

## Trade Policy Review of Panama (First Session on 24 January 2022)

### Statement of Hong Kong, China

- Thank you, Chair.
- I would like to start by extending a warm welcome to the Panamanian delegation led by Her Excellency Linda Castillo, Vice-Minister for International Trade Negotiations. I would also like to express our gratitude to the Secretariat for preparing the comprehensive reports for this review.
- Panama is Hong Kong, China's ninth largest trading partner in Latin America and our second largest services partner in that region. Our bilateral merchandise trade amounted to US\$ 176 million in 2020.
- Panama and Hong Kong, China share much commonalities. To name a few: we are both highly international trade oriented and services-based economies; we pride ourselves as renowned logistics hubs; and we advocate a robust rules-based multilateral trading system. In this connection, we welcome Panama's pledge in its Government Report that Panama is committed to the multilateral trading system. Such a commitment is certainly most pertinent amidst the threatening rise of protectionism and unilateralism in the international trade scene.
- We have the following observations on Panama's trade policies.
- First, **trade facilitation**. Since the last trade policy review in 2014, Panama ratified the Agreement on Trade Facilitation (TFA) in 2015. Panama scheduled the vast majority of its commitments under Category A for immediate implementation with seven Category B commitments and seven Category C commitments.
- During the review period, Panama has implemented several trade facilitating measures. For example, Panama launched the first phase of its Authorized Economic Operation programme in 2016 and the Maritime Single Window in 2017, and is digitalising its customs administrative process. We commend Panama for its continuous efforts in facilitating trade and we encourage it to intensify its efforts with a view to fully implementing the TFA.
- We note that Panama continues to impose an administrative charge to importers for customs services (TASA) for each customs import declaration. Besides, imports are still subject to various indirect taxes including the tax on the Transfer of Movable Property and the Provision of Services (ITBMS), the Selective Consumption Tax (ISC) and the Consumption Tax on Petroleum-Derived Fuels

(ICCDP). With a view to further streamlining the customs procedures, we encourage Panama to review the need of import charges and taxes, and to consider eliminating or reducing the internal charges and taxes on imported goods.

- Second, **tariffs**. We are pleased to note that Panama has bound all of its tariff lines, with 99.7% being *ad valorem* tariffs. The simple average applied MFN rate has also dropped from 7.6% in 2013 to 6.8% in 2021 and that nearly half of its tariff lines are duty-free.
- However, we note that the average tariff for agricultural products has increased from 13.7% to 15.3%. There are also increases in the percentage of tariff lines which are at domestic and international tariff peaks. Moreover, Panama's applied MFN tariff in 2021 has exceeded the bound tariff in a few tariff lines and sublines. We urge Panama to bring these applied tariffs in conformity with their bound rates. We call on Panama to keep up its efforts of lowering its applied tariff rates with a view to fostering more trade to the benefit of the economy and customers.
- Finally, **services**. Panama remains a services-based economy, with services accounting for 70% of GDP and 67.5% of total employment in 2020. The most important services sectors in 2020 were wholesale and retail trade; transport, storage and communications; financial intermediation; and real estate, business and rental activities.
- We appreciate Panama's efforts in launching various measures, including amending the legal framework in order to align with international supervisory standards and removing restrictions on participation of foreigners in certain services sectors. We encourage Panama to continue pursuing progressive liberalisation in trade in services.
- Chair, Panama is not only a valued trading partner of Hong Kong, China, but also a close working partner here in WTO. We appreciate Panama's active participation in the on-going fisheries subsidies negotiations. We are glad that Panama has recently re-joined the Joint Statement Initiative on Investment Facilitation for Development. We also look forward to working with Panama and other like-minded Members to revitalize the WTO dispute settlement mechanism. Lastly, we wish Panama a very successful trade policy review.
- Thank you, Chair.

**Hong Kong Economic and Trade Office in Geneva**  
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