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Panama's Recent FTAs

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Outline

1. Snapshot of Panama's Economy
2. Anatomy of an FTA
3. Panama – US FTA
4. Panama – Singapore FTA
5. Strategic Vision
6. Current Situation for FTAs

Population

Population = 3.3m (2008 est).

GDP = US$23.42bn (2008 est.)

Panama's GDP

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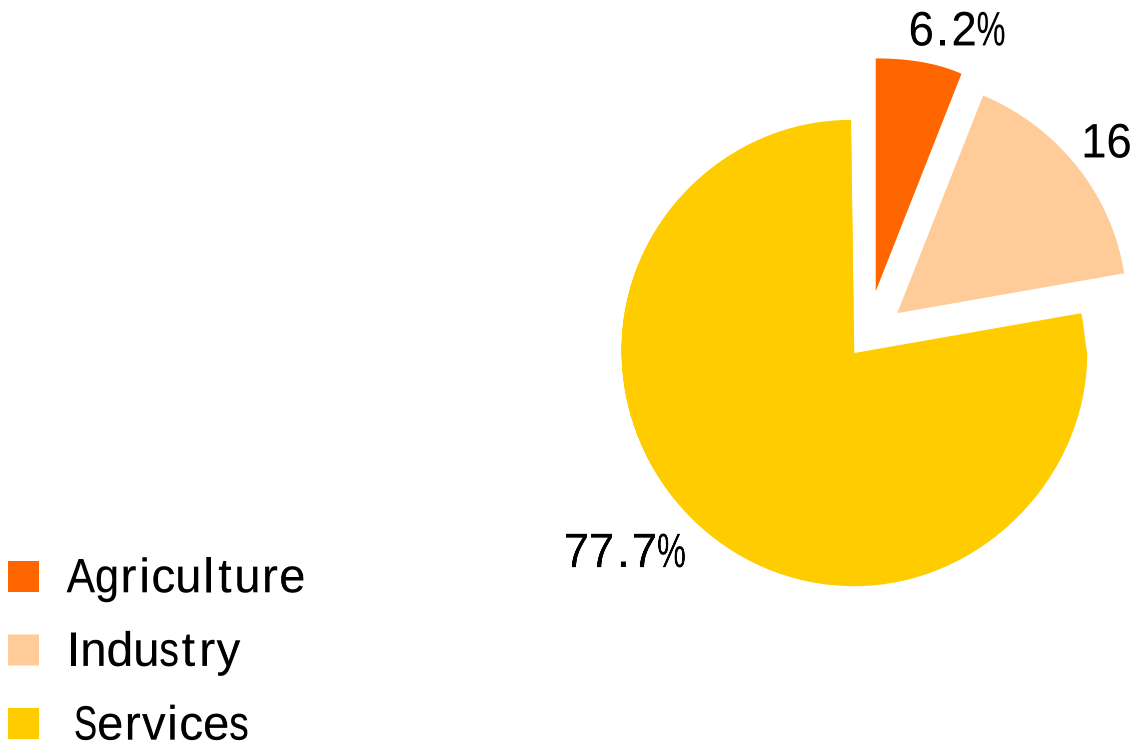


A Snapshot of Panama's Economy

GDP = US$23.42bn (2008 est.)

Exports in 2008 = US$1.14bn

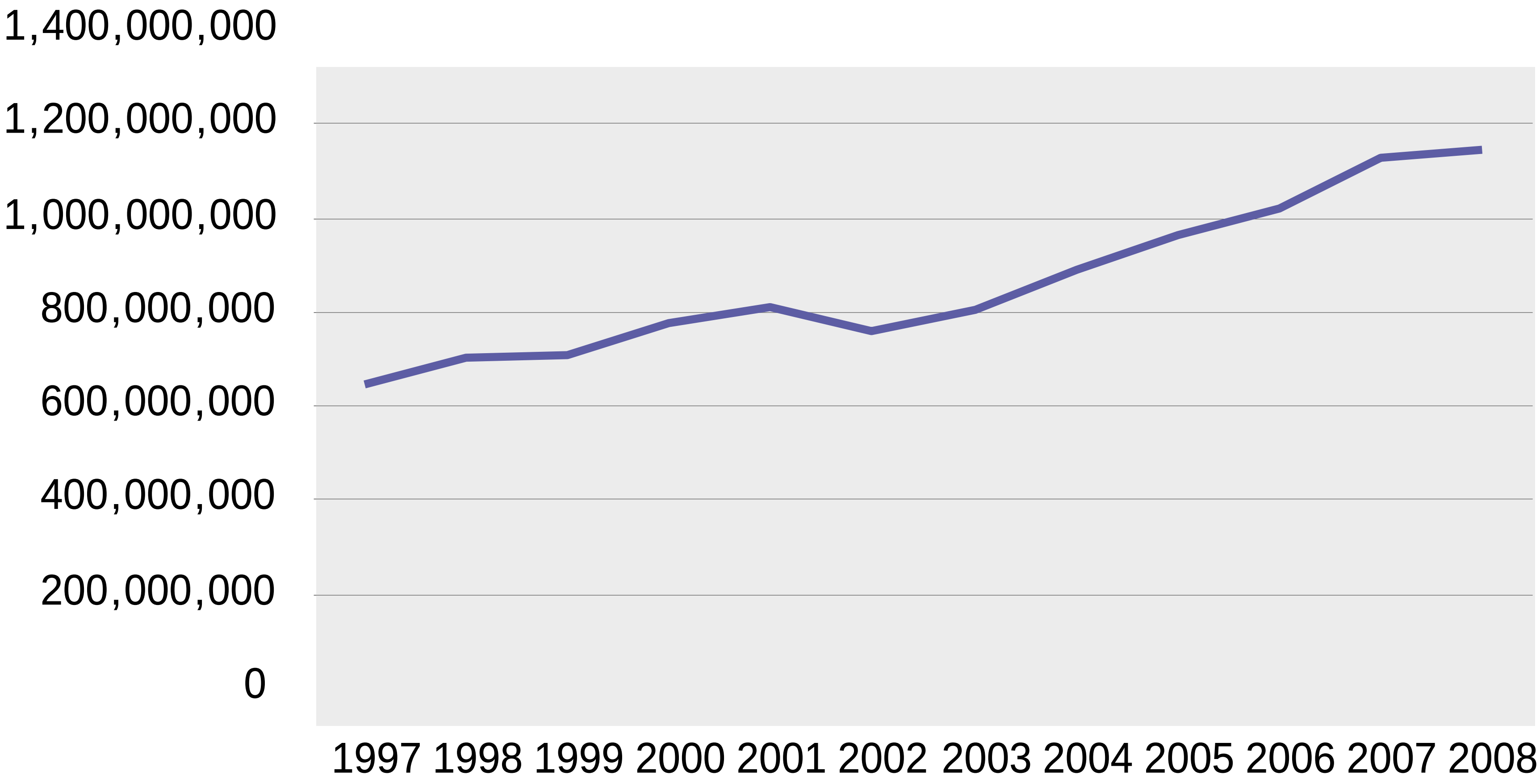
Colón Free Zone = US$8.17bn

Ports moved 3.4m TEUs in 2008

Banking = US$53.4bn

Growth of Panama's Total Exports

in US$



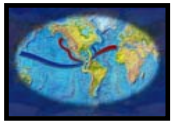
Special Features of Panama's Economy

- No central bank
- Lack of own currency
- Does not belong to an economic integration process
- Service-oriented economy
- Panama Canal

Milestones in Panama's Trade History

70's – Trade Agreements with limited scope w/ Central America

1997 – Incorporation into the WTO



1997 – Recent FTAs:

- Taiwan
- USA
- Singapore
- Chile
- Central America

200? – FTA with Canada

200? – Association Agreement w/ EU

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Anatomy of an FTA

Preamble	
Chapter One	Initial Provisions
Chapter Two	General Definitions
Chapter Three	National Treatment and Market Access for Goods
Chapter Four	Rules of Origin and Origin Procedures
Chapter Five	Customs Administration and Trade Facilitation
Chapter Six	Sanitary and Phytosanitary Measures
Chapter Seven	Technical Barriers to Trade
Chapter Eight	Trade Remedies
Chapter Nine	Government Procurement
Chapter Ten	Investment
Chapter Eleven	Cross-Border Trade In Services
Chapter Twelve	Financial Services
Chapter Thirteen	Telecommunications
Chapter Fourteen	Electronic Commerce
Chapter Fifteen	Intellectual Property Rights
Chapter Sixteen	Labor
Chapter Seventeen	Environment
Chapter Eighteen	Transparency
Chapter Nineteen	Administration of the Agreement and Trade Capacity Building
Chapter Twenty	Dispute Settlement
Chapter Twenty-One	Exceptions
Chapter Twenty-Two	Final Provisions

Basic topics covered by FTAs

- Market access and related disciplines
- Investment
- Services
- Intellectual Property
- Dispute settlement

Panama – US FTA

Importance
- Single most important trade partner for Panama
- Panama's exports to US represents 34.73% of total Panamanian exports (2007)
- Principal foreign investor in Panama (US$25bn)

Status
- FTA was signed in 2007 and ratified by Panama in mid 2007
- Pending ratification by US Congress

Most sensitive issue:
- Agriculture

Obama to Push Panama Accord, Work on Colombia, Korea (Update1)

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By Mark Drajem

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In its first annual report on trade policy, the Obama administration said it will act first on Panama, while working to clear up lawmakers' concerns with all three accords. Obama also plans to ask Mexico and Canada to revise provisions of the North American Free Trade Agreement, according to the report.

"Managing our nation's trade policy and engagement in the world economy has become an ever more complex challenge," the Office of the **U.S. Trade Representative** said in the report.

The report is the first detailed description of what the Obama administration plans to do on trade, and it was released even before Obama's pick to run the trade office, former Dallas Mayor **Ron Kirk**, is confirmed by the Senate. Kirk is scheduled to appear before the Senate Finance Committee on March 9.

During the election campaign, Obama criticized former President **George W. Bush**'s trade policy, and vowed to rework agreements with Colombia and South Korea and force Canada and Mexico to add new protections for workers and the environment to Nafta.

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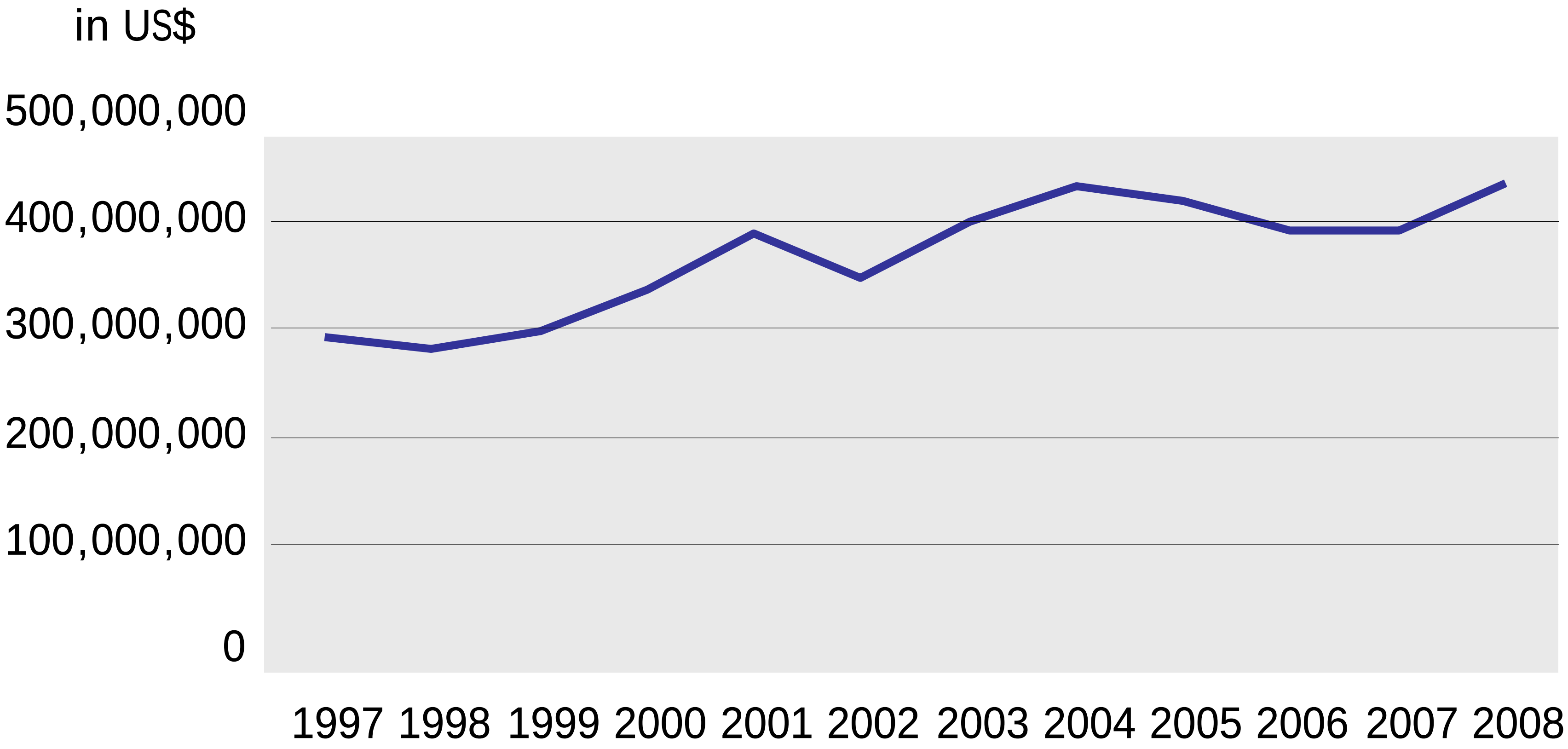
Export Growth w/ USA



Features of the Panama – US FTA: Market Access

- Covers all agricultural and industrial goods
- Rules of origin for each product
- Market access related disciplines in regarding customs, dumping, safeguards, countervailing and antidumping duties, etc.
- Use of tariff-quotas, grace periods, exclusions, etc., for the most sensitive agricultural products

Features of the Panama – US FTA: Services & Investments

- Strong disciplines on investment protection (e.g. MFN, NT, expropriation,dispute settlement etc.)
- Service, Financial Service and Telecommunications chapters
- Incorporation of the “new subjects”: e-commerce, environment and labor chapters
- Dispute settlement (State vs State)

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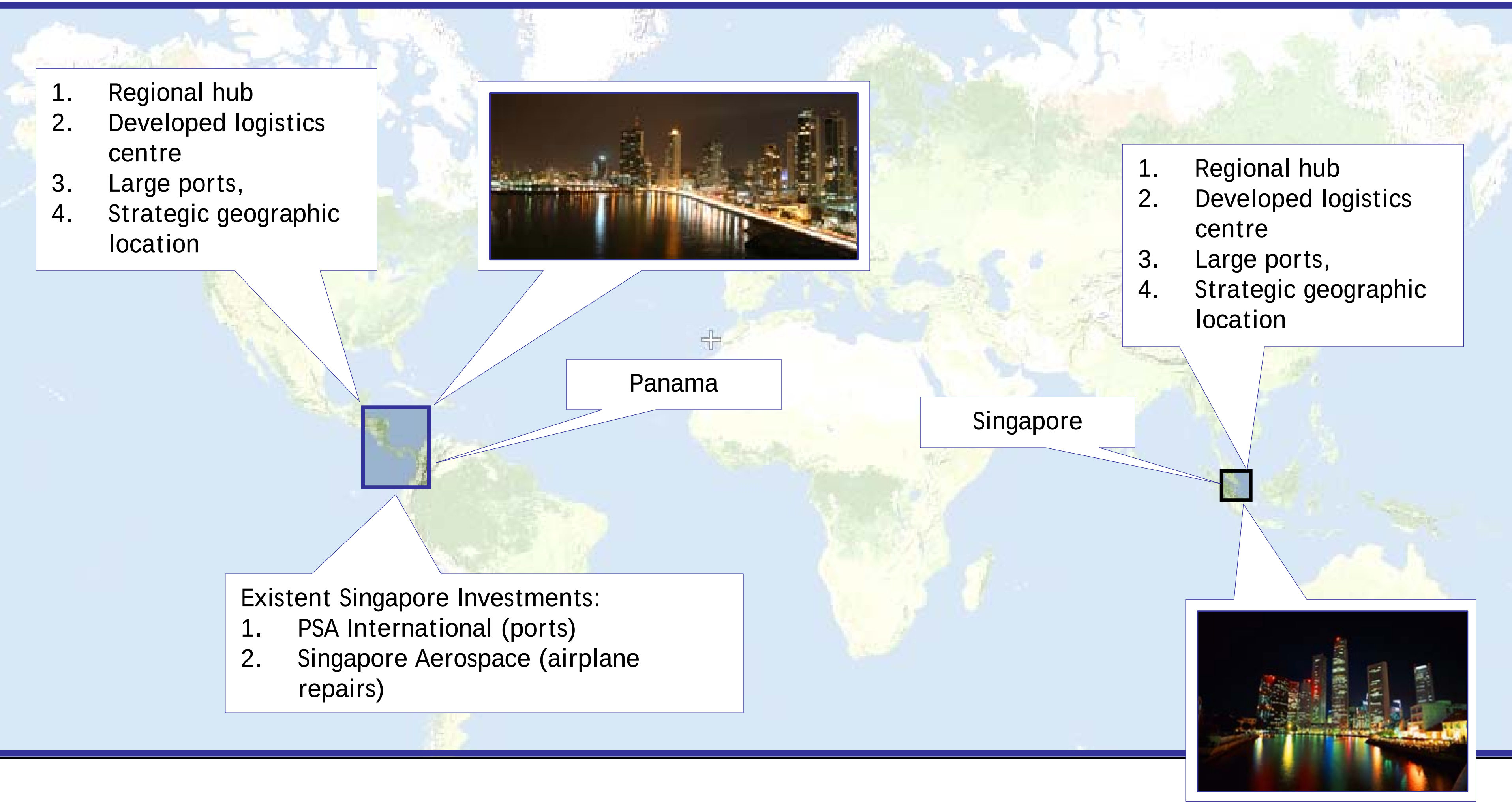
Panama – Singapore FTA



Features of the Panama – Singapore FTA

- Similar to Panama-US FTA
- For Panama it is an “investment” and “strategic” FTA, not a market access FTA (PSA International, ST Aerospace)
- Re-exportation side letter
- Cooperation

Benefits of Panama's FTAs

- Increase Panama's exports
- Foreign Direct Investment
- Benefit to customers
- Efficiency
- Transparent rules for trade

Strategic Vision

- Development of logistics platform
- Outsourcing services (e.g. call centers)
- Manufacturing hub

Negative Trends

Decrease in global trade

Rise of economic nationalism

Protectionism

Political instability

Increased recourse to safeguard and anti-dumping duties

Neutral Trends

Increased government intervention in the economy

Positive Trends

Opportunities for investment

Political stability may be an asset

Opportunities in certain sectors (e.g. call centers, outsourcing)


End

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