



# Impacts of Trade Sanctions Case of U.S. Rice

Eric Wailes

University of Arkansas, Division of Agriculture

Dept of Agr. Econ. & Agribus.

for

SAEA Annual Meeting, Mobile, AL

February 5, 2007

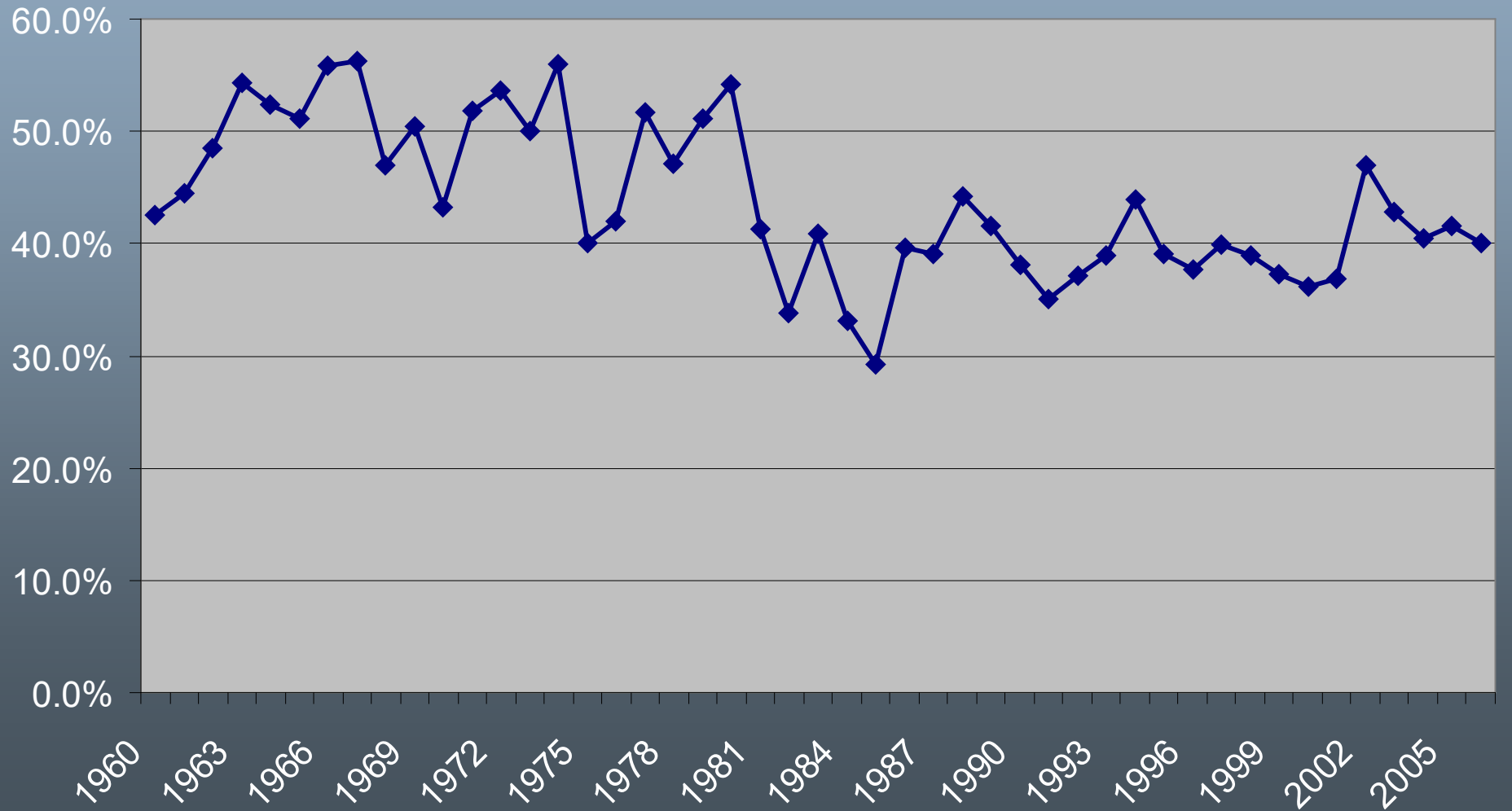




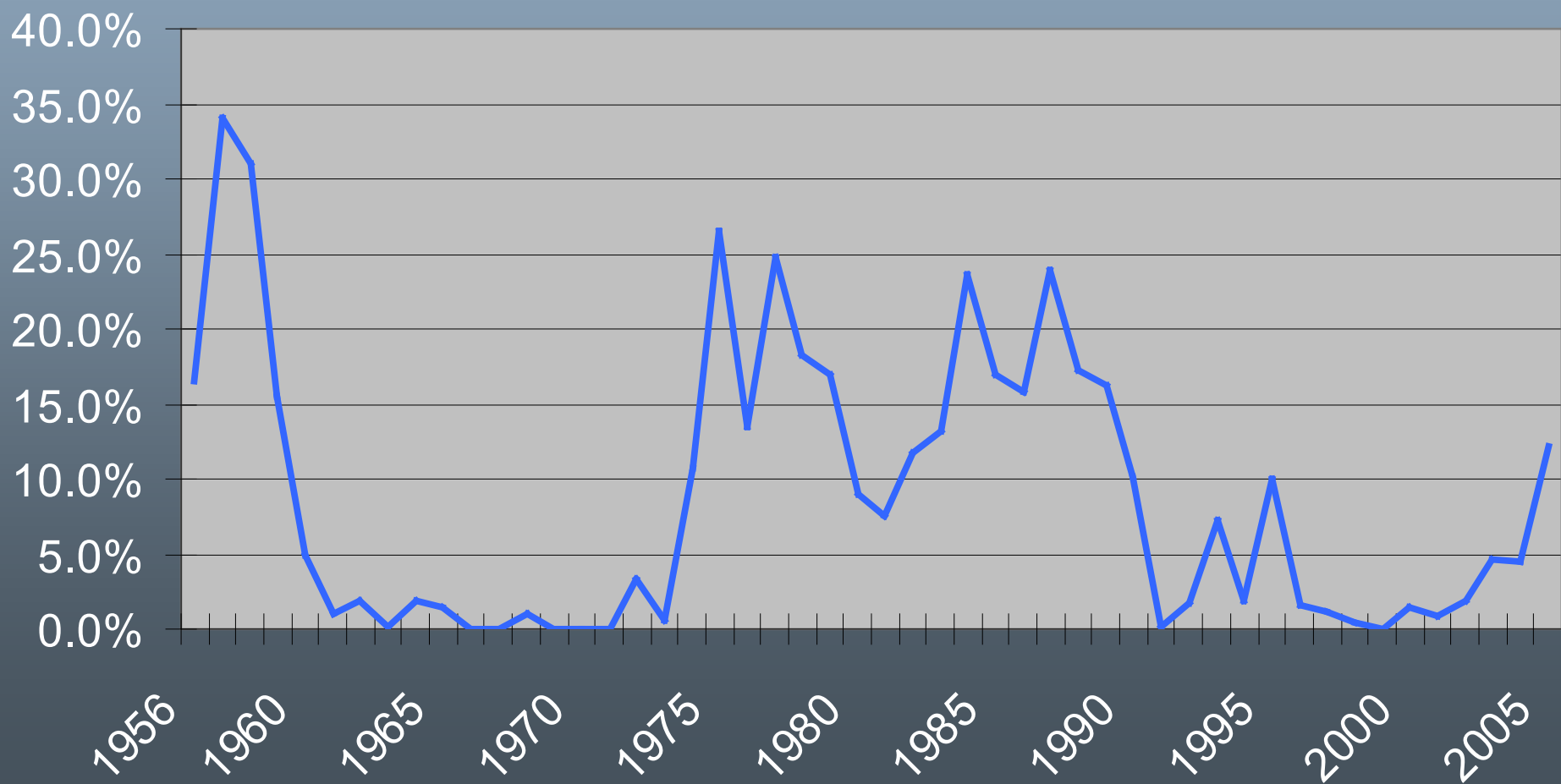
# U.S. Rice Trade and Sanctions

- ➊ Approximately 40%-50% of U.S. rice is exported
- ➋ Impact of Sanctions on Cuba, Iran, and Iraq
- ➌ Immediate and long term effects
- ➍ Impacts on Importers
- ➎ Impacts on United States

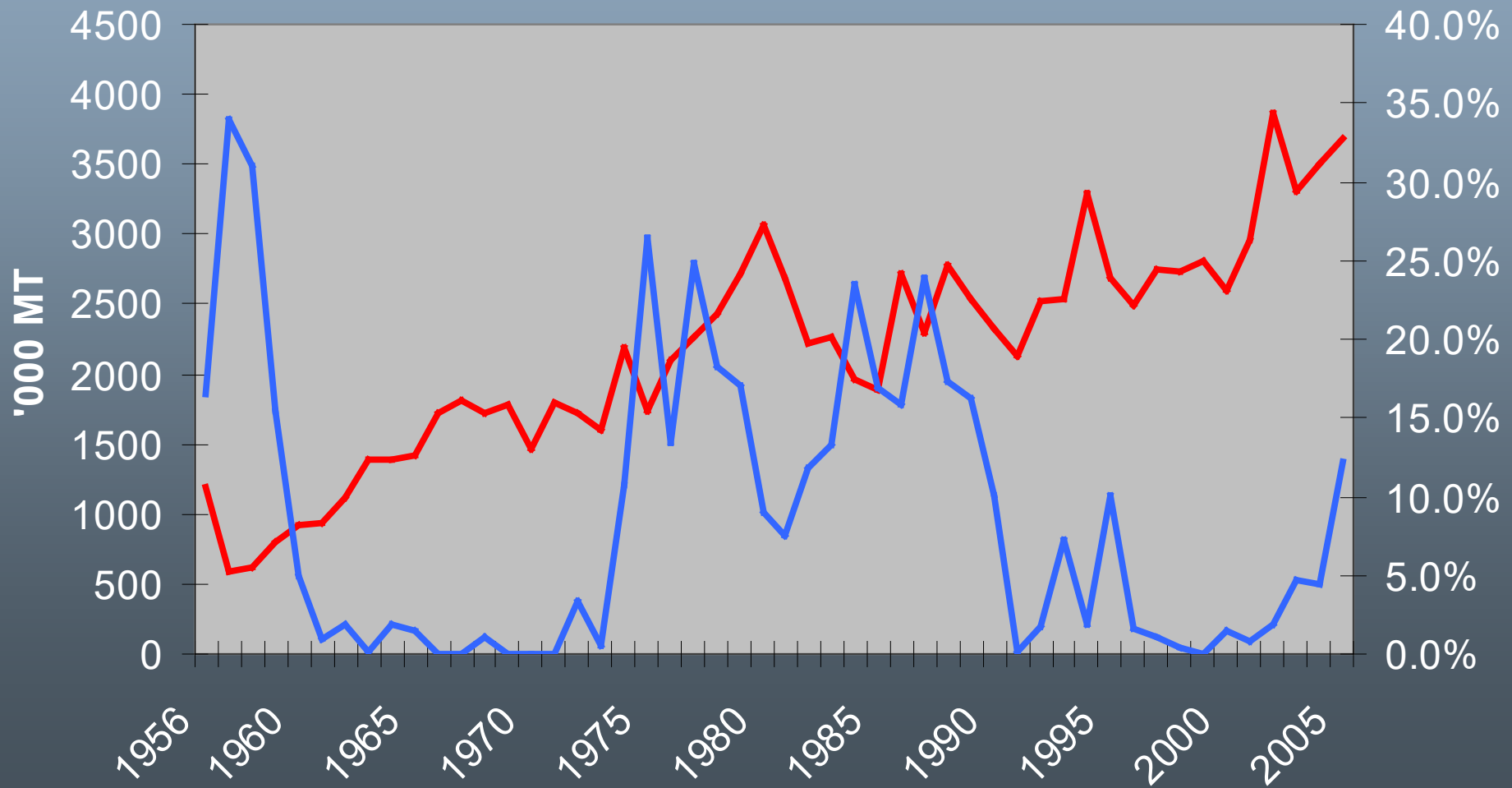
# Export Share of U.S. Rice



# Share of total U.S. rice exports to Cuba, Iran and Iraq



# Total U.S. Rice Exports and Share to Cuba, Iran, and Iraq



# Sanctions on Cuba

- ❁ Pre-1960, #1 export market for the U.S.
  - ❁ 30% share of U.S. exports
  - ❁ ~100% of Cuban imports
- ❁ U.S. trade resumed in 2000 but remains subject to payment restrictions
- ❁ Now:
- ❁ A 700 thousand metric ton market:
- ❁ Commercial value of market = \$280 M
  - ❁ ~20% of Cuban imports (Vietnam, Thai)
  - ❁ ~5% share of U.S. long grain exports

# Sanctions on Iran

- ❁ 1970s, #1 export market for the U.S.
  - ❁ 24% share of U.S. exports
  - ❁ 75 - 100% of Iran's imports
- ❁ U.S. trade resumed in early 1990s capturing ~20% share of Iran's market but closed since 1994
- ❁ Now:
- ❁ A 900 thousand metric ton market:
- ❁ Commercial value of market = \$360 M
  - ❁ U.S.: ~0% of Iran's imports (Vietnam, Thai, Pakistan)

# Sanctions on Iraq

- ❁ 1980s, #1 export market for the U.S.
  - ❁ 25% share of U.S. exports
  - ❁ 90 - 100% of Iraq's imports
- ❁ U.S. trade resumed in early 2004 capturing ~25% share of Iraq's market
- ❁ Now:
- ❁ A 1.2 million metric ton market:
- ❁ Commercial value of market = \$480 M
  - ❁ U.S.: ~25% of Iran's imports (Vietnam, Thai, Pakistan, India)



# Conclusions

- ➊ Sanctions have hit sequentially #1 U.S. rice markets – Cuba, Iran and then Iraq
- ➋ 3 markets now:
  - 2.8 million metric tons
  - \$ 1.1 billion in sales
- ➌ Equal to total U.S. long grain exports
  - Cuba + Iraq account for 15% of U.S. exports

# Summary – world without sanctions

- U.S. would be competitive to capture Cuban market:
  - ▣ additional 450 thousand MT, \$180 million
  - ▣ Impact on Cuba – higher quality rice
- Not likely to gain more of Iraq market
- Could gain up to 30% of Iran's market
  - ▣ Additional 300 thousand MT, \$120 million
- Cost to US rice sector from sanctions:
  - ▣ \$400 million: under utilized production & milling
- Effect of sanctions: high costs on U.S. rice sector and small costs on importers