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Panama's Import Tariff Modifications Report

Report Categories:

Agricultural Situation

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Report Highlights:

There have been fifteen (15) modifications to Panama's Tariff Schedule, made after the end of the United States and Panama Trade Promotion Agreement (TPA) negotiations on December 20, 2006. Of those, eight (8) have been done in one (1) year with the President Ricardo Martinelli Administration. Most of the modifications are to reduce the import duties, but some will increase other agricultural product import duties.

Executive Summary:

There have been fifteen (15) Panama's Tariff Schedule modifications, made after the end of the United States and Panama Trade Promotion Agreement (TPA) negotiations, on December 20, 2006. Of those, eight (8) have been done in one (1) year with the President Ricardo Martinelli Administration.

The Government of Panama (GOP) has reduced the tariff rates, with the purpose of complying with their campaign promise to reduce the cost of certain commonly used products (basic food basket) and other goods, and with the purpose of facilitating trade.

The modification of the import duties will remain in effect indefinitely or until the GOP modifies it again with another Cabinet Decree.

To access the complete documents, in Spanish only, please click the following hyperlinks:

1. [Cabinet Decree No. 12 of May 16, 2007](#)
2. [Cabinet Decree No. 24 of October 8, 2007](#)
3. [Cabinet Decree No. 29 of November 7, 2007](#)
4. [Cabinet Decree No. 32 of November 21, 2007](#)
5. [Cabinet Decree No. 10 of May 21, 2008](#)
6. [Cabinet Decree No. 29 of November 21, 2008](#)
7. [Cabinet Decree No. 7 of March 9, 2009](#)
8. [Cabinet Decree No. 28 of July 9, 2009](#)
9. [Cabinet Decree No. 31 of September 1, 2009](#)
10. [Cabinet Decree No. 34 of October 6, 2009](#)
11. Cabinet Decree No. 11 of March 23, 2010
12. Cabinet Decree No. 12 of April 13, 2010
13. [Cabinet Decree No. 18 of June 15, 2010](#)
14. [Cabinet Decree No. 19 of June 25, 2010](#)
15. [Cabinet Decree No. 27 of August 25, 2010](#)

General Information:**A. Background of Tariff Modifications:**

With Law 22 of April 27, 1998 Panama approved the International Convention of Nomenclature of the Harmonized Tariff Schedule Description and Coding System for Goods, signed in Brussels on June 14, 1983, and the Protocol of Amendment of the International Tariff Schedule Description and Coding System for Goods, signed in Brussels on June 24, 1986.

The Republic of Panama, by becoming a party to the International Convention of Nomenclature of the Harmonized Tariff Schedule Description and Coding System, acquired the obligation to maintain its nomenclature of Harmonized Tariff according to the international recommendations or amendments, with the purpose that Panama's Import Tariff Schedule is kept updated in line with technological progress.

The Cabinet Council (also called, “Council of the President and Ministers”) is the competent authority in Panama for establishing and modifying import tariffs, taxes and other provisions related to the Customs regime (Article 200, paragraph 7 of the Political Constitution of Panama).

Panama has adopted, through the Cabinet Decree No. 12 of 2007, the Fourth Amendment to the Nomenclature of the Harmonized Tariff Schedule Description and Coding System for Goods, as recommended by the Customs Cooperation Council, which came into effect on January 1, 2007.

The Tariff Commission of Panama recommends to the Cabinet Council of Panama any modifications to Panama's Tariff Schedule. The Commission is composed of the Ministry of Economy and Finance, the Ministry of Commerce and Industry, the Office of the General Comptroller of the Republic, the National Customs Authority, and the private sector: that is, Industrial Union of Panama, and the Panamanian Chamber of Commerce, Industry and Agriculture.

B. Impact of the Tariff modifications on Agricultural products:

A total of 325 tariff lines on agricultural products were modified by the above Cabinet Decrees.

It is very interesting to see that import tariffs for some agricultural products that were negotiated with the United States on the TPA, as “Sensitive for Panama”, have been reduced, for example:

- Tomato Paste and Sauce from 83% tariff rate, now it is 50%
- Frozen/pre-cooked French Fries from 20% import tariff, now they are 10%
- Palm cooking oil from 30% import tariff, now it is 10%
- Soybean cooking oil from 20% import tariff, now it is 10%
- Sausages and similar products, of liver of any animal, of chicken, or of poultry, from 15% import tariff, now they are 10%
- Frozen horticultural products, from 15% tariff rate, now they are 10%
- Milk-based drinks with and without cocoa, from 30% import tariff, now they are 10%
- Peanuts and Cashews, from 15% import tariff, now they are 10%
- Seasoning and Sauces, from 15% import tariff, now they are 10%
- Preparations for Chicken Soups, from 15% import tariff, now they are 10%
- Bottled Natural and Mineral Water, from 15% import tariff, now they are 10%

However, the import tariffs for some agricultural products that are of interest to U.S. food exporters, have been increased, for example:

- Durum Wheat Flour, from 10% import tariff, now the import tariff it is 25%
- Enriched Wheat Flour, from 10% import tariff, now the import tariff it is 25%
- Poultry (Chicken) tariff lines divided into new Harmonized Schedule tariff lines, including but not limited to assorted pieces of chicken leg quarters, together or separately, even including offal, establishing an import tariff of 260% (reference: [Cabinet Decree No. 29 of November 21, 2008](#)).

C. Bibliography:

- Official Gazette of the Republic of Panama. <http://www.gacetaoficial.gob.pa/>
- Office of the U.S Trade Representative. <http://www.ustr.gov/trade-agreements/free-trade-agreements/panama-tpa/final-text>
- Ministry of Commerce and Industry of Panama. <http://www.mici.gob.pa>

****End of Report****