

2022 Annual Report



ANAVIP
Asociación Nacional de
Avicultores de Panamá



**Poultry & Egg
Export Council**

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 2022 -PAN-PEQ Annual Board Meeting in Boca Chica, Panama

I. Chairman's Letter

In PAN-PEQ's eleventh year of operations (2022), 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 1,712 metric tons (MT) was auctioned off in a first tranche of 1,138.48 MT and a second tranche of 725 MT (rollover quota of 151.48 MT), with 67.17% of the TRQ being allocated. Auction receipts reached \$259,488, which is a decrease of 10.5% from 2021.

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 2022, USAPEEC requested funds for \$410,000 for market development projects, including the development of a new logo, the acquisition of a customer relationship management software, and the hiring of international trade experts. ANAVIP requested funds in the amount of \$155,000 for a market development, educational and technical project to support technical events, enhance regional trade capabilities, and participate in poultry organizations.

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 2022, the Board appointed Mr. Juan Garfias from USAPEEC as Chairman, and Mr. Robert Toledano 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 2022 period.

Under my term as Chairman for the current period 2023, I look forward to working in collaboration with my fellow board members for the benefit of both poultry industry members, ANAVIP and USAPEEC.

Sincerely,



Robert Toledano
2023 PAN-PEQ Chairman

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 2022

Juan Garfias



2022 Chairman
USAPEEC - United States

Robert Toledano



Vice Chairman
ANAVIP - Panama

Luis Carlos Castroverde



Director
ANAVIP - Panama

Victor Epifanio



Director
ANAVIP - Panama

James Sumner



Director
USAPEEC - United States

Martin Piffaretti



Director
USAPEEC - United States

Officers for 2022

In addition to Mr. Garfias, who served as Chairman, and Mr. Toledano, 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 2022 was 1,712 MT.² The Board agreed in September 2021 to hold two open tenders for shipment of CLQs TRQ to Panama in 2022, which generated a total of \$259,488 in auction receipts. Awarded TRQ amounted to \$1,150 MT, or 67.17% of the full 2022 TRQ volume. The average successful bid was \$225.64/MT and the lowest successful bid \$200.00/MT. See Table 1.

Table 1
PAN-PEQ Open Tender Results for 2022

Category	First Tranche December 6 - 10, 2021	Second Tranche August 1 - 5, 2022*	Total
Available TRQ for Auction (MT)	1,138.48	725.00	1,863.48
TRQ Awarded (MT)	987.00	163.00	1,150.00
Average Successful Bid (\$/MT)	\$228.16	240.42	\$225.64
Lowest Successful Bid (\$/MT)	\$200.62	200.00	\$200.00
Auction Receipts (\$)	\$225,189.82	\$34,298.18	\$259,488.00

* 2022 TRQ of 1,712 MT. The rollover quota of 151.48 MT, from 573.52 MT, is included in the second tranche.

** 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.

In addition, the Administration meets trade government authorities from Panama and the United States periodically to provide updates and receive feedback with regards to TRQ management. In March 2022, the PAN-PEQ Administration met with Ministry of Trade and Industry (MICI) officers to discuss PAN-PEQ's operations. The meeting was held in Panama City right after the Annual Board Meeting in Boca Chica, Panama.

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.

PANAMA

In 2022, ANAVIP requested project funds totaling \$155,000 for the project titled: “Support for educational events, enhancement of regional trade capabilities and participation in poultry organizations.” This project aimed to continue improving the technical capacity of the poultry industry and promote egg consumption nationwide.

The following activities were funded under this project:

Market Development

1. Funding for the National Egg Commission (CONAHU) to promote egg consumption across Panama. In 2022, 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 “Ponle Huevos a tu dia” (“Put Eggs into your day”) that included information on egg nutrition, radio jingles, and video recipes for social media.
 - Visits to pre-schools, conferences and seminars focused on egg consumption.
 - Production of the digital book “Learning about the Egg” authored by CONAHU and available to download at ANAVIP’s website.
 - Radio-television interviews and a special on television program “Buenos Sabores” (good flavors) to celebrate World Egg Day.

- 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
 “Put Eggs into Your Day” (radio, social media)



Radio-television interviews for World Egg Day



Visits to pre-schools, conferences and seminars



“Learning about the Egg” digital book

Source: ANAVIP

Technical Education and Training

- The organization of Panama’s 33th National Poultry Summit (hybrid event in October 2022, held in-person and online), provided training to more than 1,000 poultry industry members in Panama. The Summit brought 24 international speakers to present on key subjects for the poultry industry community. 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. Three workshops were held in Chepo, Charrera and Veraguas on the situation of avian influenza in Latin America and risk mitigation measures to prevent the spread of this disease in Panama.
5. Participation in meetings at the National Technical Poultry Commission (COTAN); the Chicken Institute for Latin America (ILP); and the Technical Regional Committee on Avian Safety (CTRSA) during the Latin American Poultry Congress in Honduras.

Figure B
Technical Education and Training



Source: ANAVIP

UNITED STATES

In 2022, USAPEEC requested funds for \$410,000 for two projects: 1) “Global Market Development Program & Trade Issues Resolution” and 2) USAPEEC CRM/Financial Database Update.” These projects aimed to develop and launch a new logo, promotional material, purchase customer relationship management (CRM) software, and hire trade advisors to maintain market access on important export markets. The following activities were funded:

Market Development

1. USAPEEC developed and launched its new Logo and Brand for promotional and educational materials and social media. Some of these funds were used to sponsor seminars and meetings to showcase the new brand.
2. USAPEEC hired trade advisors to assist with ongoing trade policy related issues to maintain market access in two of the US’ most important export markets.
3. USAPEEC needed to update its CRM software and to integrate it with updated accounting software, which helped USAPEEC to run its programs more efficiently.

Figure C

USAPEEC'S NEW LOGO



Source: USAPEEC Facebook page (December 2022)

6. Audited Financial Statements

Statement of Financial Position December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,098,525	\$ 2,642,843
Accounts receivable	5,137	-
Prepaid expenses	9,239	-
TOTAL ASSETS	<u>\$ 2,112,901</u>	<u>\$ 2,642,843</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Deferred auction revenue	\$ 62,402	\$ 225,190
Accounts payable and accrued expenses	1,203	3,159
Credit card liability	9,326	-
Total Current Liabilities	<u>72,931</u>	<u>228,349</u>
Net Assets Without Restrictions	<u>2,039,970</u>	<u>2,414,494</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,112,901</u>	<u>\$ 2,642,843</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, 2022

	Net Assets Without Restrictions			
	General Operating Fund	Board Designated Funds		
		United States	Panama	Total
Revenues				
Auction revenues	\$ 259,488	\$ -	\$ -	\$ 259,488
Membership fees	5,190	-	-	5,190
Investment income	3,155	20,859	4,139	28,153
Total Revenues	<u>267,833</u>	<u>20,859</u>	<u>4,139</u>	<u>292,831</u>
Expenses				
Accounting and auditing	6,167	-	-	6,167
Bank fees	1,657	-	-	1,657
Consulting and management fees	57,684	-	-	57,684
Dues and subscriptions	53	-	-	53
Insurance	8,234	-	-	8,234
Interest expense	5	-	-	5
Licenses and filing fees	305	-	-	305
Meetings	10,847	-	-	10,847
Postage and delivery	890	-	-	890
Printing and reproduction	1,103	-	-	1,103
Project costs	-	410,000	155,000	565,000
Publications	3,720	-	-	3,720
Telephone	6	-	-	6
Travel and entertainment	8,503	-	-	8,503
Website expenses	3,181	-	-	3,181
Total Expenses	<u>102,355</u>	<u>410,000</u>	<u>155,000</u>	<u>667,355</u>
Change in Net Assets	165,478	(389,141)	(150,861)	(374,524)
Transfer from general fund to board designated funds	(165,478)	82,739	82,739	-
Net Change After Transfer	-	(306,402)	(68,122)	(374,524)
Net Assets Without Restrictions, Beginning of Year	-	1,870,780	543,714	2,414,494
Net Assets Without Restrictions, End of Year	<u>\$ -</u>	<u>\$ 1,564,378</u>	<u>\$ 475,592</u>	<u>\$ 2,039,970</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	(257,268)	128,634	128,634	-
Net Change After Transfer	-	40,534	131,377	171,911
Net Assets Without Restrictions, Beginning of Year	-	1,830,245	412,337	2,242,583
Net Assets Without Restrictions, End of Year	<u>\$ -</u>	<u>\$ 1,870,780</u>	<u>\$ 543,714</u>	<u>\$ 2,414,494</u>

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

Statement of Cash Flows

For the Years ended December 31, 2022 and 2021

	2022	2021
Cash Flows From Operating Activities:		
Change in net assets	\$ (374,524)	\$ 171,911
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	(5,137)	-
Prepaid expenses	(9,239)	-
Increase (decrease) in:		
Deferred auction income	(162,788)	(48,701)
Accounts payable and accrued expenses	(1,956)	1,729
Credit card liability	9,326	-
	(544,318)	124,939
Net Cash Provided by Operating Activities	(544,318)	124,939
Cash and Cash Equivalents at Beginning of Year	2,642,843	2,517,904
Cash and Cash Equivalents at End of Year	\$ 2,098,525	\$ 2,642,843

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

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