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# **AGRICULTURAL BIOTECHNOLOGY ANNUAL**

## **Biotechnology Report - 2009**

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### **Report Highlights:**

At present, there is no production of biotech products in Panama. Panama ratified the Cartagena Protocol, and in addition, approved an additional law to oversee biotech products. These laws have not been fully implemented. Therefore, there is a new Draft Law for the National Regulation on Biosafety for Genetically Modified Organisms. There is no indication of consumer concern about the presence of biotech products in the food supply. Specific marketing activities and capacity building seem to be good alternatives to advance acceptance of biotech products by consumers and government officials.

### **Section I. Executive Summary:**

Panama is a net food importer and the U.S. by far, is its main supplier. During Calendar Year 2008, exports of U.S. agricultural, fish & forestry products to Panama exceeded 8,200 million of Metric Tons (M.T.), and the Transit of U.S. Food products thru Panama of over 867 million M.T. The increase of 27% over the last year, can be attributed to the entry into force of the the U.S. – Panamana Agreement regarding certain Sanitary and Phytosanitary Measures and Technical Standards affecting trade in agricultural products, signed in February 22, 2007.

The most important U.S. products exported to Panama for year 2008 were (<sup>[i]</sup>):

Oilcake, resulting from the extraction of soybean oil.....	47 million M.T.
Flaxseed (linseed) for animal feeding.....	14 million M.T.
Corn starch.....	10 million M.T.
Yellow corn for feed.....	4 million M.T.
Soybean meal for feeds .....	3 million M.T.
Wheat .....	3 million M.T.
Rice.....	2.5 million M.T.
Processed fruits and vegetables.....	2 million M.T.
Snack foods.....	1 million M.T.
Turkey meat.....	1 million M.T.
Fresh fruit.....	1 million M.T.

The future looks bright for exports of U.S. food products to Panama due to the forecasted extraordinary growth of the Panamanian economy. This forecast is based on the service sector and the Expansion project of the Panama Canal, which promotes higher demand for food products that local agriculture cannot supply. U.S. food products are already well positioned and have consumer preference. In addition, the Trade Promotion Agreement signed between the two countries was ratified by Panama with a high degree of approval at both the government and citizen levels. The treaty is awaiting consideration by the U.S. Congress. If approved, U.S. food products will have increased access to the Panamanian market at zero duties once tariff phase outs run their course.

Panama does not produce biotech products, nor has it conducted any Official laboratory or field testing of agricultural biotechnology events.

The United States supplied Panama with 65 percent of total imports of agricultural products, representing over \$900 millions per year, in 2008. By category, Consumers prefer the “Ready to eat products”, such as snack foods, processed fruits and vegetables, and turkey ham, the most popular. Bulk agricultural products are also important, among them: yellow corn and soybean meal for animal feeds, and wheat. Panama imports rice whenever local harvest does not meet demand. In the past years the United States used to represent the 99 percent of imported rice. But with the Panamanian Government “Compita Programme” they have been importing rice from Brazil and Guyana.

Panama is a Party of the Cartagena Protocol on Biosafety, as adopted by the Law 72 of 2001. However to date, Panama has not established its National Regulatory Framework on Biosafety for Genetically Modified Organisms (GMO’s). There is only a Draft of Law to regulate this topic.

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<sup>[i]</sup> Panamanian Food Safety Authority (AUPSA) Food Import Statistics: [www.aupsa.gob.pa](http://www.aupsa.gob.pa)

## **Section II. Biotechnology Trade and Production:**

According to Government of Panama records, there’s no trade of GMO’s. So far, Panama has

not analyzed, nor established the official requirements, for imported genetically modified food products. There's no local production of GMO crops. Officially, no biotech products are developed or consumed in Panama

### **Section III. New Technologies:**

In Panama genetic engineering and/or cloning is not being used for the development of agriculturally-relevant animals, and therefore, there has not been any public initiatives in this field.

The production of food products from cloned animals is not well understood by local consumers, and regulations about biotechnology do not mention this possibility. This reflects in the fact that lawmakers do not think this is a priority in the issuing of new regulations and therefore, there have not been any discussions of related regulatory or research policies for genetic engineering and/or cloning of animals.

Panama does not have in place any legislation related to the development, commercial use and/or import of genetically modified animals or products. And the discussions of related regulatory or research policies on these technologies, have not reached consensus, because there are divergent positions between the competent national authorities.

The National Authority for the Environment (ANAM) is the Focal Point of the Cartagena Protocol on Biosafety in Panama. They have created an Inter-institutional Ad-Hoc Committee on Biosafety for the Genetically Modified Organisms, composed of:

a) Competent National Authorities:

- Ministry of Agricultural Development
- Ministry of Health
- Ministry of Commerce and Industry
- Ministry of Foreign Relations
- National Authority for the Environment
- Panamanian Food Safety Authority
- Authority of the Aquatic Resources of Panama
- Authority of Free Competition and Consumer Rights

b) Institutions for Technical Support:

- National Secretariat for Science, Technology and Innovation.
- Institute of Scientific Research and High Technology Services (INDICASAT AIP.)
- Agricultural Research Institute of Panama
- Technological University of Panama
- University of Panama
- Gorgas Memorial Institute for Health Studies.

The Objectives of the Ad-Hoc Committee are:

1. Promote and monitor the implementation of the Law, that will amend the Law 48 of 2002, by which creates the National Commission for Biosafety of genetically modified organisms.

2. Develop, Promote and monitor the compliance of the regulations and manuals of procedures for the genetically modified organisms.
3. Strengthen and monitor the Biosafety Clearing House (BCH) of Panama.
4. Propose the establishment of capacities building in the institutions for Biosafety of Genetically Modified Organisms.

At the international level, Panama supports a policy of not requiring labeling for biotech products, a principle also applied in Panama for all food products, as established in the article 36 of the Law 45 of October 31, 2007.

In Panama there are no active organizations and/or public campaigns (press campaigns, public relations efforts, or other) that lobby either for or against the genetic engineering or cloning of agriculturally-relevant animals.

Local media report on cloning of pets, which might be the reason consumers still ignore that food products can be produced by this method.

As it happens with GMO's, lack of scientific information could lead to rejection of this technology from the consumers and the public sector.

Panama doesn't have an active participation in discussions related to animal new technologies in international organizations such as OIE or OECD.

However, during the last five years Panama has been an active participant in the multilateral negotiations of the Cartagena Protocol on Biosafety, under the Convention of Biological Diversity. Especially in the negotiations on article 27 of the Cartagena Protocol on Biosafety about *Liability and Redress*, in case of a damage caused by a Living Modified Organism (LMO).

Panama has presented, in the last five years, its position on *Liability and Redress*, stating that:

- a. Supports a *Supplementary Protocol on Administrative Approach*, in response to the legal mandate of the article 27 of the Cartagena Protocol on Biosafety, for creating "Rules and Procedures" in this topic.
- b. Because, as in the case of Panama, many of the countries that are Parties to the Cartagena Protocol on Biosafety, found it difficult to determine how they should implement the Protocol's legal requirements at the national level. Therefore, the Supplementary Protocol on Administrative Approach should not have repeated references about the application of the *domestic law*, because if that is the general principle for the Administrative Approach on Liability and Redress, then is not necessary to create international rules and procedures, because either way every country will have to apply its domestic law.
- c. Panama strongly supports the removal or deletion of the wording "*Imminent Threat of Damage*" in the Supplementary Protocol about Liability and Redress, because it is not the legal mandate of the article 27 of the Protocol. Also, the GMO's or LMO's cannot be considered as *Dangerous Goods* (i.e. nuclear waste materials, pests or diseases, where other international protocols or agreements has established liability and redress for the transboundary movement of these dangerous goods), because the experience

across the globe to date, shows that GMO's or LMO's are not ultra-hazardous products, and no damage to biodiversity nor to the human health has been observed after more than a decade of commercialization of the technology. And putting the wording "*Imminent Threat of Damage*" will cause the increase of the cost of commercialization of food (especially for grains and oilseeds), resulting an extraordinary increment of food prices.

- d. Panama supports the *strict liability* in cases of damage to the biological diversity caused by a GMO, consistent with Panamanian law on liability.
- e. Panama strongly supports the removal or deletion of the wording "*Products thereof*" in the Supplementary Protocol about Liability and Redress, because it is not the legal mandate of the Scope of the Cartagena Protocol on Biosafety. The Scope is only for LMO's, not for processed and manufactured products. And a broader scope, in legal contradiction with the Cartagena Protocol on Biosafety, may affect the international trade of grain and oilseeds that are considered as LMO's. And also it may cause a negative impact on research and development, sustainable agriculture and food security.
- f. Panama strongly supports the removal or deletion of the requirement of a *Financial security* in the Supplementary Protocol about Liability and Redress, because it will increase the cost of commercialization of food (especially for grains and oilseeds), resulting in an extraordinary increment of food prices.
- g. Regarding *Civil Liability* under the Liability and Redress negotiations, Panama supports the establishment of flexible guidelines, providing a full range of options to address each element. Therefore, the countries that already have a civil liability regime in place, can apply the guidelines in a civil liability judicial process, without falling into a "Conflict of Law" with the domestic law.

Panama has recently participated in the First Dialogue in Summer 2009 on the *Compact* (a contractual compensation mechanism) developed by some of the biotechnology providers. The *Compact* seeks to provide countries with defined rules for filing a claim for damage caused by a LMO. These claims would be evaluated on a case by case basis, and the Claimant State has to present science-based proof, to proceed with the claim in the International Court of Arbitration.

Also, Panama has not negotiated to date, any type of Bilateral Agreement or Memorandum of Understanding with any other country regarding GMO's or LMO's.

#### **Section IV. Biotechnology Policy:**

The legal framework for GMO's is based on the following Laws:

- 1) [Law 72 of December 26, 2001](#), by which Panama approved the Cartagena Protocol on Biosafety entered into force on January 29, 2000.
- 2) [Law 48 of August 8, 2002](#) that creates the National Commission of Biosafety for Genetically Modified Organisms, and dictates other dispositions.
- 3) [Law 47 of 1996](#), establishing that for the import, export, research, experiment, release to the environment, reproduction and commercialization of transgenic plants, bio-control agents and seeds for production, the National Direction of Plant Health has to approve it.
- 4) [Law 23 of 1997](#), which regulates the Animal Health and Agricultural Quarantine.

5) [Law Decree 11 of February 22, 2006](#), which creates the Panamanian Food Safety Authority (AUPSA) and the dispositions for the import, transit and transboundary movement of food and feed into Panama.

The Law 72 of 2001, being an international agreement, is in force but has not been fully implemented and is non-functional since no foreign country has officially notified Panama of exports of GMO's.

The Law 48 of 2002, was never implemented. Its requirement to organize a National Commission of Biosafety for Genetically Modified Organisms, formed by eleven members with a "high political position" representing different government agencies and private organizations has never been complied with. In addition, it also calls for the organization of a Technical Secretariat, and a number of Sectorial Committees in different government entities related to the handling of GMO's, including Agriculture, Commerce, Environment, Health and Foreign Relations.

This Law 48 of 2002 established a National Biosafety Commission for Genetically Modified Organisms. This commission is to be composed of:

- Minister of Agricultural Development
  - Minister of Health
  - Minister of Commerce and Industries
  - Minister of Foreign Relations
  - National Secretariat for Science and Technology
  - Administrator of National Authority for the Environment
- Five representatives from: civil society, commercial sector, health, agriculture, environment, and the universities.

Once operational, the commission presidency is to be rotated among the above-mentioned Ministers. The commission will be charged with regulation and oversight of all aspects of production, introduction, consumption, etc. of all biotech products, and is to make a priority of the Cartagena Protocol and the precautionary principle. Implementation of Law 48 of 2002 does not appear likely in the near term. Therefore, five years ago the National Authority for the Environment (ANAM) asked the United Nations Environmental Programme (UNEP) to have non reimbursable funds from the Global Environment Facility (GEF), to elaborate a Draft Law that will help the implementation of the Cartagena Protocol on Biosafety in Panama, in that Draft Law, will be considered the amendment of the Law 48 of 2002.

In the Draft Law for the amendment of the Law 48 of 2002, the title is as follows: "To create the National Biosafety Technical Commission for genetically modified organisms and other provisions". The Technical Commission is intended to recommend to the competent authorities on decision-making and adoption of Biosafety measures for genetically modified organisms, its products and products thereof, as well as the establishment of Expert groups to conduct risk analysis and risk assessments, case by case and step by step, with science-based evidence.

In this Draft Law the responsible government Ministries and Authorities, and their role are:

1. The Ministry of Agricultural Development (MIDA) is the competent national authority to regulate, control, approve and monitor the use, import, export, research, experiment, release to the environment, reproduction and commercialization and management of genetically modified organisms, such as live animals, semen and embryos, transgenic plants, bio-control agents and seeds for agricultural production.
2. The Ministry of Health (MINSA) is the competent national authority to regulate, control, approve and monitor the use and management of genetically modified organisms and biotechnology developments, conducted on national territory, affecting human health and the establishment of biosafety standards required for human protection.
3. The Ministry of Trade and Industry (MICI) is the competent national authority responsible for ensuring that negotiations and international trade agreements that involve the use of genetically modified organisms and biotechnology transfer, does not affect domestic production and investment, the environment, biodiversity and human health, and ensures the best interests of Panama.
4. The National Authority for the Environment (ANAM) is the competent national authority for the implementation of the Cartagena Protocol on Biosafety and of the Convention on Biological Diversity, as the Focal Point of Panama, as well as management and environmental management of natural heritage and biodiversity of Panama. Has the power to regulate and control access to and use of biogenetic resources in general, and establishing, approving and monitoring compliance with the rules and procedures of risk assessment for the release into the environment, mitigation impacts on biodiversity and the environment, including the protected areas.
5. The Panamanian Food Safety Authority (AUPSA) is the competent national authority that regulates and enforces the compliance of the sanitary and phytosanitary measures and quality standards related to the import, transit and transboundary movement of food and feed into Panama.
6. The National Secretariat of Science, Technology and Innovation (SENACYT), is the competent national authority for the promotion of research for the development and transfer of biotechnology in general, and for the regulation of LMO's for use in scientific research.
7. The Authority of Aquatic Resources of Panama (ARAP) is the entity with responsibility for the authorization, control, supervision, monitoring, and release to the aquatic environment of marine and aquatic organisms genetically modified, that are located outside the protected areas.
8. The Authority for Consumer Protection and Defense of the Competition (ADECO) is the entity responsible for protecting and ensuring the process of free economic competition and free competition, eliminating monopolistic practices and other restrictions in the efficient functioning of markets for goods and services, and to preserve the best interests of consumers in Panama.

The new Panamanian Government, with a pro-business President of the Republic, Ricardo Martinelli, may influence regulatory decisions related to agricultural biotechnology, positively.

## **Section V. Marketing:**

From time to time, local newspapers publish articles (that appear to come from foreign sources) advising of the alleged dangers to humans posed by foods prepared with GMO's, and also of the supposedly catastrophic impact on the environment if GMO's are produced in the country. With less regularity articles that talk about benefits and advantages of GMO's and their products also appear. So far, consumers have shown a high degree of confidence in the ability of local authorities to handle in an appropriate manner this category of food products.

There have been no market studies in Panama to assess consumer acceptance of GMO's.

Research at local Universities centers upon tissue culture of some species of economic importance, for their reproduction in disease free environments. Resources have not been devoted to manipulating genes or sections of the DNA molecule as a means to produce new GMO's.

## **Section VI. Capacity Building and Outreach:**

Since most agriculture professionals graduate from local universities, there's a lack of proper training in modern developments in biotechnology. This may hurt perceptions of GMO's by many, including those who tend to distrust big industries and new methods of mass production of food products. There are two private Consumers' Associations that are expressing concern about lack of protection that authorities are giving to consumers of medicines and of some imported food products, mainly from Asia. They could reject or embrace GMO's, depending on the information they'll receive in the future.

Education and Outreach present themselves as the best alternatives to promote accurate information about GMO's in a market that clearly understands the benefits of trade and friendly relations with the U.S. Through the Cochran Fellowship Program, in 2000 a University Professor received training in Biotechnology at Texas A & M University. Recently, a Ministry of Agriculture official - specialized in environmental issues - was selected as a candidate for training in Biotechnology. FAS/Panama brought a Biotechnology speaker to Panama in August, 2007 to make a series of presentations to both government officials and food importers.

On July 22 – 24, 2009 the Cultural Section of the U.S. Embassy in Panama and FAS/Panama will bring a Biotechnology speaker to Panama, to make a series of presentations to both government officials and food and seed importers. Post will also use the Borlaug Fellowship Program as a means to strengthen academic capacity in biotechnology at a local university.

Many local technicians and government officials working in this field, including policy, teaching, and laboratory research, would greatly benefit from short term trainings in the U.S., but the language barrier has kept them out of actual possibilities. If courses biotechnology in Spanish could be provided, it would be of great benefit to improve biotechnology courses in Spanish for local knowledge, and the creation of regulations based upon science and risk analysis.

In Panama there are only certified clinical diagnostic tests in humans, for public health diseases. There is no certified diagnostic test on transgenic organisms.

Panama does not have the physical infrastructure for research or experimental trials in greenhouses, or confined plots, under biosafety measures.

Panama, through the UNEP – GEF Project, for representatives of the competent national authorities and academic institutions, has focused on training on the Cartagena Protocol on Biosafety and how to register and search data in the Biosafety Clearing House (BCH).

Also in Panama are other agro-biotechnologies applied, such as plant tissue culture, molecular biology, in vitro conservation, cryopreservation, and genetic engineering. In the health sector, there is a capacity to diagnose diseases <sup>[i]</sup>.

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<sup>[i]</sup> Inter-American Institute for Cooperation on Agriculture (IICA). Agro-biotechnology in Latin America and the Caribbean. Current situation of its development and adoption. 2008. 62 pages.