



FACT SHEET

U.S.-Panama Trade Promotion Agreement Louisiana Farmers Will Benefit

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The U.S.-Panama Trade Promotion Agreement eliminates tariffs and other barriers on most U.S. goods, increasing export opportunities for agricultural products important to Louisiana. With immediate elimination of duties on over 60 percent of current U.S. trade, this agreement changes the one-way street of duty-free access currently enjoyed by most Panamanian exports into a two-way street benefiting both countries. The American Farm Bureau strongly supports the agreement, predicting widespread gains for U.S. agriculture exceeding \$190 million per year.

Louisiana's exports to all countries, estimated at \$695 million in 2007, supported about 7,600 jobs, on and off the farm. These export sales make an important contribution to the Louisiana farm economy which had total cash receipts of \$2.2 billion in 2006.

Beef. Louisiana's cattle and calf industry is the fourth largest source of farm cash receipts in the state with sales of \$196 million in 2006. Ranchers will benefit from this agreement.

- Panama will immediately eliminate its 30-percent duty on beef products of most importance 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 tariffs on other edible offal will be eliminated immediately.
- Panama has already implemented our December 2006 bilateral agreement on sanitary and phytosanitary measures, reopening its market to U.S. beef by bringing its import requirements related to BSE 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.

Rice. With \$210 million and 10 percent of the state's farm cash receipts in 2006, Louisiana is the third largest rice exporter in the nation. Louisiana's rice growers will benefit from this agreement.

- Panama will provide immediate duty-free access within tariff-rate quotas (TRQs) for 12,190 tons of U.S. rice, including 7,950 tons of rough rice and 4,240 tons of milled rice. The 90-percent over-quota tariffs will be eliminated in 20 years and the TRQ quantities will grow by 6 percent each year.
- U.S. rice exporters will continue to have access to the global 9,711-ton TRQ for rice that is part of Panama's World Trade Organization commitments.
- Panama has also committed to increase the size of the preferential TRQs when it has a short supply situation, as has occurred in recent years.

Soybeans and Products. Panama is the twelfth largest export market for U.S. soybean meal with exports for the most recent three years averaging 109,000 tons valued at \$24.7 million. As the fifth largest source of farm cash receipts in the state at \$162 million in 2006, Louisiana's soybean producers will benefit from this agreement.

- 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.