



## **U.S. Pork Producers Support the Panama Trade Promotion Agreement**

- The Free Trade Agreement negotiated between the United States and Panama, when implemented, will create important new opportunities for U.S. pork producers. U.S. pork exports to Panama are currently restricted by a very limited quota and out-of-quota duties as high as 80 percent. However, the Panama Trade Promotion Agreement, if implemented, will provide immediate duty free treatment on pork variety meats and expanded market access for U.S. pork through tariff rate quotas.
- In addition to the favorable market access provisions, significant sanitary and technical issues have been resolved. By a letter dated December 20, 2006 the Panamanian government confirmed that it shall recognize the meat inspection system of the United States as equivalent to its own meat inspection system. This technical agreement ensures U.S. pork producers will benefit from the Panama Trade Promotion Agreement without being blocked by unnecessary sanitary barriers.
- **Congressional action is needed!** This agreement provides significant benefits for U.S. pork producers, which cannot be realized until the agreement is implemented.
- Live hog prices are positively impacted by the introduction of new export markets. Recent price strength in U.S. pork markets is directly related to increased U.S. pork exports. Mexico continues to be a strong and growing export market for U.S. pork. The same competitive advantage that has resulted in expanded U.S. pork exports to Mexico will also facilitate an expansion of U.S. pork exports to 3.3 million new consumers in Panama.
- U.S. pork competes in Panama with pork from Canada and the EU. The Panama Agreement, if implemented, will give U.S. pork products a competitive edge in the market.
- According to Iowa State University economist Dermot Hayes, the Panama agreement, when fully implemented, will cause hog prices to be 20 cents higher than would otherwise have been the case. Therefore exports to Panama will be worth approximately \$20.6 million to the U.S. pork industry in additional revenue than otherwise would have been the case.

***The Global Voice for the U.S. Pork Industry***