

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

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Introduction

This Issue Brief estimates the economic impacts on Missouri 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 Missouri.

Economic Impacts on Missouri

Implementing H.R. 4645 would increase Missouri's agricultural exports to Cuba by \$8.4 million annually (see table). This represents an increase of 47 percent over Missouri's 2009 agricultural exports to Cuba of \$18 million. In addition, these new exports to Cuba would require \$4.3 million in additional business activity and 133 new jobs. Most of the new jobs (99) are required in sectors that produce goods for export to Cuba. There are 34 jobs attributed to the sectors that provide input and services to support exports to Cuba.

Major gains in business activity would occur for grains, cotton, soybeans, and meats. Increases in total business activity attributed to additional exports to Cuba would be \$5.5 million for rice, wheat and corn, \$824,000 for cotton, \$542,000 for the soy complex, \$460,000 for poultry, and \$428,000 for pork and beef. Other crops exports (planting seeds and fruits) would be \$355,000, while wood products would add \$253,000 in business activity. All other exported products would add about \$427,000 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, \$577,000; financial services, \$415,000; other agriculture, \$414,000; business services, \$355,000; wholesale trade, \$312,000; and health care, \$190,000. All other supporting sectors are estimated to contribute \$1.7 million in total additional business activity to the Missouri economy.

Summary and Conclusions

The Missouri economy would receive \$12.7 million in total additional business activity and 133 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 half of these gains would occur in the grains sector. Non-export sectors that provide inputs and services that support exports to Cuba would experience smaller gains.

**Estimated Economic Impacts for Missouri 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, Corn</i>)	\$5,413.7	\$108.8	\$5,522.5
Cotton	\$806.8	\$16.9	\$823.7
Soy Complex	\$522.6	\$19.2	\$541.8
Poultry Meats	\$431.3	\$28.6	\$459.9
Pork, Beef and Products	\$388.4	\$39.4	\$427.8
Other Crops (<i>Seeds, Fruit</i>)	\$329.4	\$25.5	\$354.9
Wood Products (<i>Lumber</i>)	\$238.5	\$14.1	\$252.6
All Other Exports	\$282.7	\$144.0	\$426.7
Supporting Sectors			
Real Estate	N/A	\$576.5	\$576.5
Financial Services	N/A	\$414.6	\$414.6
Other Ag Related	N/A	\$414.3	\$414.3
Business Services	N/A	\$355.0	\$355.0
Wholesale Trade	N/A	\$311.9	\$311.9
Health Care	N/A	\$189.7	\$189.7
All Other Sectors	N/A	\$1,671.5	\$1,671.5
Total Estimated Impacts			
Business Activity	\$8,413.4	\$4,330.4	\$12,743.8
Employment (# of Jobs)	99	34	133

Assumptions for increased Missouri exports are based on Missouri 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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