



2020 Annual Report

Panama Poultry Export Quota Inc.



Panama Poultry Export Quota, Inc.
c/o DTB Associates, LLP
1101 15th Street, NW, Suite 202
Washington, D.C. 20005
Tel: 202-684-2512 - Fax: 202-384-2234
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 quota (TRQ) 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. 13

TABLE OF CONTENTS

1.	Chairman’s Letter.....	3
2.	Directors and Officers.....	4
3.	Open-Tender Process and Results.....	5
4.	Reporting and Outreach.....	7
5.	Disposition of Proceeds.....	7
6.	Audited Financial Statements.....	11

1. Chairman's Letter

In 2020, PAN-PEQ held two open-tender auctions for the export of chicken leg quarters (CLOs) from the United States to Panama, under a duty-free tariff rate quota (TRQ), in December 2019 and May 2020 respectively. A TRQ of 1,415 metric tons (MT), established in the United States - Panama Trade Promotion Agreement (TPA) for PAN-PEQ's ninth year of operations, was auctioned off in two tranches of 708 and 781 MT (rollover TRQ of 74 MT), with 45% of the TRQ being allocated. As a result of the global effects of the COVID-19 pandemic, auction receipts in 2020 totaled \$161,799, a decrease of 67% as compared to 2019.

Under the terms of the Export Trade Certificate of Review (ETCR) granted by the United States Department of Commerce, PAN-PEQ distributes proceeds from the tender process to fund market development, educational, scientific, and technical projects for the benefit of its poultry association members in Panama (ANAVIP) and the United States (USAPEEC). In 2020, PAN-PEQ provided \$215,000 to ANAVIP for its project titled: "Support for educational events, enhancement of regional trade capabilities and participation in poultry organizations." Project activities included:

- Increasing technical capacity in Panama through the delivery of virtual seminars and workshops, including the 2020 National Poultry Summit and technical training in response to COVID-19.
- Continued support for Panama's National Egg Commission (CONAHU);
- Consumer advertising on mass media (radio, television) and on social media through the "Dale Like al Huevo" (Give an Egg a Like) campaign.
- Food donations to support families in need in partnership with the Municipality of Panama City.

Pursuant to its bylaws, PAN-PEQ's chairmanship rotates among members on an annual basis. During PAN-PEQ's annual and board meetings in March 2020, the Board appointed Mr. Martin Piffaretti from USAPEEC as Chairman, and Mr. Victor Epifanio from ANAVIP as Vice Chairman. Mr. Mateo Paz-Soldan and Ms. Violeta Gutierrez were confirmed as Secretary and Treasurer, respectively. As further stipulated in the bylaws, the member associations appointed six directors, three for each association, for the period 2020-2021.

As PAN-PEQ's Chairman during 2021, and facing another challenging year due to the COVID pandemic worldwide, I look forward to working in collaboration with my fellow board members for the benefit of both poultry industry members, ANAVIP and USAPEEC.

Sincerely,



Victor Epifanio, Chairman 2021

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 2020

Martin Piffaretti



2020 Chairman
USAPEEC - United States

Victor Epifanio



Vice Chairman
ANAVIP - Panama

Luis Carlos Castroverde



Director
ANAVIP - Panama

Robert Toledano



Director
ANAVIP - Panama

James Sumner



Director
USAPEEC - United States

Juan Gabriel Garfias



Director
USAPEEC - United States

In addition to Mr. Piffaretti who served as Chairman and Mr. Epifanio who served as Vice Chairman, Mateo Paz-Soldan, currently from MPStrategies LLC, and Violeta Gutierrez from DTB Associates LLP, the firm acting as PAN-PEQ's Administrator, served as Secretary and Treasurer, respectively.

Officers for 2020

Mateo Paz-Soldan



Secretary

Violeta Gutierrez



Treasurer

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.¹ 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 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 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).

¹ 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.

The TRQ for CLQs agreed to by both governments for 2020 was 1,415 metric tons (MT).² The Board agreed in September of 2019 to hold two open tenders that would be split into two tranches, the first for 708 MT and the second for 707 MT. A rollover TRQ of 74 MT was additionally offered in the second open tender. This last tender had no bid submissions.

Auction receipts were \$161,799.73. Total open tender revenues decreased by 67% from 2019, and 45% of the full tonnage established under the TRQ for 2020 was awarded. The average successful bid was \$255.20 MT and the lowest successful bid was \$220.00 MT. These results reflect the impact of COVID-19 on poultry consumption in Panama. See Table 1.

Table 1
PAN-PEQ Open Tender Results for 2020

Category	First Tranche December 9 - 13, 2019	Second Tranche May 4 - 8, 2020	Total
Available TRQ for Auction (MT)	708.00	781.00	1,489.00
TRQ Awarded (MT)	634.00	0.00	634.00
Average Successful Bid (\$/MT)	\$255.20	N/A	\$255.20
Lowest Successful Bid (\$/MT)	\$220.00	N/A	\$220.00
Auction Receipts (\$)	\$161,799.73	\$0.00	\$161,799.73

Note: 2020 TRQ volume amounted to 1,415 MT. A rollover quota of 74 MT from the first tranche was offered in the second tranche.

* Data compiled from PAN-PEQ's audited financial statements and published online at www.pan-peq.org

² See US-Panama Trade Promotion Agreement, Annex 3.3, Appendix 1, pp.9-10, Paragraph 7(a).

4. Reporting and Outreach

As established in PAN-PEQ's ETCR, an important part of the corporation's responsibilities includes maintaining the governments of Panama and the United States informed of open tender results, the dates designated for open tenders, and other key issues affecting the corporation. PAN-PEQ must also 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.

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 as well as educational, scientific, and technical projects. The Administrator distributes these proceeds to fund capacity building projects in the aforementioned categories, after paying operating expenses at the end of each year. These distributions are made after funding requests by member associations are evaluated and approved by the Board based on compliance with the ETCR requirements.

In 2020, ANAVIP requested funding to develop projects as described on pages 8-10. There were no funding requests from USAPEEC.

Panama

In 2020, ANAVIP, the Panamanian member, obtained board approval for disbursement of \$215,000 to fund a project titled: "Support for educational events, enhancement of regional trade capabilities and participation in poultry organizations." The project aimed to improve the technical capacity of the poultry industry and promote egg consumption nationwide. Not all the activities were possible to complete, and technical training was held only online, due to COVID-19 restrictions.

Market Development

1. **Funding the National Egg Commission (CONAHU)** to promote egg consumption across Panama. In 2020, the following activities were supported (see Figure A):
 - The continued hiring of a nutritionist to lead the national egg commission program.
 - Mass consumer advertising on the national television program "Made in Panama"; an interview on Stereo Fe radio; and a social media campaign called "Dale Like al Huevo" (Give an Egg a Like). This last campaign reached out to 122,300 people.
 - The organization of public events such as: 1) a seminar for seniors from the AccuCheck diabetes program (January 21, 2020); 2) an event for the development of women in vulnerable areas by the Calicanto Foundation (January 29, 2020); and 3) a booth to promote egg consumption during pregnancy and childhood at Panama's baby fair (February 14 - 16, 2020).
 - Food donations to support families in need in partnership with the Municipality of Panama City, and to senior citizens at Bolivar home and Santa Maria del Camino kitchen (October 2020).
2. **The continued hiring of a trade expert** to provide counsel to ANAVIP's members on issues related to trade and international agreements, in order to improve ANAVIP's negotiating capacity.

Figure A Market Promotion for the National Egg Commission Program



Social Media Campaign
"Give an Egg a Like"



Donation Activity in Partnership with the
Municipality of Panama City



Commercial at Television Program
"Made in Panama"



Nutritional Seminar for
AccuCheck Diabetes Program Seniors



Interview at Santa Fe Radio



Baby Fair

Source: ANAVIP

Education and Training

1. The organization of Panama's 31th National Poultry Summit (virtual version), provided training to 150 poultry industry members from Panama. The Summit brought several international speakers to present on key subjects for the poultry industry community (November 12 - 13, 2020).

2. Improve the technical capacity of Panama's poultry industry (continuation) through the continued hiring of a veterinarian to work on animal health, food safety, and trade issues at the national and regional levels, such as the Ministry of Agriculture (MIDA) and the Central American Customs Union. This professional also coordinated technical activities with the industry to strengthen poultry health nationwide. In 2020, funds supported the following technical activities:
 - Virtual training in conjunction with the World Organization for Animal Health to support veterinary laboratories in their response to public health for COVID-19 (September 2020);
 - Virtual training on the design of a vaccination program (methods and precautions) (October 2020).

6. Audited Financial Statements

Statements of Financial Position December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,517,904	\$ 2,513,778
Credit card refund receivable	-	298
TOTAL ASSETS	<u>\$ 2,517,904</u>	<u>\$ 2,514,076</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Deferred auction revenue	\$ 273,891	\$ 161,800
Accounts payable and accrued expenses	1,431	912
Total Current Liabilities	<u>275,322</u>	<u>162,712</u>
Net Assets Without Restrictions	<u>2,242,583</u>	<u>2,351,365</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,517,904</u>	<u>\$ 2,514,076</u>

* The information on this annual report is compiled from audited financial statements.

Statement of Activities and Changes in Net Assets (Including Operating Expenses) Year ended December 31, 2020

	Net Assets Without Restrictions			
	General Operating Fund	Board Designated Funds		
		United States	Panama	Total
Revenues				
Auction revenues	\$ 161,800	\$ -	\$ -	\$ 161,800
Membership fees	3,236	-	-	3,236
Investment income	-	28,334	7,505	35,839
Total Revenues	<u>165,036</u>	<u>28,334</u>	<u>7,505</u>	<u>200,875</u>
Expenses				
Accounting and auditing	7,852	-	-	7,852
Bank fees	1,381	-	-	1,381
Consulting and management fees	57,000	-	-	57,000
Dues and subscriptions	53	-	-	53
Insurance	13,422	-	-	13,422
Legal fees	319	-	-	319
Licenses and filing fees	305	-	-	305
Meetings	3,325	-	-	3,325
Office supplies	1	-	-	1
Postage and delivery	544	-	-	544
Printing and reproduction	590	-	-	590
Project costs	-	-	215,000	215,000
Publications	3,691	-	-	3,691
Telephone	69	-	-	69
Travel and entertainment	3,442	-	-	3,442
Website expenses	2,663	-	-	2,663
Total Expenses	<u>94,657</u>	<u>-</u>	<u>215,000</u>	<u>309,657</u>
Change in Net Assets	70,379	28,334	(207,495)	(108,782)
Transfer from general fund to board designated funds	(70,379)	35,189	35,189	-
Net Change After Transfer	-	63,523	(172,306)	(108,782)
Net Assets Without Restrictions, Beginning of Year	-	1,766,722	584,643	2,351,365
Net Assets Without Restrictions, End of Year	<u>\$ -</u>	<u>\$ 1,830,245</u>	<u>\$ 412,337</u>	<u>\$ 2,242,583</u>

* The information on this annual report is compiled from audited financial statements.

Statement of Activities and Changes in Net Assets (Including Operating Expenses) Year ended December 31, 2019

	Net Assets Without Restrictions			
	General Operating Fund	Board Designated Funds		
		United States	Panama	Total
Revenues				
Auction revenues	\$ 495,429	\$ -	\$ -	\$ 495,429
Membership fees	9,908	-	-	9,908
Investment income	-	30,896	6,029	36,925
Total Revenues	<u>505,337</u>	<u>30,896</u>	<u>6,029</u>	<u>542,262</u>
Expenses				
Accounting and auditing	7,656	-	-	7,656
Bank fees	1,224	-	-	1,224
Consulting and management fees	55,250	-	-	55,250
Insurance	5,814	-	-	5,814
Legal fees	232	-	-	232
Licenses and filing fees	225	-	-	225
Meetings	8,071	-	-	8,071
Postage and delivery	948	-	-	948
Project costs	-	30,000	222,700	252,700
Publications	3,556	-	-	3,556
Telephone	84	-	-	84
Travel and entertainment	12,087	-	-	12,087
Website expenses	1,973	-	-	1,973
Total Expenses	<u>97,733</u>	<u>30,000</u>	<u>222,700</u>	<u>350,433</u>
Change in Net Assets	407,604	896	(216,671)	191,829
Transfer from general fund to board designated funds	(407,604)	203,802	203,802	-
Net Change After Transfer	<u>-</u>	<u>204,698</u>	<u>(12,869)</u>	<u>191,829</u>
Net Assets Without Restrictions, Beginning of Year	-	1,562,024	597,512	2,159,536
Net Assets Without Restrictions, End of Year	<u>\$ -</u>	<u>\$ 1,766,722</u>	<u>\$ 584,643</u>	<u>\$ 2,351,365</u>

* The information on this annual report is compiled from audited financial statements.

Statement of Cash Flows Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows From Operating Activities:		
Change in net assets	\$ (108,782)	\$ 191,829
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Credit card refund receivable	298	(298)
Increase (decrease) in:		
Deferred auction income	112,091	(131,864)
Accounts payable and accrued expenses	519	(1,127)
Net Cash Provided by Operating Activities	4,126	58,539
Cash and Cash Equivalents at Beginning of Year	2,513,778	2,455,239
Cash and Cash Equivalents at End of Year	\$ 2,517,904	\$ 2,513,778

* The information on this annual report is compiled from audited financial statements.

Panama Poultry Export Quota, Inc. c/o DTB Associates, LLP
1101 15th St., N.W. – Suite 202 Washington, D.C. 20005
Tel: 202-684-2512 Fax: 202-684-2234
www.pan-peq.org