



FACT SHEET

U.S.-Panama Trade Promotion Agreement New Jersey 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 New Jersey. 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.

New Jersey's exports to all countries, estimated at \$245 million in 2007, supported about 2,600 jobs, on and off the farm. These export sales make an important contribution to the New Jersey farm economy which had total cash receipts of \$924 million in 2006.

Fruits. New Jersey blueberry and peach growers collectively generated \$120 million in farm cash receipts in 2006. Fruit producers will benefit from this agreement.

- Panama will eliminate its tariffs on nearly all fresh and processed fruits immediately.
- Following are examples of fruit products of importance for New Jersey that will be duty-free immediately (the currently applied tariff is indicated in parentheses): blueberries (15 percent), peaches (2 percent), apples (2 percent) fruit juice and juice mixture concentrates (Free-15 percent).
- Panama will phase out its 15-percent tariffs on single strength fruit juice mixtures in 5 years.

Dairy Products. The dairy industry provides New Jersey farm cash receipts of about \$30 million annually. As such, New Jersey farmers 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 World Trade Organization 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 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."