



# The U.S.-Panama Trade Promotion Agreement

## *Opportunities for the U.S. Minerals and Fuel Sector*

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

- The minerals and fuel sector accounted for **over \$192 million** in U.S. exports to Panama over 2008-10 (average) or 8.8 percent of total U.S. industrial exports to Panama.
- Estimated duties paid on exports of U.S. minerals and fuel to Panama from 2008 to 2010 were **over \$15 million**.
- **Over 87 percent** of U.S. exports of minerals and fuel to Panama would receive duty-free treatment immediately upon implementation of the U.S.-Panama Trade Promotion Agreement.

### Minerals and Fuel Sector Overview

- The minerals and fuel sector accounted for over \$192 million in U.S. exports to Panama over 2008-10 (average) or 8.8 percent of total U.S. industrial exports to Panama.<sup>1</sup>
- Top U.S. minerals and fuel exports to Panama include diesel fuel, fuel oil, lubricant oil, and propane.

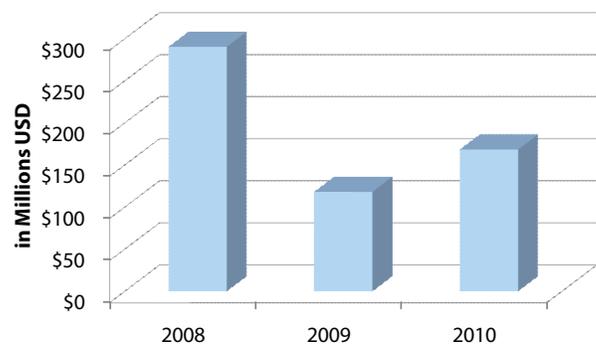
### Improved Market Access for U.S. Minerals and Fuel Exporters to Panama

- Panama's minerals and fuel tariffs average 6.5 percent, ranging from 0 to 81 percent.
- Over 87 percent of U.S. minerals and fuel exports<sup>2</sup> to Panama would receive duty-free treatment immediately upon implementation of this Agreement.
- Tariffs on the remaining 13 percent would be eliminated in 5 years.

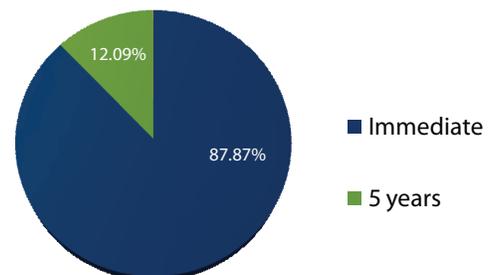
### Key States Exporting to Panama

- Top U.S. states exporting minerals and fuel to Panama include: Louisiana, Texas, Mississippi, New Jersey, California, Georgia, Florida and Washington.

**U.S. Minerals and Fuel Exports to Panama Averaged \$192 Million**



**Over 87% of U.S. Minerals and Fuel Exports to Panama Would be Duty-Free Immediately**

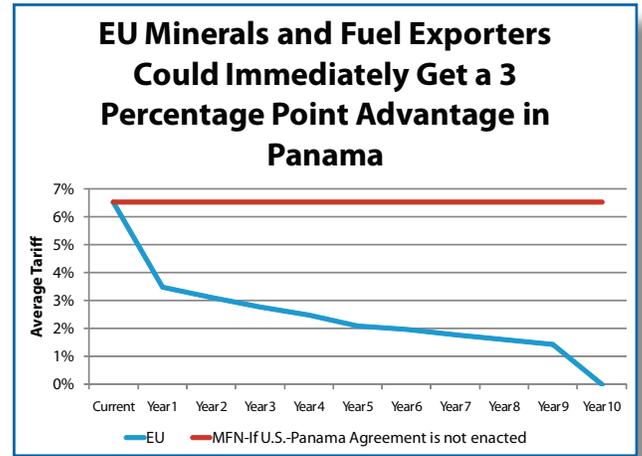


<sup>1</sup> Global Trade Atlas. Calculations by the U.S. Department of Commerce based on import data as reported by Panama. The definition of minerals and fuel used in this report, unless otherwise cited, is based on HS chapters 25 and 27.

<sup>2</sup> 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 minerals and fuel exporters will immediately enjoy an average tariff of 3.4 percent upon implementation of the EU-Central America Association Agreement, while U.S. exporters will face an average MFN tariff of 6.5 percent until implementation of the U.S.-Panama Trade Promotion Agreement.



## Other Key Commitments by Panama for the Minerals and Fuel 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.