

2021 Annual Report



Panama Poultry Export Quota, Inc.

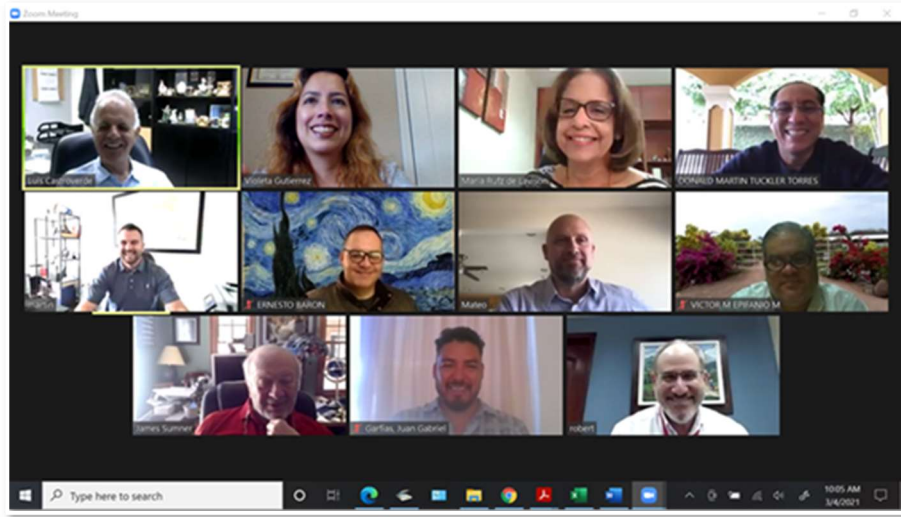
MISSION STATEMENT

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

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March 2021 -PAN-PEQ Annual Board Meeting via Zoom

I. Chairman's Letter

In PAN-PEQ's tenth year of operations (2021), PAN-PEQ held two open-tender auctions for the export of chicken leg quarters (CLQs) from the United States to Panama under a duty-free tariff rate quota (TRQ) established in the United States - Panama Trade Promotion Agreement (PTPA). The TRQ of 1,556 metric tons (MT) was auctioned off in a first tranche of 1,035 MT and a second tranche of 521 MT, with 82.58% of the TRQ being allocated. Auction receipts reached \$326,086.85, which is a significant increase of 101.54% from 2020.

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 2021, USAPEEC requested funds for the organization of its annual meeting in Nashville, Tennessee. There were no disbursements for ANAVIP since many of its 2020 activities had not been pursued due to the pandemic. ANAVIP used remaining funds of \$129,000 from the 2020 project called "Support for educational events, enhancement of regional trade capabilities and participation in poultry organizations" to: 1) support the Panama's National Egg Commission (CONAHU); 2) hire technical experts; and 3) organize the 2021 National Poultry Summit and other technical meetings at the national and regional levels.

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 2021, the Board appointed Mr. Victor Epifanio from ANAVIP as Chairman, and Mr. Juan Garfias from USAPEEC 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 2021.

Under my term as Chairman for the current period 2022, I look forward to working in collaboration with my fellow board members for the benefit of both poultry industry members, ANAVIP and USAPEEC.

Sincerely,



Juan Garfias
PAN-PEQ Chairman 2022

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 (ANAVIP) and the United States (USAPEEC). A six-member Board of Directors appointed by these associations governs PAN-PEQ.

Directors for 2021

Victor Epifanio



2021 Chairman
ANAVIP - Panama

Juan Garfias



Vice Chairman
USAPEEC - United States

Luis Carlos Castroverde



Director
ANAVIP - Panama

Robert Toledano



Director
ANAVIP - Panama

James Sumner



Director
USAPEEC - United States

Martin Piffaretti



Director
USAPEEC - United States

Officers for 2021

In addition to Mr. Epifanio, who served as Chairman, and Mr. Garfias, who served as Vice-Chairman, Mateo Paz-Soldan and Violeta Gutierrez from the PAN-PEQ's Administration, served as Secretary and Treasurer, respectively.

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.

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.

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 5).

The TRQ for CLQs agreed to by both governments for 2021 was 1,556 MT.² The Board agreed in September 2020 to hold two open tenders for shipment of CLQs TRQ to Panama in 2021 generating a total of \$326,086.85 in auction receipts. Awarded TRQ amounted to \$1,285 MT, or 82.58% of the full 2021 TRQ volume. The highest average successful bid was \$253.76/MT and the lowest successful bid \$201.00/MT. See Table 1.

Table 1
PAN-PEQ Open Tender Results for 2021

Category	First Tranche December 7 - 11, 2020	Second Tranche August 2 - 6, 2021	Total
Available TRQ for Auction (MT)	1,035.00	521.00	1,556.00
TRQ Awarded (MT)	1,035.00	250.00	1,285.00
Average Successful Bid (\$/MT)	\$264.63	208.78	\$253.76
Lowest Successful Bid (\$/MT)	\$242.44	201.00	\$201.00
Auction Receipts (\$)	\$273,890.85	\$52,196.00	\$326,086.85

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

USAPEEC requested funds for \$100,000 to organize its Annual Meeting in Nashville. ANAVIP used remaining funds from 2020, in the amount of \$129,000, to continue with activities that were not pursued due to the COVID pandemic.

PANAMA

In 2021, ANAVIP requested board support for redesignating previously authorized funds totaling \$129,000 from 2020 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.

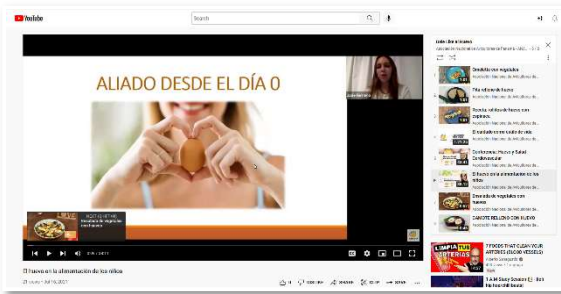
The following activities were funded under this project in 2021:

Market Development

1. Funding for the National Egg Commission (CONAHU) to promote egg consumption across Panama. In 2021, the following activities were supported (see Figure A):
 - The continued hiring of a nutritionist to lead the national egg commission program.
 - A social media campaign called “Dale Like al Huevo” (Give an Egg a Like) sharing information on egg nutrition with the help of local influencers. This campaign achieved 4,016 followers and 93,116 new accounts on its Youtube Channel.
 - The organization of public events such as:
 - a. Egg donation to the Curundu Children’s Cafeteria on the Day of Good Deeds;
 - b. Workshop for cafeteria cooks at University of Panama;
 - c. A social gathering with personnel from the Center of Child Guidance from the Ministry of Public Works;
 - d. “Bunny Eggs” virtual workshop for children from the Municipality of Panama;

- e. “Youth Day” celebration at the Ministry of Health of Western Panama;
 - f. “Month of love” celebration with Ministry of Health personnel;
 - g. Halloween party for children in the House of Guided Studies;
 - h. Breakfast with the Scientific Committee of CONAHU, celebrating National Egg Day at Saint Peter’s Academy.
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” (YouTube Channel)



Workshop for cafeteria cooks at University of Panama



National Egg Day event at Saint Peter’s Academy



Halloween party for children in the House of Guided Studies

Source: ANAVIP

Technical Education and Training

3. The organization of Panama's 32th National Poultry Summit (hybrid event, held in-person and online), provided training to poultry industry members from Panama. The Summit brought several international speakers to present on key subjects for the poultry industry community (November 17 - 18, 2021). See Figure B)
4. Improvement of the technical capacity of Panama's poultry industry 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.
5. Participation at other technical activities, such as conferences at the National Technical Poultry Commission (COTAN); the review of handling poultry products at selling points (Ministry of Health); meetings with the Panamanian consumer protection bureau; sanitary review and assessment by USDA-APHIS; and as follow-up meetings to implement a Poultry Education Certificate with University of Panama.

Figure B
Technical Education and Training



32nd National Poultry Summit, November 17-18, 2021

Source: ANAVIP

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UNITED STATES

In 2021, USAPEEC requested funds of \$100,000 for a technical training project titled “USAPEEC Annual Meeting in Nashville, Tennessee.” This was a hybrid event held in June 21 – 25, 2021. The conferences covered a range of topics from poultry trade issues, economics of the industry, effects of the pandemic on the food service sector as well as e-commerce marketing programs designed to promote U.S. poultry and eggs to international markets. See Figure C.

Figure C
Technical Education and Training



USAPEEC Annual Meeting in Nashville, June 21 - 25, 2021

Source: USAPEEC Facebook page

6. Audited Financial Statements

Statement of Financial Position December 31, 2020 and 2021

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,642,843	\$ 2,517,904
TOTAL ASSETS	<u>\$ 2,642,843</u>	<u>\$ 2,517,904</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Deferred auction revenue	\$ 225,190	\$ 273,891
Accounts payable and accrued expenses	<u>3,159</u>	<u>1,431</u>
Total Current Liabilities	<u>228,349</u>	<u>275,322</u>
Net Assets Without Restrictions	<u>2,414,494</u>	<u>2,242,583</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,642,843</u>	<u>\$ 2,517,904</u>

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

Statement of Activities and Changes in Net Assets For the Year ended December 31, 2021

	Net Assets Without Restrictions			
	General Operating Fund	Board Designated Funds		
		United States	Panama	Total
Revenues				
Auction revenues	\$ 326,087	\$ -	\$ -	\$ 326,087
Membership fees	6,522	-	-	6,522
Investment income	636	11,900	2,743	15,279
Total Revenues	<u>333,245</u>	<u>11,900</u>	<u>2,743</u>	<u>347,888</u>
Expenses				
Accounting and auditing	8,048	-	-	8,048
Bank fees	1,473	-	-	1,473
Consulting and management fees	57,000	-	-	57,000
Dues and subscriptions	53	-	-	53
Legal fees	337	-	-	337
Licenses and filing fees	225	-	-	225
Office supplies	5	-	-	5
Postage and delivery	999	-	-	999
Project costs	-	100,000	-	100,000
Publications	3,759	-	-	3,759
Website expenses	4,078	-	-	4,078
Total Expenses	<u>75,977</u>	<u>100,000</u>	<u>-</u>	<u>175,977</u>
Change in Net Assets	257,268	(88,100)	2,743	171,911
Transfer from general fund to board designated funds	<u>(257,268)</u>	<u>128,634</u>	<u>128,634</u>	<u>-</u>
Net Change After Transfer	-	40,534	131,377	171,911
Net Assets Without Restrictions, Beginning of Year	<u>-</u>	<u>1,830,245</u>	<u>412,337</u>	<u>2,242,583</u>
Net Assets Without Restrictions, End of Year	<u>\$ -</u>	<u>\$ 1,870,780</u>	<u>\$ 543,715</u>	<u>\$ 2,414,494</u>

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

Statement of Activities and Changes in Net Assets For the 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	1,380	-	-	1,380
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	2	-	-	2
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>\$ 412,338</u>	<u>\$ 2,242,583</u>

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

Statement of Cash Flows

For the Years ended December 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ 171,911	\$ (108,782)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Credit card refund receivable	-	298
Increase (decrease) in:		
Deferred auction income	(48,701)	112,091
Accounts payable and accrued expenses	1,729	519
Net Cash Provided by Operating Activities	124,939	4,126
Cash and Cash Equivalents at Beginning of Year	2,517,904	2,513,778
Cash and Cash Equivalents at End of Year	\$ 2,642,843	\$ 2,517,904

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