ANNUAL REPORT 2024

PANAMA POULTRY EXPORT QUOTA, INC.

Asociación Nacional de
Avicultores de Panamá

PAN-PEQ, Inc. c/o DTB Associates, LLP dba DTB AgriTrade, LLP
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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.

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***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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October 2024 - PAN-PEQ Annual Board Meeting in Miami, FL

1. Chairman's Letter

In its thirteenth year of operations, PAN-PEQ conducted two open-tender auctions for the export of chicken leg quarters (CLQs) from the United States to Panama under the duty-free tariff rate quota (TRQ) established pursuant to the United States–Panama Trade Promotion Agreement (PTPA). The full annual TRQ allocation of 2,071 metric tons (MT) was successfully auctioned in two tranches: 1,450 MT in the first tranche and 621 MT in the second tranche. The auctions generated total receipts of $390,576.70, representing an increase of nearly fivefold compared to 2023.

Under the terms of the Export Trade Certificate of Review (ETCR) granted by the United States Department of Commerce, PAN-PEQ allocates proceeds from the tender process to support market development, educational, scientific, and technical initiatives that benefit the poultry industry members of its two participating associations in Panama and the United States—the National Association of Poultry Producers of Panama (ANAVIP) and the USA Poultry & Egg Export Council (USAPEEC).

Disbursements for approved projects in 2024 totaled $329,500. ANAVIP requested $129,500 to support initiatives including the National Egg Commission, strengthening regional trade capabilities, participation in poultry industry organizations, and the implementation of a poultry marketing radio campaign. USAPEEC requested $200,000 to support the redesign of its website and the modernization of its event management software.

In accordance with PAN-PEQ's bylaws, the chairmanship rotates annually among the member associations. At the annual and board meetings held in March 2024, the Board appointed Mr. Martin Piffaretti of USAPEEC as Chairman and Mr. Luis Carlos Castroverde of ANAVIP as Vice Chairman. Mr. Mateo Paz-Soldan and Ms. Violeta Gutierrez-McCormick, representing the PAN-PEQ Administrator, were confirmed as Secretary and Treasurer, respectively. Consistent with the bylaws, the member associations also appointed six directors, three representing each association, for the 2024 term.

As I assume the role of Chairman for the 2025 term, I look forward to working closely with my fellow Board members to advance the shared interests of the poultry industries represented by ANAVIP and USAPEEC.

Sincerely,

Luis Carlos Castroverde
PAN-PEQ Chairman 2025

2. Directors and Officers

Pursuant to PAN-PEQ's bylaws and the Export Trade Certificate of Review (ETCR) issued by the U.S. Department of Commerce, membership in PAN-PEQ consists of the national trade associations representing the poultry industries of the United States and the Republic of Panama: the USA Poultry & Egg Export Council (USAPEEC) and the Asociacion Nacional de Avicultores de Panama (ANAVIP). PAN-PEQ is governed by a six-member Board of Directors appointed by the member associations, with each association designating three directors to serve on the Board.

Directors for 2024

Martin Piffaretti

2025 Chairman
USAPEEC – United States

Luis Carlos Castroverde

Vice Chairman
ANAVIP - Panama

Robert Toledano

Director
ANAVIP – Panama

Victor Epifanio

Director
ANAVIP – Panama

Greg Tyler

Director
USAPEEC – United States

Eliana Luciani

Director
USAPEEC – United States

Officers for 2024

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

Mateo Paz-Soldan

Secretary

Violeta Gutierrez-McCormick

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 5).

Given the significant drop in auction revenues in 2023, the Board agreed to reduce the minimum bid price per ton to $100/MT from $200/MT in an effort to increase interest and participation in future auctions.

The TRQ for CLQs agreed to by both governments for 2024 was 2,071 MT.[2] The Board agreed in September 2023 to hold two open tenders for shipment of CLQs TRQ to Panama in 2024,

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[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.

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

which generated a total of $390,576.70 in auction receipts. Awarded TRQ amounted to the full quota volume of 2,071MT. The average successful bid was $188.59/MT and the lowest successful bid $101.41/MT. See Table 1 for further details.

Table 1
PAN-PEQ Open Tender Results for 2024

Category	First Tranche December 4-8, 2023	Second Tranche July 8 – 12, 2024	Total
Available TRQ for Auction (MT)	1,450	621.00	2,071.00
TRQ Awarded (MT)	1,450	621.00	2,071.00
Average Successful Bid ($/MT)	193.19	177.85	188.59
Lowest Successful Bid ($/MT)	110.00	101.41	101.41
Auction Receipts ($)	280,131.60	110,445.10	390,576.70

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

4. Reporting and Outreach

An important component of the corporation's responsibilities under the ETCR is maintaining regular communication with the governments of the United States and Panama regarding open-tender results, scheduled tender dates, and other significant matters affecting PAN-PEQ's operations. In addition, PAN-PEQ is required to comply with annual reporting obligations to the U.S. Department of Commerce and the U.S. Internal Revenue Service, as well as to respond to information requests from government authorities in both countries.

The PAN-PEQ Administration also engages periodically with trade authorities from the governments of Panama and the United States to provide updates on TRQ administration and to receive feedback related to its management.

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.

ANAVIP

ANAVIP requested funds for the following projects: 1) "Improving the technical capacity of the industry, funding for the National Egg Commission, participation in poultry organizations and hiring a specialized consultant for market access (continuation)," in the amount of $101,500; and 2) a radio campaign aimed at boosting national chicken and egg consumption for $28,000. The following is a summary of the main components funded under the 2024 projects:

Market Development

- **Funding for the National Egg Commission (CONAHU):** Support was provided to promote egg consumption across Panama through the following activities (see Figure A):
    - Ongoing support for a nutritionist: Continued funding for a nutritionist to lead and implement the National Egg Commission program.
    - Healthy Schools Fair: Participation in the fair, where scrambled egg dishes were provided for children.
    - World Breastfeeding Week Fair: Participation in activities organized in celebration of World Breastfeeding Week.

- Educational conference on the Benefits of Egg Consumption: For patients of the Social Security Fund highlighting the nutritional benefits of eggs.
- Technical conference: for students of the Gastronomy School at Panama University.
- Youth Fair participation: Engagement in the Youth Fair at the Harmodio Arias Madrid School in Chame, West Panama.
- Conference on the nutritional benefits of eggs: Presentation delivered to staff members of Irma de Lourdes Tzanetatos Hospital.
- World Egg Day celebration: Lunch with the Juna Nega Indigenous community for 150 children at the community cafeteria.
- Grandparents Day celebration: Participation in activities recognizing and celebrating Grandparents Day.

- **National Radio Campaign:** Implemented a six-month nationwide radio campaign for "Panamanian Chicken" using promotional jingles to raise awareness and promote increased consumption of chicken and eggs.

Technical Education and Training

- **Ongoing support for a veterinarian:** continued funding for a veterinarian to represent ANAVIP's interests within the Central American Customs Union regarding harmonized poultry regulations. This role includes liaising with government officials on animal health, food safety, and trade issues, as well as coordinating activities aimed at improving poultry health in Panama.
- **Provision of the following workshops with the National Technical Poultry Commission (COTAN):**
  - "Biosafety and Pest Management in Chicken Farms" in Santiago de Veraguas.
  - Technical Workshop in "Biosafety for Incubators against risks of Avian Influenza and New Castle" in Santiago de Veraguas.
  - Participation at the Meeting of the Regional Technical Commission of Avian Health (CTRSA) in El Salvador.

- **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.

See Figure B for further details.

Figure A
Market Development Activities in 2024 for ANAVIP

World Egg Day celebration

World Breast Feeding Week Fair

Healthy Schools Fair

Youth Fair

Technical conference at the Gastronomy School at Panama University

Conference to staff members of Irma de Lourdes Tzanetatos Hospital

Source: ANAVIP.

Figure A
Market Development Activities in 2024 for ANAVIP (continuation)

Conference for patients of the Social Security Fund

Grandparents Day celebration.

Source: ANAVIP.

Figure B
Improving the Technical Capacity of the Poultry Industry in 2024 for ANAVIP National Technical Poultry Commission (COTAN) Workshops

"Biosafety and Pest Management in Chicken Farms"

"Biosafety for Incubators against risks of Avian Influenza and New Castle"

Meeting of the Regional Technical Commission of Avian Health (CTRSA)

Source: ANAVIP.

USAPEEC

In 2024, USAPEEC requested funds in the amount of $200,000 for the following project: "USAPEEC Website Redesign and Event Management Software". The following activities were funded under this project:

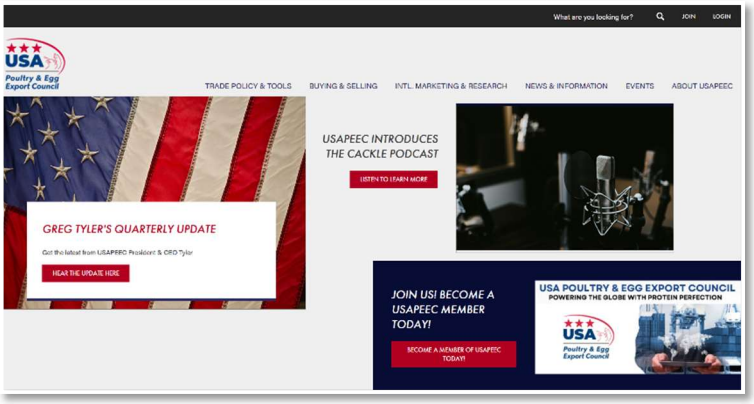
Market Development

- **USAPEEC Website Redesign:** To improve user experience and expand access to information for USAPEEC membership. The updated platform enables members to more easily access key resources—including trade regulations, market statistics, and importer contacts. In addition, the redesigned website allows international importers to more readily obtain information on purchasing U.S. poultry and eggs, helping to facilitate trade and support increased export sales.
- **Upgrade of USAPEEC's event management software:** The new system was integrated with the organization's accounting platform, and used to administer meetings and events, streamlining the collection of registration fees and sponsorship payments.

See Figure C for further details.

Figure C
Market Development Activities in 2024 for USAPEEC

USAPEEC Website Redesign and Event Management Software



Source: USAPEEC website.

6. Audited Financial Statements

Statement of Financial Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,910,791	$ 1,985,539
Prepaid expenses	-	6,683
TOTAL ASSETS	$ 1,910,791	$ 1,992,222
LIABILITIES AND NET ASSETS		
Current Liabilities		
Deferred auction revenue	$ 183,494	$ 280,112
Accounts payable and accrued expenses	1,110	2,162
Credit card liability	226	6,728
Total Current Liabilities	184,830	289,002
Net Assets Without Restrictions	1,725,961	1,703,220
TOTAL LIABILITIES AND NET ASSETS	$ 1,910,791	$ 1,992,222

*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, 2024

	Net Assets Without Restrictions			
		Board Designated Funds		
	General Operating Fund	United States	Panama	Total
Revenues				
Auction revenues	$ 390,557	$ -	$ -	$ 390,557
Membership fees	7,811	-	-	7,811
Investment income	11,488	31,730	5,292	48,510
Total Revenues	409,856	31,730	5,292	446,878
Expenses				
Accounting and auditing	8,743	-	-	8,743
Bank fees	163	-	-	163
Consulting and management fees	65,476	-	-	65,476
Dues and subscriptions	402	-	-	402
Insurance	6,683	-	-	6,683
Legal fees	233	-	-	233
Licenses and filing fees	305	-	-	305
Meetings	414	-	-	414
Postage and delivery	1,597	-	-	1,597
Printing and reproduction	635	-	-	635
Project costs	-	200,000	129,500	329,500
Publications	3,528	-	-	3,528
Telephone	20	-	-	20
Travel and entertainment	2,028	-	-	2,028
Website expenses	4,410	-	-	4,410
Total Expenses	94,637	200,000	129,500	424,137
Change in Net Assets	315,219	(168,270)	(124,208)	22,741
Transfer from general fund to board designated funds	(315,219)	157,609	157,609	-
Net Change After Transfer	-	(10,661)	33,401	22,741
Net Assets Without Restrictions, Beginning of Year	-	1,349,380	353,839	1,703,220
Net Assets Without Restrictions, End of Year	$ -	$ 1,338,720	$ 387,241	$ 1,725,961

*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, 2023

	Net Assets Without Restrictions			
		Board Designated Funds		
	General Operating Fund	United States	Panama	Total
Revenues				
Auction revenues	$ 79,198	$ -	$ -	$ 79,198
Membership fees	1,584	-	-	1,584
Investment income	7,401	35,242	7,187	49,830
Total Revenues	88,183	35,242	7,187	130,612
Expenses				
Accounting and auditing	6,710	-	-	6,710
Bank fees	1,617	-	-	1,617
Consulting and management fees	58,710	-	-	58,710
Dues and subscriptions	53	-	-	53
Insurance	9,239	-	-	9,239
Legal fees	401	-	-	401
Licenses and filing fees	225	-	-	225
Postage and delivery	528	-	-	528
Printing and reproduction	620	-	-	620
Project costs	-	250,000	128,700	378,700
Publications	3,701	-	-	3,701
Travel and entertainment	3,251	-	-	3,251
Website expenses	3,607	-	-	3,607
Total Expenses	88,662	250,000	128,700	467,362
Change in Net Assets	(479)	(214,758)	(121,513)	(336,750)
Transfer from general fund to board designated funds	479	(240)	(240)	-
Net Change After Transfer	-	(214,998)	(121,753)	(336,750)
Net Assets Without Restrictions, Beginning of Year	-	1,564,378	475,592	2,039,970
Net Assets Without Restrictions, End of Year	$ -	$ 1,349,380	$ 353,839	$ 1,703,220

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

Statement of Cash Flows
For the Years ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in net assets	$ 22,741	$ (336,750)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	-	5,137
Prepaid expenses	6,683	2,556
Increase (decrease) in:		
Deferred auction income	(96,618)	217,710
Accounts payable and accrued expenses	(1,052)	959
Credit card liability	(6,502)	(2,598)
Net Cash Provided by Operating Activities	(74,748)	(112,986)
Cash and Cash Equivalents at Beginning of Year	1,985,539	2,098,525
Cash and Cash Equivalents at End of Year	$ 1,910,791	$ 1,985,539

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