



FACT SHEET

U.S.-Panama Trade Promotion Agreement West Virginia 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 West Virginia. 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.

West Virginia's exports to all countries, estimated at \$46 million in 2007, supported about 500 jobs, on and off the farm. These export sales make an important contribution to the West Virginia farm economy which had total cash receipts of \$450 million in 2006.

Poultry Meats. Broilers are the state's largest source of farm cash receipts with sales of \$144 million in 2006, or 32 percent of farm earnings. Turkey farms add another 10 percent with cash receipts of \$44 million. 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. West Virginia poultry producers will benefit from this agreement.

- 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.
- 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.
- 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.

Beef. The cattle and calf industry is the second largest source of farm cash receipts in the state with sales of \$113 million or 25 percent of farm earnings in 2006. The industry can 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.

Dairy Products. Dairy industry earnings were \$26 million in 2006, and West Virginia's dairy farmers can benefit from this agreement.

- U.S. exporters will have immediate duty-free access to nine preferential dairy 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 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 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."