



United States
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FACT SHEET

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

Kansas' exports to all countries, estimated at \$3.8 billion in 2007, supported about 38,100 jobs, on and off the farm. These export sales make an important contribution to the Kansas farm economy which had total cash receipts of \$10 billion in 2006.

Beef. Kansas' cattle and calf industry accounts for 62 percent of the state's farm cash receipts and generated earnings of \$6.2 billion in 2006. It is the nation's largest exporter of animal hides and skins, and the third largest exporter of live animals and meat. This industry will benefit from the Panama 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 (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.

Wheat. Kansas is the nation's top wheat grower and second largest exporter. Farm cash receipts were \$1.3 billion in 2006 and exports were estimated at more than \$1 billion in 2007. Wheat producers will gain 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.

Feed Grains. Kansas is the nation's 6th largest exporter of feed grains. In 2006, corn was the state's third largest source of farm cash receipts at \$861 million. Kansas feed grain farmers 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.
- Panama will eliminate its 15-percent tariff on sorghum in 5 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.

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 soybeans the fourth leading source of farm cash receipts in the state, Kansas 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.

Pork. Kansas hog farmers had cash receipts of \$374 million in 2006 and will benefit from this agreement.

- Panama will provide immediate duty-free access within preferential TRQs for 2,554 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 the over-quota tariffs will be eliminated in 15 years.
- Panama will also eliminate its 10-percent tariff on pork variety meats immediately on entry into force of the Agreement.
- In addition, Panama has already implemented our December 2006 bilateral agreement on SPS measures by recognizing the equivalence of the U.S. meat inspection system, allowing U.S. inspectors to certify pork for export to Panama without having each facility and shipment inspected by Panamanian authorities.
- The National Pork Producers Council supports the Agreement, saying "This agreement will contribute greatly to the bottom line of U.S. pork producers by opening up new market access to more than 3 million additional consumers in the Western Hemisphere."