

Economic Impacts of U.S. and Texas Exports to Cuba

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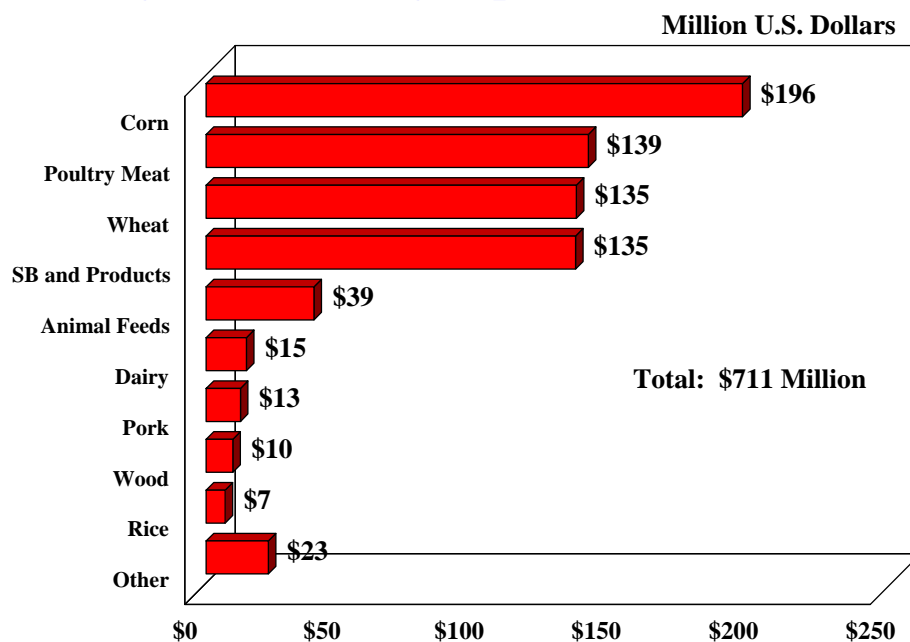


U.S. and Texas Exports to Cuba

The Trade Sanctions Reform and Export Enhancement Act in 2000 legalized the export of U.S. agricultural products to Cuba. Since then, exports have expanded, reaching a record \$711 million in 2008. This is almost two-thirds higher than 2007. Cuba has grown to become the sixth largest U.S. agricultural market in the Latin American/Caribbean region. U.S.-Cuba trade is limited to exports as Cuban products prohibited in the United States.

Corn (\$196 million), poultry (\$139 million), wheat (\$135 million) and soybeans and soybean products (\$135 million) account for about 85 percent of all U.S. exports to Cuba during 2008 (figure 1). Other leading products are animal feeds (\$39 million), dairy products (\$15 million), pork (\$13 million), wood (\$10 million) and rice (\$7 million).

Figure 1. U.S. Ag Exports to Cuba, 2008



Source: Foreign Agricultural Service, USDA

Cuba has also become an important market for Texas products. The Center for North American Studies, Texas AgriLife Research at Texas A&M University estimates that Texas agricultural exports to Cuba were valued at approximately \$45 million in 2008. The major Texas exports to Cuba were dry milk, wheat, corn, animal feeds, and poultry meat. The potential exists for Cuba to expand imports of U.S. beef and cattle, dairy products, cotton, planting seeds, horticultural products and a variety of processed foods.

Texas ports play a key role in facilitating exports to Cuba. In 2008, \$143 million in food/agricultural products moved to Cuba through Texas ports, nearly doubling the amount shipped to Cuba in 2004. Exports through Houston were valued at \$112 million while exports through Beaumont were \$31 million. Exports through Corpus Christi were \$46,000.

Economic Impacts of Exports to Cuba

Exports support business activity and jobs, and shipments to Cuba are no exception. CNAS estimates indicate that in 2008, every dollar of agricultural exports to Cuba was supported by \$1.85 in additional business activity throughout the U.S. economy. Exports of \$711 million required an additional \$1.3 billion in economic activity, for a total economic impact of \$2 billion (table 1). Grains and soybean production were important contributors to this additional economic activity. Processed chickens, soybean meal and oil, animal feeds and meats also had a significant economic impact.

Table 1. Economic Impacts of U.S. and Texas Exports to Cuba, 2008

	Exports	Additional Business Activity	Total Economic Activity	Employment
	<i>(Million Dollars)</i>			<i>(# of Jobs)</i>
U.S. Exports	\$711	\$1,258	\$2,028	14,340
Texas Exports	\$45	\$41	\$86	776

Non-farm sectors also benefit from U.S. exports to Cuba. Business and agricultural services, real estates, finance, energy, transportation, wholesale trade and fertilizer manufacture contributed about \$1.1 billion in economic activity associated with exports to Cuba.

Nationwide, 14,340 jobs supported U.S. agricultural exports to Cuba in 2008. About one-third of these jobs (4,946) were in grain production, but many other sectors are also important. Nearly 800 jobs are attributed to the processing of poultry and pork. An additional 7,524 jobs supported the non-farm sectors that manufacture and distribute agricultural chemicals, fertilizer and other inputs used in farming and food processing, along with energy, transport, wholesale trade and finance.

Texas exports to Cuba generate economic activity throughout the state and region. In 2008, Texas exports of \$45 million were supported by an additional \$41 million in business activity, having a total economic impact of \$101 million. For each dollar of Texas exports to Cuba, an additional \$0.91 is required to support business activity throughout the Texas economy. Dry milk exports require \$14 million in related business activity. Exports of grains require \$17.3 million in economic activity, while poultry processing requires \$8 million. The major non-farm sectors supporting business activity include: real estate (\$3.6 million), wholesale trade (\$3.3 million), business services (\$3.2 million), oil and gas extraction (\$3.1 million), finance (\$2.2 million), transportation (\$2.0 million), and health care/medical services (\$1.0 million).

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Texas exports to Cuba required 776 jobs in 2008. About 441 jobs supported grain exports, primarily wheat, corn and rice. Powdered milk exports supported 17 jobs, poultry processing required 36 jobs, and all other agricultural production activities required 19 jobs. Agricultural input supply and other support activities required 96 jobs to support Texas exports to Cuba. Wholesale trade, food service, real estate, truck transportation medical services, food and beverage stores, and other sectors contributed an additional 220 jobs that supported Texas exports to Cuba.