

**Economic Impacts of the Travel
Restriction Reform and Export
Enhancement Act of 2010 on Arkansas**
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Introduction

This Issue Brief estimates the economic impacts on Arkansas of implementing H.R. 4645, the Travel Restriction Reform and Export Enhancement Act of 2010. This analysis is based on a previous report, *Estimated Economic Impacts of the Travel Restriction Reform and Export Enhancement Act of 2010* prepared by the Center for North American Studies. Major findings of that report indicate that in 2009, U.S. exports to Cuba were valued at \$528 million, supported \$1.6 billion in total business activity, and provided 8,600 jobs throughout the U.S. economy. Removal of U.S. travel and financial restrictions to Cuba would add \$365 million/year to U.S. exports, requiring \$1.1 billion in additional business activity and 6,000 new jobs. This Issue Brief examines similar impacts on Arkansas.

Economic Impacts on Arkansas

Implementing H.R. 4645 would increase Arkansas agricultural exports to Cuba by \$36 million annually (see table). This represents more than double the value of Arkansas's 2009 agricultural exports to Cuba of \$22.5 million. In addition, these new exports to Cuba would require \$14.5 million in additional business activity and 479 new jobs. Most of the new jobs (354) are required in sectors that produce goods for export to Cuba. There are 125 jobs attributed to the sectors that provide input and services to support exports to Cuba.

Major gains in business activity would occur for grains, poultry, cotton, and wood products. Increases in total business activity attributed to additional exports to Cuba would be \$29.9 million for rice and wheat, \$3.9 million for poultry meat, \$1.6 million for cotton, \$649,000 for wood products, \$373,000 for the soy complex, and \$104,000 for planting seeds and fruit. All other exported products would add about \$373,000 in total business activity.

Important supporting sectors that do not have any exports to Cuba, but that would experience increased business activity include: real estate, \$2.3 million; other agriculture, \$2.1 million; financial services, \$1.4 million; wholesale trade, \$984,000; business services, \$949,000; and health care, \$833,000. All other supporting sectors are estimated to contribute \$4.9 million in total additional business activity to the Arkansas economy.

Summary and Conclusions

The Arkansas economy would receive \$50.5 million in total additional business activity and 479 new jobs by increasing agricultural exports to Cuba. The majority of gains in business activity and employment would be for sectors that produce and export products to Cuba. About 60 percent of these gains in business activity would occur in the grains sector, primarily for rice. Non-export sectors that provide inputs and services that support exports to Cuba would experience smaller, but significant economic gains.

**Estimated Economic Impacts for Arkansas of Elimination of U.S. Restrictions
on Financing Exports and Restrictions on Travel to Cuba
-Additional Exports and Economic Activity-**

	Exports	Indirect and Induced Activity	Total Business Activity
Exports	<i>-Thousand Dollars-</i>		
Grains (<i>Rice, Wheat</i>)	\$29,757.0	\$119.7	\$29,876.7
Poultry Meats	\$3,554.7	\$392.1	\$3,946.8
Cotton	\$1,498.1	\$84.4	\$1,582.5
Wood Products (<i>Lumber</i>)	\$605.2	\$44.2	\$649.4
Soy Complex	\$337.6	\$35.5	\$373.1
Other Crops (<i>Seeds, Fruit, Misc</i>)	\$84.8	\$18.7	\$103.5
All Other Exports	\$104.2	\$269.0	\$373.2
Supporting Sectors			
Real Estate	N/A	\$2,297.6	\$2,297.6
Other Ag Related	N/A	\$2,149.3	\$2,149.3
Financial Services	N/A	\$1,425.3	\$1,425.3
Wholesale Trade	N/A	\$984.1	\$984.1
Business Services	N/A	\$948.7	\$948.7
Health Care	N/A	\$833.1	\$833.1
All Other Sectors	N/A	\$4,908.2	\$4,908.2
Total Estimated Impacts			
Business Activity	\$35,941.7	\$14,509.9	\$50,451.6
Employment (# of Jobs)	354	125	479

Assumptions for increased Arkansas exports are based on Arkansas shares of U.S. production for respective products and applied to increased exports in Table 2 of *Estimated Economic Impacts of the Travel Restriction Reform and Export Enhancement Act of 2010*, Center for North American Studies, March 11, 2010.

Notes: For supporting sectors, there are no exports resulting in N/A for those exports columns. Indirect activity results from firms purchasing inputs to produce exports and induced activity is created by expenditures of income made by employees of firms in all affected sectors. Total Business Activity is the total of exports, indirect, and induced activities.

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