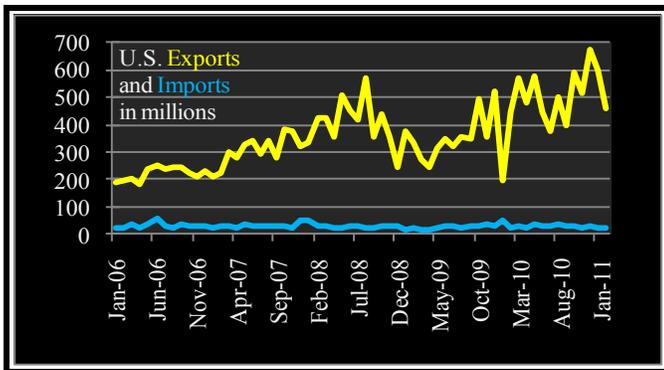


U.S. - Panama Economic Ties

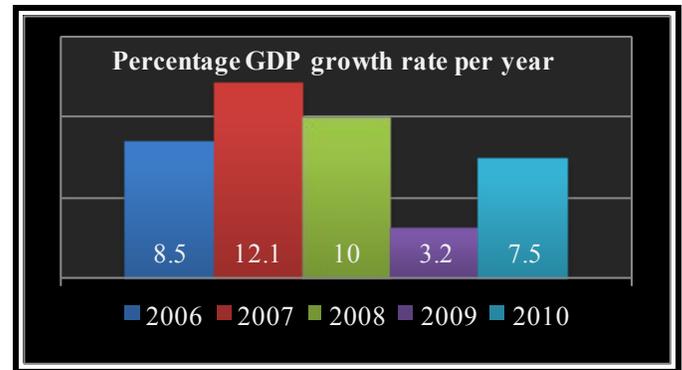
Trade Agreement

The U.S. exported \$6.1 billion in goods to Panama resulting in a \$5.7 billion trade surplus in 2010. The U.S. is by far Panama's largest supplier, accounting for 28% of all goods imports and two-thirds of Panama's agricultural imports in 2010. However, U.S. consumer and industrial products are charged an average tariff of 7% and U.S. agricultural products an average tariff of 15%. The trade agreement will eliminate tariffs on 87% of U.S. consumer goods and over half of U.S. agricultural goods, likely leading to increased U.S. exports, supporting additional jobs. U.S. service providers will also obtain substantial access to the market, and exporters will have greater access to government procurement opportunities.



Economic Overview

Panama has enjoyed some of the highest economic growth in Latin America in the past decade, averaging 6% growth since 1997, and 8% since 2006. Like the U.S., the Panamanian economy is dominated by services, which accounts for 77% of its economy. The U.S. has long been Panama's leading economic partner; however, Panama's recent signature of free trade agreements with Canada and the EU means we face increasing competition in this growing market. Ratification of the trade agreement will help consolidate Panama's remarkable economic transformation while facilitating commercial opportunities for U.S. exporters.



Panama Mega Projects

The largest and best known mega project is the \$5.25 billion Panama Canal expansion project to build a third set of locks. Panama also continues to grow in importance as a regional air hub. In 2010, Copa Airlines' announced its intention to purchase \$2 billion in Boeing aircraft, and the Government is investing \$800 million in facility construction and flight line infrastructure to further expand Tocumen International Airport's passenger and cargo capabilities. In addition to the Canal and the air connections, the Martinelli Administration outlined in its Five Year Plan almost \$10 billion in domestic infrastructure investments to be completed before 2014. Its signature project is the construction of a 13-station, 13-kilometer, Metro system, currently estimated to cost \$1.8 billion. Approving the trade agreement will help U.S. exporters sell to this growing market.

U.S. Embassy - Panama 28 June 2011

