

Economic Impacts of Southern U.S. Exports to Cuba

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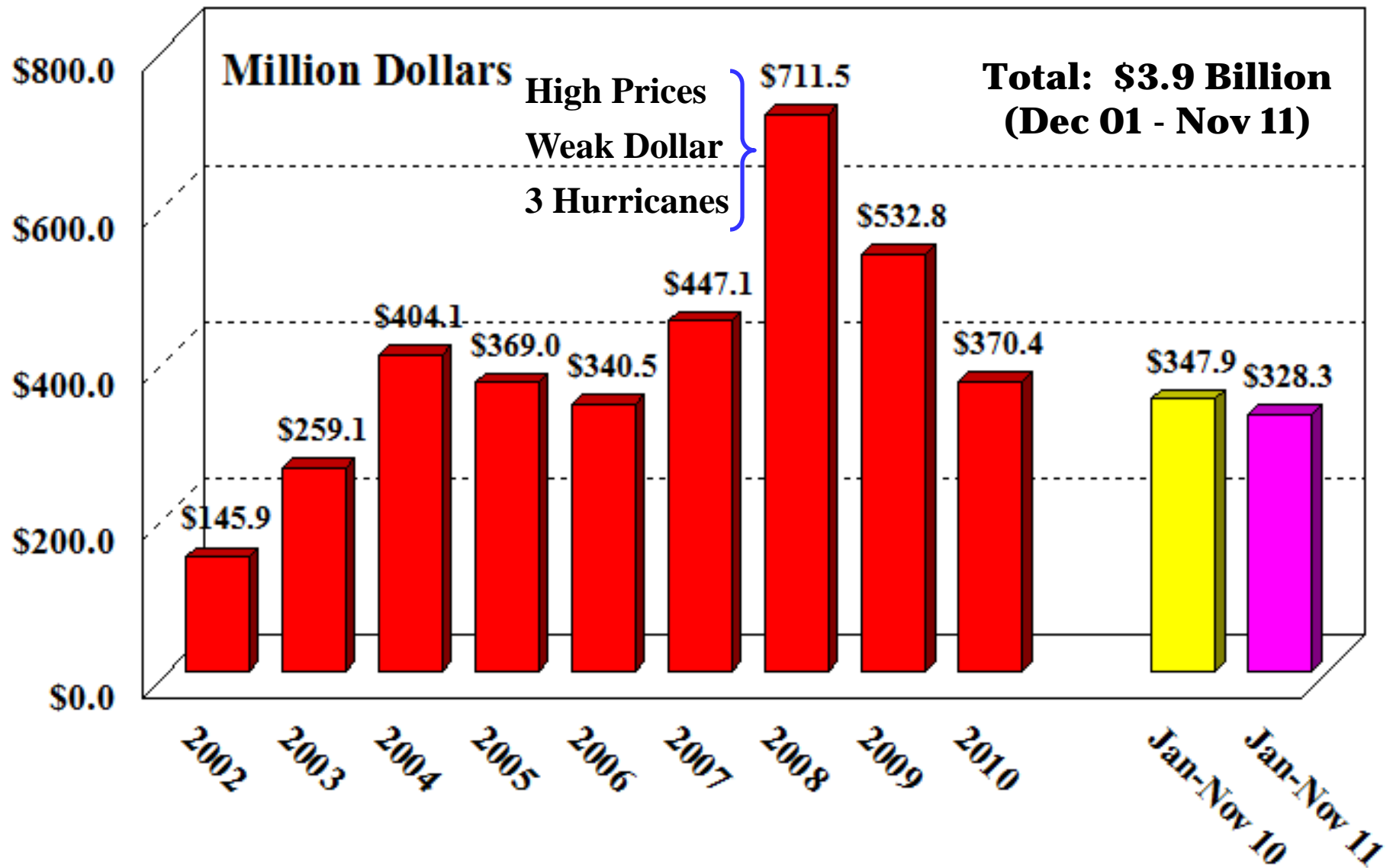
Texas AgriLife Research/Texas A&M University



Introduction

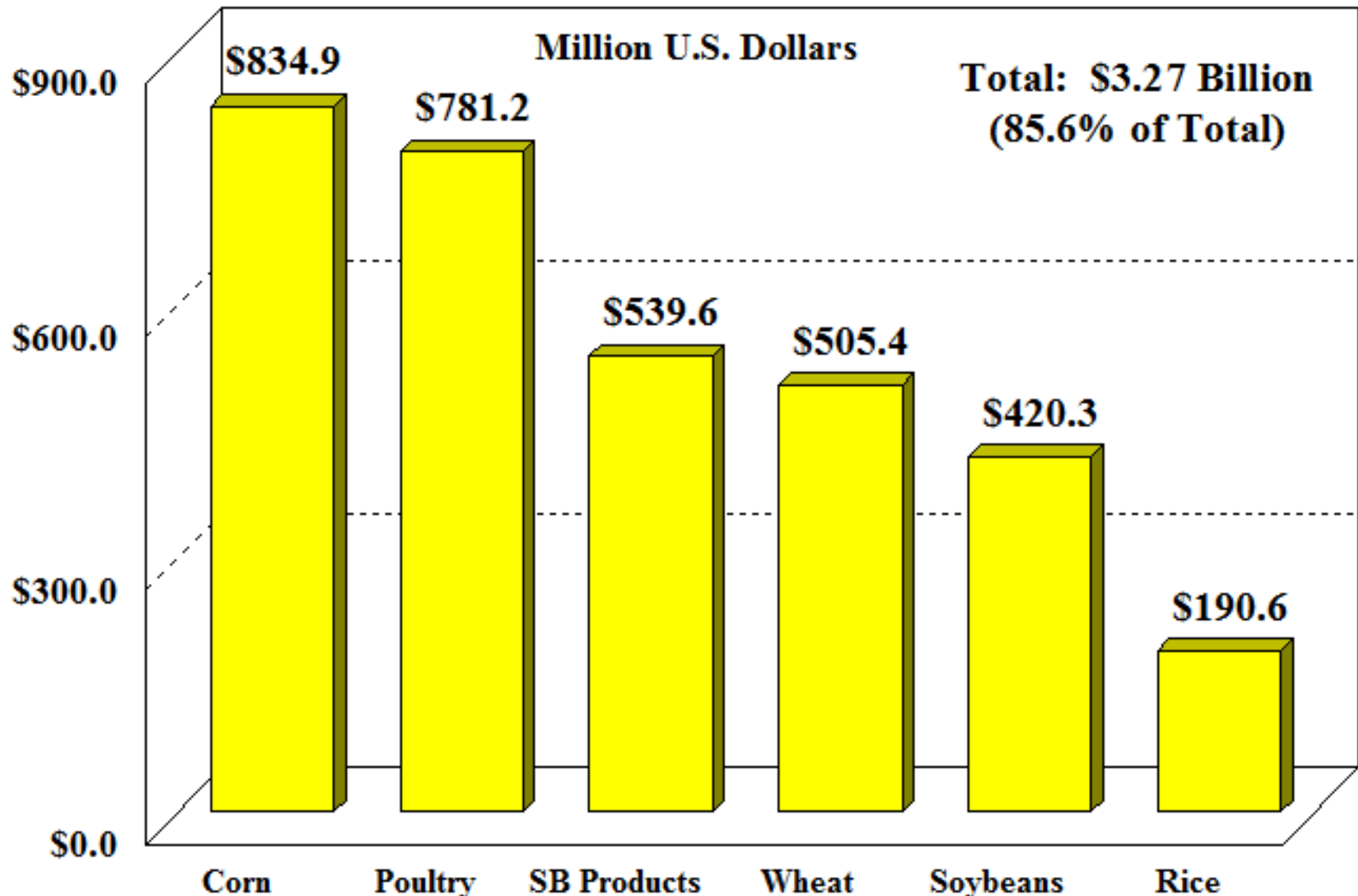
- **U.S. Agricultural Exports Allowed to Cuba since the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSREEA)**
- **Exports are on a Cash-in-Advance Basis, though Letters of Credit are Allowed through 3rd Countries**
- **Since Exports to Cuba Resumed, \$3.8 Billion of Products Exported to Cuba**
- **In 2010, \$370 Million of Exports from U.S. to Cuba, down from All-Time High of \$711 Million in 2008 and Lowest since 2006**
- **Through November 2010, U.S. Exports to Cuba were \$328 Million, Down 5.6% from 2010 through November**

U.S. Exports to Cuba, 2002 - November 2011



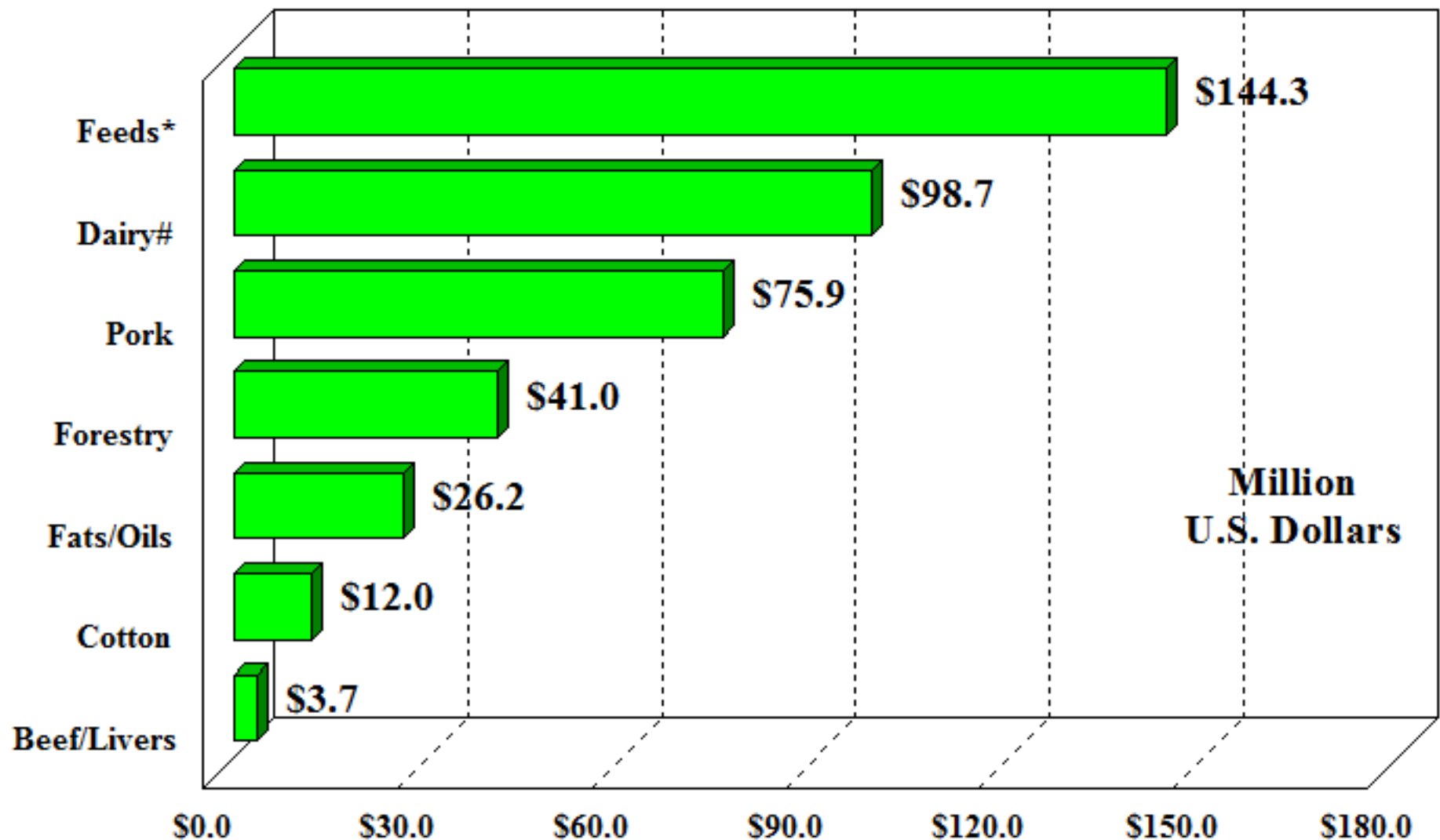
Source: U.S. Census Bureau, Foreign Trade, U.S. Trade in Goods by Country, www.census.gov/foreign-trade/balance/

U.S. Ag Exports to Cuba - Major Products, 2001 - November 2011



Source: Foreign Agricultural Service, USDA; SB Products Include Soybean Oil, Meal, and Flour

Selected U.S. Ag Exports to Cuba Important to the South, 2002 - 2011



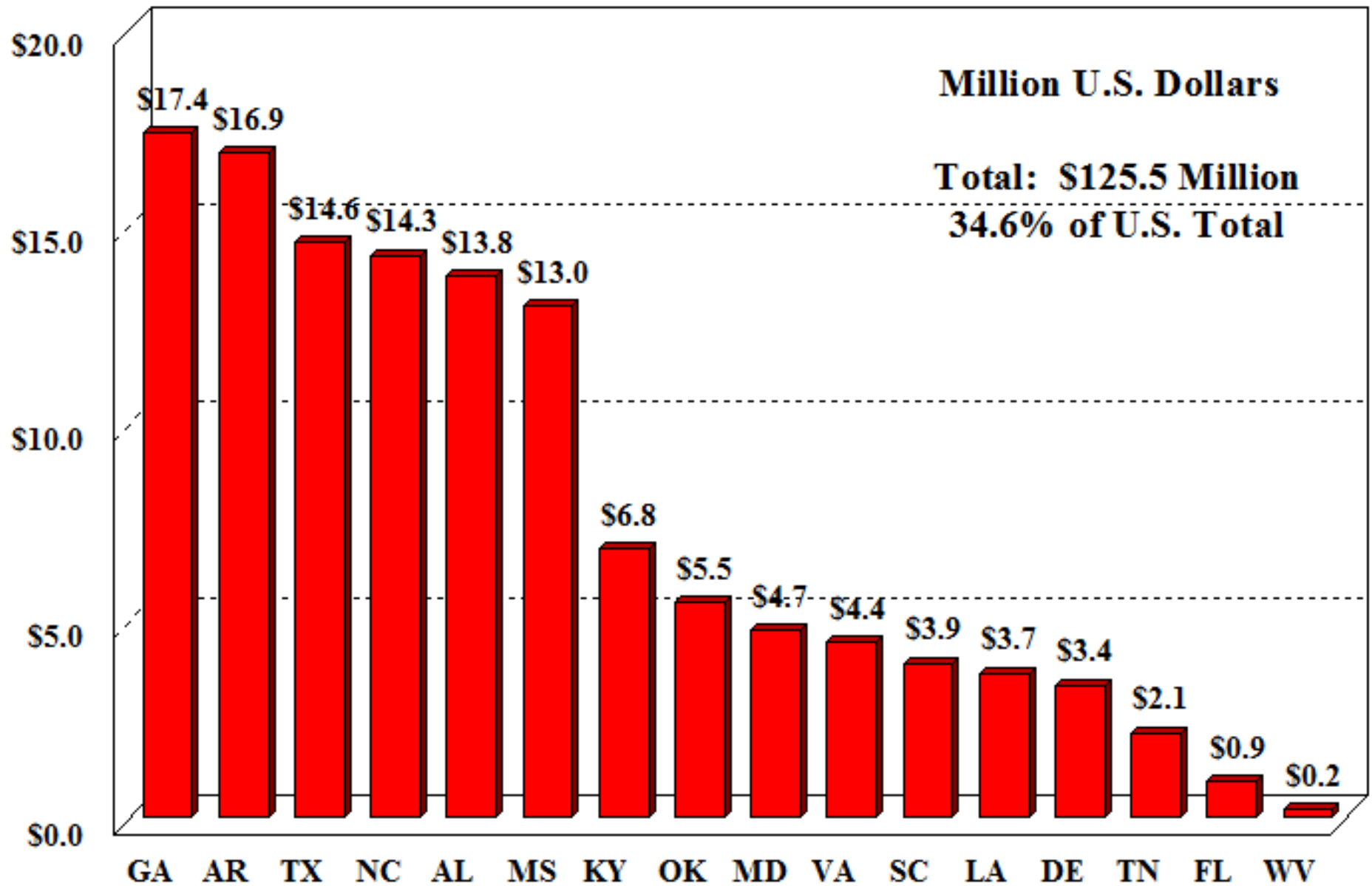
Source: Foreign Agricultural Service, USDA

*Feeds include Fodders and HT Codes 2303 & 2309; #Dairy includes Food Relief (9802) which is Dairy

Southern U.S. Exports to Cuba

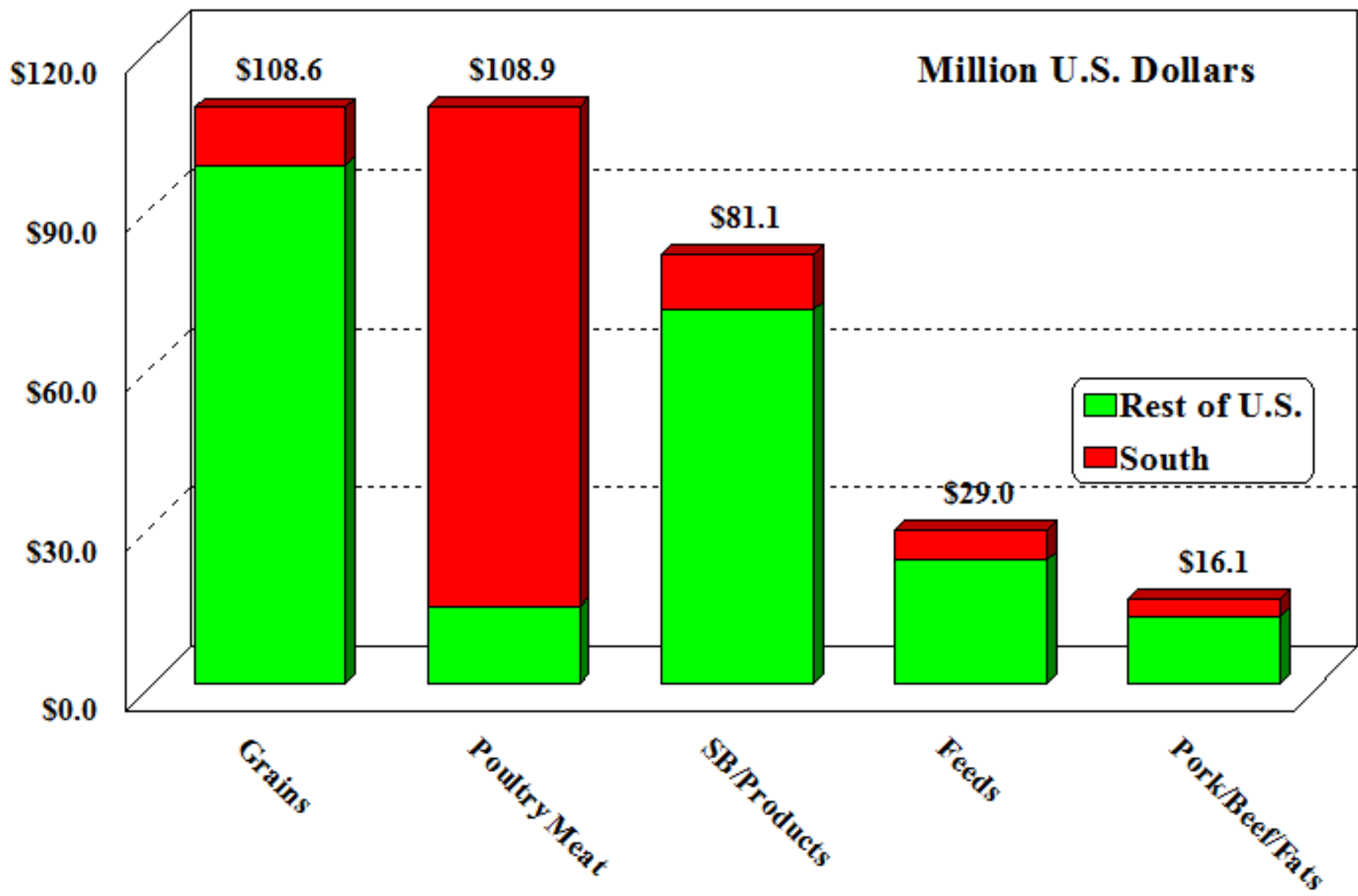
- **Share of Production Method Used to Estimate U.S. Exports for Each State and then Aggregated for Region**
- **U.S. Exported \$90.8 Million in Corn to Cuba in 2010**
 - **Southern States Produced 8.5% of U.S. Corn in '10 led by TX, KY & NC**
 - **Southern Exports of Corn to Cuba were \$7.7 Million**
 - **Process Done for All Sectors where Production Data Available**
- **As a Result, Total Southern Exports to Cuba were Estimated at \$125.5 Million during 2010 (32% ↓ from 09)**
- **Leading States were GA, AR, TX, NC, AL, & MS**
- **Leading Sectors were Poultry Meat, Grains, Soybeans and Products, Animal Feeds, and Pork**

Southern U.S. Ag Exports to Cuba, 2010



Source: Foreign Agricultural Service, USDA

Major U.S. Exports to Cuba, 2010



Source: Foreign Agricultural Service, USDA

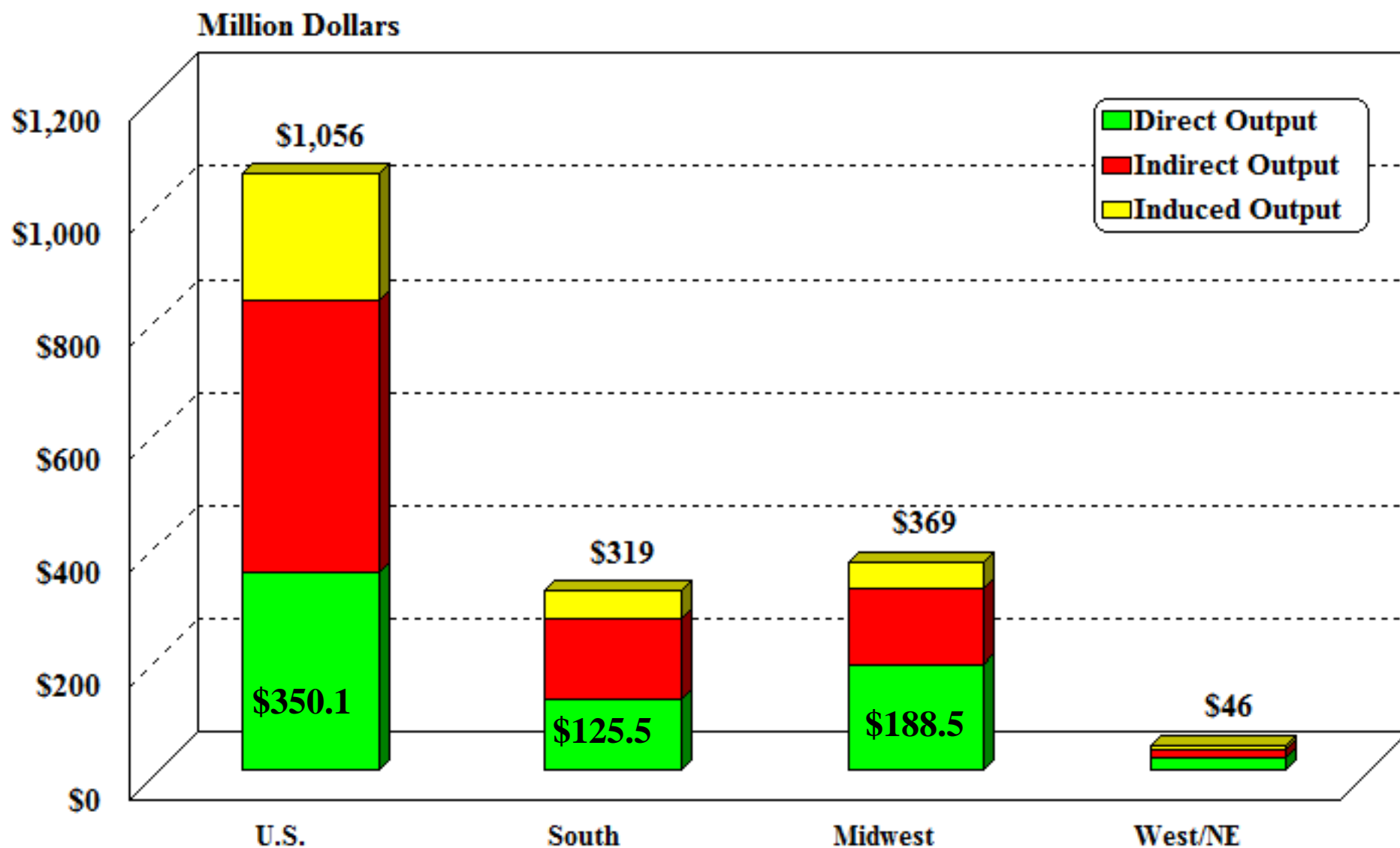
Economic Impacts of Agricultural Exports to Cuba

- **Using 2008 Data for the Input-Output Model IMPLAN, Constructed a Model for the U.S. and the South**
- **Input Actual U.S. the Estimated Southern U.S. Exports to Cuba into the IMPLAN**
- **Estimates include the Amount of Output, Value Added and Employment Required to Support the Exports**
 - **Direct Impacts Related to Exported Commodities**
 - **Indirect/Induced Impacts Related to Supporting Industries**

Input/Output Definitions

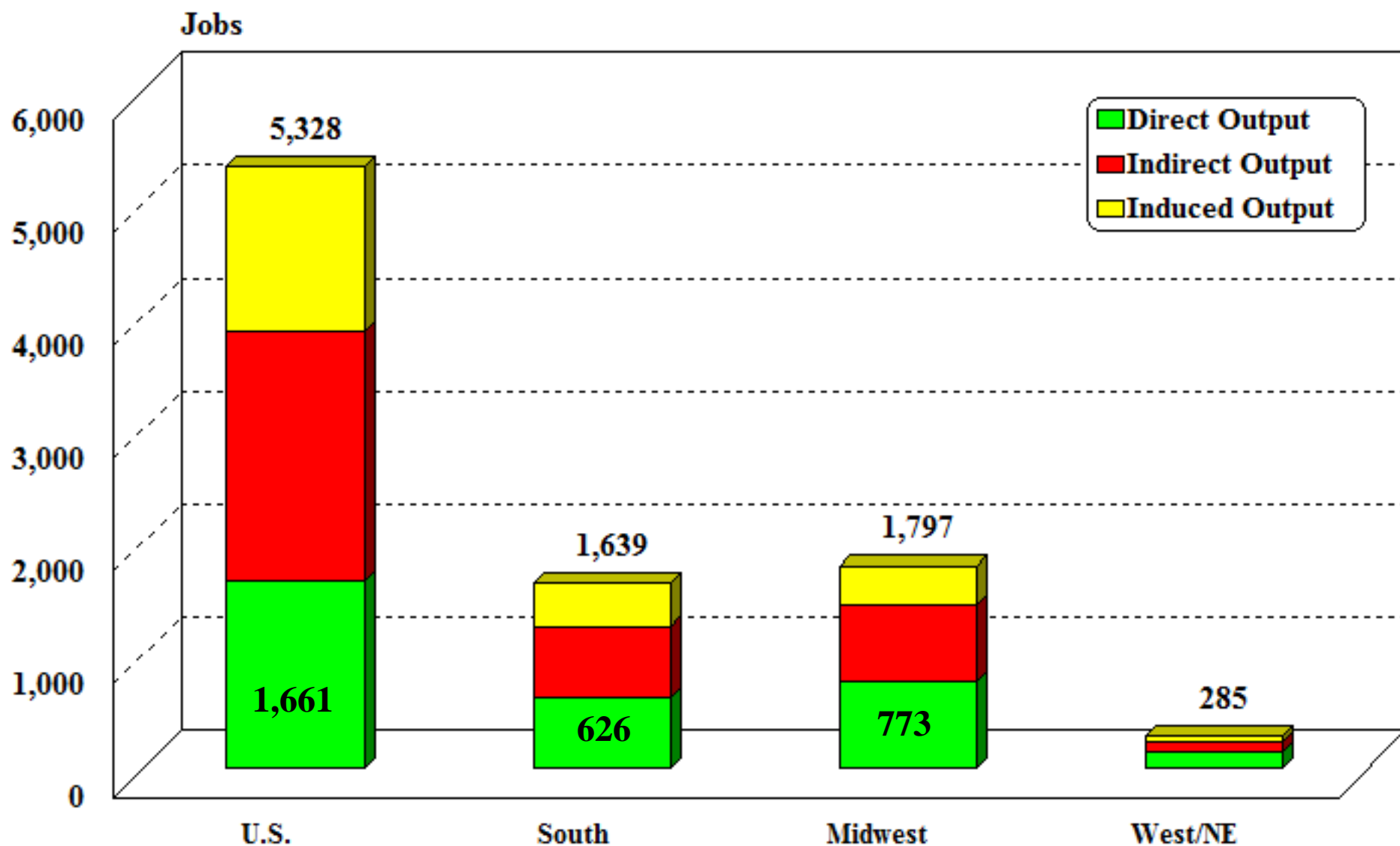
- ***Output***: Increase in Business Sales Required to Support \$1 of Exports
- ***Employment***: Additional Employees Required for \$1 Million in Exports
- ***Direct***: Sales of Output to Customers
- ***Indirect***: Purchases of Inputs Required to Produce the Products for Sale
- ***Induced***: Expenditures by Employees and Households in the Input Industries

U.S. and Regional Impacts on Output from Agricultural Exports to Cuba, 2010



Source: CNAS/Implan

U.S. and Regional Impacts on Employment from Agricultural Exports to Cuba, 2010



Source: CNAS/Implan

Major Sector Impacts of U.S. Exports to Cuba

2010	Output <i>(Million Dollars)</i>		Employment <i>(Jobs)</i>	
	<u>Direct</u>	<u>Total</u>	<u>Direct</u>	<u>Total</u>
Corn/Wheat/Beans	\$114.2	\$137.9	896	1,093
Chicken/Turkey	\$108.9	\$121.7	433	487
Soybeans/Products	\$81.1	\$138.0	258	460
Animal Feeds (DDGs)	\$23.2	\$47.2	21	44
Pork/Beef/Fats	\$16.1	\$25.6	32	51
Other Exported Products	\$6.7	\$8.6	23	28

Major Sector Impacts of Southern Exports to Cuba

2010	Output <i>(Million Dollars)</i>		Employment <i>(Jobs)</i>	
	<u>Direct</u>	<u>Total</u>	<u>Direct</u>	<u>Total</u>
Chicken/Turkey	\$94.4	\$104.9	377	422
Corn/Wheat	\$11.0	\$13.5	170	212
Soybeans/Products	\$10.7	\$16.3	66	88
Animal Feeds (DDGs)	\$5.8	\$16.9	5	16
Pork/Beef/Fats	\$3.4	\$5.4	7	11
Other Exported Products	\$0.2	\$0.4	1	3

Selected Supporting Sector Impacts from U.S. and Southern Exports to Cuba

2010

Output
(Million Dollars)

Employment
(Jobs)

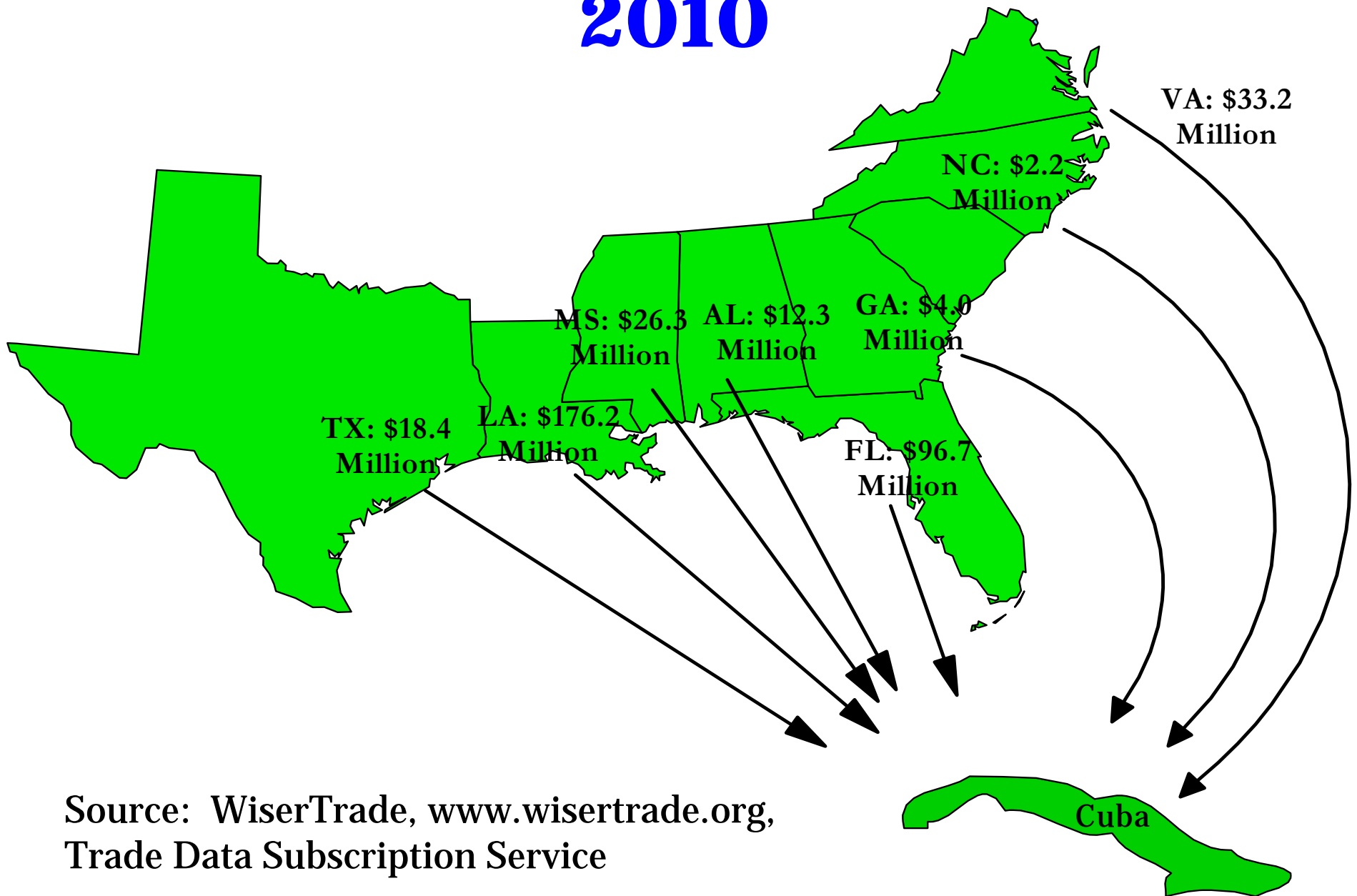
	<u>U.S.</u>	<u>South</u>	<u>U.S.</u>	<u>South</u>
Other Agriculture	\$118.6	\$50.4	731	213
Business/Financial Services	\$94.1	\$24.6	571	169
Oil/Gas/Mining/Petroleum	\$62.5	\$12.3	42	9
Wholesale Trade/Warehousing	\$35.3	\$10.8	186	59
Transportation	\$25.2	\$8.0	145	51
Health Care	\$22.6	\$6.2	240	67

Note: Food & Drink and Retail each rank lower in output but higher than several above in employment

Other Issues of Importance from U.S. of Ag Exports to Cuba

- **In Most Years, All Exports to Cuba Flow through Ports Located in the Southern U.S.**
 - **Louisiana Ports Account for Nearly Half of U.S. Exports to Cuba and Florida Ports Account for more than a Quarter during 2010.**
- **Recent Easing of Restrictions Regarding Travel to Cuba Could Increase Demand for Products Important to the South**
- **If Recent Efforts to Further Relieve Travel and Export Finance Restrictions were Enacted, Southern Exports to Cuba Could Increase by \$122.1 Million**

Exports to Cuba by Port State 2010



Source: WiserTrade, www.wisertrade.org,
Trade Data Subscription Service

Implications

- ✓ **Cuba has been a Strong Market for U.S. Agricultural Products – 26th in '08, 27th in '09 – All Purchases Being Paid Before Delivery**
- ✓ **Lack of Credit has Hindered Sales to Cuba – Market down to 41st through November 2011**
- ✓ **Cuba Relies Heavily on Tourism and Nickel Prices for Foreign Exchange**
- ✓ **U.S. Restrictions on Travel, Recently Eased, and Rising Nickel Prices may Lead to Greater Cuban Demand for U.S. Ag Products**

Implications

- ✓ **Southern Agriculture Participates Fully in U.S. Exports to Cuba**
- ✓ **Corn, Chicken Meat, Soybeans/Products, Wheat, Feeds, and Pork Are Most Important**
- ✓ **No U.S. Rice Exports to Cuba since June 2008; Limited Cotton Exports to Cuba**
 - **South Would Reap Big Rewards if Rice Exports to Cuba Began Again and Cotton Increased**
- ✓ **Economic Impacts in Supporting Sectors and Port Use Important to the South**

THANK YOU!!!

For Questions, Please contact:

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<http://cnas.tamu.edu/>