

Economic Impacts of Southern U.S. Exports to Cuba

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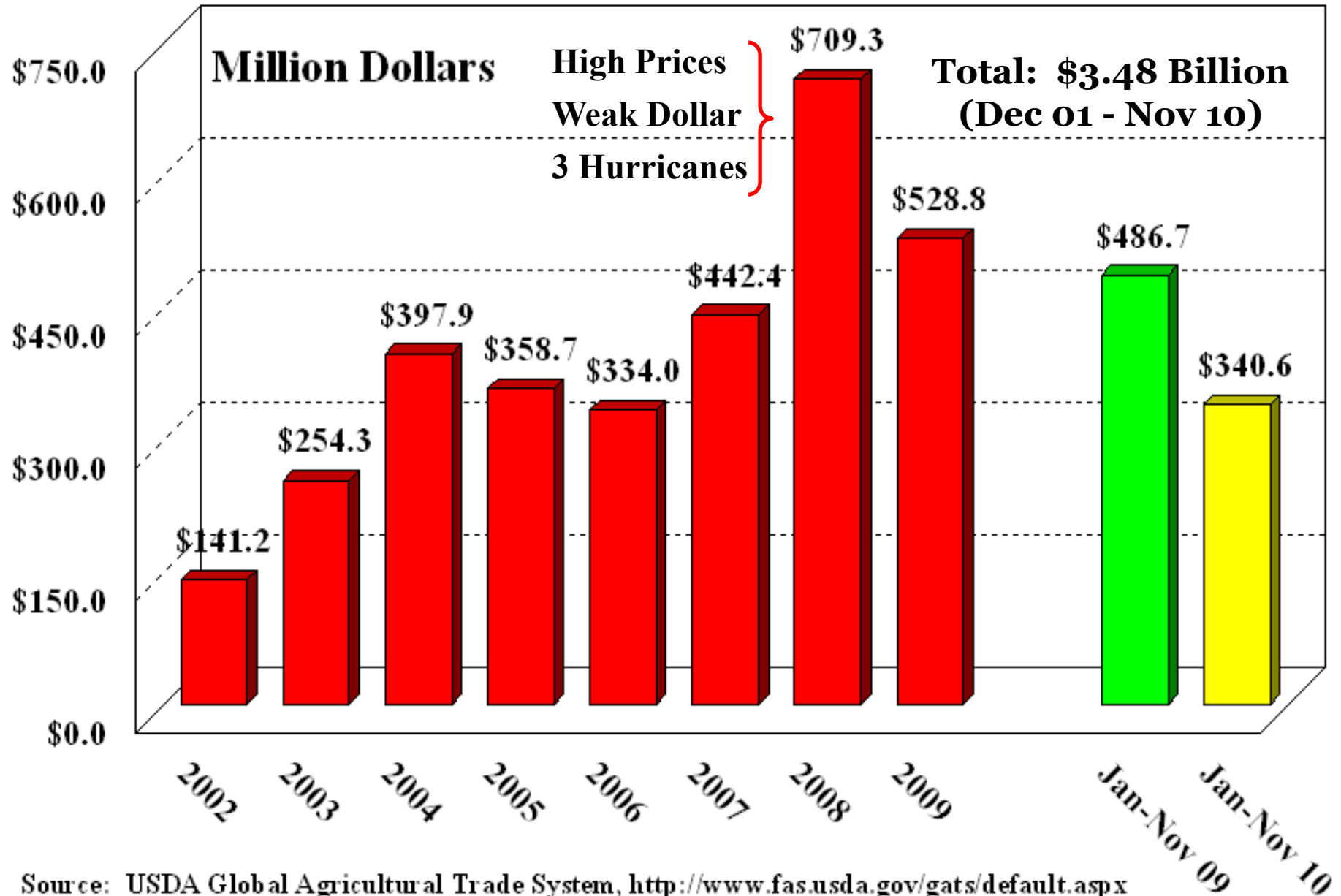


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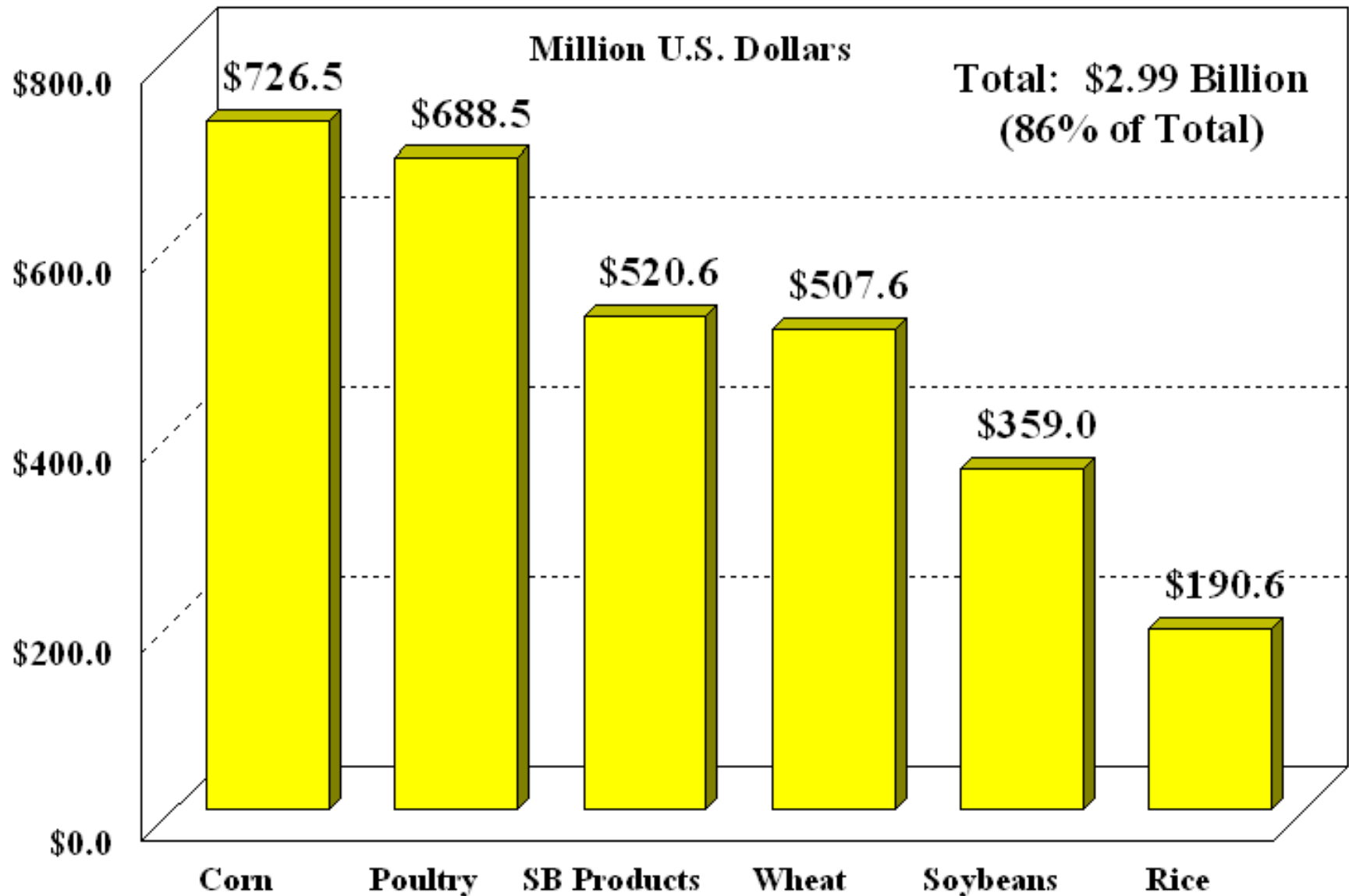
Introduction

- **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, \$3.5 Billion of Products Exported to Cuba**
- **In 2009, \$529 Million of Ag and Related Products Exported from U.S. to Cuba, down from All-Time High of \$709 Million in 2008**
- **Through November 2010, U.S. Exports to Cuba were \$341 Million, Down 30% from 2009**

U.S. Exports to Cuba, 2002 - Nov 2010

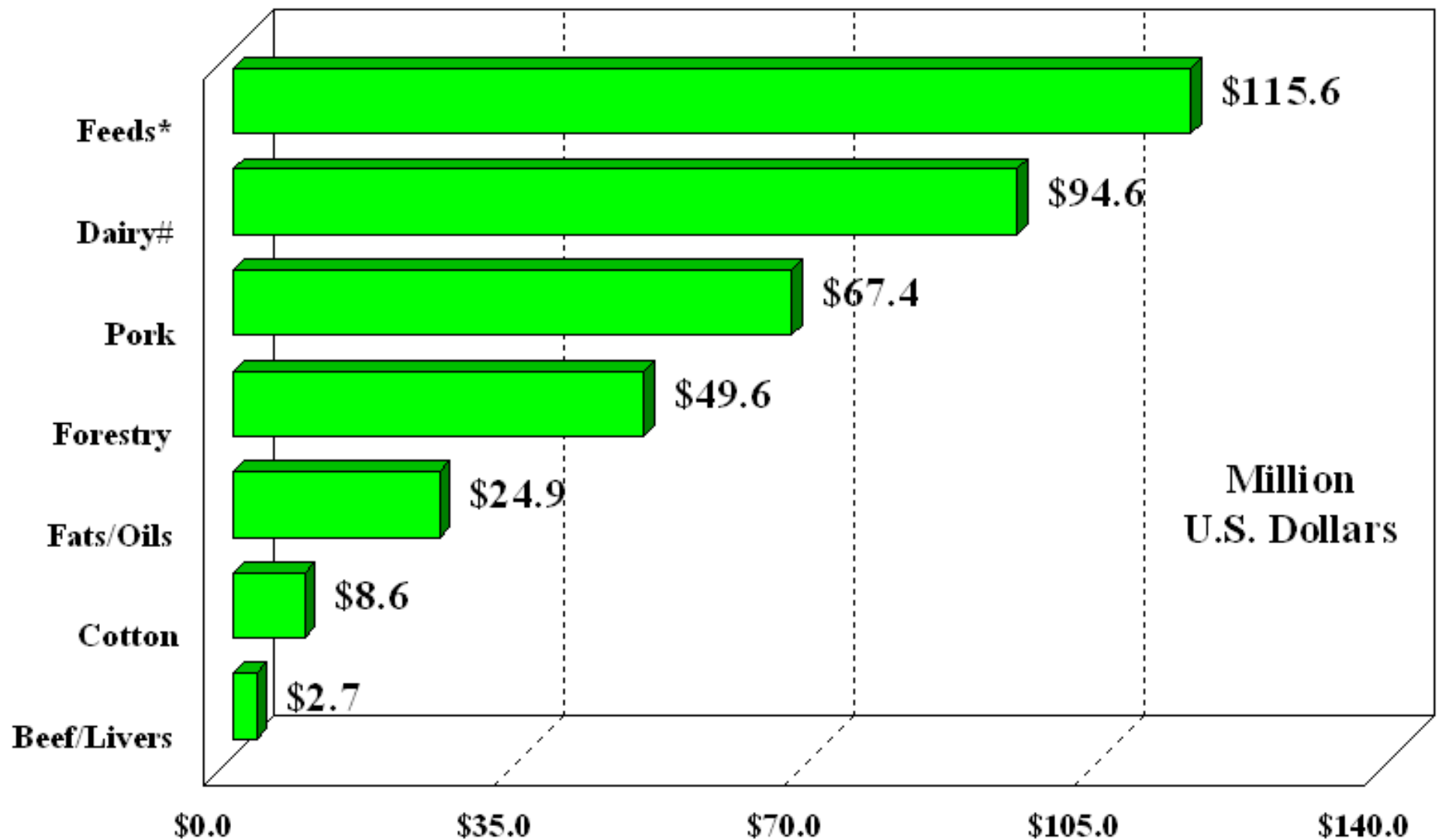


U.S. Ag Exports to Cuba - Major Products, 2001 - November 2010



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 - November 2010



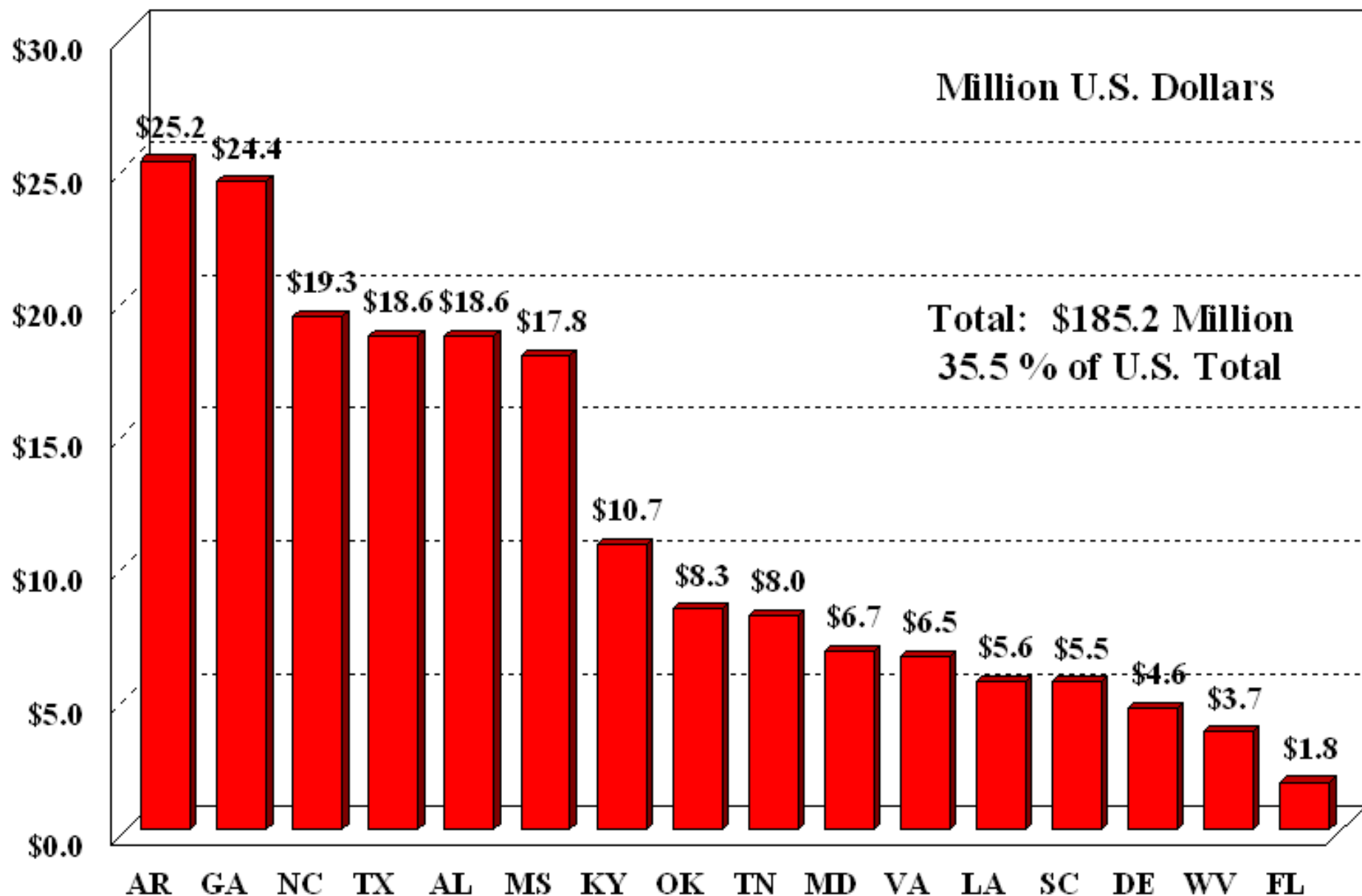
Source: Foreign Agricultural Service, USDA

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

Southern U.S. Exports to Cuba

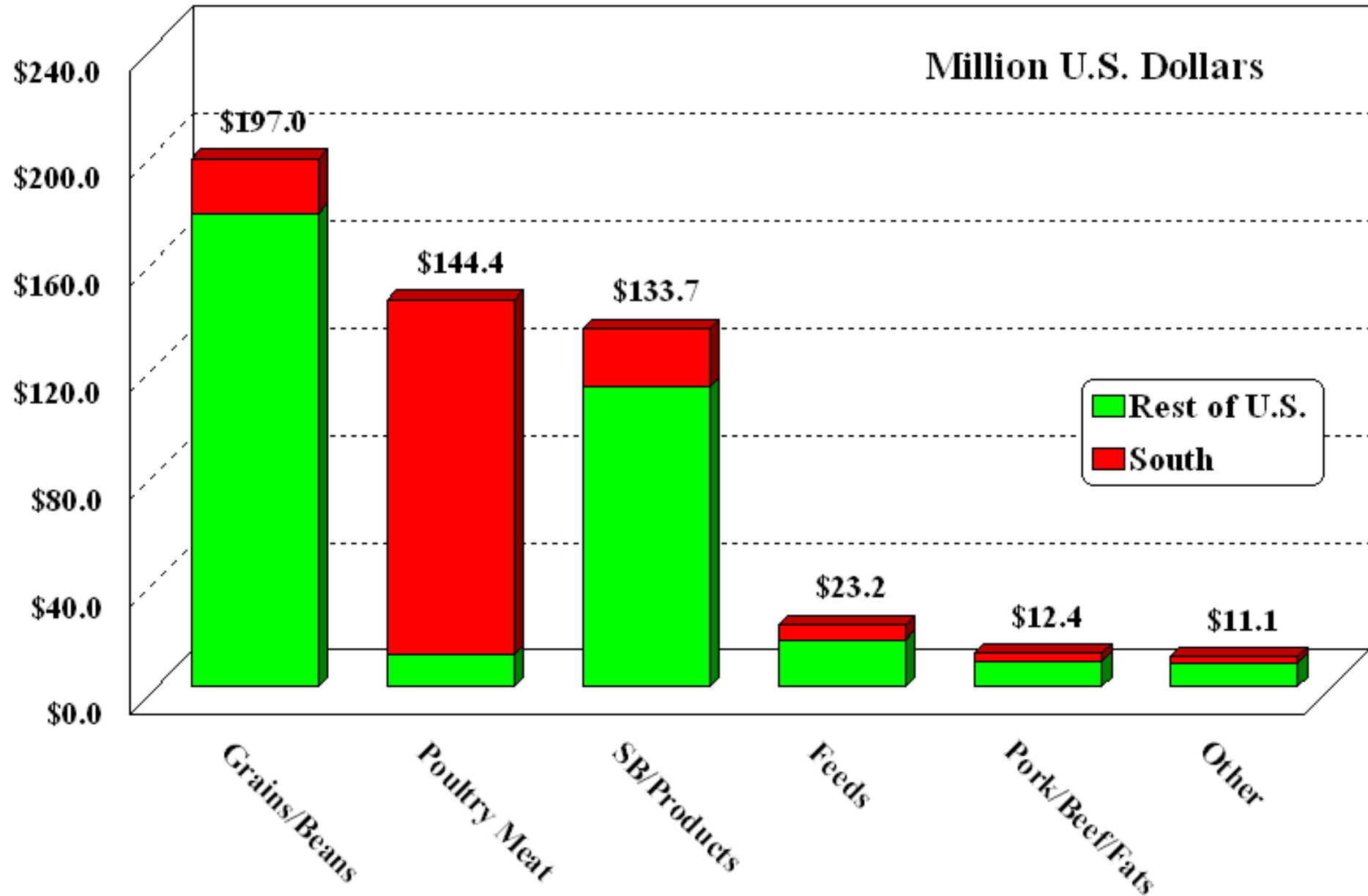
- **Share of Production Method Used to Estimate U.S. Exports for Each State and then Aggregated for Region**
- **U.S. Exported \$119.9 Million in Corn to Cuba in 2009**
 - **Southern States Produced 8.7% of U.S. Corn in '09 led by TX, KY, NC, MS, & TN**
 - **Southern Exports of Corn to Cuba were \$10.4 Million**
 - **Process Done for All Sectors where Production Data Available**
- **As a Result, Total Southern Exports to Cuba were Estimated at \$185.2 Million during 2009**
- **Leading States were AR, GA, NC, TX, AL, & MS**
- **Leading Sectors were Grains, Poultry Meat, Soybeans and Products, Animal Feeds, and Pork**

Southern U.S. Ag Exports to Cuba, 2009



Source: Foreign Agricultural Service, USDA

Major U.S. Exports to Cuba, 2009



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**

Note: IMPLAN Work Performed by Dan Hanselka, Extension Associate, Texas AgriLife Extension Service

Input/Output Definitions

- ***Output***: Increase in Business Sales Required to Support \$1 of Exports
- ***Value Added***: Additional Gross National/ State Product due to \$1 in 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

Economic Impacts of Exports to Cuba, 2009

		Direct	Indirect	Induced	Total
		<i>(Million Dollars)</i>			
Output	U.S.	\$521.9	\$686.3	\$326.6	\$1,534.8
	South	\$185.2	\$206.7	\$75.1	\$467.1
Value Added	U.S.	\$155.5	\$267.8	\$173.8	\$597.1
	South	\$37.8	\$69.3	\$41.5	\$148.6
		<i>(Jobs)</i>			
Employment	U.S.	2,829	3,246	2,146	8,250
	South	1,086	951	566	2,603

Major Sector Impacts of U.S. Exports to Cuba

Output
(Million Dollars)

Employment
(Jobs)

	<u>Direct</u>	<u>Total</u>	<u>Direct</u>	<u>Total</u>
Corn/Wheat/Beans	\$197.0	\$229.3	1,685	1,960
Chicken/Turkey	\$144.4	\$161.2	637	711
Soybeans/Products	\$133.7	\$220.8	412	754
Animal Feeds (DDGs)	\$23.2	\$53.9	23	54
Pork/Beef/Fats	\$12.4	\$22.9	26	48
Other Exported Products	\$11.2	\$17.9	46	73

Major Sector Impacts of Southern Exports to Cuba

	Output <i>(Million Dollars)</i>		Employment <i>(Jobs)</i>	
	<u>U.S.</u>	<u>South</u>	<u>U.S.</u>	<u>South</u>
Chicken/Turkey	\$132.5	\$147.1	588	653
Soybeans/Products	\$21.8	\$30.6	130	173
Corn/Wheat/Beans	\$20.3	\$23.8	343	403
Animal Feeds (DDGs)	\$5.7	\$21.0	6	21
Pork/Beef/Fats	\$2.7	\$5.3	6	11
Other Exported Products	\$2.2	\$3.3	13	18

Selected Supporting Sector Impacts

Output
(Million Dollars)

Employment
(Jobs)

	<u>U.S.</u>	<u>South</u>	<u>U.S.</u>	<u>South</u>
Other Agriculture	\$162.7	\$72.3	1,044	311
Business Services	\$136.9	\$36.3	842	252
Oil/Gas/Mining/Petroleum	\$92.2	\$18.2	64	13
Real Estate	\$82.8	\$17.8	343	68
Wholesale Trade	\$48.0	\$14.9	240	77
Transportation	\$36.2	\$11.6	209	76

Note: Healthcare, Food & Drink, and Retail each rank lower in output but higher in employment

Example: Impacts of Texas Exports to Cuba

**2009 Total:
\$18.6 Million**

**Output
(*\$1,000*)**

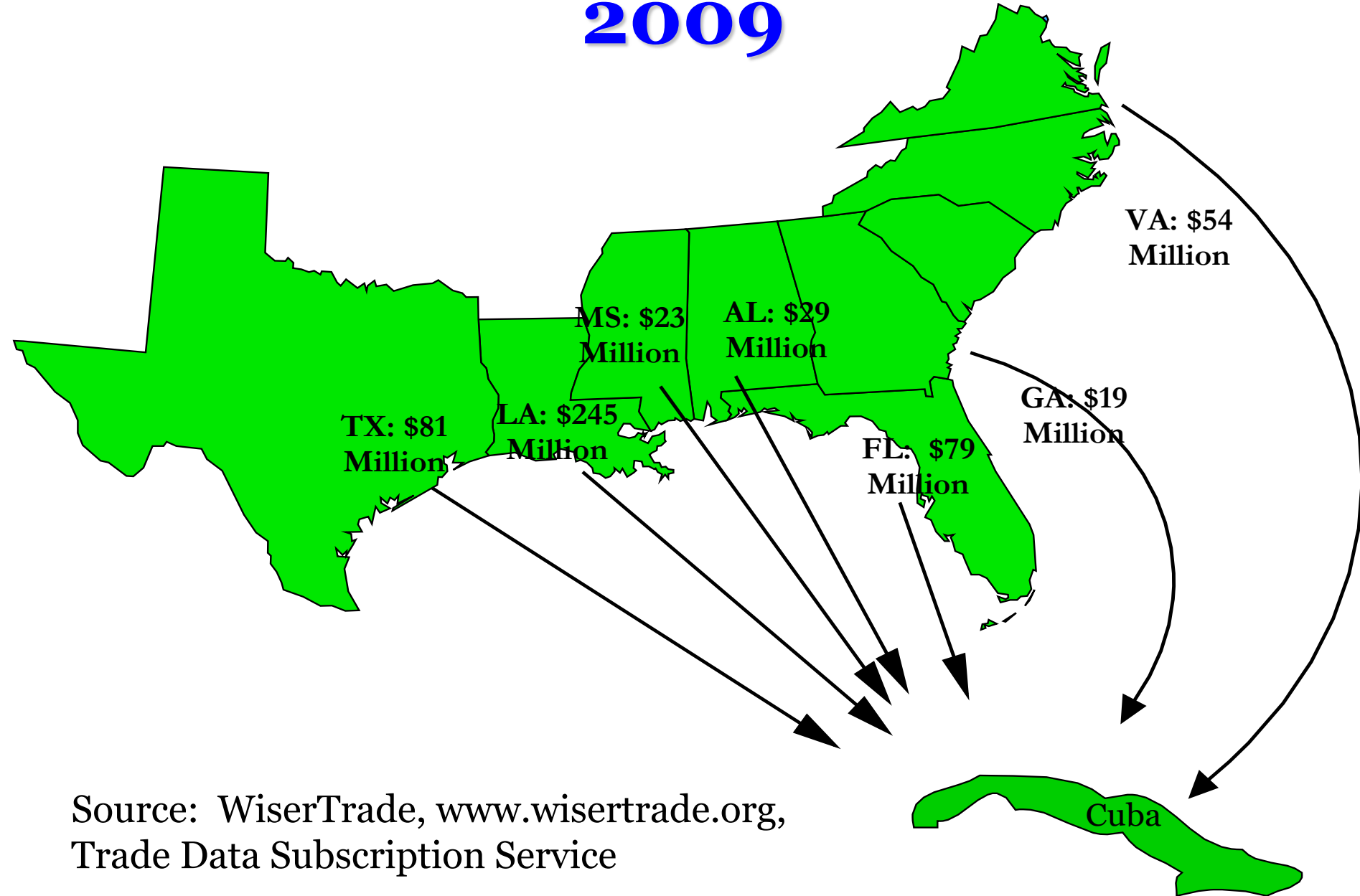
**Employment
(*Jobs*)**

	Direct	Total	Direct	Total
Chicken Meat	\$10,499	\$11,142	45	48
Corn/Wheat/Dry Beans	\$4,414	\$4,553	86	89
Animal Feeds	\$2,482	\$3,353	3	3
Beef/Pork/Fats	\$471	\$677	1	1
Other Exports	\$716	\$965	4	5
Other Ag Related Sectors	N/A	\$3,021	N/A	19
Business Services	N/A	\$2,321	N/A	15
Real Estate	N/A	\$1,456	N/A	5
Wholesale Trade	N/A	\$1,162	N/A	5

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 While Ports Located in Other Southern States Make Up the Remainder**
- 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 2009



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 38th through November 2010**
- ✓ **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**
- ✓ **Economic Impacts in Supporting Sectors and Port Use Important to the South**

THANK YOU!!!

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