Estimated Economic Impacts of U.S. Agricultural Exports to Cuba on the South

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Background

- **Prior to Embargo, U.S. Owners Held 25% of All Arable Land in Cuba (2/7/1962)**
  - Sugar, Citrus, Vegetables, Cattle

- **Trade Sanctions Reform & Export Enhancement Act, 2000, Allows US Exports**
  - Top 25 Market for US Agriculture & Forestry

- **U.S. Began Exporting Agricultural Products in December 2001 following Hurricane Mitch**

- **U.S. Agricultural Exports to Cuba Reached their Peak in 2004, but 2007 will Likely Be a New High**

- **The Southern U.S. Has Benefited from U.S. Exports to Cuba**
U.S. Exports to Cuba, 2002 - November 2007


Million Dollars

- 2002: $141.2
- 2003: $254.3
- 2004: $397.9
- 2005: $358.7
- 2006: $334.0
- Jan-Nov 07: $372.8

New Record Likely in 2007
U.S. Monthly Exports of Agricultural and Related Products to Cuba

Total: $1.87 Billion (Dec 01 - Nov 07)

Million U.S. Dollars

U.S. Ag Exports to Cuba, Major Products 2001 - November 2007 (Cumulative Total)

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

Total: $1.56 Billion
(83.6% of Total)

Million U.S. Dollars

- SB Products: $329.7
- Corn: $305.6
- Poultry: $298.3
- Wheat: $261.6
- Soybeans: $184.6
- Rice: $183.8

Source: Foreign Agricultural Service, USDA
SB Products Include Soybean Oil, Meal, and Flour
State Share of Exports

- Calculated State Share of U.S. Production for a Commodity Sector Based on Volume
- Applied State Share of Production Percentage to Total Commodity Sector Exports to Obtain State Share of Exports Based on Value
- Repeated Process for Each Commodity Sector in each State, then Summed Across States
- Based on Methodology Used by Economic Research Service, USDA
Southern U.S. Agricultural Exports to Cuba, Major Products, 2006

$89.4 Million Total
31.8% of U.S. Total

Products included are Grains, Soybeans, Soybean Products, Poultry Me at, Pork, Beef, Seeds, Cotton, Animal Fats, & Wood Products

Composition of Southern U.S. Exports to Cuba, 2006

$89.4 Million Total

- **Grains**: $38,279
- **Poultry Meat**: $30,219
- **Soybeans & Products**: $10,573
- **Wood Products**: $6,056
- **Other Meats**: $2,814
- **Other**: $1,430

Estimated Economic Impacts

- Using 2006 Data for the Input-Output Model IMPLAN, Constructed a Model for the Southern U.S.

- Input the Estimated Southern U.S. Exports to Cuba into the IMPLAN

- Output included the amount of Business Activity, Income, and Employment Required to Support the Exports
  - Direct Impacts Related to Exported Commodities
  - Indirect/Induced Impacts Related to Supporting Industries
Types of Economic Impacts

- **Employment**: Total number of paid employees, including part-time workers
  - Part-time workers are counted as full-time equivalents

- **Business Activity**: The value of industry output or industry sales

- **Income**: Wages, proprietor income, other income, indirect business taxes
  - Same as Gross State Product (GSP)

**CAUTION**: Income is included within Business Activity, so DO NOT double count them.
## Economic Impacts of Southern U.S. Exports to Cuba, 2006

<table>
<thead>
<tr>
<th></th>
<th>Business Activity</th>
<th>Income</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct</strong></td>
<td>$89.4</td>
<td>$27.8</td>
<td>1,332</td>
</tr>
<tr>
<td><strong>Indirect &amp; Induced</strong></td>
<td>$104.0</td>
<td>$48.9</td>
<td>669</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$193.4</td>
<td>$76.7</td>
<td>2,001</td>
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(Million Dollars) (Jobs)

Source: Center for North American Studies, using IMPLAN Input/Output Model
Southern Ports Dominate

Over 99% of U.S. Agricultural Export to Cuba are Shipped through Southern Ports, Led in 2006/07 by:

1) New Orleans, LA
2) Port Everglades, FL
3) Gramercy, LA
4) Houston, TX
5) Norfolk, VA
Summary

- U.S. Market Position Strong, but Future Prospects Clouded by High Prices & Competition
- Tourism Key to Market Growth in Near Term, Along with Sugar, & Nickel Exports
- Cuba the Top Carib Grain Market
- Latent Demand for Meats, Especially Pork & Beef, Most Consumer Products Currently for Tourists
- Optimism About Recent Oil & Gas Discovery in Cuba
References:
Minnesota Implan Group. IMPLAN Professional 2.0