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U.S. - Panama Trade Promotion Agreement now in force.

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Agricultural Situation

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Report Highlights:

The United States - Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012. Panama is applying the current duties for the imports of U.S. agricultural products, as they are published in the Official Import Tariff for Panama, where some of them are lower duties than the ones that were negotiated as Base Rate under the TPA. The Government of Panama has created an online "first-come, first-served" TRQ administration system for the TPA.

General Information:

The United States - Panama Trade Promotion Agreement (TPA) entered into force on October 31, 2012 at 00:01 hour after President Obama's Proclamation and the letter-exchange between both governments.

U.S. agricultural exports will benefit. Almost half of current trade will receive immediate duty-free treatment, with most of the remaining tariffs to 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 and fruit products, wheat, peanuts, whey, cotton, and many processed products. The Agreement also provides duty-free access for specified volumes of some agricultural products through Tariff Rate Quotas (TRQ).

The first days of the entry into force of the TPA have been smooth. The Trade Policy Director and Executive Secretary of the Panamanian Licensing Commission of Tariff Rate Quotas reported that MIDA has received many calls from Panamanian importers who wish to learn about how the TPA's TRQs are going to be imported. However, at this time no company has registered to participate in the Historical Importer Licensing and the auction system for year 2012.

The Panamanian Licensing Commission of Tariff Rate Quotas has published for three consecutive days the official announcements for the Auction system, at the local newspaper "La Estrella de Panama". Also, the Government of Panama has published the TRQ Administration systems regulations and the official announcements at the web sites of the Ministry of Commerce and Industries, Ministry of Agricultural Development, and the Panamanian Customs Authority. These are the direct web links: <http://mici.gob.pa/detalle.php?cid=15&sid=57&clid=173&id=3851>
<http://www.mida.gob.pa/> (Tab: "Contingentes", located at the left column)
http://www.ana.gob.pa/index.php?option=com_content&view=article&id=824:tpc-panama-estados-unidos&catid=97:tpc-estados-unidos

The official announcement established that the last day to register as a Historical Importer or New Importer for the licensing system period for 2012, which is for importing under the duty-free TRQs for Cheddar Cheese, Other Chesses and Frozen French fries, is November 13, 2012. And for year 2013, the last day to register is December 3, 2012.

Additionally, the official announcement established that the last day to register in order to participate in the auction system period for 2012, which is for importing under the duty-free TRQs for Nonfat Dry Milk, Whole Milk Powder, Corn, Rough Rice and Milled Rice, is November 13, 2012. The public auction will be held on November 15, 2012 at 9:00 a.m. at the National Stock Board for Products (BAISA in Spanish, www.baisa.com). And for year 2013, the last day to register is November 29, 2012. The public auction will be held on December 3, 2012 at 9:00 a.m. at BAISA.

The importer must submit the registration form, duly completed, to the office of the Panamanian Licensing Commission of Tariff Rate Quotas, located at the Ministry of Agricultural Development in Building 574, Altos de Curundu, Panama city, Panama. The forms can be downloaded and printed at www.mida.gob.pa (Tab: "Contingentes", located at the left column).

The agricultural products to be imported with duty-free access through the TRQ using the "First-come, first-served" system are: pork meat, certain processed pork products, pig fat, fluid milk, yogurt, butter, ice cream, other dairy products, fresh or chilled potatoes, fresh or chilled onions, dried kidney beans, refined corn oil, and processed tomatoes. For 2012, the import period will be from October 31 to December 31, 2012 during the official working hours of the Panamanian Customs Authority, which is Monday thru Friday, from 9:00 a.m. to 4:00 p.m. (Panama time). And for the year 2013, the import period will be from January 2 to December 31, 2013, during the above official working hours of the Panamanian Customs Authority.

The Head of the Regulations Department of the Panamanian Customs Authority explained that on the first day of the entry into force of the TPA, October 31, 2012, none of the above products were imported using the "first-come, first-served" system. That day, MIDA only received several phone calls from the importers and customs brokers asking for more information about the new system for importing agricultural products into Panama.

It is important to note that the Government of Panama is applying the current duties for the imports of U.S. agricultural products as they are published in the Official Import Tariff for Panama (http://www.ana.gob.pa/images/stories/Articulos/Aranceles/2012_Decreto_de_Gabinete_N15.pdf), where some of them are lower duties than the ones that were negotiated as Base Rate under the TPA's Agricultural Tariff Schedule to Annex 3.3 for Panama (http://www.ustr.gov/sites/default/files/uploads/agreements/fta/panama/asset_upload_file60_10909.pdf)

The Government of Panama, through the National Customs Authority and funded by the Inter American Development Bank (IDB), has created an online "first-come, first-served" TRQ administration system for the TPA, which facilitates and expedites the import of the U.S. agricultural products entering into Panama. Any person can access the online information to see what the current fill rates are or if a quota has been filled under the "First-come, first-served" system by just entering: www.ana.gob.pa (Tab: "Consulta del Contingente Arancelario", located at the left column). Here is the first report published for the TPA: <http://www.ana.gob.pa/images/ana/normas/informe-consumos/TRP2012110242199.pdf>. This report shows that the first use of the TRQ under the TPA was an importation of pork meat (24,375.99 Kg or 24.37 Metric Tons).

The procedure to access the TRQs, using the "first-come, first-served" system, is:

1. For acceptance of documentation, the merchandise must be physically at the port of entry (Balboa Port in the Pacific - Panama city, or the four ports located in the Atlantic - Colon city), or at Tocumen International Airport, or at Paso Canoa Border.
2. The customs broker agent must confirm that the customs inspector has made the "custom visit", where the inspector makes available the merchandise to be processed.
3. Then the customs broker agent must fill the online form and attached the scanned documentation, using the new online "first-come, first-served" TRQ administration system for the TPA, during official working hours of the National Customs Authority (9:00 a.m. to 4:00 p.m. Monday thru Friday). If the official schedule is changed, the National Customs Authority shall notify the change in advance by a press statement.

4. The Customs Broker Agent must attach the following documents, scanned:
 - a) Commercial Invoice
 - b) Certificate of Origin
 - c) Bill of Lading, or Airway Bill
 - d) Vehicle Control Permit (if terrestrial import through Paso Canoas Border)
 - e) Unified Transit Declaration (if terrestrial import through Paso Canoas Border)
5. At the time the customs broker agent sends the request, the system will issue the permit number, date, exact time with minutes and seconds of the application submitted.
6. The Regulations Department of the Panamanian Customs Authority will immediately review all the documentation, and will immediately approve or reject, taking into account if the product falls under the "first-come, first-served" TRQ system and how the quota is filling-up.
7. Once the request is approved, the customs broker agent shall make their customs declaration online and pay their Administrative Customs Fee of seventy three dollars (\$73.00). The customs broker agent will have three (3) working days to make the declaration and payment. Otherwise, the permit will be due and that leaves allocated amount available to be to be requested again.
8. The unused balance of each assigned TRQ is published daily in www.ana.gob.pa (Tab: "Consulta del Contingente Arancelario", located at the left column)
9. When each assigned TRQ is completed, the National Customs Authority will communicate through a public memorandum.

This modern and transparent online system is auditable at any moment, because all the entries into the system can be tracked. If the online system is "down" for any technical problems, then the National Customs Authority Administrator will issue immediately a public memorandum authorizing the use of a manual procedure, which is exactly the same as the "first-come, first-served" TRQ administration system, administered by U.S. Customs. The Panamanian Customs Authority successfully completed an exercise to test the manual procedure a few days ago at the Paso Canoas Border.

Other Regulations and Requirements:

The Government of Panama issued the Implementing Regulations for TRQ Administration systems under the TPA, through the Executive Decree No. 154 of October 10, 2012, which can be downloaded in Spanish at: http://www.gacetaoficial.gob.pa/pdfTemp/27139_B/39335.pdf. Also, the Resolution No. 246 of October 22, 2012 of the National Customs Authority, regarding the "first-come, first-served" TRQ administration system can be downloaded in Spanish at: <http://www.gacetaoficial.gob.pa/pdfTemp/27149/39492.pdf>

Capacity Building and Outreach:

The Panamanian Customs Authority continues to request training for their officials, especially their tariff codifiers, on how to monitor and verify the origin of the products, in order to comply with the Chapter Four: Rules of Origin and Origin Procedures, and the Annex 4.1 on Specific Rules of Origin of the TPA. It is important to note that Ms. Mylene Pitti, Trade Policy Director and Executive Secretary of the Panamanian Licensing Commission of Tariff Rate Quotas, and Miss Yenía Diaz, of the Regulations Department of the Panamanian Customs Authority, participated as FAS's Cochran Program Fellows in June 3-9, 2012 on a "first-come, first-served" Tariff Rate Quota Administration Training, in the United States. This training was critical to helping build the online-web based system that the National

Customs Authority has for the TPA.