

April 25, 2007

The Honorable Susan 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 views of the Agricultural Technical Advisory Committee for Tobacco, Cotton, Peanuts and Planting Seeds (the TCPPS Advisory Committee) concerning the U.S.-Panama Trade Promotion Agreement.

Sincerely,

William Carter  
Tommy Bunn  
Don Koehler  
Kater Hake

Chairs of the Committee

**The U.S.-Panama Trade Promotion Agreement (TPA)**

**Views of the  
Agricultural Technical Advisory Committee for Tobacco, Cotton, Peanuts  
and Planting Seeds (ATAC, TCPPS)**

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**Tobacco, Cotton, Peanuts and Planting Seeds, ATAC (“TCPSS”)**

**Advisory Committee Report to the President, the Congress and the United States Trade Representative on United States – U.S.-Panama Trade Promotion Agreement (TPA) – Views of the Committee**

**I. Purpose of the Committee Report**

Section 2104 (e) of the Trade Act of 2002 requires that advisory committees provide the President, the U.S. Trade Representative, and Congress 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 principle 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 TCPSS Advisory Committee hereby submits the following report.

**II. Executive Summary of the Committee Report**

The members of the TCPSS Advisory Committee have reviewed the United States – Panama Trade Promotion Agreement (TPA). This report reflects the opinion of the committee concerning cotton, planting seeds, peanuts and tobacco. One member of the committee has submitted a dissenting opinion.

In general, the Agreement appears to provide reciprocal levels of market access for both the United States and Panama with respect to agriculture in general. Specific issues are discussed in more detail in Section III of this report.

Among the more significant issues raised by members of the TCPSS Advisory Committee are:

- With some exceptions, the Panama TPA continues the practice of placing commodities covered by tariff rate quotas into categories providing for extended phase out periods, thereby gradually phasing in the increased market access.
- The Panama TPA provides for immediate duty free and quota free access for cotton fiber into Panama, immediate duty free access for in-quota cotton fiber from Panama into the U.S. and a phase out of over-quota tariffs on cotton imported into the United States from Panama. The cotton provisions appear to be beneficial to both Panama and the United States.

- The agreement contains provisions committing the countries to labor standards and rules adopted by the International Labor Organization, and obligates the countries to enforce their labor laws and their environmental laws.
- Each new free trade agreement undermines tariff rate quota protection for commodities (as established in the Uruguay Round multilateral negotiations) to a degree that, ultimately, cannot be appropriately evaluated. It would be preferable to the peanut industry if tariff reductions for peanuts were scheduled so that the majority of such reductions were taken during the later stages of implementation.

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

#### **Tobacco provisions**

The TCPPS ATAC tobacco members strongly support the inclusion of tobacco in the U.S.-Panama TPA.

#### **Peanut provisions**

The peanut members of the ATAC were somewhat concerned that Panama received additional market access for peanuts under the TPA even though Panama does not produce a significant amount of peanuts. There is concern that should a number of non-peanut producing countries be given additional market access to the United States through FTAs, that access would encourage transshipment of peanuts and peanut products.

#### **Cotton provisions**

The Panama TPA appears to provide for equity and reciprocity for many aspects of trade in cotton fiber between Panama and the United States. The Panama TPA provides for immediate duty free treatment for in-quota cotton fiber trade into the U.S. and provides for a phase-out period for over-quota duties on cotton fiber entering the U.S. The agreement provides for immediate duty free and quota free access for cotton fiber into Panama from the United States. The cotton provisions appear to be beneficial to both countries.

Members of the cotton industry cannot evaluate any free trade agreement without consideration of the provisions of the agreement that affect trade in cotton textiles. The cotton members of the TCPPS ATAC favorably note that the agreement with Panama contains acceptable rules of origin for textiles and contains fewer exceptions to those rules than many other free trade agreements.

#### **Planting seed provisions**

The proposed FTA agreement negotiated with Panama appears to be favorable for the US seed industry. The overall aim, to increase trade, transparency, consultation and harmonization supports the goals of the US seed industry. Movement of seed should be enhanced from the reduction of tariffs on planting seed and the establishment of appropriate forum for the science based resolution of phytosanitary disputes. A valuable component of the Panama TPA is the advancement of intellectual property protection in the accession to international treaties (such as the UPOV Convention 1991).

### **IV. Dissenting Opinion(s)**

One member of the TCPPS opposes the Panama TPA for the following reasons:

The agreement applies to manufactured tobacco products without providing adequate safeguards to ensure that it will not in any way interfere with either country's laws, rules, or other measures or actions that are meant to, or are reasonably likely to, prevent or reduce tobacco use or the harms or economic costs caused by tobacco use.

**Membership of Committee Participating in the Committee's Opinion**

Gary Adams	National Cotton Council
Thomas P. Archer	American Peanut Council
Dale Artho	Dale and Kathy Artho Farms
Stanley D. Baker	Meadowland Corporation
Jessie T. Bunn	Leaf Tobacco Exporters Association
W. L. Carter	North Carolina Cotton Producers Association
Thomas Cotton	Peanut Growers Cooperative Marketing Assn
Kenneth W. Dierschke	Kenneth Dierschke Farms
Charles Earnest	Dolphin Land Company
Christopher A. Garza	American Farm Bureau Federation
William A. Gillon	Law Offices of William A. Gillon
Kater Hake	Delta and Pine Land Company
Todd Haymore	Universal Leaf Tobacco Company, Inc.
Kenneth Hood	Perthshire Farms
Jeffrey Johnson	Birdsong Peanuts
Donald Koehler	Georgia Agricultural Commodity Commission for Peanuts
Larry Meyers	Meyers and Associates
Donald Nelson	Altria Corporate Services, Inc.
Richard Pasco	American Peanut Product Manufacturers, Inc.
Evans Plowden	American Peanut Shellers Association
Thomas Smith	Calcot, Ltd.
Mark Kay Thatcher	American Farm Bureau Federation
Clyde Wayne	Tobacco Associates, Inc.
Robert Weil	Weil Brothers Cotton, Inc.

**Member Dissenting from Committee Opinion**

Eric Lindblom	Campaign for Tobacco Free Kids
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