

**ACCESSION OF PANAMA**

**Communication from the Government of Panama**

The Government of Panama has submitted the proposal entitled "Possible elements of the Protocol of Accession to the World Trade Organization" reproduced hereunder.

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**PROPOSAL BY THE GOVERNMENT OF PANAMA**

**POSSIBLE ELEMENTS OF THE PROTOCOL OF ACCESSION  
TO THE WORLD TRADE ORGANIZATION**

General remarks

1. The Republic of Panama is in the process of modifying its international trade policy so as to promote an increase in trade that will lead to greater efficiency and competitiveness in the domestic economy.
2. With the aim of completing the accession process as soon as possible and pursuant to the efforts Panama has made to adapt its legislation to the requirements of the World Trade Organization, Panama has taken the initiative of preparing a document that may be used as a basis for discussing possible elements of the report of the Working Party and the Protocol of Accession.

National treatment

3. When reviewing Panama's domestic legislation, some Members pointed out in connection with stamp duty that certain provisions applied to liquor and cigarettes could be considered discriminatory and were contrary to the provisions on national treatment laid down by the WTO. In order to remedy this situation, Panama adopted Law No. 45 of 14 November 1995, which abolished application of this stamp duty, repealing Chapters VI and XXI of Book IV of the Fiscal Code and Cabinet Decrees Nos. 35 of 1970 and 22 of 1972.

Export subsidies

4. Some Members indicated that application of the Tax Credit Certificate (CAT) in Panama could be considered an export subsidy. Following the guidelines set out in the Agreement on Subsidies and Countervailing Measures, Panama decided progressively to eliminate these tax benefits by rescinding the provisions in force and adopting Law No. 28 of 20 June 1995, which lays down the following principles:

- The CAT will be 20 per cent of domestic value added until 31 December 2000;
- the CAT will be reduced to 15 per cent of domestic value added between 2001 and 2002;
- the CAT will be abolished in 2003;
- in addition, enterprises benefiting from the CAT are not entitled to exemption from income tax under any other legal provision.

#### Sanitary and phytosanitary measures

5. When reviewing Panamanian legislation on animal and plant health, Members expressed their concern at provisions that were deemed to be mutually contradictory and contrary to the WTO provisions. Panama submitted for Members' consideration two draft Laws for review. The remarks made by some Members were incorporated and the Executive transmitted both drafts to the Legislative Assembly for approval. The drafts bring the legislation into line with the relevant rules of the WTO, adopting international standards and laying down the bases for simplification of procedures related to animal and plant health. At present, these drafts are being considered by the Legislative Assembly.

#### Technical barriers to trade (technical standards)

6. The Republic of Panama does not have any legislation on technical standards applicable to imports, therefore, in order to ensure correct implementation of the Agreement on Technical Barriers to Trade and with a view to harmonizing Panama's standards and quality levels with international standards, the Executive is drawing up a law to adapt the relevant legislation and make it consistent with the Agreement on Technical Barriers to Trade. In addition, Panama joined the International Organization for Standardization (ISO) in January 1995.

#### Implementation of Article VI of the GATT 1994 (anti-dumping), Agreement on Subsidies and Countervailing Measures and Agreement on Safeguards

7. During the review of Panamanian legislation in this area, several Members stated that Decree 15 of 1987 on dumping, countervailing measures and safeguards did not develop certain concepts to a satisfactory extent, particularly those relating to such important elements as proof of injury and the application of safeguards. In order to make good these lacunae, Panama submitted to WTO Members for their consideration a draft law to bring the domestic legislation into line with the corresponding WTO Agreements. After receiving comments from some Members and including them, the draft law was transmitted to the Legislative Assembly for approval.

#### Implementation of Article VII of the GATT 1994 (customs valuation)

8. Members pointed out that Panamanian legislation on customs valuation was based on the Brussels Convention and would have to be updated in accordance with the Agreement on Article VII of the GATT. The Executive therefore submitted to the Legislative Assembly a draft framework law on the customs statute in order to regulate the functioning of the customs service. This is the basic law required for subsequent enactment of the decree that will adopt a valuation mechanism based on the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994. Panama will adopt it within three years of acceding to WTO.

Import licensing

9. During the review of Panama's import licensing system, Members indicated that the current legislation on import permits did not regulate this area suitably. Consequently, Panama submitted to Members a draft framework law for their consideration. After incorporating the comments received from Members, the Executive will transmit the draft law to the Assembly; it takes into account all the principles set out in the Agreement on Import Licensing Procedures, simplifies the procedure for obtaining licences and eliminates any discrimination arising from their application.

Agreement on Trade-Related Aspects of Intellectual Property Rights

10. When reviewing Panama's current legislation on intellectual and industrial property, Members pointed out that it was dispersed over several legal instruments, was contrary to international standards and was out of date as it had been in force for several decades. In order to update, harmonize and adopt international provisions in this field, Law No. 15 of 8 August 1994 on copyright was enacted and the Executive submitted a draft law on industrial property to the Legislative Assembly for approval. The two legal instruments represent a radical change in the area of protection, simplify procedures and give inventors, owners of trademarks and authors security. Panama recently acceded to the Paris Convention for the Protection of Industrial Property (Law No. 41 of 13 July 1995). With these laws, Panama has comprehensively adapted its domestic legislation to the TRIPS.

Article II and Article VIII of the General Agreement on Tariffs and Trade 1994

11. Some Members pointed out that the need to obtain a consular invoice for imports was contrary to GATT Articles II and VIII because the cost was determined by the value of the goods. In order to overcome this problem, Panama abolished consular invoices in Law No. 36 of 6 July 1995, adapting its import regime to the parameters laid down in GATT Article VIII.