

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

This Issue Brief estimates the economic impacts on Minnesota 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 Minnesota.

Economic Impacts on Minnesota

Implementing H.R. 4645 would increase Minnesota agricultural exports to Cuba by \$10 million annually (see table). This represents an increase of one-third over Minnesota's 2009 agricultural exports to Cuba of \$31 million. In addition, these new exports to Cuba would require \$8.4 million in additional business activity and 82 new jobs. Most of the new jobs (48) are required in sectors that supply inputs or provide some service needed to produce goods for export to Cuba. There are 34 jobs attributed to the sectors that actually produce the goods that are exported to Cuba.

Major gains in business activity would occur for grains, dairy, soybeans, meats and forestry products. Increases in total business activity attributed to additional exports to Cuba would be \$3.0 million for wheat and corn, \$2.5 million for dry milk and other dairy products, \$1.2 million for pork and beef, \$1.1 million for other crops, such as planting seeds, vegetables and dry beans, \$1 million for poultry, \$751,000 for the soy complex and \$714,000 for forestry products. All other exported products would add about \$872,000 in total business activity.

Important supporting sectors that do not have any exports to Cuba, but that would experience increased business activity include: other agriculture, \$1.8 million; real estate, \$787,000; business services, \$774,000; wholesale trade, \$638,000; financial services, \$607,000; and oil, gas and petroleum products, \$485,000. All other supporting sectors are estimated to contribute \$2.3 million in total additional business activity to the Minnesota economy.

Summary and Conclusions

The Minnesota economy would receive \$18.5 million in total additional business activity and 82 new jobs by increasing agricultural exports to Cuba. The majority of gains in business activity would be for sectors that produce and export products to Cuba, such as grains, dairy products and meats. Most of the gains in employment would occur in sectors that provide inputs and services that support exports to Cuba.

**Estimated Economic Impacts for Minnesota 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>Wheat, Corn</i>)	\$2,895.1	\$103.3	\$2,998.4
Dry Milk and Other Dairy	\$2,329.4	\$206.4	\$2,535.8
Pork, Beef and Products	\$1,080.8	\$77.9	\$1,158.7
Other Crops (<i>Seeds, Vegetables, Beans</i>)	\$988.1	\$59.3	\$1,047.4
Poultry Meats	\$918.6	\$102.1	\$1,020.7
Soy Complex	\$722.0	\$28.8	\$750.8
Wood Products (<i>Lumber</i>)	\$701.8	\$12.0	\$713.8
All Other Exports	\$378.2	\$493.8	\$872.0
Supporting Sectors			
Other Ag Related	N/A	\$1,760.4	\$1,760.4
Real Estate	N/A	\$787.2	\$787.2
Business Services	N/A	\$774.1	\$774.1
Wholesale Trade	N/A	\$637.7	\$637.7
Financial Services	N/A	\$606.7	\$606.7
Oil, Gas and Petroleum Products	N/A	\$485.1	\$485.1
All Other Sectors	N/A	\$2,304.7	\$2,304.7
Total Estimated Impacts			
Business Activity	\$10,014.1	\$8,439.8	\$18,453.9
Employment (# of Jobs)	34	48	82

Assumptions for increased Minnesota exports are based on Minnesota 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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