



# The U.S.-Panama Trade Promotion Agreement

## *Opportunities for the U.S. Medical Equipment Sector*

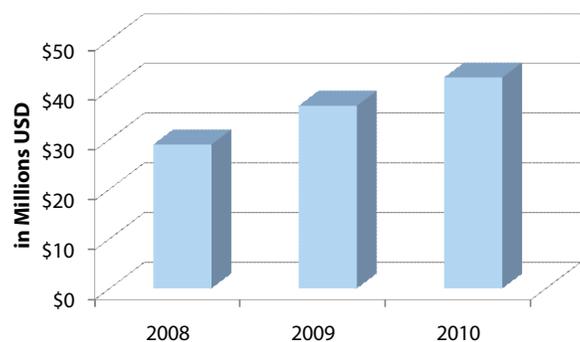
The U.S.-Panama Trade Promotion Agreement would provide significant commercial opportunities for U.S. exporters:

- The medical equipment sector accounted for **\$36 million** in U.S. exports to Panama over 2008-10 (average) or 1.6 percent of total U.S. industrial exports to Panama.
- Estimated duties paid on exports of U.S. medical equipment to Panama from 2008 to 2010 were **over \$7 million**.
- **Over 90 percent** of U.S. exports of medical equipment to Panama would receive duty-free treatment immediately upon implementation of the U.S.-Panama Trade Promotion Agreement.

### Medical Equipment Sector Overview

- The medical equipment sector accounted for \$36 million in U.S. exports to Panama over 2008-10 (average) or 1.6 percent of total U.S. industrial exports to Panama.<sup>1</sup>
- Top U.S. medical equipment exports to Panama include surgical instruments, diagnostic equipment, lab reagents, and medical appliances.
- In 2009, U.S. production of medical equipment was over \$98 billion.<sup>2</sup>
- The U.S. medical equipment sector employed over 274,000 workers in 2009.<sup>3</sup>

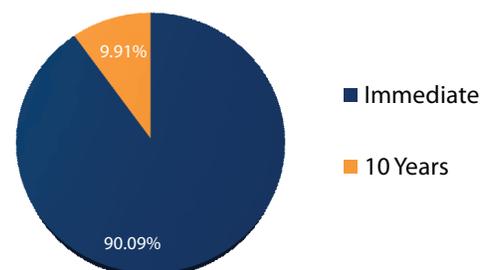
### U.S. Medical Equipment Exports to Panama Averaged \$36 Million



### Improved Market Access for U.S. Medical Equipment Exporters to Panama

- Panama's medical equipment tariffs average 7.9 percent, ranging from 0 to 15 percent.
- Over 90 percent of U.S. medical equipment exports<sup>4</sup> to Panama would receive duty-free treatment immediately upon implementation of this Agreement.
- Tariffs on the remaining 10 percent would be eliminated in 10 years.

### More than 90% of U.S. Medical Equipment Exports to Panama will be Duty-Free Immediately



### Key States Exporting to Panama

- Top U.S. states exporting medical equipment to Panama include: Florida, California, Georgia, Illinois, Massachusetts, Texas and Wisconsin.

1 Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data reported by Panama. The definition for medical equipment used in this report, unless otherwise cited, is Uruguay Round Medical Equipment sector agreement and includes products within HS chapters 38, 4, 85, 87, 90 and 94. Pharmaceuticals are not covered in this report.

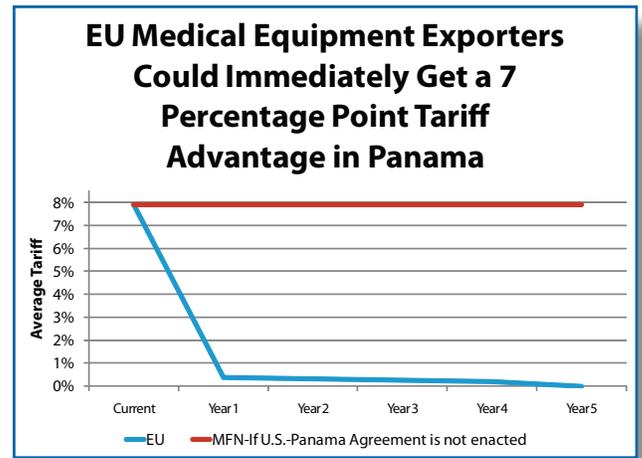
2 U.S. Department of Commerce, U.S. Census Bureau, NAICS 334510, 334517, 339112, 339113, and 339114. Shipments used as best proxy for production.

3 U.S. Department of Labor, Bureau of Labor Statistics, NAICS 334510, 339112 and 339113 (non-seasonally adjusted).

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 medical equipment exporters will immediately enjoy an average tariff of less than one percent upon implementation of the EU-Central America Association Agreement, while U.S. exporters will face an average MFN tariff of 7.9 percent until implementation of the U.S.-Panama Trade Promotion Agreement.



## Other Key Commitments by Panama for the Medical Equipment 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.

### 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.

### 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.

### 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.