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Negotiations Toward a Canada-Panama Free Trade Agreement

Canada has held two successful rounds of free trade negotiations with Panama. The first took place from October 27 to 31, 2008 in Ottawa. The second was held December 1 to 5, 2008 in Panama City. Parties have made progress on a broad range of issues including trade in goods, services, investment, telecommunications, government procurement and trade facilitation. Building on this momentum, technical discussion will continue in December 2008 to help ensure progress during a third round of negotiations, scheduled for the week of January 12, 2008, in Ottawa.

Negotiations follow a successful exploratory process, including two meetings with Panama (May 6-7, 2008 in Ottawa and July 7-8, 2008 in Panama City) and detailed information exchange. The exploratory process provided an opportunity for both sides to discuss the scope of a possible bilateral FTA.

On May 31, 2008, the Government launched month-long public consultations with Canadian provinces and territories, along with businesses, industry associations and the general public. A related notice of these consultations was posted on the [Canada Gazette](#) website. The Government continues to welcome views from interested Canadians on the prospect of a Canada-Panama FTA (see "contact point" below for contact information).

Background

Panama is an established market for Canada and the bilateral trade and investment relationship has strong potential for long-term growth. In 2007, bilateral merchandise trade between Canada and Panama totalled \$115 million, with Canadian exports accounting for \$86.4 million and imports totalling \$28.7 million. From 2005 to 2007, Canadian merchandise exports to Panama grew by 44%.

In 2007, Canada's top goods exports to Panama consisted of pharmaceutical products, machinery, electrical and electronic equipment, malt and barley, vegetables and meats. Imports from Panama included mineral fuels, fruits and nuts, fish and seafood, spices, coffees and teas, fats and oil products and wood products. The stock of Canadian direct investment in Panama reached \$111 million at the end of 2006. A heightened level of Canadian interest and activity points to the likelihood of significant growth for Canadian service providers and investors over the next few years. Several Canadian investors and service providers are currently present in the Panamanian market (e.g. banking and financial services, construction, mining). Canada currently has a [Foreign Investment Promotion and Protection Agreement](#) (FIPA) with Panama, signed in 1998, and a new [air transport agreement](#) which was announced on June 19, 2008.

The strength of Panama's economy is evidenced by the fact that Panama's real GDP growth rate in 2007 was 11.2%, the highest rate among all Latin American and Caribbean countries. The Panamanian economy is based primarily on a well-developed services sector, which accounts for approximately 81 percent of its GDP. Panama occupies a unique place in the international trading system. As home to the Panama Canal, Panama plays a pivotal role in the flow of goods around the world. The Panama Canal is an important stimulus for this service-oriented economy. Canada is currently the 10th most important user of the Canal. The expansion of the Panama Canal is currently underway and is slated to be completed by 2014. The projected cost is US\$5.2 billion.

Panama has FTAs in force with Taiwan (2004), El Salvador (2002), Singapore (2006) and Chile (2008). Panama has also negotiated an FTA with the United States (US-Panama Trade Promotion Agreement) which is pending U.S. Congressional approval.

Benefits for Canadians

An FTA with Panama has the potential to improve the bilateral trade and investment relationship and further advance Canada's foreign policy objectives in the region. It could also better position Canadian business vis-à-vis competitors in this market, particularly with those who benefit from a preferential trading arrangement with Panama. An expanded Canal will strengthen Panama's role in the international trading system, and could create new opportunities for Canadian business.

Fact Sheets

- [Fast Facts](#)
- [Non-agriculture](#)
- [Agriculture](#)

- [Investment](#)
- [Services](#)

General Information

- Economic Analysis: Prospective Free Trade Agreement Between Canada and Panama ([html](#) | [pdf 262 kb](#))

Canada-Panama at a Glance

- [Panama Trade and Investment Profile](#)
- [Panama Country Profile](#)
- [Export Development Canada – Country overview](#)

Other Interesting Links

- [The Canadian Embassy in Panama](#)
- [Government of Panama Ministry of Commerce](#)
- [Inter-American Development Bank](#)

Contact Point

If you have questions or comments about this initiative we would like to hear from you. Please contact Foreign Affairs & International Trade Canada at:

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