Overview of the Cuban Food Market & Prospects for US Exports

Exporting to Cuba
Texas-Cuba Trade Alliance
Houston, TX
March 31, 2011

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**Situation**


- US Ag Exporters May Travel to Cuba on a General License (Sept 8, 2009)

- Cash-in-Advance Payment for US Exports Required by US Treasury
Overview

- Cubans Consume Much More Grain, Meat & Milk than Produced
  - 1.75 to 2.1 Times
- Import Up To 70-80% of Food Needs in Some Years
  - US Has About 40% of Cuba’s Market
  - EU, Brazil, Canada, Vietnam & Argentina Major Competition
  - US Disadvantaged Because Cannot Extend Credit
- Food Ration System Being Revised (1962)
- Termination of 500,000 – 1.3 Million Government Employees May Weaken Purchasing Power in Cuba
2008 Hurricane Season
Weaker US Dollar Makes US Exports Less Expensive
The Convertible Peso (CUC) Is Accepted Everywhere in Cuba
The Exchange Rate is 1$ = CUC 0.95, Minus 10% Fee
Cuba: The Market

Two Main Markets in Cuba
- National Market
- Tourist/Visitor Market

Cuba Depends on Nickel, Tourists & Remittances to Earn Foreign Exchange
- Nickel Represents 1/3 of Cuba’s Export Earnings, $1.0 Billion

Tourism Earns $2.0 Billion Annually

Remittances Provide About $2.0 Billion Annually—Likely Up in 2011
MONEY TRANSFERS TO CUBA: 1994-2010

Source: The Havana Consulting Group
Visitors to Cuba & Expenditures in Convertible Pesos (CUC)

Canadians Account for 40% of All Visitors

Oficina Nacional de Estadísticas, Cuba, 2010 & Cuba News. Visitors in thousands, Total Spending in million CUC. One dollar = 0.93 CUC.
Cuba, Total Exports

- Million CUC -

Total Sugar Nickel Tobacco Other

$3,664 $2,081 $2,879 $841

Nickel Export Earnings Down 60%

Products

$0 $500 $1000 $1500 $2000 $2500 $3000 $3500 $4000

$0 $500 $1000 $1500 $2000 $2500 $3000 $3500 $4000

2003 2005 2007 2009

Oficina Nacional de Estadisticas, Anuario Estadisticos de Cuba, 2009. 2010 Edition. 1 Dollar = 0.95 CUC
World Nickel Prices

Cuba: 8th Largest Producer, 2nd Largest Reserves

London Metals Exchange
www.lme.com
Cuba, Total Imports

2009 food imports are CNAS estimate based on report from Agriculture & Agri Food Canada.

- Billion CUC -

Oficina Nacional ed Estadisticas, 2010. 2009 food imports are CNAS estimate based on report from Agriculture & Agri Food Canada.
US Exports to Cuba

Million Dollars

2002: $141.2
2003: $254.3
2004: $397.9
2005: $358.7
2006: $334.0
2007: $442.4
2008: $715.0
2009: $533.4
2010: $360.6

US Exports to Cuba by Product

<table>
<thead>
<tr>
<th>Product</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>% Change in Tonnage</th>
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<tbody>
<tr>
<td>Poultry Meat</td>
<td>$136</td>
<td>$141</td>
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<tr>
<td>SB &amp; Products</td>
<td>$135</td>
<td>$132</td>
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<td>Corn</td>
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<tr>
<td>Wheat</td>
<td>$118</td>
<td>$120</td>
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<tr>
<td>Animal Feeds</td>
<td>$78</td>
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<tr>
<td>Pork</td>
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<td>$73</td>
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<td>Chkn. Legs</td>
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<td>Soybeans</td>
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<td>$37</td>
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<td>SBM/SBO</td>
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<td>Corn</td>
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<tr>
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<tr>
<td>Animal Feeds</td>
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<td>-58</td>
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<tr>
<td>Pork</td>
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<td>$14</td>
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<td>+29</td>
</tr>
</tbody>
</table>

~95% of Total

Foreign Agricultural Service, USDA.
Exports to Cuba by Port State 2010

$370.4 Million Total

TX: $18 Million
FL: $95 Million
GA: $4 Million
NC: $2 Million
AL: $12 Million
LA: $178 Million
MS: $26 Million
VA: $33 Million

($85 M in 2009)

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

- Low Salaries Limit Market Potential
  - $18-$20/month for Many Cubans
- High Prices Constrain Food Purchases
- Those Who Have Access to US $ or Other Foreign Currency Are Much Better Off
  - Estimated to be 60% of Population
  - Taxi Drivers, Hotel & Wait Staff, Tourism Sector, Remittances from US
Final Thoughts

- Cuba is Top Grain Market in Caribbean, Likely to Remain So Long-term
- Potential for Texas Products Is Good
- Things Texas Needs to Work On:
  - Rice, Wheat, Sorghum
  - Beef
- Processed Foods, Meats, Vegetables, Condiments All Have Potential...But, Hinges on Tourism
Final Thoughts

- Container Cargo from Texas Important for Future Exports
- Texas Has Very Good Relationship with Alimport & Cuban Interests Section
- Consider Visiting the Cuban Interests Section in Washington, D.C.
- If Remittances & Tourism Maintain Growth Path, 2011 *Could* Be A Better Year for US Exports
Thanks!!

Questions?

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Slides Posted at
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