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**REPUBLIC OF PANAMA
MINISTRY OF TRADE AND INDUSTRY**

EXECUTIVE DECREE NO. 154

(Oct. 10, 2012)

**BY MEANS OF WHICH THE REGULATION IS ESTABLISHED FOR ADMINISTRATION OF TARIFF
QUOTAS WITH RESPECT TO THE PROVISIONS IN THE TRADE PROMOTION AGREEMENT
SIGNED BETWEEN THE REPUBLIC OF PANAMA AND THE UNITED STATES OF AMERICA**

THE PRESIDENT OF THE REPUBLIC
In exercise of his constitutional and legal powers

WHEREAS:

It is the duty of the Panamanian State to secure conditions so that the production sectors may efficiently carry on their economic activities.

Through Law 53 of 2007 the Republic of Panama signed and ratified the Trade Promotion Agreement with the United States of America (henceforth, the Agreement), which establishes the requirement for the Administration and Implementation of the Tariff Quota System as established in Article 3.14 of the Agreement and in Appendix I to the General Notes on the Panama List to Annex 3.3 of the Agreement (henceforth, Appendix I).

The conditions and rules for allocation of the Tariff Quotas must be established by keeping the product categories and administrative systems included in Appendix I in mind.

The State is responsible for guiding, directing and regulating the economic activities of individuals, complying with the constitutional and prevailing legal norms in order to increase productivity, national wealth and to ensure their benefits for the greatest number of the country's inhabitants as possible..

The State must ensure compliance through the establishment of clear and transparent rules that ensure proper administration of the obligations Panama has assumed in international trade matters.

The allocation and administration of the Tariff Quotas resulting from the Free Trade Agreements signed by Panama and its obligations to the World Trade Organization (WTO) have been made through the Tariff Quota Licensing Commission and its Technical Office and the Ministry of Farming and Livestock Development's Trade Policy Office under a bidding system, with the requirement to establish

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other systems as a result of new commitments established through the Agreement.

It is fundamental for the various economic agents and trade operators to have a Quota Administration System that is transparent, available to the public, when appropriate, non-discriminatory, that responds to market conditions and that is the least burdensome to trade.

HE HEREBY DECREES:

Article One: To establish the Regulation for Administration of Tariff Quotas established in the Trade Promotion Agreement signed between the Republic of Panama and the United States of America, which reads as follows:

REGULATION FOR ADMINISTRATION OF TARIFF QUOTAS FOR THE TRADE PROMOTION AGREEMENT BETWEEN PANAMA AND THE U.S.

**Chapter I
General Provisions**

Article 1: Unless provided otherwise in this Decree, the Tariff Quotas specified in Appendix I of the Agreement and Annex I of this Decree are exempt from application of the General Regulation for the Awarding of Tariff Quotas, published according to Resolution No. 5-98 dated November 18, 1998.

Article 2: This Decree regulates the allocation and administration of Import Tariff Quota volumes that Panama awarded under the protection of its commitments in the Agreement. Pursuant to the provisions of Appendix I, corresponding to the Panama Tariff List, this Decree applies to all products established in that list, pursuant to the provisions in this Decree and as they are described in Annex I of this Regulation.

Article 3: The Tariff Quota Licensing Commission, established in Law No. 23 dated July 15, 1997, will be the body responsible for applying the Agreement Import Tariffs pursuant to the provisions established in this Decree.

Article 4: The Tariff Quota Licensing Commission's Technical Office, established in the Regulation for the Awarding of Tariff Quotas according to Resolution No. 5-98 dated November 18, 1998, is the official institution responsible for the process for the Tariff Quotas allocation and administration process within the framework of the Agreement to which this Decree refers, except for those Tariff Quotas which are

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administered on a first-come, first-served basis, which will be administered by the National Customs Authority.

Article 5. The Ministry of Trade and Industry's National Administrative Office of International and Trade Defense Agreements (DINATRADEC), in complying with its responsibilities to coordinate implementation and compliance with the treaties and agreements ratified by the Republic of Panama on matters of its jurisdiction, will participate jointly with the Commission's Technical Office on procedures related to the provisions and awarding of the Tariff Quotas to which this Decree refers and will ensure proper compliance with International Agreements on behalf of trade promotion.

Article 6. Eligibility: Amounts under Tariff Quotas may not be allocated to an industry association, nor will the amounts be limited under quota solely to processors. Access to the amounts under the Tariff Quota will not depend upon the purchase of domestic production or re-exportation.

Article 7. Definitions:

Tariff Quota: Volume of a commodity that may enter the Customs area by paying for a right of free importation and is administered through a system of allocation and supervision specified for that product that guarantees market access.

Annual Quota: The importation volume established for one calendar year, particularly for a product listed in Annex I of this Decree.

Historic Importer: Signifies an individual or legal entity that has made importations of relevant products from the United States during the three (3) previous consecutive calendar years.

New Importer: Signifies an individual or legal entity that does not qualify as an Historic Importer.

Interested Importer: Includes both Historic Importers and New Importers.

Lot: Commercial viable unit in which the products subject to Tariff Quotas can be divided for the purpose of facilitating their trading and awarding.

Tariff Quota Allocation Certificate: Document issued, signed and sealed by PAN-PEQ or the Administrator who it may appoint through which an amount of the Tariff Quota for the importation of chicken leg quarters (also called chicken lower quarters or hind quarters or chicken thigh-joint, joined or in parts), fresh, refrigerated or frozen, seasoned or unseasoned

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marinated or unmarinated, pursuant to the **Export Trading Company Act of 1982, 15 U.S.C. Sec. 4011-4021 (2000)** from the United States of America, is allocated and may be transferred.

PAN-PEQ: Panama – Poultry Export Quota, Inc., a company that has obtained a Business Export Review Certificate with the Export Trading Company Act of 1982, 15 U.S.C. 4001-4021 (2000) from the United States of America.

Chapter II Administration of the Licensing System

Article 8. According to the licensing system, the system for quota administration will apply for those quotas specified in Appendix I and described in Annex I of this Decree and which pursuant to Appendix I will be administered under this system, to wit: cheddar cheese, other cheeses and frozen French fries.

Import licenses for products subject to the Tariff Quotas to which this chapter refers will be granted to importers according to the procedure set forth in this chapter and will be made available in such a way that it permits importation to be initiated under the Tariff Quotas in effect on the day the Treaty took effect and each January first (1) of every subsequent year. The entire Tariff Quota volume will be made available on the first (1) of January of each year.

Article 9. Call to Bid for Importers Interested in Requesting Licenses for Tariff Quotas

No later than the last week of September of the prior calendar year through a nationally circulated newspaper and/or the internet pages of the Ministry of Farming and Livestock and the Ministry of Trade and Industry, the Commission will publish the amounts available for the coming calendar year of Tariff Quotas in Appendix I to be administered under the licensing system described in Annex I of this Decree. This publication will include the list of products and tariff subsections subject to quotas, the annual volumes of quotas available for each product, their applicable duty, the calendar year during which the tariffs must be used and the documents or requirements that must accompany the application, consistent with Appendix I. The publication will also show the time period during which interested importers may file the formal application in writing at the Technical Office in order to participate in these allocations.

Article 10. Request for Tariff Quotas Licenses

Interested importers must file their application in writing with the Technical Office to participate in the Tariff Quota allocations no later than the last working day of the month of October of the prior calendar

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year in the format the Commission Office issues for such purpose that contains the following information: a) Name of the individual or legal entity, as the case may be, including a description of his economic activity; b) His Tax Identification Number (TIN); c) Address, telephone number, email or fax number designated for making any notification; d) Sworn statement if he is applying as an Historic Importer or as a New Importer; e) If he is applying as an Historic Importer, provide documentation that shows the interested importer imported relevant goods for three consecutive years and a copy of the Customs payments that show the volume of the relevant product imported from the United States by the interested importer during the last 24 months; f) An indication of the quota for which he is applying; g) Volume applied for, including the tariff item; h) Properly completed Application Form.

The Commission may reject applications when: 1) They are incomplete; 2) They are filed past the established acceptance period; and/o, 3) They contain false information. When the applications are incomplete or contain minor errors that do not alter the basic information contained therein, it will be reported to the interested party and he will be granted two (2) additional working days to complete said application and to re-file it.

Article 11. Awarding of Tariff Quota Licenses for Historic Importers:

The Commission will award 80% of the amount under quota for each related Tariff Quota to Historic Importers. The capacity as Historic Importer will be confirmed by verifying that the applicant has imported goods related to the type subject to the quota from the United States for three (3) prior consecutive years.

When analyzing the import quota applications that were received, all applications meeting the Call to Bid requirements will be assessed at the same time. Each interested party will file all the requirements set forth in the Call to Bid with the Tariff Quota Licensing Commission's Technical Office.

If the total volume requested by all the Historic Importers is equal to or less than 80% of the annual quota volume, then each Historic Importer will be allocated the requested amount. However, if the total requested volume exceeds the annual quota volume, the quota volume will be awarded in proportion to the each Historic Importer's participation in the imported total from the United States during the last twenty-four (24)-month period for which trade information is available.

Article 12: Awarding of Tariff Quota Licenses for New Importers:

After distribution of 80% of the Tariff Quota total among Historic Importers, the Commission will award the remaining 20% of the quota volume to New Importers on a non-discriminatory basis. If the total amount

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Requested by the New Importers represents in total less than the Tariff Quota volume available for that period, the Commission will award each of the New Importers the requested volumes.

If on the other hand the total amount of the Tariff Quota requested by the New Importers represents in total more than 20% of the available Tariff Quota, the Commission will distribute it among all New Importers proportional to the amount for which they have applied.

Article 13: Awarding of Any Unsolicited Tariff Volume after the Initial Request and the Awards Process

After the initial award of the Tariff Quota volume to Historic Importers and New Importers according to the provisions of this Chapter, if anything remains, the Commission will award any interested importer who requests it the award of the remaining balance on a non-discriminatory basis, bearing in mind the requirements established in this Chapter. In these cases, the Commission will put this remaining balance at the importers' disposal no later than six weeks after the initial Call to Bid made the last week of September the previous year. It will accept the applications made in this time period and will allocate the volumes to interested importers so that they are available for their use immediately.

If the Tariff Quota volume remains unawarded, they will be placed at the disposal of interested importers whenever they request them.

Article 14: Public Notice of the Annual Tariff Quota Awards:

Just as the Call to Bid was published based on Article 9, the Tariff Quota Licensing Commission's Technical Office will publicize the awarding of allocated quota volumes for the importation of products subject to Tariff Quotas under the agreement for that calendar year, no later than the first week of December of the prior calendar year.

Article 15: Return of Unused Quota

Importers have until December 31 of that year to import the total volume of Tariff Quota they have been awarded. Any importer may return the volume of Tariff Quota he will not use in whole or in part without penalty by means of written notice to the Commission on October first of that calendar year. If the importer does not import the amount of awarded Tariff Quota by the end of the calendar year (December 31), the importer will waive the unfilled portion of the awarded Tariff Quota through notice to the Commission no later than October first of that calendar year.

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Article 16: Sanction for the Failure to Waive Unused Tariff Quota Volumes

Any importer who does not import the Tariff Quota amount he was allocated in whole or in part and who does not waive the unfilled portion of his award pursuant to the provisions of this Chapter will not be allowed to apply for import licenses for the next two years.

Article 17: Reallocation of the Unused Tariff Quota

Any amount of the returned annual quota will be awarded to any interested importer on a non-discriminatory basis. The Tariff Quota Licensing Commission's Technical Office must issue the import licenses for the amount awarded to each importer. These certificates will be valid until the end of the calendar year consistent with Appendix I, Paragraph 3 (b) (viii) of the Agreement. Awarded import volumes may not be transferred to another importer. Applicants must withdraw their import licenses at the Tariff Quota Licensing Commission's Technical Office located at the Ministry of Farming and Livestock Development's Trade Policy Office no later than the last working day of the second week of December of the prior calendar year, or one week after the public notice of the Tariff Quota volume award allocated to the applicant.

**Chapter III
Administration of the Auction System**

Article 19: The system for administering Tariff Quotas according to the auction system will apply for the quotas in Appendix I and as described in Annex I that will be administered under this system, to wit: powdered skim milk, powdered whole milk, unhulled rice and hulled rice (milled rice). The system for administering quotas under the auction system will be applied pursuant to the provisions of Appendix I, Paragraph 2, the provisions that apply from Titles III and IV of Law 23 dated July, 1997, the General Regulation for the Awarding of Tariff Quotas, published according to Resolution No. 5-98 dated November 18, 1998, and the provisions of this Decree. In the event of conflict between the provisions of this Decree and Resolution 5-98, the provisions of this Decree will prevail.

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Article 20: Period and Announcement of Auctions:

The year in which this Agreement takes effect the first auction will be carried out on the first working day following the date on which it goes into effect. In subsequent years the first auction for tariff quota volumes for the products subject to such a system must be held no later than December first of the prior calendar year.

For such purposes the Commission will publish the Call for Bids for the first auction no later than the last week of September each year and no less than 21 days in advance of the subsequent auction through a nationally circulated newspaper and the internet pages of the Ministry of Farming and Livestock and the Ministry of Trade and Industry through a call for bids to the auctions.

This publication will include the list of products and tariff subsections subject to the auctioning of Tariff Quotas as stipulated in Appendix I and as described in Annex I of this Decree, the volumes of annual duty-free tariff quotas available for products classified in the tariff subsections listed for each quota under Appendix I, the periods during which the Quotas must be used, the Product Exchanges where the products of import licenses will be traded and the documents or requirements that must accompany the application. The publication will also show the time period during which interested parties may file the formal application in writing with the Technical Office in order to participate in such allocations.

Article 21: Publication of Auction Policies

The Commission may make available the policies and procedures which apply to the auctions no less than 21 days in advance of each auction through the internet sites of the Ministry of Farming and Livestock and the Ministry of Trade and Industry.

Article 22: Awarding of Returned and Unclaimed Tariff Quotas:

Any amount under the tariff quota that is not awarded in an auction and any remaining balance of the amount of annual tariff quota will be subsequently offered in scheduled auctions that will open within 45 days from the expiration of the previous auction period, or in advance, based on the eligible importer's application, until the total amount of the annual quota is awarded. A final auction will be carried out on the first (1st) of October each year for amounts of re-awardable, waived or unawarded quotas.

Article 23: Application to Participate in Each Auction

Any individual or legal entity domiciled in the Republic of Panama, including but not limited to any processor, retailer, restaurant, hotel or food service institution or distributor who meets the administrative and legal requirements, may file the application in writing to participate in the Tariff Quota auction

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specified in this Chapter. Applications in writing must be filed with the Technical Office no later than the last working day of October of the prior calendar year in the format which the Commission's Technical Office issues for such a purpose, the request to participate in the Tariff Quotas auction specified in this Chapter in the periods specified in the Call to Bid. The application must contain the following information: a) name of the individual or legal entity, including a description of its economic activity; b) tax identification number; c) address, telephone number, email and fax number designated to make any notification, d) applicant's properly completed form.

The Commission may reject applications when: 1) They are incomplete; 2) They are filed past the established acceptance period; and/o, 3) They contain false information. When the applications are incomplete or contain minor errors that do not alter the basic information contained therein, it will be reported to the interested party and he will be granted two (2) additional working days to complete said request and to re-file it.

Article 24: Special Provisions for Corn:

In the case of the annual corn Tariff Quota, the auction system will be applied pursuant to Appendix I (2) of the Agreement, procedures in effect and established in the General Regulation provisions for the Awarding of Tariff Quotas published according to Resolution 5-98 dated November 18, 1998, and the provisions of this Decree. In the event of conflict between the provisions of this Decree and Resolution 5-98, the provisions of this Decree will prevail. In addition to other provisions established in this Decree:

- A. Eighty percent of the annual quota volume for corn will be reserved for Historic Importers, and twenty percent of the annual quota volume for corn will be reserved for the auction among New Importers.
- B. At least 60% of the annual intra-quota volume reserved for Historic Importers and 60% of the amount reserved for New Importers will be offered for auction and will have been awarded by July 1 of each year.
- C. Regardless of the quota volume reserved for Historic or New Importers pursuant to Appendix I (2)(d)(iii) of the Agreement, the final auction held on October 1 of each year to reallocate waived or unallocated quota amounts will be open to all interested importers.

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Article 25: Auction Terms:

Based on the characteristics of each product the Commission will determine the frequency with which tariff quotas will be made available to the interested parties within the initial and final limits shown in the Call to Bid and Appendix I, (2)(vi). For each Call to Bid for opening of auction on tariff quota volumes, the Commission will determine the number of lots into which the tariff quota volumes will be divided. The Commission will ensure that the amounts under the quota are awarded in commercial viable amounts.

Each auction will be open for at least one working day or until the annual quota under auction is completely awarded.

At least 60 percent of the annual quota amount for each category must be made available or allocated by July first (1st) of each year.

Article 26: Awarding of the Tariff Quota:

The Tariff Quota Licensing Commission's Technical Office must issue the import licenses for the amount awarded to each importer. This certificate will be valid only during the specified period, pursuant to the provisions of this Decree. The certificate of awarded import volumes may not be transferred to another importer. Applicants must withdraw their certificates at the Tariff Quota Licensing Commission's Technical Office located at the Ministry of Farming and Livestock Development's Trade Policy Office no later than the last working day of the second week after the auction at when the Tariff Quota was awarded.

The Commission must not make the awarding of the quota conditional upon 1) the purchase of local production, 2) restrictions related to the size of the package or with the merchandize appearance; 3) re-exportation of the merchandise or, 4) a requirement to complete the delivery within a period of less than 90 days from the award date.

The Commission must require a performance bond from importers and exporters.

Article 27: Sanctions

Any importer who does not import the tariff quota amount that he was assigned, in whole or in part, and does not waive the unfilled portion of his award before September 1 of that year will be subject to the loss of the performance bond and loss of the right to participate in an auction for the next two consecutive years, unless the United States agrees otherwise.

Any interested importer who participates in an auction and who then fails to meet his obligation to sign the operations contract within the stipulated period, or having signed it does not fulfill this in the period shown

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for it without the intervention of *force majeure*, may not participate again in the auction for tariff quotas on his own behalf or by proxy for a period of two (2) years from the auction date.

Article 28: Special Provisions for Rice

For quotas of Unhulled rice and Hulled Rice, if Panama decides in any calendar year specified in Appendix I to confer a lower duty or duty-free treatment on an additional amount of rice described in Appendix I in order to address problems of scarcity of supply, the added amount of rice eligible for duty-free treatment listed for that year in Appendix I will increase by the sum of that additional amount.

Article 29: Use:

The Administrations of both Parties will evaluate the level of use of the auctioned Tariff Quotas.

To determine the level of use for an auctioned quota, the date will be taken from the related shipment's bill of lading as the date on which the amount included in the shipment is figured to determine the level of use of an auctioned tariff quota.

Chapter IV
Administration of the First-Come, First-Served System

Article 30: The system of quota administration according to the first-come, first-served system will apply for tariff quotas from Appendix I and the ones described in Annex I of this Decree, to wit: pork meat, pork fat, certain pork processed foods, fresh milk, yogurt, butter, ice cream, other milk products, fresh or refrigerated potatoes, fresh or refrigerated onions, dried beans, refined corn oil and processed tomatoes.

This system will be regulated and administered through the National Customs Authority or its successor.

Article 31: Procedure for Administration of the Tariff Quota According to the First-Come/First-Served System

When the administrative system for the Tariff Quota amount established in the Agreement is the First-Come, First-Served System, the following procedure will apply:

1. Applications for the awarding of a portion of the amounts in a Tariff Quota will begin only upon arrival of the merchandise at the first port of docking or prepared arrival (sea, air or land) for foreign trade.
2. The Application for a portion of the Tariff Quota amount will be made through the Tariff Quota module in the computer system adopted by the National Customs Authority for the

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importation of merchandise pursuant to the procedures this Authority approves for such a purpose.

3. For purposes of the quota award or a portion thereof, pursuant to the provisions of Paragraph 1, the chronological order in which the applications were filed and compliance with the respective appropriate requirements will be used as a basis.
4. The National Customs Authority may establish procedures to prorate the award of Tariff Quotas waiting to be filled on the opening day.

Article 32: Transparency

The National Customs Authority will develop a centralized computer system within its virtual platform that will be available to the public through the institutional portal to make the information about the allocated and utilized amounts available per importer up to that date and the available balance for each quota for the products described in Article 30 of this Decree.

Article 33: Announcement for the First-Come, First-Served System Tariff Quotas

No later than the last week of September of the prior calendar year through a nationally circulated newspaper and/or the internet pages of the Ministry of Farming and Livestock Development and the Ministry of Industry and Trade the Commission will publish the amounts available for the next calendar year of the Tariff Quotas in Appendix I to be administered under the First-Come, First-Served System described in Annex I of this Decree. This publication will include the list of products and tariff subsections subject to Quotas, the volumes available for each product, the duty that applies to them, and the calendar year during which the Quotas must be used.

Chapter V **System of Administration for Tariff Quotas for the** **Importing of Native Chicken Leg Quarters or Thigh-Joints** **Under the Export Trade Certificate of Review**

Article 34: Purpose. This Chapter is established for administration of the Tariff Quota for the importing of chicken leg quarters (also called chicken lower quarters or hind quarters or chicken thigh-joint, joined or in parts), fresh, refrigerated or frozen, seasoned or unseasoned, marinated or unmarinated, that Panama grants the United States of America according to its commitments pursuant to Appendix I of the Agreement.

Article 36: Operative Authority. The Ministry of Industry and Trade (MICI) through the Ministry of Trade and Industry's National Administrative Office of International and Trade Defense will be the body in

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charge of administering and applying the provisions established pursuant to this Decree.

Article 36: Tariff Quota Subsections: Merchandise from the chicken thigh-joint quota corresponds to tariff subsections 0207.13.13, 0207.13.14, 0207.14.13 and 0207.14.14 of the National Import Tariff, pursuant to Cabinet Decree No. 29 dated November 21, 2008.

Article 37: PAN-PEQ Recognition. When the United States of America's Department of Commerce grants an Export Trade Review Certificate, it is a recognition of PAN-PEQ's authority to award the quota through an open auction under the terms published in that country by the Federal Register, an official translation of which is available at the MICI website.

Article 38: Recognition of Certificates Issued by PAN-PEQ. The format of the Tariff Quota Allocation Certificate and the safety paper, signatures and legible seals reported by PAN-PEQ to DINATRADEC are approved as valid. A sample of this Certificate is attached, and a comprehensive part of this Decree. PAN-PEQ will provide DINATRADEC with notice of any change in the documentation shown in the above paragraph within a time period no greater than fifteen (15) working days, which the latter will immediately report to the ANA for its proper application.

Article 39: Publication of the Call to Bid for Auction. PAN-PEQ will publish in a nationally circulated newspaper in Panama on the same date as in the United States of America a translation in Spanish of the Call to Bid to publish in that country for each auction to be held to allocate the quota certificates.

Article 40: Notification of Certificates. PAN-PEQ will send DINATRADEC an updated copy of the registration of certificates no later than ten working days from the date on which the allocations are made and in an equal period each time certificates are issued or transferred.

Article 41: Cooperation. DINATRADEC may ask PAN-PEQ for any additional information it deems necessary for proper administration of the Tariff Quota.

Article 42: Registration of Quota Certificates and Importers: In order to use the certificates, the importer must be registered at the MICI through the "Registry of Importers Using the Import Allocation for Chicken Leg Quarters from the United States of America" format, which is a comprehensive part of this Regulation. Said format will contain and will have attached to it what is shown below:

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- a) Name of the individual or legal entity, as applicable.
- b) Address, telephone number, email and fax;
- c) Photocopy of the Taxpayer Identification Number (TIN), authenticated by a Notary Public;
- d) The individual must also attach a copy of the Operations Notice and personal identification card;
- e) The individual must also attach a copy of the Operations Notice and the personal identification card of the attorney in fact;

The format will be available to the importer at DINATRADEC and at the MICI website (www.mici.gob.pa).

The importer must register each certificate he has been awarded or transferred by filing the original with DINATRADEC and submitting a copy of them and showing the corresponding numbers in the box which for the purpose contains the format shown in the first paragraph of this Article.

Filing of the first certificate he has been awarded or transferred is a requirement for performing the importer's registration. For registration of subsequent certificates it will not be necessary to file the documents described in subsections c), d) and e) of this Article, so long as the status established therein has not suffered any change regarding what was registered with DINATRADEC previously.

Any change in the information and/or documentation provided by the importer must be notified in writing by the importer to DINATRADEC within a period no greater than ten (10) working days after its occurrence by updating the format shown earlier and the attached corresponding documentation.

Any importer registration application filed through the format that meets the requirements for information and documentation required therein will be approved by DINATRADEC by assigning the importer a unique and consecutive number, which will be notified by DINATRADEC to the importer within two (2) working days after the date of receipt of the registration. Otherwise, in an equal time period, DINATRADEC will inform the importer of the rejection of his request and the reasons for such a decision. Information regarding the registration of the certificates and importers of the quota will be reported to the ANA for purposes of the Customs Duty that applies to the quota.

Article 43: Intra-Share Customs Duty. Any importation of chicken leg quarters (also called chicken lower quarters or hind quarters or chicken thigh-joint, joined or in parts), fresh, refrigerated or frozen, seasoned or unseasoned, marinated or unmarinated, under the quota will be exempt from the Import Tariff.

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Article 44: Use of the Intra-Share Customs Right. In order to enjoy the tariff preference to which the above Article refers, in addition to complying with the provisions of Article 39 of this Decree, importers must file and send a copy to the National Customs Authority and the Panama Food Safety Authority (AUPSA) of the original, valid and current certificate issued by PAN-PEQ under whose protection they may make partial or total importations of the volume recorded on that certificate without the accrual of such imports exceeding the quantity allotted therein.

Any import volume of chicken leg quarters (also called chicken lower quarters or hind quarters or chicken thigh-joint, joined or in parts), fresh, refrigerated or frozen, seasoned or unseasoned, marinated or unmarinated, which does not comply with the preceding paragraph will pay the Import Tariff applicable outside of the quota, according to the Tariff Exemption Program for the United States of America established in that Agreement.

When making use before the ANA of any certificate issued by PAN-PEQ, in addition to filing the Certificate of Origin established in the Agreement, importers must comply with other provisions, such as those applicable, among others, to Customs, taxes, plant and animal health and public health matters.

Article 45: Checks on Certificate Use. In order to ensure adequate checks on the use of Certificates issued by PAN-PEQ, the following obligations are set forth:

- Within the first five (5) working days of each month the ANA will send DINATRADEC a detailed report on the imports made during the previous month, which among others will include general data on the importer and the volumes of imports actually made through each certificate.

In the event that DINATRADEC finds a discrepancy in the information provided by the ANA, it will advise the ANA in that regard so that it may act immediately according to the laws, regulations and internal provisions established for that purpose.

The importer must file a copy with DINATRADEC of the Customs declaration for each shipment whose total or partial volume has enjoyed tariff preference under the protection of a certificate issued by PAN-PEQ within ten (10) working days after clearing Customs.

Article 46: Sanctions. If it is confirmed that the documents filed by an importer contain false information, DINATRADEC will take the following steps:

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- Not authorize the importer in question to use any certificate in effect for the current year or for the immediate year to come.
- Move immediately to nullify the corresponding import registration.
- Inform the competent authorities so that they may proceed according to law.

These measures will be applied notwithstanding any civil or criminal responsibilities which may apply.

Article 47: Effective Period of the Import Tariff Quotas. The effective period of the quota administered under this Chapter will be comprised between January first and December thirty-first of each calendar year, pursuant to the provisions of Appendix I of the Republic of Panama's General Notes on the Tariff Exemptions List, included in Annex 3.3 of the Agreement.

Article 48: Request for Information. DINATRADEC and the ANA may ask importers for any information they deem appropriate for proper administration of the quota.

Article 49: Verification of Information. All information provided by importers will be subject to verification by DINATRADEC and/or the ANA.

Chapter VI Allocations of Quotas and Final Provisions

Article 50: The National Customs Authority of Panama must have a computerized registry of the imports made for products which are subject to Tariff Quotas and must constantly report to the Commission and to DINATRADEC on the volumes imported in the quota system it operates with each of the countries with which there are free trade agreement in effect and on the balances available according to the amounts that have entered the country.

The National Customs Authority will perform timely checks so that the quota importations are made pursuant to the provisions established in this Decree.

Article 51: To comply with the above article, the National Customs Authority will be responsible for including in its information and advisory systems for each Customs House in the country and for providing the Customs House an interconnected system that allows constant checks and monitoring in real time of the income from importations of products subject to Tariff Quotas.

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Article 52: Food assistance and other non-commercial shipments will not be counted when determining amounts in the quota.

Article 53: This Executive Decree will take effect beginning when it is enacted in the Official Gazette.

Issued in Panama City on the 10th () day of the month of October in the year two thousand twelve (2012).

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RICARDO MARTINELLI BERROCAL
President of the Republic

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RICARDO QUIJANO J.
Minister of Trade and Industry

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ANNEX I
Description of Products Subject to Quotas, According to
Appendix I of the General Notes on the Panama List
to Annex 3.3 of the Agreement

PRODUCTS ADMINISTERED UNDER THE FIRST-COME, FIRST-SERVED SYSTEM

Pork

Tariff Subsections: 02031110, 02031120, 02031210, 02031290, 02031910, 02031920, 02031990, 02032110, 02032120, 02032210, 02032290, 02032910, 02032920, 02032990, 02101119, 02101190, 02101910, 02101929, 02101990, 16024111, 16024210, 16024290, and 16024919.

Pork Fat

Tariff Subsections: 02090011, 02090012, 02090019, 02090021, 02101111, and 02101921.

Certain Pork Processed Foods

Tariff Subsections: 16024914, 16024915, and 16024990.

Fresh Milk

Tariff Subsections: 04011000, 04012010, 04012020, 04012090, 04013010, and 04013021.

Yogurt

Tariff Subsections: 04031010, 04031021, 04031022, 04031031, 04031032, 04031091, and 04031099.

Butter

Tariff Subsections: 04051000, 04052010, 04052090, and 04059090.

Ice Cream

Tariff Subsections: 21050010, 21050091, and 21050099.

Other Milk Products

Tariff Subsections: 19011019, 19019023, 22029011, and 22029019.

Fresh or Refrigerated Potatoes

Tariff Subsections: 07019000.

Fresh or Refrigerated Onions

Tariff Subsections: 07031000.

Dried Beans

Tariff Subsections: 07133330.

Refined Corn Oil

Tariff Subsections: 15152900.

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Processed Tomatoes

Tariff Subsections: 20029011, 20029012, 20029019, 20029021, and 20029029.

PRODUCTS ADMINISTERED UNDER THE AUCTION SYSTEM

Powdered Skim Milk

Tariff Subsections: 04021091, 04021092, 04021099, and 04039022.

Powdered Whole Milk

Tariff Subsections: 04022191, 04022199, 04022991, 04022999, and 04039023.

Corn

Tariff Subsections: 10059090, 11042320, and 11042390.

Unhulled Rice

Tariff Subsections: 10061090.

Hulled Rice (Milled Rice)

Tariff Subsections: 10062000, 10063000, and 10064000.

PRODUCTS ADMINISTERED UNDER THE LICENSING SYSTEM

Cheddar Cheese

Tariff Subsections: 04039013, 04069011, and 04069019.

Other Cheeses

Tariff Subsections: 04061010, 04061090, 04062010, 04062090, 04063000, 04064000, 04069020, and 04069090.

Frozen French Fries

Tariff Subsections: 20041020.

PRODUCTS ADMINISTERED UNDER THE EXPORT TRADE REVIEW CERTIFICATE SYSTEM

Chicken Hind Quarters (With Bone)

Tariff Subsections: 0207.13.19c (With Bone), 0207.14.19c (With Bone)

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