



U.S.-PANAMA TRADE PROMOTION AGREEMENT

Kansas Farmers Will Benefit

September 2011

The U.S. agricultural sector has a great deal to gain from the pending U.S.-Panama Trade Promotion Agreement, known as the Panama TPA. The agreement will immediately eliminate duties on nearly 50 percent of current U.S. exports and gives U.S. exporters improved access to the Panamanian market for many products that have been highly protected. U.S. agricultural exports to Panama in 2010 exceeded \$450 million.

The Panama TPA agreement eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for a range of Kansas' agricultural products, including beef, pork, wheat, and feed grains. Kansas' agricultural exports to all countries, estimated at \$4.9 billion in 2010, supported 41,200 jobs, on and off the farm. These export sales make an important contribution to the Kansas farm economy, which had total cash receipts of \$14.0 billion in 2010.

Feed Grains

Corn

- Panama will provide immediate duty-free access for corn with a 298,700-ton tariff-rate quota (TRQ) that will grow 3 percent annually. The 40-percent over-quota tariff will be eliminated in 15 years.
- The current zero-tariff treatment for crude corn oil will be locked in place immediately. For refined corn oil, Panama will provide immediate duty-free access within a 368-ton TRQ that grows each year by 5 percent. The 30-percent over-quota tariff on refined corn oil will be phased out within 10 years.

Sorghum

- Panama will eliminate its 15-percent tariff on sorghum in 5 years.

Beef

- Panama will immediately eliminate its 30-percent duty on the products most important to the U.S. beef industry – prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariff on other edible offal will be eliminated immediately.
- Panama has already implemented a December 2006 bilateral agreement with the United States on sanitary/phytosanitary measures (SPS), reopening its market to U.S. beef by bringing its import requirements related to bovine spongiform encephalopathy into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Wheat

- Panama's current zero-tariff treatment for wheat will be locked in place immediately upon implementation of the agreement.
- The 10-percent tariff on wheat flour will be eliminated within 12 years.

Soybeans and Products

- Panama’s current zero-tariff treatment for soybeans and soybean meal will be locked in place immediately upon implementation of the agreement.
- The current zero-tariff treatment for crude soybean oil will also be locked in place immediately, while the 20-percent tariff on refined soybean oil will be phased out in 15 years.

Pork

- Panama will provide immediate duty-free access, within preferential TRQs, for 2,554 metric tons of U.S. pork products, including 1,600 tons of fresh and frozen pork cuts, 636 tons of pork fat and bacon, and 318 tons of processed pork. Most of these products currently face tariffs of 70 percent. The TRQ quantities will expand and over-quota tariffs will be eliminated in 15 years.
- Panama will immediately eliminate its 10-percent tariff on pork variety meats.
- Panama has already implemented a December 2006 bilateral agreement with the United States on SPS, recognizing the equivalence of the U.S. meat inspection system and thereby allowing U.S. inspectors to certify pork for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Kansas		
Principal Agricultural Products and Exports, 2010		
Product	Cash Receipts (2010 calendar year)	Exports (2010 fiscal year)
Total	\$14.0 billion	\$4.9 billion
Feed Grains	\$7.2 billion	\$855 million
Cattle and Beef	\$6.5 billion	\$471 million
Wheat and Wheat Products	\$1.7 billion	\$1.1 billion
Soybeans and Soybean Products	\$1.4 billion	\$916 million
Hogs and Pork	\$488 million	\$124 million
	Source: USDA-NASS	Source: USDA-ERS

For questions about the U.S.-Panama Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or LPA@fas.usda.gov.