U.S. Agricultural Exports to Cuba Double Year Ago

Since lifting the U.S. ban on food and agricultural sales to Cuba in 2000, exports have more than doubled since 2002, reaching $248 million in 2003 and $298 million for the January-August period of 2004. U.S. agricultural exports to Cuba are 120 percent above the same period last year and if sales continue, exports could exceed $400 million for 2004, ranking Cuba the 25th largest market for U.S. agricultural exports. Growth in the Cuban market has become especially important as the U.S. agricultural trade surplus has narrowed over the last two years.

Importantly for Texas, rice was the top export to Cuba for the first eight months of 2004 with sales reaching $64 million. This is seven fold larger than for the same period last year and four times greater than rice export sales to Cuba since shipments began in 2002. Cuba is now the third largest market for U.S. rice behind Japan and Mexico. Key factors favoring U.S. rice are proximity and quick delivery, quality and cleanliness, and price. Cubans also have a preference for U.S. rice that dates to pre-embargo days when many local dishes were prepared using high quality rice varieties shipped from the United States.

Broiler exports also have experienced strong growth, with sales reaching $45 million (January-August 2004). This eight-month total 140 percent above the same period last year and even surpasses annual total broiler sales to Cuba for 2002 and 2003 by almost 20 percent. This export growth also benefits Texas and is especially important as the state recovers from outbreaks of avian influenza this past year.

Corn, wheat, milk powder, soy flour, and soybeans are among the other top exports. Wheat exports to Cuba are 100 percent above the same period last year, while corn exports are up 87 percent and soybeans are up 60 percent. Milk powder and soy flour are new exports for 2004 and are valued at $21 million and $18 million, respectively. Much of the soy flour is being used to manufacture protein-enhanced ice cream for distribution in many of Cuba’s highly urbanized areas. All of these products are important to Texas agriculture and stress the importance of Cuba as a growing market with strong potential.

Other important exports to Cuba include dried vegetables, cotton, pasta, tomatoes and prepared tomato products, mustard and sauces, wine, wooden casks, pork and lard, grapes, edible offal, fish, onions, peppers, and fruit juices and bottled waters. It is expected that more value-added products will be exported as tourism expands, infrastructure is improved and incomes grow.

Continuing exports to the Cuban food market depend on several important factors. Cuba’s ability to pay cash for exports from the United States and to simultaneously meet debt payments to countries such as Canada and France that have extended credit is a key. A strong regional economy is also needed so that Cuba can export sugar, nickel, and other products in order to earn hard currency. The other is continued growth in tourism that pumps hard currency into the economy. Absent these forces, it is unlikely that Cuba’s food market will continue to expand.