



# PANAMA POULTRY EXPORT QUOTA, INC.

## 2016 ANNUAL REPORT



PAN-PEQ

---

Panama Poultry Export Quota, Inc

Panama Poultry Export Quota, Inc. c/o DTB Associates, LLP  
1700 Pennsylvania Ave., N.W. – Suite 200 Washington, D.C. 20006  
Tel: 202-684-2512 Fax: 202-684-2233  
[www.pan-peq.org](http://www.pan-peq.org)

## MISSION STATEMENT

---

The Panama Poultry Export Quota, Inc. (PAN-PEQ) is a not-for-profit corporation established to manage on an open tender basis the tariff-rate quotas (TRQs) for chicken leg quarters (CLQs) granted by the Republic of Panama to the United States under the terms of the United States-Panama Trade Promotion Agreement. PAN-PEQ then distributes the proceeds of the tender process to the poultry industry associations of the Republic of Panama and the United States to fund market development, educational, scientific, and technical projects. In this manner, PAN-PEQ fosters the cooperation and integration of the poultry industries of both Panama and the United States.

---

\* PAN-PEQ's mission was established under the terms of an Export Trade Certificate of Review, issued by the U.S. Department of Commerce on June 25, 2012, and published in the Federal Register on July 17, 2012/ Vol. 77, No. 137.

Panama Poultry Export Quota, Inc. c/o DTB Associates, LLP  
1700 Pennsylvania Ave., N.W. – Suite 200 Washington, D.C. 20006  
Tel: 202-684-2512 Fax: 202-684-2233  
[www.pan-peq.org](http://www.pan-peq.org)

## TABLE OF CONTENTS

### 2016 Annual Report

1. Chairman's Letter
2. Directors and Officers
3. Open-Tender Process and Results
4. Reporting and Outreach
5. Disposition of Proceeds
6. Audited Financial Statements



**PAN-PEQ Annual & Board Meeting, March 2016  
Bocas del Toro, Panama**

## 1. Chairman's Letter

I am pleased to report that the Panama Poultry Export Quota, Inc. (PAN-PEQ) commemorated its fifth year anniversary on October 2016 in Panama City by co-organizing a highly attended event with the U.S. Embassy's Foreign Agricultural Service. Local government authorities, businesspersons, and the press participated at the event. During the presentations, PAN-PEQ representatives highlighted the organization's successful operations, its compliance with the requirements of the United States – Panama Trade Promotion Agreement (PTPA), and its effective use of funding generated by the open-tenders for development projects as specified in PAN-PEQ's Export Trade Certificate of Review (ETCR).

During its fifth year of operations, PAN-PEQ also held open tender auctions for the export of chicken leg quarters (CLQs) to Panama in December 2015 and May 2016. The CLQ duty-free tariff rate quota (TRQ) of 966 metric tons (MT) established in the TPA for 2016 was auctioned off in two tranches of 483 MT, respectively. Auction receipts reached \$974,344.31, an increase of 32.32% from 2015, with most of the TRQ being auctioned.

In 2016, PAN-PEQ distributed proceeds totaling \$193,543 for market development, educational, scientific, and technical projects pursued by ANAVIP, the Panamanian poultry association, in Panama.

These project activities included:

- ❖ Organization of Panama's 27<sup>th</sup> National Poultry Summit;
- ❖ Organization of a National Poultry Workshop;
- ❖ Hiring of a veterinary doctor and a trade expert;
- ❖ Market promotion for the National Egg Commission; and
- ❖ Development of the National Poultry Information System (SIAVI).

During PAN-PEQ's annual and board meetings in March 2016, and pursuant to PAN-PEQ's bylaws, the Board appointed Messrs. Martin Piffaretti from USAPEEC as Chairman, and Robert Toledano from ANAVIP as Vice-Chairman. Mr. Mateo Paz-Soldan and Ms. Violeta Gutierrez from DTB Associates, the firm acting as Administrator, were confirmed as Secretary and Treasurer, respectively.

I take this opportunity to thank the governments of Panama and the United States, as well as the poultry member associations, for their continuous support during the last five years.

As PAN-PEQ's Chairman during 2017, I will continue the good work of my predecessors and wish the organization and its member associations another successful year.

Sincerely,



Robert Toledano  
PAN-PEQ Chairman 2017

## 2. Directors and Officers

Pursuant to PAN-PEQ's bylaws and the Export Trade Certificate of Review (ETCR) approved by the U.S. Department of Commerce, the members of PAN-PEQ are the national trade associations representing the poultry industries of Panama and the United States. A six-member Board of Directors appointed by these associations governs PAN-PEQ.

### DIRECTORS FOR 2016:



**Martin Piffaretti**  
Chairman 2016  
*USAPEEC – United States*



**Robert Toledano**  
Vice Chairman 2016  
*ANAVIP - Panama*



**Augusto Valderrama**  
Director  
*ANAVIP - Panama*



**Victor Epifanio**  
Director  
*ANAVIP - Panama*



**Hector Rainey**  
Director  
*USAPEEC – United States*



**James Sumner**  
Director  
*USAPEEC – United States*

## OFFICERS FOR 2016:

In addition to Mr. Piffaretti who served as Chairman, and Mr. Toledano who served as Vice-Chairman, Mateo Paz-Soldan, and Violeta Gutierrez from DTB Associates, LLP, PAN-PEQ's Administrator, served as Secretary and Treasurer, respectively.



**Mateo Paz-Soldan**  
Secretary  
*DTB Associates, LLP*



**Violeta Gutierrez**  
Treasurer  
*DTB Associates, LLP*

### 3. Open-Tender Process and Results

Under the terms of the ETCR and the PTPA, PAN-PEQ is tasked with managing the TRQ for CLQs established for Panama on a yearly basis.<sup>1</sup> PAN-PEQ, through an independent Administrator, manages this TRQ through an open tender process, or auction, in which certificates for duty-free shipments of CLQs are awarded to the highest bidders, pursuant to ETCR requirements. Notice of each open tender process is published in advance both in Panama and the United States. Bid specifications and contents are included in the notice and also published on the PAN-PEQ website. Once the open tender period closes, results are audited, and bidders are notified of the disposition of their bids. The complete results are sent to the governments and consolidated results are made available to the member poultry associations, and to the public on the PAN-PEQ website. Open tender proceeds are then maintained in an interest-bearing bank account until funding requests by the participating member associations are approved by the PAN-PEQ Board (see Section 4).

The TRQ for CLQs agreed to by both governments for 2016 was 966.00 metric tons (MT).<sup>2</sup> The Board agreed on October 10, 2016, to hold two open tenders to be split into two tranches of 483 MT each. Total open tender revenues increased by 32.32% from 2015. As may be observed in Table 1,

---

<sup>1</sup> See General Notes and Appendix 1 – Chicken Leg Quarters (Bone-in), Annex 3.3-PA-Notes-9 and 10 of the text of the US-Panama Trade Promotion Agreement.

<sup>2</sup> See U.S.-Panama Trade Promotion Agreement, Annex 3.3, Appendix 1, pp. 9-10, Paragraph 7(a).

PAN-PEQ obtained excellent results for both open tenders in its fifth year of operations. The highest average successful bid was \$1,016/MT and the lowest successful bid \$837.76/MT. 99.28% of the tonnage established under the TRQ for 2015 was awarded.

**Table 1**  
**PAN-PEQ Open-Tender Results for 2016**

Category	First Tranche Nov 30 – Dec 4, 2015	Second Tranche May 9 - 13, 2016	Total
Available TRQ for Auction (MT)	483.00	483.00	966.00
Certificates Awarded (MT)	476.00	483.00	959.00
Average Successful Bid (\$/MT)	\$1,147.31	\$886.59	\$1,016.00
Lowest Successful Bid (\$/MT)	\$1,124.00	\$837.76	\$837.76
Auction Receipts (\$)	\$546,119.41	\$428,224.90	\$974,344.31

\*Data compiled from PAN-PEQ's audited financial statements and published information at [www.pan-peq.org](http://www.pan-peq.org).

## 4. Reporting and Outreach

As established in PAN-PEQ's ETCR, an important part of the corporation's responsibilities include maintaining the governments of Panama and the United States informed of open-tender results, the dates selected for open tenders, and other key issues impacting the corporation. In addition, PAN-PEQ must comply with annual reporting requirements before the U.S. Department of Commerce and the U.S. Internal Revenue Service, and with requests for information by Panamanian or U.S. government authorities.

### PAN-PEQ's Fifth Year Anniversary Event

PAN-PEQ celebrated its five years of operations by holding an outreach event in October 2016 in Panama City. The event highlighted projects funded by PAN-PEQ; provided an overview of the PAN-PEQ's open tender system; and reported on compliance with the ETCR and Panamanian regulations. The event was co-sponsored by the Foreign Agricultural Service (FAS) at the U.S. Embassy in Panama and was well-attended by Panamanian trade, agricultural and customs authorities as well as by local poultry industry and media representatives.

Introductory remarks were made by then Vice Chairman Robert Toledano on behalf of PAN-PEQ's member ANAVIP; followed by then Chairman Martin Piffaretti on behalf of PAN-PEQ's member USAPEEC, USA Poultry & Egg Export Council; and the Charge d' Affairs at the U.S. Embassy in Panama Kevin O'Reilly. The keynote address was delivered by Mateo Paz-Soldan who serves as PAN-PEQ's secretary. Also taking part in the event were Panama's Vice-Minister of International Trade Negotiations Diana Salazar, ANAVIP President Luis Castroverde, and Arlene Villalaz of FAS, who served as master of ceremonies.

The following are excerpts from speakers' remarks during the event.

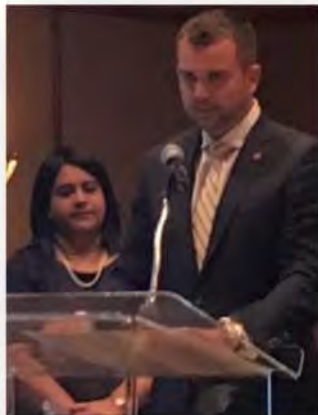
Panama Poultry Export Quota, Inc. c/o DTB Associates, LLP  
1700 Pennsylvania Ave., N.W. – Suite 200 Washington, D.C. 20006  
Tel: 202-684-2512 Fax: 202-684-2233  
[www.pan-peq.org](http://www.pan-peq.org)



*“The industry was apprehensive during the TPA agrinegotiations about the impact of a free trade agreement with the U.S., (but) PAN-PEQ has provided us with important capacity building resources that are enabling our industry to become more competitive, and provide us with a solid basis to pursue our long-term goal of being certified for the export of poultry products to the U.S.”*



**PAN-PEQ Vice Chairman Robert Toledano, on behalf of ANAVIP**  
**Source: USAPEEC**



**PAN-PEQ Chairman Martin Piffaretti, on behalf of USAPEEC**  
**Source: USAPEEC**

*“PAN-PEQ’s first five years have been a success... As a U.S. participant in PANPEQ’s open tenders, I want to highlight the open participation, transparency, ease, and professionalism with which PAN-PEQ is administered. In addition to PAN-PEQ’s many achievements to date, from a personal perspective it has been a pleasure to develop strong friendships and working relationships with our Panamanian counterparts.”*

*“The U.S. Department of Commerce oversees the operation of PAN-PEQ, which guarantees fair treatment for all participants and ensures that special benefits are not bestowed on the companies that are represented on the PAN-PEQ board... Congratulations to PAN-PEQ for a successful implementation during these five years of the CLQs TRQ system under the TPA.”*



**Kevin O’Reilly, Charge d’ Affairs at the U.S. Embassy in Panama**  
**Source: U.S. Embassy in Panama and USAPEEC**

## PAN-PEQ Fifth Year Anniversary Event Panelists



Source: PAN-PEQ

Press coverage of the event can be found at the following links:

<http://www.eleconomista.net/2016/10/19/subasta-avicola-entre-eua-y-panama-genera-3-millones-en-4-anos>

<http://www.panamaamerica.com.pa/economia/subasta-avicola-entre-eeuu-y-panama-genera-3-millones-en-cuatro-anos-1047434>

<http://www.wattagnet.com/articles/28610-panama-seeks-to-level-poultry-meat-trade-playing-field?v=preview>

## 5. Disposition of Proceeds

PAN-PEQ's ETCR requires that the proceeds of the open tender process are to be applied and distributed to the poultry industries of Panama and the United States on a fifty percent (50%) basis each to fund market development, educational, scientific, and technical projects.<sup>3</sup> After paying operating expenses at the end of each year, the Administrator distributes the remaining proceeds to fund capacity building projects in the abovementioned categories. These distributions are made after funding requests by member associations are evaluated and approved by the Board based on compliance with ETCR requirements.

In 2016, ANAVIP, the Panamanian member, obtained board approval for disbursement of \$193,543.00 to fund the following project: "ANAVIP support for educational events, enhancement of regional trade capabilities and participation in poultry organizations." This project aims to improve technical capacity in the poultry industry; support the National Egg Commission and the National Poultry Summit; and support ANAVIP's participation in international poultry organizations. The activities funded under this project are as follows:

### Market Development

1. **Support for the National Egg Commission Program (continuation)**, through the hiring of a nutritionist to educate and promote egg consumption in Panama. This nutritionist participated in food shows nationwide, gave presentations to university students and new mothers, and prepared advertising material for the media (newspaper and radio) and social networks, among other activities. See Figure A.

**Figure A**

#### **Market Promotion for the National Egg Commission**

**Breastfeeding Week in Penonome**  
sponsored by the Ministry of Health



**Baby Show Conference**  
"The Egg in the Nutrition of Children"



Source: ANAVIP

<sup>3</sup> See: Federal Register, Vol. 77, No. 137, July 17, 2012, p. 41971.

**Figure A**  
**Market Promotion for the National Egg Commission (Continuation)**

**Nutrition Seminar for Students of Inter-American University in Panama**



**Dancing Marathon in the Coastal Boulevard**



Source: ANAVIP

2. **The Continued Hiring of a Trade Expert**, to address issues concerning market access, trade and international agreements.

## Educational and Training

3. **The Organization of Panama's 27th National Poultry Summit**, provided training for more than 1,200 poultry industry representatives from Panama and the Western Hemisphere, which represented an increase of 20% from 2015. The Summit brought 26 international speakers from 12 countries to present on several key subjects for the poultry industry community. See Figure B.

**Figure B**  
**The Organization of Panama's 27th National Poultry Summit**



Source: ANAVIP

4. **The organization of a National Poultry Workshop**, provided training for 400 poultry workers in the countryside, specifically in the central part of Panama. The Workshop brought international speakers on relevant aspects of the poultry business including: poultry diseases, marketing, nutrition, and environmental management. See Figure C.

**Figure C**  
**National Poultry Workshop in Santiago de Veraguas**



Source: ANAVIP

5. **Improve the technical capacity in the poultry industry nationwide (continuation)**, through the continued hiring of a veterinary doctor to work on sanitary and phytosanitary (SPS), food safety and trade issues at the national and regional levels (Central American Customs Union), as well as the coordination of educational and other activities with local governments. See Figure D.

**Figure D**  
**Improving the Technical Capacity of the Poultry Industry Nationwide**

Classes for Veterinarian Students



Workshop on Necropsy



Source: ANAVIP

6. **Participation in International Poultry Organizations**, which are industry forums that provide highly valued information and training about markets, trade, and technical issues. See Figure E.

**Figure E**  
**Participation in the XXIV Central American Poultry Summit**  
**in Antigua, Guatemala (November 10, 2016)**



Source: ANAVIP

7. **Attend technical meetings on poultry health and trade**, such as those of the Central American Customs Union, of which Panama is a member, in order to understand and negotiate improved technical standards, regulations and agreements for the national poultry industry.
8. **Development of the National Poultry Information System – SIAVI**, will serve as a real time repository of information, respecting confidentiality, about avian census and poultry production and sanitary data from poultry producers, slaughter facilities, and processing plants. Existing data is currently being consolidated. This web platform will be administered by the Ministry of Agricultural Development, with the support of Ministry of Health, and will help Panama in its efforts to achieve equivalency with the United States' poultry health system. See Figure E.

**Figure E**  
**National Poultry Information System – SIAVI**  
**Meeting with the Ministry of Agricultural Development and Ministry of Health**



**Source: ANAVIP**

## 6. Audited Financial Statements

### A. Statements of Financial Position / December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash in bank	\$ 2,156,294	\$ 1,692,271
Prepaid expenses	-	1,728
<b>TOTAL ASSETS</b>	<u>\$ 2,156,294</u>	<u>\$ 1,693,999</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Deferred auction revenue	\$ 299,628	\$ 546,119
Accounts payable and accrued expenses	2,885	569
<b>Total Current Liabilities</b>	<u>302,513</u>	<u>546,688</u>
<b>Net Assets</b>		
Project Funds-United States	1,262,019	811,455
Project Funds-Panama	591,762	335,856
<b>Total Net Assets</b>	<u>1,853,781</u>	<u>1,147,311</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 2,156,294</u>	<u>\$ 1,693,999</u>

\*Information in this annual report is compiled from audited financial statements.



**B. Statement of Activities and Changes in Net Assets / Years ended December 31, 2016 and 2015, Including Operating Expenses**

**2016**

	General Operating Fund	Temporarily Restricted Funds		Total
		United States	Panama	
<b>Revenues</b>				
Auction revenues	\$ 974,344	\$ -	\$ -	\$ 974,344
Membership fees	19,487	-	-	19,487
Investment income	-	1,351	236	1,587
<b>Total Revenues Collected</b>	<u>993,831</u>	<u>1,351</u>	<u>236</u>	<u>995,418</u>
<b>Expenses Paid</b>				
Accounting and auditing	6,654	-	-	6,654
Bank fees	840	-	-	840
Consulting and management fees	55,610	-	-	55,610
Legal fees	883	-	-	883
Licenses and filing fees	312	-	-	312
Meetings	8,391	-	-	8,391
Postage and delivery	548	-	-	548
Printing and reproduction	6	-	-	6
Project costs	-	-	193,543	193,543
Publications	6,384	-	-	6,384
Telephone	36	-	-	36
Travel and entertainment	13,090	-	-	13,090
Website expenses	2,651	-	-	2,651
<b>Total Expenses Paid</b>	<u>95,405</u>	<u>-</u>	<u>193,543</u>	<u>288,948</u>
Change in Net Assets	898,426	1,351	(193,307)	706,470
Transfer from general to temporarily restricted funds	(898,426)	449,213	449,213	-
Net Change After Transfer	-	450,564	255,906	706,470
Net Assets, Beginning of Year	-	811,455	335,856	1,147,311
<b>Net Assets, End of Year</b>	<u>\$ -</u>	<u>\$ 1,262,019</u>	<u>\$ 591,762</u>	<u>\$ 1,853,781</u>

\*Information in this annual report is compiled from audited financial statements.

**2015**

	General Operating Fund	Temporarily Restricted Funds		
		United States	Panama	Total
<b>Revenues</b>				
Auction revenues	\$ 736,356	\$ -	\$ -	\$ 736,356
Membership fees	14,728	-	-	14,728
Investment income	-	-	-	-
<b>Total Revenues Collected</b>	<b>751,084</b>	<b>-</b>	<b>-</b>	<b>751,084</b>
<b>Expenses Paid</b>				
Accounting and auditing	5,376	-	-	5,376
Bank fees	1,148	-	-	1,148
Consulting and management fees	55,955	-	-	55,955
Legal fees	8,090	-	-	8,090
Licenses and filing fees	278	-	-	278
Meetings	6,533	-	-	6,533
Office supplies	56	-	-	56
Postage and delivery	644	-	-	644
Printing and reproduction	101	-	-	101
Project costs	-	-	229,730	229,730
Publications	2,046	-	-	2,046
Telephone	0	-	-	-
Travel and entertainment	6,626	-	-	6,626
Website expenses	2,067	-	-	2,067
<b>Total Expenses Paid</b>	<b>88,920</b>	<b>-</b>	<b>229,730</b>	<b>318,650</b>
Change in Net Assets	662,164	-	(229,730)	432,434
Transfer from general to temporarily restricted funds	(662,164)	331,082	331,082	-
<b>Net Change After Transfer</b>	<b>-</b>	<b>331,082</b>	<b>101,352</b>	<b>432,434</b>
Net Assets, Beginning of Year	-	480,373	234,504	714,877
<b>Net Assets, End of Year</b>	<b>\$ -</b>	<b>\$ 811,455</b>	<b>\$ 335,856</b>	<b>\$ 1,147,311</b>

\*Information in this annual report is compiled from PAN-PEQ's audited financial statements.

**C. Statements of Cash Flows / Years ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 706,470	\$ 432,434
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase (decrease) in:		
Prepaid expenses	1,728	(1,728)
Deferred auction income	(246,491)	218,391
Accounts payable and accrued expenses	<u>2,316</u>	<u>(1,280)</u>
<b>Net Cash Provided by Operating Activities</b>	464,023	647,817
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>1,692,271</u>	<u>1,044,454</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 2,156,294</u>	<u>\$ 1,692,271</u>

\*Information in this annual report is compiled from PAN-PEQ's audited financial statements.

1700 Pennsylvania Ave., N.W. – Suite 200 Washington, D.C. 20006  
Tel: 202-684-2512 Fax: 202-684-2233  
[www.pan-peq.org](http://www.pan-peq.org)