



FACT SHEET

U.S.-Panama Trade Promotion Agreement Pennsylvania 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 Pennsylvania. 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.

Pennsylvania's exports to all countries, estimated at \$1.5 billion in 2007, supported about 16,000 jobs, on and off the farm. These export sales make an important contribution to the Pennsylvania farm economy which had total cash receipts of \$4.7 billion in 2006.

Dairy Products. With farm cash receipts of \$1.6 billion in 2006 or 33 percent of the state's total, the Pennsylvania dairy industry will benefit from the Panama agreement.

- U.S. exporters will have immediate duty-free access to nine preferential dairy tariff-rate quotas (TRQs) with a combined total of 3,986 tons. These include 2,625 tons of skim milk powder, 728 tons of cheese, 263 tons of ice cream, and 370 tons of other dairy products. These quantities will grow by 4 or 5 percent each year and the over-quota tariffs for these TRQs, which range from 15 percent for ice cream to 50 percent for milk powders, will be phased out in 15 to 17 years.
- U.S. dairy exporters will continue to have access to the global TRQs for 3,830 tons of milk powder and 3,782 tons of cheese that are part of Panama's under the World Trade Organization (WTO) commitments.
- Panama will eliminate its 30-percent tariff on dried whey products immediately. The tariffs on most other dairy products, which currently face duties as high as 140 percent, will be phased out over 15 years.
- In addition, Panama has already implemented our December 2006 bilateral agreement on sanitary and phytosanitary (SPS) measures and technical standards by recognizing the equivalence of the U.S. food safety systems for processed foods, including dairy products, and by streamlining its product registration system for packaged foods. This will allow U.S. food processors to export dairy products to Panama without burdensome paper work and without having each

facility and shipment inspected by Panamanian authorities.

- The National Milk Producers Association supports the Agreement, noting that “Panama imports nearly half its dairy products, and the U.S. stands to become a larger supplier once the FTA is finalized.”

Beef. The cattle and calf industry generated cash receipts of \$466 million in 2006 and is the second largest agricultural earner 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 SPS 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.

Mushrooms. As the state’s fourth largest source of farm cash receipts totaling \$389 million in 2006, mushroom growers will benefit from this agreement.

- Panama will eliminate its 15-percent tariff on fresh mushrooms immediately and will lock in its current duty-free treatment for processed mushrooms.

Poultry Meat. The broiler industry’s farm cash receipts totaled \$321 million in 2006, and the industry will benefit from the Panama agreement.

- The 260-percent tariff currently applied to chicken cuts will be eliminated immediately for mechanically de-boned chicken, within 5 years for wings and 10 years for other chicken cuts except leg quarters.
- Panama will provide immediate duty-free access within a preferential TRQ for chicken leg quarters that starts at 660 tons and grows each year by 10 percent. The 260-percent over-quota tariff will be eliminated in 18 years.
- U.S. poultry exporters will continue to have access to the global 756-ton TRQ for chicken cuts that is part of Panama’s WTO commitments.
- Panama will eliminate its 15-percent duties on turkey meat immediately for frozen whole turkeys and most frozen turkey cuts. The 15-percent tariffs on processed turkey and chicken will be eliminated within 5 years.
- In addition, Panama has already implemented our December 2006 bilateral agreement on SPS measures by recognizing the equivalence of the U.S. poultry inspection and disease monitoring systems, allowing U.S. inspectors to certify poultry for export to Panama without having each facility and shipment inspected by Panamanian authorities.