



VIGILADA MINEDUCACIÓN

Analysis and characterization of the benefits of the FTA signed between Colombia and Panama

Lina Marcela Fernández Berrio

University Institution Esumer
Faculty of International Studies
Medellin Colombia

2020



VIGILADA MINEDUCACIÓN

Analysis and characterization of the benefits of the FTA signed between Colombia and Panama

Lina Marcela Fernández Berrio

Degree work submitted to apply for the title of:
Negociador Internacional

Line of Research:
International relations

University Institution Esumer
Faculty of International Studies
Medellin Colombia

2020

Abstract

Panama has become a dynamic economy that has grown notoriously, which, has convert to Panama an attractive country for international business. That reason led Colombia to sign a trade agreement with Panama. To be a bordering country the link bilateral strengthen and make a window for new business and increase foreign investment bilaterally. This trade agreement looses a benefits series for different economic sectors, likewise, to help to protect the international business of both economies.

The present degree work has as main goal know and keep record the sociopolitical and socioeconomic relations during and after of the free trade agreement between Colombia and Panama it will be developed through, qualitative and comparative research methodology where it will be analyzed secondary sources, magazines, papers, repositories and databases with the goal to collect true information that we help to develop this research clearly.

In this way, can be project the benefits that this free trade agreement would bring for Panama and Colombia commercially and economically, identifying the strengthening of both economies.

In a global form, we can have a broad context of benefits that this agreement imposed bilaterally, analyzing the entire implementation of the free trade agreement from its signature to date.

Key Word: Free Trade Agreement, Bilateral benefits, Trade Agreement, Economic Sectors, Implementation.

TABLE OF CONTENT

1. Introduction	6
1. Project Formulation	8
1.1 State of Art	8
1.2 Problem Statement	10
1.3 Objectives	11
1.3.1 General Objectives	11
1.3.2 Specific Objectives	11
1.4 Justification	12
1.4.1 Theoretical Justification	12
1.4.2 Social Justification	12
1.4.3 Personal Justification	12
1.5 Referencial Framework	12
1.5.1 Theoretical Framework	12
1.5.2 Conceptual Framework	13
1.6 Methodological Framework	14
1.6.1 Research Method	14
1.6.2 Research methodology	14
1.7 Scope	15
2. Research development	16
2.1 Trade Agreement between Colombia and Panama	16
2.2 Interests of Colombia and Panama in the FTA	20
2.3 Benefits of the sectors with FTA between Colombia and Panama	23
2.4 Advantages and disadvantages of FTA	25
3. Conclusions and Recommendations	30
3.1 Conclusions	30
3.2 Recommendations	32
4. Bibliography	33

List Of Tables

Table 1. Content of the trade and tariff issue agreement.....	21
Table 2. Percentages of products exported in the first half of 2013.....	23
Table 3. Main export products Panama	26
Table 4. Panama's main import products.....	28

1. Introduction

Integrating economically represents an exponential approach with other economies; Uniting with other countries has many beneficial elements for the member economies of said union; such as: free trade zone, common market, customs union and economic union. In this way, we can identify that globalization is the key factor in the face of economic integration; since, it allows to simplify and standardize procedures between countries reaching a considerable level of liberalization and democratization. This is how trade agreements are born, which define different advantages and benefits in international business and strengthen the relations of the member countries.

Panama and Colombia have a link since this country became part of our state (Colombia), henceforth conversations began in order to sign a free trade agreement that would benefit different sectors of the economy, eliminate tariffs, encourage the bilateral foreign investment and further strengthen the relationship between the two countries. It should be clarified that the Panamanian economy has a notable dynamism and is on the rise, which has made it attractive to other countries that, like Colombia, want to join negotiations with this country.

For this reason, in this investigation we will know and document the socio-political and socio-economic relations during and after the free trade agreement between Colombia and Panama; since after the signing of this trade agreement, a significant movement was observed in the trade balance between the two countries, disclosing the main products exported after this FTA, among which exports of fuels, mineral oil and their products, plastics and manufactures, like aluminum and its manufactures, pharmaceuticals, too; other exported products included editorial, press, text, nuclear reactors, furniture and iron-cast manufacturing.

In itself, this research work will focus on analyzing, the characterization and the benefits of the FTA signed between Panama and Colombia, starting from the general, of how its implementation was carried out; Later, we will get to the specific and at this point we will make a comparative that allows us to analyze the Free Trade Agreement. Also, we will focus on conducting qualitative research to help us analyze this FTA from different sources of quality, numerically the data and figures that are found will be evaluated in order to recognize

how the economic sectors of both countries have strengthened. Currently, several authors have commented on the generalities of this alliance, enhancing different advantages that frame said negotiation and solidify the economy for both Colombia and Panama.

Briefly, the importance that Colombia gives to Panama is valuable, since our country has become a vital partner for the foreign trade of this country. Colombia's exports to the Panamanian country have increased this, despite the fact that the neighboring country has increased the purchase of oil, fuels and their derivatives, as well as mining products, filters, lubricants and energy products. Increasingly, the increase in exports is greater, likewise, the businesses between the two countries increase foreign investment. It can be said that both economies are attractive, this is partly due to the location of the two countries. According to projections, it is estimated that in the next few years Colombia's exports to Panama will increase fivefold thanks to this FTA. Panama, for its part, has benefited from this negotiation, since trade in its country has increased, generating more employment for its inhabitants and prospering in international relations.

In accordance with the above, this investigation will reveal how the negotiations between Colombia and Panama were carried out, we will identify the interests of both countries with this alliance, addressing the generalities of the entire free trade agreement and later we will analyze how it has moved. the economy in these countries, analyzing the sectors that have benefited most from this trade agreement. As if, we will give the conclusion of everything that has framed this treaty and we will analyze the transcendence, implications, benefits, interests of this alliance. This research will give a projection of future relationships, negotiations that will increase, foreign investment and the behavior of the trade balance in the coming years in both countries.

1. Project Formulation

1.1 State of Art

Panama started negotiations for an FTA with Colombia in 2010, with this agreement according to Donato (2019) it is sought that Panama has a commercial partner with which it can supply many of the raw materials such as: Rice, coffee, milk, cocoa, among others ; which currently imports from other countries such as: China, Vietnam, the United States. In addition, it highlights the interest that Colombia has in having a Trade Agreement with Panama, because Panama is one of the most dynamic economies in Latin America and this agreement allows a fundamental and natural step in the consolidation of our relations with Central America. Additionally, Panama is a valuable destination for Colombian exports, benefiting companies from both countries through the exchange of goods and services.

The negotiation process started in February 2010, and was carried out through seven rounds and a mini round, finally in May 2013, the negotiations were concluded with the signing of the FTA by the Minister of Commerce, Industry and Tourism, Sergio Díaz Granados, and his Panamanian counterpart, Ricardo Quijano, in the capital of the neighboring country.

In the first three rounds a document was prepared in order to have parameters for the negotiations. The fourth round took place on September 17, 2010 and ended in Bogotá. Among the topics of the negotiations the following stand out: the closing of the chapters on Intellectual Property, Financial Services, Telecommunications, Investment and the regulatory text of Public Procurement. For the fifth round, both countries discussed topics such as: Market Access in Goods, Sanitary Measures, Rules of Origin, Public Procurement, and Customs Administration, this was carried out on October 25, 2010; With this round, it was intended to conclude the negotiations, however, they were suspended until both sides were right and reached a consensus on issues of foreign trade and mutual benefits.

After this pause that occurred between Colombia and Panama, on March 11, 2013 the sixth round of negotiations began, where they advanced in the identification of alternatives to improve concessions in relation to soaps, plastics, clothing, glass and refrigeration. , later, a mini round was held on May 10, 2013, where beef and chicken nuggets were discussed; Finally, on May 31, 2013, the seventh round culminated with improvements in the reduction allowance for some products of interest in Colombia, such as clothing and refrigerators for

15 to 10 years. Among the benefits that the FTA has for Panama is the fuel and food of animal origin that the country consumes the most and that Colombia produces, the latter becoming an important trading partner.

It is also worth mentioning that developing countries must start looking for potential partners in order to be competitive nationally and internationally, and it is here that Panama can be an important ally for Colombia, especially for the SMEs that day by day struggle to excel in the international market; Espinoza Gallo (2015) highlights that strategic alliances are the right way for SMEs, which are the majority of companies in many countries, to cooperate with each other and seek mutual benefit, so that Panama will be able to benefit from new products and services that these companies offer and benefit Colombia in the same way.

Globally, the benefits that these two countries will obtain will be: Improving channels and information flows in customs matters to jointly face the problems and possible irregularities that may arise in cross-border trade, likewise; consolidate and complement the network of trade agreements with the main economies of America; On the other hand, investment flows between the two countries will increase, as well as the transit of tourists. Finally, productive alliances between companies from the two countries will be promoted.

1.2 Problem Statement

Globalization has brought about fundamental changes at the global level with which commercial liberation, increased productivity and the growth of living standards have been achieved. Free trade has developed a very significant process at present, known as economic integration, in which there is no discrimination between economies, trade barriers are lost, and borders are of no importance. In this way, the different economies of the world come together forming trade agreements in order to increase and facilitate commercial exchange within their territories.

One of the economies, which has become an important country to integrate economically and do business, is Panama, due to the canal and its different ports, which have achieved agility in international trade. Likewise, this has led to which world powers see the country as a potential ally, such is the case of China, the United States, Chile and some Central American countries. Just as these countries, Panama, as part of its commercial strategy, signed a Free Trade Agreement with Colombia in 2013; something that was very important for both countries since Colombia had been an important partner for Panama, and this agreement establishes a commitment by governments to cooperate and fight against illegal trade by exchanging information on merchants. The signing of this agreement also brings with it multiple benefits that will be examined throughout this work.

Panama and Colombia, with this FTA, intend to boost their economies and facilitate import and export processes. On the one hand, Panama is a country that is investing a lot of money in infrastructure, through projects such as the expansion of the canal and the airport for the Colon free zone, on the other hand, Colombia seeks to strengthen the commercial relationship with a very commercial partner important, since it is a bordering country that has an economy that complements ours. Globally, when a trade agreement is signed, it seeks to leverage the economies of the member countries and achieve a greater diversity of products and services that previously they could not offer, leaving benefits within each integrated economy.

Problem: ¿ What have been the benefits that Panama and Colombia have obtained from the FTA that they have signed to date?

1.3 Objectives

1.3.1 General Objectives

- Know and document the socio-political and socio-economic relations during and after the free trade agreement between Colombia and Panama.

1.3.2 Specific Objectives

- Explain how the trade agreement between Colombia and Panama was carried out.
- Establish and know the interests for both Colombia and Panama in the FTA.
- Analyze and identify which sectors benefited from the FTA between both countries.
- Examine the different comparative advantages and disadvantages between the bilateral exchange of both countries.

1.4 Justification

1.4.1 Theoretical Justification

The commercial relations that Panama maintains with other countries have led it to position itself as a country where it should invest and create strategic alliances. Panama, thanks to its geographical location and its channel, has improved its economy significantly, and although it is not yet one of the largest economies in Latin America, it has conducted negotiations to reach this point, such as: signing an FTA with Colombia and joining the Pacific alliance.

1.4.2 Social Justification

This research will allow students and teachers to learn how Panama and Colombia have benefited from the signing of the FTA signed from 2013 to date, what business opportunities have emerged and how the economy of both countries has grown over time. in the different sectors.

1.4.3 Personal Justification

As International Business students who opt for the professional title, in addition to fulfilling a requirement, it seems very important to us to carry out this work on a subject that has been little investigated, and that it itself can become a reference document for others. students, teachers and businessmen of the public and private sector.

1.5 Referencial Framework

1.5.1 Theoretical Framework

Considering that the purpose of this work is to identify the benefits that the FTA signed between Panama and Colombia has brought from its signing in 2013 to date, based on trade relations, we will talk about economic integration. Coral (2011, p. 120) defines the forms of economic integration and says that “The integration of several countries constitutes a complex process, which has not only far-reaching economic, but also political, legal and social implications”.

Economic integration can then be defined as a process in which several countries remove some economic barriers between them, making preferential trade agreements where commercial advantages are delivered to products from other countries, constituting an exception to the planned most favored nation clause. in the GATT. (General Agreement on

Tariffs and Tariffs) Economic integration frees trade and enhances the economy of the integrated countries. That is why Colombia and Panama have joined in a trade agreement that brings with it innumerable bilateral benefits, which we will cite in this investigation.

Panama and Colombia have a good relationship, which helps this FTA promote the growth of the economy for both countries, increase in bilateral tourism, increase foreign investment and strengthen the relationship of both governments. However, Panama made a request to the WTO in which, according to the authors, Parada, Cárdenas and Villegas (2018) shows their disagreement with the decision that Colombia has taken regarding the increase in tariffs for products from China that cross the Panama Canal. This generated differences since Panama also increased the rate of imports of flowers, coal, and others. But the two economies, seeing that they were losing the focus of their FTA (which has as its main objective to eliminate tariff barriers and combat illicit trade), reached an agreement with the WTO and resolved their conflict.

"The insertion of Panama in the Pacific Alliance was a step, for the trade agreement that would be implemented between Colombia and the neighboring country" Acosta, Bozzani, Garcia, Portillo, & Fuenes (2016).

1.5.2 Conceptual Framework

Globalization: It is the economic, social, political, cultural and technological dynamism worldwide, in which a process of union of markets is carried out, allowing its expansion and proximity to other nations.

Economic Integration: Through this concept different economies are integrated, in order to achieve mutual benefits and support each other on a commercial level. In this way, commercial blocks are created, which help improve the functioning of a country through these integrations.

Trade Agreement: It is an alliance between 2 or more countries, with the objective of exchanging goods and services, in which the members mutually benefit, and a synergy is created in international relations.

Tariff Barriers: When the FTAs are created, restrictions also come with the purpose of protecting the national industry, we call that tariff barriers, which stop the massive entry of x merchandise that enters the country with different characteristics.

World Trade Organization: Its main purpose is to strengthen the economic growth of the countries and equality in the negotiations that are being created in the field of foreign trade. It is also a regulatory entity that promotes equity and development in agreements. commercials of each country.

1.6 Methodological Framework

1.6.1 Research Method

This research work will be focused on reviewing, the characterization and the benefits of the FTA signed between Panama and Colombia, starting from the general to the specific so that this comparative allows us to analyze said Free Trade Agreement.

- **Research focus**

The focus of this research is qualitative, since its source is consultative because numerical data, although important, will not be taken as the essence for its development.

- **Type of study**

The type of study of this research is comparative since we will rely on the consultation of various authors and carry out a more in-depth analysis, which will help us identify the benefits of the FTA signed between Colombia and Panama.

1.6.2 Research methodology

- **Techniques and instruments for collecting information**

The techniques and instruments for collecting information for this research will be secondary sources, magazines, papers, repositories and databases; in order to collect information that helps us understand the research problem.

- **Selection and analysis of information**

Information will be collected from official sources, said information will be reviewed in order to comply with the guidelines and objectives for the development of this work and to develop

the research question asked; all information will be validated in order to avoid erroneous and false information.

1.7 Scope

The purpose of this work is to know what have been the benefits that Panama and Colombia have obtained from the FTA that they have signed to date, making an analysis of how the implementation process of this FTA has been, arguing that sectors of the economy have We have benefited from both countries by signing this agreement and structuring what advantages these economies will have bilaterally in the future. For the present investigation, data and information from the years 2010 - 2019 will be taken.

2. Research development

2.1 Trade Agreement between Colombia and Panama

In 2010, on January 15 of that same year, the negotiations for the Panama-Colombia FTA began, these negotiations began in Bogotá, in which an exploratory context meeting was held to define said treaty and its bases. According to (MINCOMERCIO, 2010) the first part of the negotiations took place between March 15 and 19 of the same months. Subsequently, the second round was held in Bogotá on May 14. Negotiations continued and the third section was held from August 2 to 6, 2010 in Panama City and the fourth round was held in Bogotá between September 13 and 17, 2010. Then, after 3 days of meetings, the fifth Round of negotiations was scheduled for October 29 and was suspended on October 27, 2010. Between nations, they took time to discuss the treaty internally, and between March 11 and 15 in Medellín, 2013, the sixth negotiation round, until on September 20 of that same year the Colombia-Panama FTA was held.

Between the first talks for the FTA between Colombia and Panama, they served to advance negotiations on the chapters on market access, border and cross-border trade, investments by both Panama and Colombia, public procurement, defense commercial, labor, the belly in the negotiations seemed to be one of cooperation between the two countries, they touched on important issues especially in sanitary and phytosanitary measures, customs administration, the rules of origin and the procedure you are in, intellectual property of the product and electronic commerce . In the second negotiation session for the FTA, Santiago Pardo, the Colombian negotiator in (MINCOMERCIO, 2010), stated the following:

"The negotiation of the Commercial Agreement with Panama seeks to discover markets for Colombian export products, which is part of the country's commercial strategy and supported by the productive renewal program carried out by the Ministry of Commerce, Industry and Tourism." (MINCOMERCIO, 2010) .

In other words, Colombia's FTA was to encourage access; As such to the agricultural sector, more than anything else on precise issues opened a wide discussion, since on issues of export subsidies and secure domestic aid in the process of discussion to reach a consensus, both countries observed and revised the initial offers. In the agricultural field, their doubts and commercial interests were exposed, thus seeking to be able to advance in various alternatives

for the improvement of access conditions and the viability of the FTA to be much more concrete (MINCOMERCIO, 2010).

In terms of obstacles to the FTA, trade experts were observed, and different issues were advanced, including Contact Points, International Standards, and Transparency. In the negotiation, the articles on the affirmation of the agreement on the TBT and scope and coverage were agreed. At the same facilitation table, there was talk of solving the problems that may arise, Colombia presented its proposal for an annex on customs assistance and mutual aid, which will seek to incorporate in the agreement administrative mechanisms that allow managing the different commercial difficulties that may arise.

At the table there was also time to talk about the environmental issue and in the labor base they will have a cooperative approach in this negotiation, seeking not to place themselves fragile in the standard of care for the protection of workers or the environment as a way to encourage trade between the parts. The chapter in labor terms successfully terminated its work, maintaining the provisions already agreed by Colombia in other negotiations. On the other hand, in Environmental matters, important advances were presented, bringing the positions in the area of biodiversity closer together and in relation to the commitments of the Parties to the Multilateral Agreements on the environment (MINCOMERCIO, 2010). How can we demonstrate this treaty, it will have a Cooperation chapter through which the strengthening of the capacities of both countries in both environmental and labor matters is sought.

It is important to highlight the chapters that refer to garments and clothing accessories, as highlighted (MINCOMERCIO, 2010):

“ On September 20, 2013, the Minister of Commerce, Industry and Tourism of Colombia, Sergio Díaz Granados, and the Panamanian Minister, Ricardo Quijano, signed and gave by agreement the trade agreement between the two nations through which the immediate tax relief was established for the 72%, however this treaty came to have many disagreements, since they placed tariff barriers, we can mention by a decree which is 074, the FTA was done under said decree which was issued in January of the same year, which decrees that in Article 1 that “Establish an Ad Valoren tariff of 10%, plus a specific tariff of USD 5 per gross kilo,

for the importation of the products classified in Chapters 61,62 and 63 of the Customs Tariff. (MINCOMERCIO, 2010) .

This tariff barrier would affect the textile and footwear sectors, these originating from the Colon Free Trade Zone, one of the most important in Latin America and the second most important after Hong Kong, the impact of the said treaty was going to be a hard blow to certain Panamanian commercial sectors, which questioned the treaty, How is it possible to understand the signing of a free trade agreement with a country that puts obstacles to trade? However, paragraph 1 specifies that “this measure does not it applies to the countries with which Colombia has signed a trade agreement ”(Ministry of Industry and Commerce, 2013).

However, Panama did not wait and for certain reasons took the case to the World Trade Organization (WTO) on June 18 and filed a formal complaint with the organization about the measures adopted by the Colombian government as it considered them discriminatory (Jiménez Betancur & Vanegas Uribe, 2017).

However, the objectives of Panama were clear and concise, the country wanted to enter the Pacific Alliance at any cost, which is why it had to make 2 treaties with countries that were already within it, including Mexico and obviously Colombia, But beyond demands and discussions, Panama and Colombia currently have a very close relationship since they are both strategic partners in the market.

"The economic status of Panama in sectors as varied as construction, food or energy, have attracted the attention of Colombian investors who see Panama as a great business possibility, given that the conditions are favorable. In addition to the Panamanian culture that allows entering this market more easily. Therefore, investing in Panama with an idea that is far from being risky, allows investors security "(Jiménez Betancur & Vanegas Uribe, 2017).

How can we show the various economic sectors of Panama for Colombia were very attractive therefore they could not let it go, although the different attitudes that Colombia took were reprehensible is that it had to know how to respond to this situation, most of its

exports were for that country increased considerably Here we can see how important the FTA with Panama is for us before and after (Oviedo & Moreno, 2014).

During specific times, there were many tensions between the two countries, beginning because at the time of the Juan Manuel Santos government, he requested tax information from Panama about Colombian people, it is recognized that Colombia considered Panama as a tax haven, but even if it was its commercial ally, this He would not let things happen, this occurred from the time period of 2010 to 2016 and according to Mauricio Cárdenas, Panama provides fiscal information but only to DIAN, this was very important in the anti-corruption and anti-theft process so they could avoid so many money launderings.

Diplomatic issues with Panama have always been dealt with above all in economic terms, as the main relations between countries, but we must recognize that this has its historical background (BANCO DE LA REPÚBLICA, 2015) "During the early nineteenth century and after this revolution by separation, Colombia had a period of economic crisis which was reflected by the low level of exports, the high level of unemployment, decline in national production and also increased imports and high level of external indebtedness. late by the end of the 19th century, the United States gave in to its growth process in the Caribbean, and displaced other European countries, including Spain and England. The channel was necessary for North American capitalist growth, since it allowed the United States to communicate with the Atlantic and Pacific coast and according to (MINCOMERCIO, 2020) it was possible that neither Colombia nor Panama had tried to get along after Uses that his "rebel department" was tried to liberate 4 times in a row and one of them was armed, it is a simple myth that the United States took Panama from us, It has already wanted to liberate itself for a long time.

2.2 Interests of Colombia and Panama in the FTA

The trade agreement with Panama comes from a time effort to try to strengthen trade and cooperation ties between the two countries. In the same way, it responds to Colombia's interest in having a trade agreement and having it as an ally, therefore, becoming in important Colombian export destinations to the extent that such access to it and preferential access for our products can be expanded. Therefore, for both countries, carrying out such an FTA was very convenient and attractive, starting because Panama wanted to join the Pacific Alliance and Colombia obviously had commercial interests with it.

The interests of Panama was to be able to enter the Pacific Alliance, it had to have an FTA with countries that were already within it, such as Mexico and Colombia, the interests of both Panama and Colombia were purely commercial, however The treaty had its ups and downs, paused negotiations that apparently would not be resumed, however said treaty was given and currently both political and economic relations are very strong, since for Colombia Panama is a very strong trade ally. The country of Panama manages one of the is one of the most dynamic and important economies in Latin America, on the other hand "in addition to being a strategic neighbor for Colombia in commercial and diplomatic matters. In this context, the Agreement with Panama is a step fundamental and natural in the consolidation of our relations with Central America "Communiqué (MINCOMERCIO, 2020).

Said FTA was a necessary complement to form and forge better relations with the Central American countries and be a strategic complement for exports, completing what was achieved in the agreement signed between countries with the countries of the Northern Triangle, which comprise it (El Salvador, Guatemala and Honduras) and in the Agreement with Costa Rica, recently signed.

Reports from the International Monetary Fund and the Economic Commission for Latin America speak of the fact that “The Caribbean describes Panama as one of the Latin American countries with the most dynamic growth: its GDP grew on average in the last 3 years by 9.6% against to 4.2% and 4.4% in Central and Latin America, respectively. Likewise, its GDP per capita more than doubled over the last decade, currently being close to USD 15 thousand. Economic prospects for Latin America 2018, How can we denote these

figures indicate that Panama becomes a too attractive trading partner for Colombia, for which reason it always anticipated the advantage that it was making an FTA with one of the Latin American countries which It had one of the largest GDPs in all of Latin America. If you take into account the different moments, it will surely continue to be like this! One of the strongest countries in economic matters in Latin America.

Colombia had a great interest in Panama since it is the second destination in Latin America of Colombia's total exports, which is why exports to the neighboring nation would be multiplying by that fact in the last five years, coming to represent during the last year approximately 5% of Colombia's total exports to the world.

Among the important interests of the agreement between Colombia and Panama are made up of:

Table 1. Content of the trade and tariff issue agreement.

Description	Content
23 chapters and the Preamble	<ul style="list-style-type: none"> • Initial Provisions which compile the basic decisions and requests between both parties to the agreement. • General Definitions speaks as such of the general scope in trade and tariff issues.

Own creation with information from (MINCOMERCIO, 2020).

Giving table 1 scope, the most important chapters that the agreement that seeks facilitation in the commercial exchange of goods and services incorporates are:

“National Treatment and Merchandise Market Access as it will be your means of treating such merchandise, Rules and Procedures of Origin, Customs Administration and Trade Facilitation, Technical Barriers to Trade, Sanitary and Phytosanitary Measures, Commercial Defense Measures, Public Procurement , Competition Policy, Cross-Border Trade in Services, Services and Maritime Transport of Merchandise, Financial Services, Temporary Entry for Business People, Telecommunications, Electronic Commerce,

Investment, Intellectual Property, Cooperation and Strengthening of Commercial Capacities, Environmental, Labor, Solution of Disputes, Exceptions and Final Provisions”
(MINCOMERCIO, 2020).

The agreement brought significant benefits for Colombia, which according to (MINCOMERCIO, 2020), highlights the benefits of said agreement:

- Reduce and eliminate tariffs and non-tariff barriers of Colombian exports to one of the main markets in Central America.
- Access a market with a purchasing power that is nearly 50% higher than that of Colombia and with significant supply needs in terms of goods.
- Deepen and give legal certainty to the strong commercial presence of Colombian firms in Panama and vice versa, through clear and stable rules for investors from both countries.
- Improve channels and flows of customs information to jointly address possible issues arising in cross-border trade.
- Consolidate and complement our network of trade agreements with the main economies of America, in the continuous search for market diversification to increase investment flows between the two countries.
- Promotion of productive alliances between companies from the two countries.
- Increase the flow of tourists between the two countries.

2.3 Benefits of the sectors with FTA between Colombia and Panama

" According to product groups, of the exports from Colombia to Panama in 2012, 87% were mining-energy and 13% non-mining-energy, especially food, industrial goods " (MINCOMERCIO, 2010) .

“The largest export we make to Panama is mining among products such as oil and coal and in non-mining products more than all foods for industrial well-being, which assumes that one of the most favored industries was mining” (MINCOMERCIO, 2020).

The Colombian industry had an important scope in 2012, therefore, we highlight the products exported to Panama:

“The best-selling products from Colombia to Panama exported in 2012 were: 83% crude petroleum oil, 2% diesel, 1% tetraethyl-free gasoline, 1% medicines for human use, bedding and the like 0.3%. As previously mentioned, said mining-energy industry is one of the most favored in this FTA ” (MINISTERIO DE RELACIONES EXTERIORES, 2013).

In Colombia, the sectors that benefited in one way or another were the mining industry, a textile industry that the textile industry had too many problems since, as Panama is an export destination, different clothing and accessories for you were going to be much cheaper for people who bought the products and the cosmetic industry with products such as hair dyes, manicure preparations, also the pharmaceuticals industry, motor vehicles, tractors, cycles and others, also plastic materials and their manufacture. Then, in Table 2, the percentage figures of the main products exported in the first half of 2013 are detailed.

Table 2. Percentages of products exported in the first half of 2013.

PRODUCTS	PERCENTAGE
Mineral fuels and oils and their products	88,9%
Pharmaceutical products	1,5%
Plastics and manufactures	0,7%
Furniture	0,9%
Editorial products, press, texts	0,6%
Nuclear reactors, boilers, machines and parts	0,7%
Essential oils, perfumery, cosmetics	0,5%

Motor vehicles, tractors, cycles, parts and accessories	0,5%
Aluminum and its articles	0,3%
Manufacture of cast iron, iron or steel (0.3%)	0,3%
Other products	5,0%
Mineral fuels and oils and their products	88,9%

Own construction with information from (MINCOMERCIO, 2020).

In Colombia, the sectors that benefited in one way or another were the mining and textile industries, although the textile industry had too many problems since, as Panama is an export destination, different clothing and accessories for these were going to be much cheaper for the people who bought the products and the cosmetic industry with products such as hair dyes, manicure preparations, also the pharmaceutical products industry, motor vehicles, tractors, cycles and others, also plastic materials and their manufacture.

On the other hand, we can also highlight the lumber industry, furniture, home furnishings and the construction industry, which will deal with wooden doors and frames, chipboards, toilets, and forgeable plaster with paper or cardboard and plates, panels, tiles, corrugated asbestos cement tiles among others, the agro industry will have an important role in it since it will be able to enter even more easily

Here it is worth noting something important "In the first half of 2013, Colombian exports to Panama increased by 54%, reaching US \$ 1,733 million compared to US \$ 1,128.9 million registered in 2012" (MINISTRY OF FOREIGN AFFAIRS, 2012).

During the same year of the negotiation process, the exporting industry increases exponentially, so it is assumed that the vision of carrying out the FTA was very striking, we had too much in our favor on both sides, with the Colombia-Panama FTA, We obtained many things among them that Panama will provide Colombia with any complete information and supported evidence on any operation through the Colon Free Zone, involving merchandise where it is intended to apply a trade preference of a Trade Agreement.

2.4 Advantages and disadvantages of FTA

There are many advantages that are incorporated into this FTA, beginning with the fact that foreign investment is the fundamental focus, therefore, both countries will develop subsidies and supports for companies to start new businesses in the neighboring country (Panama Colombia) and vice versa; It has been analyzed that with this agreement the negotiations between the companies of both countries have allowed an increase in the economy of both Panama and Colombia. Likewise, with this alliance it is planned to channel new trade agreements with countries in the Americas, since Panama wants to strengthen its borders by increasing economic integration.

The scope of imports that Colombia makes from Panama is specified with the main products that it buys below:

“In terms of bilateral trade, Colombia also buys too many supplies, mostly marine, vehicle and its accessories, among lighthouse ships, pump ships, dredges, crane pontoons and other ships (3.4%); Tires (3.4%); Radio broadcasting receivers (2.7%); Woven fabrics of synthetic filament yarn (2.5%); Ignition or starter electrical apparatus and devices, for ignition engines (2.4%); Frozen fish, except fillets (1.9%); Motor vehicles for special uses (1.6%); Nameplates, sign plates, address plates and similar plates, figures (1.4%); Acyclic monocarboxylic acids saturated and their anhydrides, halides, peroxides (1.3%) and Other plates, sheets, film, foil and strip, of non-cellular plastic and without reinforcement, layering (1.3%)” (MINCOMERCIO, 2020)

Table 3. Main export products Panama

MAIN EXPORT PRODUCTS OF PANAMA	FOB USD MILLIONS			VAR % 2017/16	PART% 2017
	2015	2016	2017		
Medicines (except for the products of headings 30.02, 30.05 or 30.06) consisting of mixed or unmixed products, prepared for therapy uses	1.638	1.656	1.542	-6,9	13,8
Sulfonamides:	1.167	1.198	846	-29,4	7,6
Amine compounds with oxygenated functions.	803	526	812	54,3	7,3
Telephones, including mobile phones (cellular) and those of other wireless networks; other devices for broadcasting, transmitting or receiving voice.	145	157	427	171,3	3,8
Other footwear with soles and uppers of rubber or plastic.	543	456	405	-11,3	3,6
Perfumes and toilet waters	511	444	381	-14,2	3,4
Undenatured ethyl alcohol with an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirits.	433	329	337	2,3	3
Footwear with outer soles of rubber, plastic, natural or regenerated leather and upper in natural leather.	337	292	289	-0,9	2,6
Tailor suits, outfits, jackets (jackets), dresses, skirts, skirts, long pants, bib pants, shorts (shorts) and shorts	325	235	218	-7,3	1,9
	303	247	212	-14,2	1,9

Suits (both or suits), sets, jackets (coats), long pants, bib pants, shorts (shorts) and shorts (except swimwear)					
New rubber tires	150	156	201	28,2	1,8
Sweaters (pullovers), pullovers, cardigans, vests and similar articles, knitted.	267	212	175	-17,5	1,6
Footwear with rubber, plastic, natural or regenerated leather sole and textile upper.	199	201	154	-23,3	1,4
Machines and apparatus for printing by means of plates, cylinders and other printing elements of heading 84.42; other printing machines, copy	135	135	139	2,8	1,2
Trunks, suitcases (suitcases), briefcases, including toilets and document holders, briefcases (handbags), folders, cases and cases for glasses	219	177	138	-22	1,2
Subtotal	7.175	6.423	6.276	-2,3	56,1
Participation %	55,40%	56,60%	56,10%		
Total	12.960	11.348	11.195	-1,3	100

Table taken from (Mincit, 2019)

Table 4. Panama's main import products

MAIN IMPORT PRODUCTS OF PANAMA	MILLION USD CIF			VAR %	PART%
	2015	2016	2017	2017/16	2017
Medicines (except for the products of headings 30.02, 30.05 or 30.06) consisting of mixed or unmixed products, prepared for therapeutic uses	1.135	1.097	1.289	17,5	14
Sulfonamides:	899	1.183	871	-26,4	9,4
Amine compounds with oxygenated functions.	647	571	759	32,9	8,2
Telephones, including mobile phones (cellular) and those of other wireless networks; other devices for broadcasting, transmitting or receiving voice	195	244	393	61,2	4,2
Other footwear with soles and uppers of rubber or plastic.	460	411	336	-18,2	3,6
Perfumes and toilet waters	380	299	295	-1,4	3,2
Undenatured ethyl alcohol with an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirits.	282	251	256	1,9	2,8
Footwear with outer soles of rubber, plastic, natural or regenerated leather and upper in natural leather.	308	317	251	-20,7	2,7
Tailor suits, outfits, jackets (jackets), dresses, skirts, skirts, long pants, bib pants, shorts (shorts) and shorts	345	307	224	-26,8	2,4
New rubber tires.	136	151	178	18	1,9
Suits (both or suits), sets, jackets (coats), long pants, bib pants, shorts (shorts) and shorts (except swimwear), paper	238	265	176	-33,7	1,9
Monitors and projectors, not incorporating television reception apparatus; television receivers, whether or not broadcasting receivers	206	161	126	-21,5	1,4

Jewelery and parts thereof, of precious metal or of precious metal plating (plated).	132	127	124	-2,5	1,3
Sweaters (pullovers), pullovers, cardigans, vests and similar articles, knitted.	166	183	123	-32,9	1,3
Footwear with rubber, plastic, natural or regenerated leather sole and textile upper.	160	155	122	-21,3	1,3
Subtotal	5.689	5.720	5.522	-3,5	59,8
Participation%	51,40%	55,10%	59,80%		
Total	11.066	10.375	9.238	-11	100

Table taken from (Mincit, 2019)

However, this FTA can and could be being provided for acts that are outside the law such as contraband of liquors, textiles, shoes, facial products, counterfeit brand products, among others, this free trade agreement gave a greater smuggling incentive, according to senator Jorge Robledo said that the FTA with Panama will give much more viability to smuggling and money laundering, while sympathizing with representatives of the footwear and leather goods sector who expressed their disagreement with this trade agreement. The Senator maintained that it is unacceptable and inconsequential that the state does not support the industry of its own nation, instead of implementing certain measures that help the country's economic system measures and protect the national industry, they sign an agreement that will favor the large number of imports from China and other countries via Panama, under lax rules of origin, to the detriment of production and domestic work.

3. Conclusions and Recommendations

3.1 Conclusions

Since the negotiations between Colombia and Panama began, it was evident how the interests of both countries were placed on the table, among the most important issues of this FTA are: market access, border trade and cross-border trade, investments Both from Panama and from Colombia, public contracts, commercial and labor defense, all these concepts carried out the signing of this alliance in 2013. From here onwards, we began to advance in different processes, among which we have improvement in accesses and export aids such as subsidies. It can be shown that this agreement has a cooperation chapter where it seeks to strengthen the capacities that the two countries have in both environmental and labor matters.

Panama, has become a dynamic economy its Gross Domestic Product, grew on average in the last 3 years: 9.6% compared to 4.2% and 4.4% in Central and Latin America, respectively. Likewise, its GDP per capita more than doubled over the last decade, currently being close to USD 15 thousand. The exports of our country to the neighboring country rise significantly the best-selling products are: Crude petroleum oil 83%, diesel 2%, gasoline without tetra ethylene 1%, medicines for human use 1%, bedding and the like 0.3%. Foreign direct investment in Panama stood at \$ 5,549 million in 2018, likewise, it should be noted that Panama has increased trade in its country and also tourism.

On the other hand, in Colombia the sectors that benefited were: the mining, textile and aesthetic industries with products such as hair dyes, manicure preparations, and also the pharmaceuticals industry, motor vehicles, tractors, cycles and others. , also plastic materials and their manufacture. This FTA according to the trade balance, today helps to leverage the economies and many companies in both countries.

Succinctly, it can be seen from the figures mentioned in the research that the Panamanian and Colombian economies are helping each other with this negotiation, promoting foreign trade. Colombia for its part in the matter of bilateral trade, it also buys too many inputs, mostly maritime, vehicle and its accessories among the lighthouse ships, pump ships, dredges, crane pontoons and other ships. The FTA that was signed in 2013 is affected today by a demand imposed on the WTO for high tariffs, currently neighboring countries are trying

to continue their trade relationship by advancing to increase that trade balance, in the coming years a surplus is expected in both countries.

3.2 Recommendations

- It is important that in a strategic alliance bilateral relations are solid, for this reason Colombia and Panama must analyze everything they have built to date and how they can improve to enhance each other's industry and national trade.
- The economic sectors of each country make growth in the economy possible. The most important part of this agreement is that both countries can support these less favored sectors and accelerate their expansion.
- Protectionism is a way of protecting the national industry along with tariff barriers. But, we must bear in mind that alliances are a way of favoring ourselves bilaterally, therefore, it must be examined at what times the tariff rates must be increased, so that conflicts are not created and in turn, communication is improved with the good in mind. of the trade agreement.

4. Bibliography

(s.f.).

Acosta Castillo, G., Bozzani Aldana, A., Garcia, C. I., Portillo, P., & Fuenes, D. (2016). La Alianza del Pacífico: un nuevo marco de comercio regional. *Documento Técnicos del OREI*, 1-59.

BANCO DE LA REPÚBLICA. (2015). Obtenido de <https://www.banrepcultural.org/biblioteca-virtual/credencial-historia/numero-165/separacion-de-panama-la-historia-desconocida>

Cancillería. (20 de Septiembre de 2013). <https://www.cancilleria.gov.co/>. Obtenido de <https://www.cancilleria.gov.co/>: <https://www.cancilleria.gov.co/newsroom/news/colombia-y-panama-suscribieron-tratado-libre-comercio>

Cárdenas Méndez, D. K., & Hernández Mogollón, M. M. (2018). Impacto de los Tratados de Libre Comercio en América Latina entre los años 2005 y 2015. *Investigación y Gestión*, 1(1), 76-84.

Corral, M. M. (2011). *La integración económica*.

Espinoza Gallo, L. L. (2015). *Factores a considerar para implementar un negocio internacional mediante una alianza estratégica en el mercado de Panamá*. Machala: Universidad Técnica de Machala.

Jiménez Betancur, A., & Vanegas Uribe, L. (2017). *Relaciones Comerciales Entre Colombia y Panamá En El Periodo 2006-2016*. Obtenido de http://repositorio.esumer.edu.co/bitstream/esumer/1371/2/Esumer_relaciones.pdf

Mincit. (07 de Marzo de 2019). *Mincit*. Obtenido de Mincit: <https://www.mincit.gov.co/getattachment/97d3bbc9-209b-4724-877c-ff4940b6309c/Panama.aspx>

Mincit. (2019). *Mincit*. Obtenido de Mincit: <http://www.tlc.gov.co/getattachment/acuerdos/suscrito/panama/contenido/perfil-economico/oe-espanol-perfil-panama-07-03-2019.pdf.aspx>

MINCOMERCIO. (2010). *MINCOMERCIO*. Obtenido de MINCOMERCIO: <http://www.tlc.gov.co/preguntas-frecuentes/50-preguntas-del-acuerdo>

MINCOMERCIO. (20 de 05 de 2010). *MINCOMERCIO*. Obtenido de MINCOMERCIO: http://www.sice.oas.org/TPD/COL_PAN/COL_PAN_s.ASP

MINCOMERCIO. (20 de 05 de 2010). *www.sice.oas.org*. Obtenido de *www.sice.oas.org*:
http://www.sice.oas.org/TPD/COL_PAN/COL_PAN_s.ASP

MINCOMERCIO. (2020). *MINCOMERCIO*. Obtenido de MINCOMERCIO:
<http://www.tlc.gov.co/acuerdos/suscrito/panama/contenido/abc-del-acuerdo>

MINCOMERCIO. (15 de Mayo de 2020). *MINCOMERCIO*. Obtenido de
MINCOMERCIO: <https://www.mincit.gov.co/getattachment/97d3bbc9-209b-4724-877c-ff4940b6309c/Panama.aspx>

Ministerio de Industria y Comercio. (23 de 1 de 2013). <http://wsp.presidencia.gov.co>.
Obtenido de <http://wsp.presidencia.gov.co>:
<http://wsp.presidencia.gov.co/Normativa/Decretos/2013/Documents/ENERO/23/DECRETO%2074%20DEL%2023%20DE%20ENERO%20DE%202013.pdf>

MINISTERIO DE RELACIONES EXTERIORES . (2012). *MINISTERIO DE RELACIONES EXTERIORES* . Obtenido de MINISTERIO DE RELACIONES EXTERIORES : <https://mire.gob.pa/noticias/2012/08/27/panama-y-colombia-afinan-temas-bilaterles>

MINISTERIO DE RELACIONES EXTERIORES. (20 de Septiembre de 2013). *MINISTERIO DE RELACIONES EXTERIORES*. Obtenido de MINISTERIO DE RELACIONES EXTERIORES:
<https://www.cancilleria.gov.co/newsroom/news/colombia-y-panama-suscribieron-tratado-libre-comercio>

Oviedo, S., & Moreno, J. (2014). *COLOMBIA Y PANAMÁ: UNA COMPLEMENTARIEDAD ECONÓMICA CRECIENTE (tesis)* . Bogotá . Obtenido de
https://www.repository.fedesarrollo.org.co/bitstream/handle/11445/2077/Repor_Diciembre_2014_Reina_Oviedo_y_Moreno.pdf?sequence=1&isAllowed=y

Parada Cano, K. Y., Cardenas Camargo, L. F., & Villegas Gonzales, P. A. (2018). *Estudio de caso demanda Panamá a Colombia ante la OMC (2013)* . Bogotá D.C: Universidad Agustiniana.

Santa Donato, M. A. (2019). *Relaciones comerciales entre Colombia y Panamá*. Bogotá D.C: Universida Piloto de Colombia.