



United States
Department of
Agriculture

Foreign
Agricultural
Service

FACT SHEET

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

Arkansas' exports to all countries, estimated at \$2.2 billion in 2007, supported about 22,600 jobs, on and off the farm. These export sales make an important contribution to the Arkansas farm economy which had total cash receipts of \$6.2 billion in 2006.

Poultry Meat. With cash receipts of \$2.3 billion in 2006, broilers are Arkansas' leading agricultural industry accounting for 38 percent of the total farm earnings. Arkansas is one of the nation's leading broiler exporter, and poultry and poultry products are the state's fourth largest agricultural export. From 2004 through 2006, U.S. suppliers shipped an average 5,700 tons of poultry meat valued at \$7 million to Panama each year. However, exports are mostly limited to turkey cuts and whole turkeys due to a 260-percent tariff on broiler leg quarters. Arkansas' poultry industry will benefit from this 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 tariff-rate quota (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 World Trade Organization (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 sanitary and phytosanitary (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.

Rice. Arkansas' farm cash receipts for rice totaled \$849 million in 2006, making it the state's second largest agricultural industry. As the nation's leading rice exporter, Arkansas will benefit from this agreement.

- Panama will provide immediate duty-free access within 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 WTO 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. With the fourth largest source of farm cash receipts in the state, Arkansas soybean farmers 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.

Beef. With cash receipts of \$535 million in 2006, Arkansas' cattle and calf 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.