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THE U.S.-PANAMA TRADE AGREEMENT: ONE YEAR LATER¹

OCTOBER 31, 2013 marks the one-year anniversary of the entry into force of the United States-Panama Trade Promotion Agreement—an agreement making good on its promise of supporting more American jobs, increasing U.S. exports for manufacturers, farmers and ranchers, and enhancing U.S. competitiveness. Panama remains one of the fastest growing economies in Latin America, expanding 10.7 percent in 2012, with annual growth forecast between 6 and 7.5 percent through 2018 (source: IMF). This comprehensive agreement is eliminating tariffs and other barriers to U.S. exports, promoting economic growth, and expanding trade between our two countries.

I. MORE EXPORTS TO PANAMA OF AMERICAN AGRICULTURAL PRODUCTS

We secured important reductions in tariffs and expansion of market access for U.S. agricultural exporters under the agreement, and we are seeing the results of those efforts. From November 2012 through August 2013 exports of agricultural products increased 18 percent to nearly \$500 million. Exports of soybeans and soy products increased 94 percent to \$72.5 million, and dairy product exports grew 24 percent to \$40.8 million. Pork exports were up 70 percent to \$17.6 million, and beef and beef products exports increased 42 percent to \$7.6 million. Wheat exports grew 18 percent in the same period, to \$40.1 million, while processed potato product exports increased 21 percent to \$8.9 million. The agreement has also provided a vehicle for our two countries to engage on other issues related to the U.S.-Panama agricultural trade relationship in order to facilitate both countries taking full advantage of the opportunities provided by the agreement.

II. MORE EXPORTS TO PANAMA OF MADE-IN-AMERICA GOODS

U.S. manufacturers are taking advantage of increased access to the Panamanian market. Since the agreement entered into force through August 2013, U.S. goods exports to Panama totaled \$9.2 billion, up 17 percent from the same previous period. Primary metal manufactures exports grew a substantial 291 percent to \$269 million, and exports of processed foods jumped 25 percent to \$347 million. Exports of fabricated metal

1. Fact Sheet, Office of the U.S. Trade Rep., Fact Sheet: The U.S.-Panama Trade Agreement: One Year Late (Oct. 2013), *available at* <http://www.ustr.gov/about-us/press-office/fact-sheets/2013/october/us-panama-agreement-one-year>.

products grew 49 percent to \$132 million, while exports of apparel and accessories grew 17 percent to total \$59 million. Exports of petroleum and coal products grew to \$4.9 billion, an increase of 17 percent.

III. MORE EXPORTS TO PANAMA OF STRAIGHT-FROM-AMERICA SERVICES

The agreement guarantees access to Panama's estimated nearly \$28 billion services market, including in priority areas such as financial, telecommunications, computer, distribution, express delivery, energy, environmental, and professional services. Panama's economy is based primarily on a well-developed services sector, accounting for about 75 percent of GDP. The agreement's market-opening services provisions have already facilitated U.S. company sales in areas such as architectural design, engineering, and franchising. In addition, U.S. companies are now well-positioned to participate in infrastructure development projects such as the \$5.25 billion Panama Canal expansion, which is in its final stages, as well as opportunities in areas such as mass transit, energy generation, port development, construction and sanitation.

IV. OUTLOOK

Today, over 87 percent of U.S. exports of consumer and industrial products and more than half of our agricultural exports to Panama are already duty free, with remaining tariffs phased out over defined time periods. As all the provisions of this trade agreement come into effect, Americans will see even further benefits for U.S. exporters, supporting more jobs here at home.