

October 3, 2011

The Honorable John Boehner  
Speaker  
U.S. House of Representatives  
H-232, U.S. Capitol  
Washington, D.C. 20515

The Honorable Harry Reid  
Majority Leader  
U.S. Senate  
S-221, U.S. Capitol  
Washington, D.C. 20510

The Honorable Nancy Pelosi  
Democratic Leader  
U.S. House of Representatives  
H-204, U.S. Capitol  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Republican Leader  
U.S. Senate  
S-230, U.S. Capitol  
Washington, D.C. 20510

Dear Speaker Boehner and Leaders Reid, Pelosi and McConnell:

The undersigned associations and businesses, representing the vast majority of American producers, processors and exporters of food and agricultural products, wish to express their strong support for the U.S.-Panama Free Trade Agreement (FTA) and to urge you to vote for its implementing legislation.

Panama is an important market for America's farmers and ranchers. The FTA will provide new market opportunities for a wide range of U.S. food and agricultural products. Once the agreement is implemented, 56 percent of current U.S. exports will enter Panama free of all duties, up from 39 percent currently.

For example, Panama will immediately eliminate duties on high-quality beef, certain chicken products, frozen whole turkeys and turkey breast, pork variety meats, most whey products, soybeans and soybean meal, crude vegetable oils, cotton, wheat, barley, most fresh fruits (including apples, pears and cherries), almonds, walnuts, many processed food products (including soups and chocolate confectionary), wine, distilled spirits and pet food.

For a number of other important commodities, immediate duty-free treatment will be afforded under specified levels of imports (tariff-rate quotas), which will expand over time. Products eligible for this benefit include: standard beef cuts, chicken leg quarters, pork, corn, rice and dairy products.

Important non-tariff impediments to trade that have prevented U.S. access to the Panamanian market will also be removed as a result of the FTA. The U.S. and Panama signed a far-reaching bilateral agreement on sanitary and phytosanitary measures and technical standards, under which Panama will recognize the equivalence of the U.S. food safety inspection system for meat and poultry and the U.S. regulatory system for processed food products, including dairy products.

All U.S. agricultural products are covered and will eventually be tariff-free. Once in place, the tariff disparity on agricultural trade between the U.S. and Panama will be eliminated. Currently, 99.8 percent of Panama's exports to the U.S. enter free of any tariffs under the Caribbean Basin Initiative. In contrast, Panama's average agricultural tariff rate is 15 percent, but many key U.S. export products face much higher rates. Tariffs on meat can be as high as 70 percent, grain tariffs as high as 90 percent, and Panama's tariff on chicken leg quarters is 260 percent.

The preferential market access benefits this agreement will provide to U.S. food and agricultural producers will create U.S. jobs and strengthen rural economies. According to the American Farm Bureau Federation, the Panama FTA would result in U.S. agricultural export gains of \$46 million per year at full implementation. This export growth would generate more than 380 new jobs here at home, according to USDA. A study by a group of noted economists for the Agricultural and Applied Economics Association puts the number at about 730 new jobs.<sup>1</sup>

Unfortunately, the long delay in implementing this agreement, which was signed in June 2007, means that benefits that would have accrued to U.S. food and agricultural producers and exporters over the past few years have been lost. In some cases, the benefits have gone to competing countries that already have preferential trade deals with Panama. More such agreements are either awaiting implementation, are under negotiation or are under consideration. These include agreements with Canada, Colombia, Peru and the EU. According to USDA, if the U.S.-Panama FTA is not implemented, U.S. market share in Panama, which was 48 percent in 2010, can be expected to steadily erode as U.S. products are put in an increasingly disadvantageous position.

Panama has done everything it has been asked to do in response to problems identified by members of Congress related to its tax and labor policies. We, the undersigned organizations, urge you to take the interests of American farmers, ranchers, food and feed processors and exporters into account as you consider this important matter and vote for the swift passage of the U.S.-Panama Free Trade Agreement implementing legislation.

Sincerely,

American Farm Bureau Federation  
American Feed Industry Association  
American Frozen Food Institute  
American Meat Institute  
American Peanut Product Manufacturers, Inc.  
American Potato Trade Alliance  
American Seed Trade Association  
American Soybean Association

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<sup>1</sup> <http://www.choicesmagazine.org/magazine/print.php?article=169> - The report estimates that every \$1 billion in U.S. agricultural exports generates 15,811 jobs (2009).

Blue Diamond Growers  
California Cherry Export Association  
California Pear Growers  
California Table Grape Commission  
Cargill, Incorporated  
Campbell Soup Company  
Commodity Markets Council  
ConAgra Foods, Inc.  
Corn Refiners Association  
Dairylea Cooperative Inc.  
Distilled Spirits Council of the United States  
Equity Cooperative Livestock Sales Association  
Grocery Manufacturers Association  
Hormel Foods Corporation  
International Dairy Foods Association  
Idaho Grain Producers Association  
JBS USA  
Kansas Association of Wheat Growers  
Kentucky Small Grain Growers Association  
Kraft Foods  
Land O'Lakes, Inc.  
Montana Grain Growers Association  
National Association of State Departments of Agriculture  
National Association of Wheat Growers  
National Barley Growers Association  
National Cattlemen's Beef Association  
National Chicken Council  
National Confectioners Association  
National Corn Growers Association  
National Council of Farmer Cooperatives  
National Grain and Feed Association  
National Grape Cooperative Association Inc.  
National Meat Association  
National Milk Producers Federation  
National Oilseed Processors Association  
National Pork Producers Council  
National Potato Council  
National Renderers Association  
National Sorghum Producers  
National Sunflower Association  
National Turkey Federation  
North American Equipment Dealers Association  
North Dakota Grain Growers Association  
Northwest Dairy Association/Darigold  
Northwest Horticultural Council  
Ocean Spray Cranberries, Inc.

Oklahoma Wheat Growers Association  
Pet Food Institute  
Produce Marketing Association  
Seaboard Foods  
Smithfield Foods  
South Dakota Wheat Inc.  
Texas Wheat Producers Association  
Tyson Foods, Inc.  
U.S. Apple Association  
U.S. Canola Association  
U.S. Dairy Export Council  
U.S. Meat Export Federation  
U.S. Premium Beef  
United Egg Association  
United Egg Producers  
United Producers, Inc.  
US Dry Bean Council  
US Wheat Associates  
USA Dry Pea & Lentil Council  
USA Poultry & Egg Export Council  
Washington State Potato Commission  
Welch Foods Inc.  
Western Growers Association  
Sweetener Users Association  
USA Rice Federation

cc: Members of the U.S. House of Representatives  
Members of the U.S. Senate