

April 25, 2007

The Honorable Susan C. Schwab  
United States Trade Representative  
Executive Office of the President  
600 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20508

Dear Ambassador Schwab:

Pursuant to Section 2104 (e) of the Trade Act of 2002 and Section 135 (e) of the Trade Act of 1974, as amended, I am pleased to transmit the report of the Agricultural Policy Advisory Committee on the U.S.- Panama Trade Promotion Agreement, reflecting consensus on the proposed Agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles J. O'Mara". The signature is fluid and cursive, with a long horizontal stroke at the end.

Charles J. O'Mara  
Chairman

Agricultural Policy Advisory Committee for Trade

**THE U.S.-PANAMA TRADE PROMOTION AGREEMENT**

**Report of the  
Agricultural Policy Advisory Committee for Trade**

**April 25, 2007**

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Agricultural Policy Advisory Committee for Trade (APAC)

**Agricultural Policy Advisory Committee for Trade Report to the President, the Congress, and the United States Trade Representative on the U.S.-Panama Trade Promotion Agreement.**

**I. Purpose of the Committee Report**

Section 2104(e) of the Trade Act of 2002 requires that advisory committees provide the President, Congress, and the U.S. Trade Representative with reports required under Section 135(e)(1) of the Trade Act of 1974, as amended, not later than 30 days after the President notifies Congress of his intent to enter into an agreement.

Under Section 135(e) of the Trade Act of 1974, as amended, the report of the Advisory Committee for Trade Policy and Negotiations and each appropriate policy advisory committee must include an advisory opinion as to whether and to what extent the agreement promotes the economic interests of the United States and achieves the applicable overall and principal negotiating objectives set forth in the Trade Act of 2002.

The report of the appropriate sectoral or functional committee must also include an advisory opinion as to whether the agreement provides for equity and reciprocity within the sectoral or functional area.

Pursuant to these requirements, the APAC hereby submits the following report.

**II. Executive Summary of Committee Report**

It is the opinion of the APAC that the U.S.-Panama Trade Promotion Agreement will clearly benefit U.S. farmers and ranchers by increasing export opportunities through the elimination of tariff and non-tariff barriers.

The APAC continues to believe that highest priority must be given to comprehensive agricultural trade reform by reinvigorating the Doha Development Agenda round of negotiations.

**III. Brief Description of the Mandate of the APAC**

The advisory committee is authorized by Sections 135(c)(1) and (2) of the Trade Act of 1974 (Pub. L. No. 93-618), as amended, and is intended to assure that representative elements of the private sector have an opportunity to make known their views to the U.S. Government on trade and trade policy matters. They provide a formal mechanism through which the U.S. Government may seek advice and information. The continuance

of the committee is in the public interest in connection with the work of the U.S. Department of Agriculture (USDA) and the Office of the U.S. Trade Representative. There are no other agencies or existing advisory committees, which could supply this private sector input.

#### **IV. Negotiating Objectives and Priorities of the APAC**

The highest priority of the APAC is to improve the market opportunities for U.S. agricultural products by obtaining fairer and more open conditions of trade. The ultimate objective is the elimination of agricultural trade barriers through negotiations at the multilateral, regional, and bilateral levels.

#### **V. Advisory Committee Opinion on Agreement**

It is the opinion of the APAC that the U.S.-Panama Trade Promotion Agreement (PTPA) will clearly benefit U.S. farmers and ranchers by increasing export opportunities through the elimination of tariff and non-tariff barriers.

This agreement covers all agricultural products and provides for immediate duty-free treatment for over 60 percent of current U.S. exports to Panama. Tariffs will be eliminated immediately for high quality beef, mechanically de-boned chicken, frozen whole turkeys and turkey breast, pork variety meats, whey, most fresh fruits (including apples, pears, and cherries), almonds, walnuts, many processed food products (including soups and chocolate confectionary), distilled spirits, wine, and pet food. Current duty-free treatment for wheat, barley, cotton, crude soybean oil, soybeans and soybean meal will be made permanent. The PTPA will also provide opportunities for immediate duty free access through tariff-rate quotas (TRQs) for many of Panama's more sensitive products including pork, chicken leg quarters, dairy products, corn, rice, refined corn oil, dried beans, frozen French fries, and tomato products. Most remaining tariffs will be eliminated within 15 years. While supportive of the agreement, some APAC members are disappointed in the length of time for the phase-out of rice tariffs and the size of the rough rice TRQs.

In addition, Panama has addressed many long-standing sanitary and phytosanitary (SPS) concerns. In February of this year, Panama recognized the equivalence of the U.S. food safety inspection system for meat and poultry, and the U.S. regulatory system for processed food products, ending its requirement for plant by plant inspections. It also made its SPS requirements for beef and poultry consistent with international standards, which will allow exports of U.S. beef and chicken to resume, after being blocked for several years. Finally, the agreement streamlines import documentation requirements for U.S. processed foods and ensures Panama's continued recognition of the U.S. beef grading system and cuts nomenclature. Members urge USDA to continue to address certain SPS measures that still limit opportunities for trade in livestock (i.e. live animals). This trade is very important to U.S. animal agriculture, particularly cattle. It is

imperative that the administration continue negotiations for trade of livestock utilizing science-based animal health standards.

The APAC members believe that this agreement achieves U.S. negotiating objectives of eliminating tariffs and securing market opportunities for U.S. agricultural products.

The APAC takes this opportunity to reiterate its belief that highest priority must be given to comprehensive agricultural trade reform in the Doha Development Agenda round of negotiations. The APAC strongly encourages the U.S. Government to work to reinvigorate the talks while continuing to insist that our trading partners provide genuine market access. Only a WTO agreement can deliver meaningful and equitable reforms in market access, domestic support, and export subsidies. Some APAC members are concerned that a proliferation of FTAs, which only address market access, may have a negative impact on negotiating equitable reform across the three pillars identified in the Doha negotiations. The APAC encourages FTAs be negotiated so as to work in concert with the U.S. objectives in the WTO negotiations. Some members are also concerned that Congressional support for trade liberalization could erode through fatigue from constant trade debates over individual FTAs.

**VI. Membership of Committee**

**Agricultural Policy Advisory Committee for Trade**

NAME	COMPANY
Charles J. "Joe" O'Mara (Chairman)	O'Mara and Associates
Roger J. Baccigaluppi	RB International
Brent A. Baglien	ConAgra Foods
James P. "Patrick" Boyle	American Meat Institute
Carl W. Brothers	Riceland Foods, Inc.
James P. Camerlo	Dairy Farmers of America
Jon D. Caspers	Self-employed pork producer
Stephen L. Censky	American Soybean Association
Thomas M. Cook	National Renderers Association
Leon C. Corzine	LPC Farms, Inc.
Paul A. Drazek	DTB Associates, LLP
Michael D. Dykes	Monsanto Company
Audrae Erickson	Corn Refiners Association, Inc.
Thomas A. Hammer	National Oilseed Processors Association
Lucian J. "Jack" Hunt, III	King Ranch, Inc.
Kenneth R. Johannes	Hill's Pet Nutrition, Inc.
Robbin S. Johnson	Cargill, Inc.
John R. Keeling	John R. Keeling National Potato Council
Alan R. Kemper	Alan R. Kemper Kemper Farms
Will C. Kinzel	Case New Holland, Inc.
Robert P. Koch	Wine Institute
Mark D. Lange	National Cotton Council of America
Andy LaVigne	American Seed Trade Association
Gary C. Martin	North American Export Grain Association

Thomas A. Nassif	Western Growers
Jean-Mari Peltier	National Council of Farmer Coops
Karen B. Ross	California Association of Winegrape Growers
Christian E. Schlect	Northwest Horticultural Council
Christopher E. Schaffer	S. Lightning Farms
Thomas H. (Hunt) Shipman	Cornerstone Government Affairs
Mary C. Sophos	Grocery Manufacturers of America
Roy R. "Bob" Stallman, Jr.	American Farm Bureau Federation
Michael J. Stuart	Florida Fruit & Vegetable Association
James H. Sumner	USA Poultry & Egg Export Council
Robert L. Thompson	University of Illinois
Constance E. Tipton	International Dairy Foods Association
Ann B. Wroblewski	International Paper