



FACT SHEET

U.S.-Panama Trade Promotion Agreement North Dakota Farmers Will Benefit

September 2008

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 North Dakota. 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.

North Dakota's exports to all countries, estimated at \$2.6 billion in 2007, supported about 22,300 jobs, on and off the farm. These export sales make an important contribution to the North Dakota farm economy which had total cash receipts of \$4 billion in 2006.

Wheat and Barley. Wheat alone is the largest source of farm cash receipts for the state with sales of \$1.1 billion in 2006, or 27 percent of the state's total. North Dakota is the nation's top exporter of wheat and wheat products. Wheat and barley growers will benefit from this agreement.

- 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.
- Panama's current zero-tariff treatment for barley and barley malt will be locked in place immediately upon implementation of the Agreement.

Beef. The cattle and calf industry generated cash receipts of \$726 million in 2006, the second largest source of farm earnings in the state. The industry 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.

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 ninth largest exporter in the nation, North Dakota'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.

Feed Grains. Corn accounts for the fourth largest source of farm cash receipts with sales of \$270 million in 2006. North Dakota's feed grain producers will benefit from this agreement.

- Panama will provide immediate duty-free access within a tariff-rate quota (TRQ) for 298,700 tons of U.S. corn that will grow at a rate of 3 percent each year. 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 and Panama will provide immediate duty-free access for refined corn oil within a 368-ton TRQ that grows each year by 5 percent. The 30-percent over-quota tariff will be phased out within 10 years.

Vegetables. North Dakota exported and estimated \$240 million in fresh and processed vegetables in 2007, and growers can benefit from the agreement.

- Panama will eliminate its tariffs on nearly all frozen and processed vegetables immediately. The tariff faced by U.S. exporters for these products currently is 15 percent.
- The tariffs for most fresh vegetables will be eliminated in 10-15 years.