

Secretary of Commerce Carlos M. Gutierrez
Remarks to the U.S.-Panama Business Council, Panama
Week
Washington, D.C.

Thank you, Juan Sosa, and congratulations on the Council's new Southwest Chapter. I'm honored to be here with Vice President Lewis, Minister Vergara, and all of you.

Before I begin, I'd like to say a few words on the economy.

- We understand that people around the world are concerned about their financial future.
- In the United States, we took action to bring stability to the credit markets.
- Last week, we took further action to restore confidence in the financial market.
- It is limited in size, scope and duration and preserves free enterprise – not replaces it.
- We are also coordinating with other nations on an international response to this global crisis.
- Yesterday, President Bush announced plans to hold a Summit on Financial Markets and the World Economy in November.
- We will overcome these challenges.
- This will take time, but the economy will come back.

Trade is very much a part of the economic picture.

Last year, U.S. exports totaled a record \$1.6 trillion. Exports were 12 percent of our GDP. As of August, U.S. exports have increased by 18 percent year-to-date, over 2007.

The United States has implemented free trade agreements with 14 countries, 11 under President Bush's watch. Although these countries make up just 8.6 percent of world GDP, they purchase 41 percent of our exports.

The pending trade agreements with Colombia, South Korea, and Panama are a key part of President Bush's global efforts to open markets and strengthen relationships with friends and allies.

As President Bush said, "Free and fair trade helps secure a future of freedom and promise."

Panama is an important friend and ally. And Panama is a key partner in the new Pathways to Prosperity in the Americas initiative. This effort was founded to support democracy, open markets and broad-based economic growth.

Growth strengthens the delivery of true social justice, which we believe is about giving everyone an equal opportunity to succeed. We're very pleased that Panama has agreed to host the first Ministerial of the Pathways to Prosperity in December. We look forward to a productive meeting under Panama's leadership.

Panama is also an important trading partner with which the U.S. enjoys strong economic ties.

The United States has 30 percent of Panama's import market. It is Panama's number one export market with 36 percent of its total exports coming into the United States.

In 2007, U.S.-Panama bilateral trade totaled 4.1 billion dollars, up from nearly \$3.1 billion dollars in 2006. But we know we could be doing even more business together.

Panama is experiencing a remarkable economic boom, making it one of the fastest growing economies in the world. Panama's GDP grew by more than 11 percent last year. Trade, tourism and construction are all flourishing.

And this impressive performance is happening before the U.S.-Panama Free trade Agreement enters into force.

This agreement will create new opportunities for economic growth and prosperity for people in both countries.

Last September, I traveled to Panama with a Congressional delegation and senior U.S. officials.

The purpose of the trip was to get a first-hand view of the potential the U.S.-Panama trade agreement offers. And I want to thank the Panamanian Government for its gracious hospitality.

For Panama, the agreement will attract new investment, create jobs and raise living standards.

For the United States, it will provide new opportunities for our businesses to trade, invest and grow. U.S. foreign direct investment in Panama reached 6.2 billion dollars last year, up from 4.7 billion dollars in 2006.

For both, it will expand reciprocal access to the other's market.

Panama continues to rank high among Latin American countries on the World Bank's *Ease of Doing Business Index*.

And President Torrijos' vision for Panama's prosperity and growth has led to reforms that have greatly contributed to Panama's economic success.

The other major catalyst for sustained growth is the five billion dollar Panama Canal expansion.

Many large U.S. corporations are already setting up regional headquarters to take advantage of Panama's strategic location and competitive investment incentives.

What is arguably the most significant infrastructure project in the region since completion of the original Panama Canal is also drawing even more U.S. business interest.

A century ago, the opening of the Panama Canal shaved nearly 18,000 miles off the journey between New York and San Francisco—almost cutting the time at sea by half.

Today, the United States is the top Canal user in the world. Roughly 15 percent of all U.S. trade, and five percent of global trade, passes through the Panama Canal.

Nearly 70 percent of the cargo and more than 50 percent of the vessels that cross the Canal each year either have a U.S. origin or destination.

The construction of a third set of locks will double the Canal's capacity and reduce the costs of transporting goods while keeping up with the demands of a growing global economy. An enhanced Canal will also increase regional and Hemispheric competitiveness.

U.S. companies offer world-class goods and services. They are fully prepared, equipped, and eager to help Panama complete this expansion project and further its other development goals.

I'll close with this: Increasing prosperity, security, and social justice throughout the Western Hemisphere has been one of the top priorities of the Bush Administration.

Trade agreements bring us closer to all three goals.

I'm optimistic that as soon as the Administration reaches an agreement with leaders in Congress for the final approval of the U.S.-Colombia free trade agreement, we can move quickly to secure broad congressional support for the U.S.-Panama free trade agreement.

I want to thank the U.S.-Panama Business Council for its support of a strong and growing commercial relationship between our countries.

In the wake of a global slowdown, we need to continue pressing forward with open markets and free trade to generate growth, opportunities, and prosperity.