

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

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### **Introduction**

This Issue Brief estimates the economic impacts on New York 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 New York.

### **Economic Impacts on New York**

Implementing H.R. 4645 would increase New York agricultural exports to Cuba by \$6.5 million annually (see table). This is nearly double the value of New York's 2009 agricultural exports to Cuba of \$3.8 million. In addition, these new exports to Cuba would require \$6.5 million in additional business activity and 65 new jobs. Most of the employment gains (40) occur in sectors that provide inputs and services to support exports to Cuba, while 25 jobs are required in sectors that produce goods for export to Cuba.

Major gains in business activity would occur for dairy products, grains, fruit, other crops, poultry, wood products and processed foods. Increases in total business activity attributed to additional exports to Cuba would be \$4.3 million for dry milk and other dairy products, \$480,000 for wheat and corn, \$465,000 for planting seeds and dry beans, \$447,000 for fruit, \$370,000 for poultry meat, \$340,000 for wood products and \$300,000 for processed foods. All other exported products would add about \$343,000 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, \$1.6 million; business services, \$657,000; real estate, \$537,000; wholesale trade, \$479,000; financial services, \$450,000; and oil, gas and petroleum products, \$272,000. All other supporting sectors are estimated to contribute \$1.8 million in total additional business activity to the New York economy.

### **Summary and Conclusions**

The New York economy would receive \$13 million in total additional business activity and 65 new jobs by increasing agricultural exports to Cuba. About one-third of the gains in business activity are associated with dairy products exports to Cuba. Other important sectors that gain from exports to Cuba are wheat, corn, fruit, seeds and beans, poultry, wood products and processed foods. Most of the gains in employment occur in the non-export sectors that provide inputs or services that support exports to Cuba.

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

|   | Exports                   | Indirect and<br>Induced Activity | Total Business<br>Activity |
|---|---------------------------|----------------------------------|----------------------------|
| <b>Exports</b>                                    | <i>-Thousand Dollars-</i> |                                  |                            |
| Dry Milk and Other Dairy                          | \$4,058.0                 | \$284.9                          | \$4,342.9                  |
| Grains ( <i>Wheat, Corn</i> )                     | \$457.5                   | \$22.3                           | \$479.8                    |
| Fruit   | \$441.2                   | \$5.4                            | \$446.6                    |
| Other Crops ( <i>Seeds, Beans, Misc</i> )         | \$418.4                   | \$46.4                           | \$464.8                    |
| Poultry Meats                                     | \$367.1                   | \$2.4                            | \$369.5                    |
| Wood Products ( <i>Lumber</i> )                   | \$330.7                   | \$9.5                            | \$340.2                    |
| Processed Foods ( <i>Canned F&amp;V, Frozen</i> ) | \$285.3                   | \$14.3                           | \$299.6                    |
| All Other Exports                                 | \$114.2                   | \$228.8                          | \$343.0                    |
| <b>Supporting Sectors</b>                         |                           |                                  |                            |
| Other Ag Related                                  | N/A                       | \$1,638.1                        | \$1,638.1                  |
| Business Services                                 | N/A                       | \$656.8                          | \$656.8                    |
| Real Estate                                       | N/A                       | \$536.9                          | \$536.9                    |
| Wholesale Trade                                   | N/A                       | \$478.6                          | \$478.6                    |
| Financial Services                                | N/A                       | \$449.6                          | \$449.6                    |
| Oil, Gas and Petroleum Products                   | N/A                       | \$272.4                          | \$272.4                    |
| All Other Sectors                                 | N/A                       | \$1,831.7                        | \$1,831.7                  |
| <b>Total Estimated Impacts</b>                    |                           |                                  |                            |
| Business Activity                                 | \$6,472.4                 | \$6,477.9                        | \$12,950.3                 |
| Employment (# of Jobs)                            | 25                        | 40                               | 65                         |

Assumptions for increased New York exports are based on New York 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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