

U.S.-Panama Trade Promotion Agreement

U.S. SMALL AND MEDIUM-SIZED ENTERPRISES: KEY EXPORTERS TO PANAMA

The U.S.-Panama TPA will be of particular benefit to U.S. small and medium sized businesses (enterprises with fewer than 500 employees). In 2006, U.S. SMEs exported \$970 million in merchandise to Panama, representing 39 percent of total U.S. exports to Panama – above the 29 percent SME share of U.S. exports to the world.

Eighty-one percent of U.S. businesses exporting to Panama in are small businesses.

U.S. small and medium-sized enterprises particularly benefit from the tariff eliminating provisions of free trade agreements, and should benefit from the significant tariff cuts under the U.S.-Panama TPA.

The transparency obligations, particularly those contained in the customs chapter, are also very important to U.S. SMEs, which may not have the resources to navigate customs and regulatory red tape.

Free Trade is important to U.S. SMEs

- U.S. SMEs are already taking advantage of U.S. efforts to open markets throughout the world. In 2006, for our North American Free Trade Agreement (NAFTA) partners Canada and Mexico, SMEs represented more than 90 percent of all exporting companies.
- SMEs represented a majority of U.S. exporting companies to our other free trade partners in 2006, including Australia (90 percent), Singapore (89 percent), Chile (84 percent), and Morocco (72 percent).

U.S. SMEs also represented at least 75 percent of all U.S. exporters to the individual Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) partner countries (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) in 2006.