

# **Economic Impacts of the Travel Restriction Reform and Export Enhancement Act of 2010 on Nebraska**

## **CNAS Issue Brief 2010-10**

March 24, 2010



### **Introduction**

This Issue Brief estimates the economic impacts on Nebraska 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 Nebraska.

### **Economic Impacts on Nebraska**

Implementing H.R. 4645 would increase Nebraska's agricultural exports to Cuba by \$7 million annually (see table). This represents a 23 percent increase over Nebraska's 2009 agricultural exports to Cuba of \$30.7 million. In addition, these new exports to Cuba would require \$4.3 million in additional business activity and 44 new jobs. Most of the new jobs (25) are required in sectors that supply inputs or provide some service needed to produce goods for export to Cuba. There are 19 jobs attributed to the sectors that actually produce the goods that are exported to Cuba.

Major gains in business activity would occur for grains, beef and the soy complex. Increases in total business activity attributed to additional exports to Cuba would be \$2.8 million for corn and wheat, \$2.7 million for beef, \$643,000 for the soy complex, and \$585,000 for other crops such as planting seeds and dry beans. Small amounts of poultry and animal feeds would also be exported. All other exported products would add about \$1.4 million in total business activity.

Important supporting sectors that do not have any exports to Cuba, but that would experience increased business activity include: business services, \$352,000; financial services, \$322,000; real estate and wholesale trade, \$313,000 each; other agriculture, \$301,000; and transportation, \$230,000. All other supporting sectors are estimated to contribute \$833,000 in total additional business activity to the Nebraska economy.

### **Summary and Conclusions**

The Nebraska economy would receive \$11.3 million in total additional business activity and 44 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, meats and the soy complex. Most of the gains in employment would occur in sectors that provide inputs and services that support exports to Cuba.

**Estimated Economic Impacts for Nebraska 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
<b>Exports</b>	<i>-Thousand Dollars-</i>		
Grains ( <i>Wheat, Corn</i> )	\$2,715.0	\$74.6	\$2,789.6
Beef, Pork and Products	\$2,414.5	\$303.5	\$2,718.0
Soy Complex	\$621.7	\$28.8	\$642.5
Other Crops ( <i>Seeds, Beans</i> )	\$553.8	\$31.6	\$585.4
Poultry Meats	\$130.6	\$15.7	\$146.3
Animal Feeds ( <i>DDGs</i> )	\$128.6	\$70.2	\$198.8
All Other Exports	\$417.7	\$941.6	\$1,359.9
<b>Supporting Sectors</b>			
Business Services	N/A	\$352.1	\$352.1
Financial Services	N/A	\$321.9	\$321.9
Real Estate	N/A	\$313.3	\$313.3
Wholesale Trade	N/A	\$313.2	\$313.2
Other Ag Related	N/A	\$300.6	\$300.6
Transportation	N/A	\$229.9	\$229.9
All Other Sectors	N/A	\$832.7	\$832.7
<b>Total Estimated Impacts</b>			
Business Activity	6,981.4	\$4,283.3	\$11,264.7
Employment (# of Jobs)	19	25	44

Assumptions for increased Nebraska exports are based on Nebraska 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.

Contributors to this Issue Brief are C. Parr Rosson, III, Professor and Director, Flynn J. Adcock, International Program Coordinator, and Eric Manthei, Research Assistant. All are located in the Center for North American Studies, Department of Agricultural Economics, Texas AgriLife Research/AgriLife Extension, Texas A&M University. For further information, please contact Parr Rosson, Extension Economist and Director, Center for North American Studies, Department of Agricultural Economics, Texas A&M University, College Station, Texas. Tel: 979-845-3070 or E-mail: [prosson@tamu.edu](mailto:prosson@tamu.edu). <http://cnas.tamu.edu>.