

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

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### **Introduction**

This Issue Brief estimates the economic impacts on Texas 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 Texas.

### **Economic Impacts on Texas**

Implementing H.R. 4645 would increase Texas agricultural exports to Cuba by \$18.4 million annually (see table). This would nearly double Texas 2009 agricultural exports to Cuba of \$20.6 million. In addition, these new exports to Cuba would require \$16 million in additional business activity and 320 new jobs. Most of the new jobs (206) are required in sectors that produce goods for export to Cuba. There are 114 jobs attributed to the sectors that provide inputs and services needed to support exports to Cuba.

Major gains in business activity would occur for grains, cotton, meats, forestry products and fish. Increases in total business activity attributed to additional exports to Cuba would be \$5.4 million for rice, wheat and corn, \$5.4 million for cotton, \$2.6 million for beef and pork, \$2.0 million for poultry, \$1.1 million for forestry products, \$945,000 for other crops such as planting seeds, fruit and dry beans, and \$600,000 for fish. All other exported products would add another \$2.5 million 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, \$2.1 million; real estate, \$1.9 million; other agricultural production, \$1.5 million; financial services, \$1.2 million; business services, \$1.0; and wholesale trade, \$1.0 million. All other supporting sectors are estimated to contribute \$5.0 million in total additional business activity to the Texas economy.

### **Summary and Conclusions**

The Texas economy would receive \$34.3 million in total additional business activity and 320 new jobs by increasing agricultural exports to Cuba. The majority of gains in business activity and employment would be in sectors that produce and export products to Cuba. More than half of these gains would be concentrated in grains, cotton, meats and wood products. Non-export sectors such as oil and gas, real estate and services would also gain, but somewhat less than agriculture.

**Estimated Economic Impacts for Texas 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>Rice, Wheat, Corn</i> )	\$5,343.8	\$79.9	\$5,423.7
Cotton	\$5,190.2	\$183.1	\$5,373.3
Beef, Pork and Products	\$2,346.2	\$267.5	\$2,613.7
Poultry Meats	\$1,859.0	\$150.7	\$2,009.7
Wood Products ( <i>Lumber</i> )	\$1,070.6	\$12.0	\$1,109.5
Other Crops ( <i>Seeds, Fruit, Beans</i> )	\$857.2	\$88.2	\$945.4
Fish Products	\$597.4	\$1.2	\$598.6
All Other Exports	\$1,084.6	\$1,401.2	\$2,485.8
<b>Supporting Sectors</b>			
Oil, Gas and Petroleum Products	N/A	\$2,051.9	\$2,051.9
Real Estate	N/A	\$1,946.2	\$1,946.2
Other Ag Related	N/A	\$1,521.2	\$1,521.2
Financial Services	N/A	\$1,244.8	\$1,244.8
Business Services	N/A	\$1,027.8	\$1,027.8
Wholesale Trade	N/A	\$994.4	\$994.4
All Other Sectors	N/A	\$4,999.7	\$4,999.7
<b>Total Estimated Impacts</b>			
Business Activity	\$18,349.0	\$15,996.7	\$34,345.7
Employment (# of Jobs)	206	114	320

Assumptions for increased Texas exports are based on Texas 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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