

ALLAN ZAREMBERG  
President and Chief Executive Officer

VIA FACSIMILE  
To the CA Congressional Delegation

April 29, 2009

The Honorable Mike Thompson  
United States House of Representatives  
Washington, D.C.

Dear Representative Thompson;

Re: US-Panama Free Trade Agreement

On behalf of the California Chamber of Commerce, I am writing to urge you to support Congressional approval of the pending trade agreement with Panama. The Administration has indicated that this may be the next FTA on the trade agenda to be brought to your attention. This FTA is critical to companies, workers, farmers, and ranchers in our state.

The California Chamber of Commerce, established in 1890, is the largest, broad-based business advocate that works at both state and federal levels to influence government actions affecting all California businesses. Our members include more than 16,000 firms of all kinds and sizes, as well as 450 affiliated local chambers of commerce and 200 trade associations. Our members employ one-fourth of the private sector workforce in California. Through its grassroots action program, the California Chamber reaches out to a statewide network of 430,000 small business owners.

Panama has the highest GDP per capita in Central America. Its economy is based largely on the services sector, which accounts for nearly 80 percent of the GDP. Services include the Panama Canal, banking, insurance, container ports, and medical and health. Panama has been hailed for the strong growth in its economy and its commitment to fighting corruption, combating narco-trafficking and promoting democracy. In 2008, the United States had a trade surplus with Panama, with exports totaling \$4.9 billion and imports slightly under \$400 million. California exports to Panama totaled \$346 million, making it our 39th largest export market.

Per the U.S. Department of Commerce, International Trade Administration, the U.S.-Panama FTA offers tremendous opportunities for California's exporters. Panama's strategic location as a major shipping route and the massive project underway to expand the capacity of the Panama Canal enhance the importance of the U.S.-Panama FTA for California's exporters.

When the Agreement enters into force, 88 percent of U.S. consumer and industrial exports to Panama, including nearly all information technology products; aircraft and related equipment; agriculture and construction equipment; medical and scientific equipment; environmental products; pharmaceuticals; fertilizers; and agro-chemicals will become duty-free immediately. The remaining tariffs phase out over 10 years. U.S. farmers and ranchers will also become much more competitive, benefiting from immediate duty-free treatment of more than 60 percent of current U.S. agriculture exports. Key U.S. agriculture exports such as high-quality beef, other meat and poultry products, soybeans, most fresh fruit and tree nuts, distilled spirits and wines, and many processed food products, will be duty-free upon entry into force of the Agreement. Tariffs on most remaining U.S. farm products will be phased out within 15 years.

The U.S.-Panama FTA will ensure that California's firms can participate on a competitive basis in the \$5.25 billion Panama Canal expansion project that will offer many opportunities for U.S. providers of goods and services. Ultimately, the Canal expansion will benefit California's exporters by increasing the Canal's capacity, which will reduce the costs of transporting goods while keeping up with the demands of a growing global economy.

The CalChamber, in keeping with long-standing policy, enthusiastically supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad, and elimination of disincentives that impede the international competitiveness of California business.

America's standing as a world leader depends directly upon our competitive success in the global economy. For over the past half-century, the United States has led the world in breaking down barriers to trade and in creating a fairer and freer international trading system based on market economics and the rule of law. Increased market access achieved through trade agreements has played a major role in our nation's success as the world's leading exporter.

California is one of the ten largest economies in the world with a gross state product of approximately \$1.8 trillion. As one of the largest exporting states, with exports to 225 economies around the world, international-related commerce accounts for approximately one-quarter of California's economy.

I urge you to support the US-Panama free trade agreement and the remaining items on the trade agenda that will continue to keep American and Californian businesses competitive.

Sincerely,

A handwritten signature in black ink, appearing to read 'Allan Zarembeg', with a stylized flourish at the end.

Allan Zarembeg

AZ:alb

Cc: US Trade Representative Ron Kirk  
Governor Arnold Schwarzenegger, State of California