

Economic Impacts of the Travel Restriction Reform and Export Enhancement Act of 2010 on Louisiana

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Introduction

This Issue Brief estimates the economic impacts on Louisiana 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 Louisiana.

Economic Impacts on Louisiana

Implementing H.R. 4645 would increase Louisiana agricultural exports to Cuba by \$10.7 million annually (see table). This represents more than triple the amount of Louisiana's 2009 agricultural exports to Cuba of \$3.2 million. In addition, these new exports to Cuba would require \$7.0 million in additional business activity and 181 new jobs. Most of the new jobs (134) are required in sectors that produce goods for export to Cuba. There are 47 jobs attributed to the sectors that provide input and services to support exports to Cuba.

Major gains in business activity would occur for rice, fisheries, forestry products and cotton. Increases in total business activity attributed to additional exports to Cuba would be \$8.9 million for rice, \$934,000 for fish, \$449,000 for wood products and \$339,000 for cotton. Other crops exports (planting seeds and vegetables) would be \$230,000, while the soy complex add \$95,000 in business activity. All other exported products would add about \$101,000 in total business activity.

Important supporting sectors that do not have any exports to Cuba, but that would experience increased business activity include: oil, gas and petroleum products, \$1.3 million; real estate, \$808,000; other agricultural production, \$552,000; financial services, \$415,000; business services, \$386,000; and wholesale trade, \$386,000. All other supporting sectors are estimated to contribute \$2.8 million in total additional business activity to the Louisiana economy.

Summary and Conclusions

The Louisiana economy would receive \$17.7 million in total additional business activity and 181 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. More than half of these gains would occur in the rice sector. Non-export sectors that provide inputs and services that support exports to Cuba would experience smaller gains.

**Estimated Economic Impacts for Louisiana 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</i>)	\$8,648.1	\$250.4	\$8,898.5
Fish Products	\$933.8	\$0.4	\$934.2
Wood Products	\$426.5	\$22.1	\$448.6
Cotton	\$324.8	\$14.4	\$339.2
Other Crops (<i>Seeds, Vegetables, Beans</i>)	\$214.8	\$14.7	\$229.5
Soy Complex	\$85.7	\$9.3	\$95.0
All Other Exports	\$67.9	\$32.7	\$100.6
Supporting Sectors			
Oil, Gas and Petroleum Products	N/A	\$1,289.3	\$1,289.3
Real Estate	N/A	\$808.3	\$808.3
Other Ag Related	N/A	\$552.4	\$552.4
Financial Services	N/A	\$415.0	\$415.0
Wholesale Trade	N/A	\$386.4	\$386.4
Business Services	N/A	\$386.3	\$386.3
All Other Sectors	N/A	\$2,780.3	\$2,780.3
Total Estimated Impacts			
Business Activity	\$10,701.6	\$6,962.0	\$17,663.6
Employment (# of Jobs)	134	47	181

Assumptions for increased Louisiana exports are based on Louisiana 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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