

2009 Economic Impacts of U.S. and Oklahoma Exports to Cuba

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The Trade Sanctions Reform and Export Enhancement Act of 2000, allows the export of U.S. agricultural products to Cuba. Since then, exports have expanded, reaching a record \$711 million in 2008. This was nearly two-thirds higher than 2007. U.S. exports to Cuba declined 26 percent in 2009 to \$528 million. This large drop-off was attributed primarily to an 18 percent decline in Cuba's per capita tourist earnings, a 30 percent drop in export earnings from nickel sales, and weak export sales of sugar and tobacco. Together, these factors severely limited the ability of ALIMPORT, the Cuban food import agency, to purchase U.S. products on a cash basis. Despite this decline, Cuba has grown to become the sixth largest U.S. agricultural market in the Latin American/Caribbean region.

For 2009, major U.S. exports to Cuba included frozen broilers, turkeys and other poultry (\$144 million), soybeans and soybean products (\$133 million), corn (\$120 million) and wheat (\$73 million). Other leading exports in 2009 were animal feeds (\$26 million), pork (\$11 million), dry beans (\$4.3 million), and processed foods and phosphate fertilizers (\$3 million) each. Minor exports were apples, pears and grapes (\$2.6 million), margarine (\$2.2 million), and treated poles (\$1.7 million).

Agricultural exports support business activity and jobs, and shipments to Cuba are no exception. The Center for North American Studies, Texas AgriLife Research at Texas A&M University, estimates that in 2009, for every one dollar of U.S. agricultural exports to Cuba an additional \$1.96 in business activity was generated throughout the U.S. economy. Additional business activity includes indirect activity, which results from firms purchasing inputs to produce the exports, and induced activity, which is created by expenditures of income made by employees of firms in all of the affected sectors.

U.S. exports to Cuba of \$528 million required an additional \$1.04 billion in economic activity, for a total economic impact of \$1.6 billion. Processed poultry, grains and soybeans were the most important contributors to this additional economic activity, followed by animal feeds production and pork processing. Another \$121 million was needed to produce other agricultural products used to produce for export. Non-farm sectors also benefited from U.S. exports to Cuba. Business and agricultural services, real estate, finance, energy production, transportation, health services, wholesale trade and fertilizer manufacture contributed about \$1.0 billion in economic activity associated with exports to Cuba.

Nationwide, 8,584 jobs supported U.S. agricultural exports to Cuba in 2009. About one-quarter of these jobs (1,977) were in grain production, but many other sectors were also important. Nearly 800 jobs were attributed to the processing of poultry and pork for export, with 750 jobs supporting soybean exports and another 240 jobs needed to produce other agricultural goods. An additional 4,800 jobs supported the non-farm sectors that manufactured and distributed agricultural chemicals, fertilizer and other inputs used in farming and food processing, along with energy, transportation, wholesale trade and finance.

Cuba has also become an important market for Oklahoma products. CNAS estimates that Oklahoma agricultural exports to Cuba were valued at approximately \$9.2 million in 2009. Major Oklahoma exports to Cuba were frozen broilers/turkeys (\$3.9 million), wheat (\$3.5 million), animal feeds (\$720,000), and pork (\$453,000). The potential exists for Cuba to expand its imports of beef and cattle, dairy products, cotton, planting seeds, horticultural products and a variety of processed foods, but this potential is limited by current economic conditions, travel restrictions and payment requirements.

Oklahoma exports to Cuba generate economic activity throughout the state and region. In 2009, Oklahoma exports of \$9.2 million were supported by an additional \$7.8 million in business activity, for a total economic impact of \$17.0 million. For each dollar of Oklahoma exports to Cuba, an additional \$0.85 was required to support business activity throughout the Oklahoma economy. Exports of poultry required \$4.3 million in business activity while grains required \$4.0 million. Animal feeds required \$772,000 in business activity and pork exports were supported by \$738,000.

Impacts of Oklahoma exports are also important to sectors that have no direct export sales to Cuba. Major non-farm sectors supporting business activity include: other agricultural activities such as animal production and other crop production (\$2.7 million), oil/gas and petroleum (\$805,000), wholesale and retail trade (\$544,000), business services (\$463,000), real estate (\$443,000), transportation (\$358,000), financial services (\$290,000), health care/medical services (\$240,000), and food processing and sales (\$154,000).

Oklahoma exports to Cuba required 148 jobs in 2009. About 77 jobs supported grain production and another 20 poultry processing. Agricultural input supply and other support activities required 19 jobs to support Oklahoma exports to Cuba. Wholesale trade, food service, real estate, truck transportation medical services, food and beverage stores, and other sectors contributed an additional 27 jobs that supported Oklahoma exports to Cuba.

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**Estimated Economic Impacts of U.S. and Oklahoma Exports to Cuba, 2009
-Thousand Dollars-**

	<i>U.S.</i>			<i>Oklahoma</i>		
	Direct	Indirect/ Induced	Total	Direct	Indirect/ Induced	Total
Total Estimated Impacts						
Business Activity	\$528,213	\$1,036,890	\$1,565,103	\$9,170	\$7,789	\$16,959
Employment (# of Jobs)	2,912	5,672	8,584	95	53	148
Top Exported Products						
Grains (Corn and Wheat)	\$192,787	\$31,889	\$224,676	\$3,849	\$134	\$3,983
Poultry Meat	\$144,448	\$16,836	\$161,284	\$3,888	\$421	\$4,309
Soybean Products	\$71,480	\$36,941	\$108,421	\$126	\$18	\$144
Soybeans	\$61,508	\$53,405	\$114,913	\$108	\$8	\$116
Animal Feeds	\$25,990	\$30,763	\$56,753	\$720	\$53	\$773
Pork , Beef and Products	\$13,287	\$10,975	\$24,262	\$467	\$272	\$739

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