



U.S.-Panama Trade Promotion Agreement

August 2012

The U.S.-Panama Trade Promotion Agreement (Panama TPA), which awaits entry into force, will eliminate tariffs and other barriers to goods and services, promote economic growth, and enhance trade between the United States and Panama.

Panama is already an important market for America's farmers and ranchers. In 2011, the United States exported more than \$505 million of agricultural products to Panama. Top U.S. exports were corn, wheat, soybean meal, dairy products, poultry, and rice. With the Panama TPA in place, agricultural trade between the United States and Panama will change from a one-way street to a two-way street. Under the Caribbean Basin Initiative, more than 99 percent of Panama's agricultural exports enter the U.S. market duty free. But currently, less than 40 percent of U.S. agricultural exports enjoy duty-free access to the Panamanian market.

Many agricultural commodities will benefit from the Panama TPA as more than half of current U.S. farm exports to Panama will become duty free immediately and most of the remaining tariffs will be eliminated within 15 years. Panama will immediately eliminate duties on high-quality beef, frozen turkeys, soybeans, soybean meal, crude soybean and corn oil, almost all fruit products, wheat, peanuts, whey, cotton, and many processed products. The Panama TPA also provides duty-free tariff rate quotas on standard beef cuts, chicken leg quarters, pork, corn, rice, and dairy products.

On the regulatory side, Panama has put in place import measures for meat and poultry that are consistent with the World Organization for Animal Health. Panama has also addressed other sanitary-phytosanitary and technical standards issues and has agreed to recognize the equivalence of the U.S. meat and poultry inspection systems.

Should the United States fail to implement the Panama TPA, the U.S. share of Panama's agricultural imports, which stood at 42 percent in 2011, is expected to steadily erode as free trade agreements (FTAs) with competitor countries take hold, leaving U.S. exporters in an increasingly disadvantaged position. Panama finalized a free trade agreement with Canada in 2010 and also has FTAs in place with Costa Rica, Chile, El Salvador, Guatemala, Honduras, Nicaragua, Singapore, and Taiwan. Panama is negotiating a new FTA with Colombia and considering FTA negotiations with Korea, India, and Peru.

For questions about the U.S.-Panama Trade Promotion Agreement and its impact on U.S. agriculture, please contact FAS Public Affairs at (202) 720-7115 or LPA@fas.usda.gov.