of 5.2 percent upon implementation of the EU-Central America Association Agreement, while U.S. exporters will face an average MFN tariff of 7 percent until implementation of the U.S.-Panama Trade Promotion Agreement.



Other Key Commitments by Panama for the Forest Products 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.

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.