

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

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### **Introduction**

This Issue Brief estimates the economic impacts on Wisconsin 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 Wisconsin.

### **Economic Impacts on Wisconsin**

Implementing H.R. 4645 would increase Wisconsin agricultural exports to Cuba by \$15.5 million annually (see table). This represents a 130 percent increase over the value of Wisconsin's 2009 agricultural exports to Cuba of \$11.5 million. In addition, these new exports to Cuba would require \$16.5 million in additional business activity and 150 new jobs. About three-fourths of the new jobs (110) are required in sectors that provide inputs or services in support of exports to Cuba. There are 40 jobs attributed to the sectors that produce the goods that are exported to Cuba.

Major gains in business activity would occur for dairy, wood products, grains, poultry and processed foods. Increases in total business activity attributed to additional exports to Cuba would be \$12.7 million for dry milk and other dairy products, \$1.0 million for lumber, \$866,000 for poultry meat, \$828,000 corn and wheat, \$524,000 for processed foods, \$378,000 for planting seeds and fruit and \$342,000 for beef and pork. All other exported products would add about \$1.1 million 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, \$4.9 million; business services, \$1.3 million; wholesale trade, \$1.1 million; real estate, \$798,000; financial services, \$765,000; and transportation, \$749,000. All other supporting sectors are estimated to contribute \$4.6 million in total additional business activity to the Wisconsin economy.

### **Summary and Conclusions**

The Wisconsin economy would receive \$32 million in total additional business activity and 150 new jobs by increasing agricultural exports to Cuba. About 40 percent of the gains in business activity are associated with exports of dairy products to Cuba. Another 10 percent of the gains occur in lumber, grains, poultry meat and processed foods exports. Non-export sectors also experience important gains in business activity related to other agriculture production, business services and wholesale trade. Most of the gains in employment occur in the non-export sectors that supply inputs and services to support exports to Cuba.

**Estimated Economic Impacts for Wisconsin 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>		
Dry Milk and Other Dairy	\$11,578.2	\$1,049.4	\$12,627.6
Wood Products ( <i>Lumber</i> )	\$995.4	\$39.5	\$1,034.9
Grains ( <i>Corn, Wheat</i> )	\$816.0	\$12.4	\$828.4
Poultry Meats	\$815.3	\$51.1	\$866.4
Processed Foods ( <i>F&amp;V, Frozen, Other</i> )	\$472.2	\$51.4	\$523.6
Other Crops ( <i>Seeds, Fruit, Other Ag</i> )	\$314.1	\$63.6	\$377.7
Beef, Pork and Products	\$249.2	\$93.1	\$342.3
All Other Exports	\$303.3	\$837.8	\$1,141.1
<b>Supporting Sectors</b>			
Other Ag Related	N/A	\$4,901.4	\$4,901.4
Business Services	N/A	\$1,349.3	\$1,349.3
Wholesale Trade	N/A	\$1,132.0	\$1,132.0
Real Estate	N/A	\$798.3	\$798.3
Financial Services	N/A	\$765.4	\$765.4
Transportation	N/A	\$749.1	\$749.1
All Other Sectors	N/A	\$4,581.2	\$4,581.2
<b>Total Estimated Impacts</b>			
Business Activity	\$15,543.8	\$16,474.9	\$32,018.7
Employment (# of Jobs)	40	110	150

Assumptions for increased Wisconsin exports are based on Wisconsin 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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