Economic Impacts of Southern U.S. Exports to Cuba

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Introduction

- U.S. Agricultural Exports Allowed to Cuba since the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSREEA)
- Exports are on a Cash-in-Advance Basis, though Letters of Credit are Allowed through 3rd Countries
- Since Exports to Cuba Resumed, $3.8 Billion of Products Exported to Cuba
- In 2010, $370 Million of Exports from U.S. to Cuba, down from All-Time High of $711 Million in 2008 and Lowest since 2006
- Through November 2010, U.S. Exports to Cuba were $328 Million, Down 5.6% from 2010 through November
High Prices
Weak Dollar
3 Hurricanes

Total: $3.9 Billion
(Dec 01 - Nov 11)

U.S. Ag Exports to Cuba - Major Products, 2001 - November 2011

<table>
<thead>
<tr>
<th>Product</th>
<th>Value (Million U.S. Dollars)</th>
<th>Total: $3.27 Billion (85.6% of Total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>$834.9</td>
<td></td>
</tr>
<tr>
<td>Poultry</td>
<td>$781.2</td>
<td></td>
</tr>
<tr>
<td>SB Products</td>
<td>$539.6</td>
<td></td>
</tr>
<tr>
<td>Wheat</td>
<td>$505.4</td>
<td></td>
</tr>
<tr>
<td>Soybeans</td>
<td>$420.3</td>
<td></td>
</tr>
<tr>
<td>Rice</td>
<td>$190.6</td>
<td></td>
</tr>
</tbody>
</table>

Source: Foreign Agricultural Service, USDA; SB Products Include Soybean Oil, Meal, and Flour
Selected U.S. Ag Exports to Cuba Important to the South, 2002 - 2011

- Feeds*: $144.3 million
- Dairy#: $98.7 million
- Pork: $75.9 million
- Forestry: $41.0 million
- Fats/Oils: $26.2 million
- Cotton: $12.0 million
- Beef/Livers: $3.7 million

Source: Foreign Agricultural Service, USDA
*Feeds include Fodders and HT Codes 2303 & 2309; #Dairy includes Food Relief (9802) which is Dairy
Southern U.S. Exports to Cuba

- Share of Production Method Used to Estimate U.S. Exports for Each State and then Aggregated for Region

- U.S. Exported $90.8 Million in Corn to Cuba in 2010
  - Southern States Produced 8.5% of U.S. Corn in ’10 led by TX, KY & NC
  - Southern Exports of Corn to Cuba were $7.7 Million
  - Process Done for All Sectors where Production Data Available

- As a Result, Total Southern Exports to Cuba were Estimated at $125.5 Million during 2010 (32% \(\downarrow\) from 09)

- Leading States were GA, AR, TX, NC, AL, & MS

- Leading Sectors were Poultry Meat, Grains, Soybeans and Products, Animal Feeds, and Pork
Southern U.S. Ag Exports to Cuba, 2010

Million U.S. Dollars
Total: $125.5 Million
34.6% of U.S. Total

Source: Foreign Agricultural Service, USDA
Major U.S. Exports to Cuba, 2010

Grains: $108.6
Poultry Meat: $108.9
SB/Products: $81.1
Feeds: $29.0
Pork/Beef/Fats: $16.1

Source: Foreign Agricultural Service, USDA
Economic Impacts of Agricultural Exports to Cuba

- Using 2008 Data for the Input-Output Model IMPLAN, Constructed a Model for the U.S. and the South
- Input Actual U.S. the Estimated Southern U.S. Exports to Cuba into the IMPLAN
- Estimates include the Amount of Output, Value Added and Employment Required to Support the Exports
  - Direct Impacts Related to Exported Commodities
  - Indirect/Induced Impacts Related to Supporting Industries
Input/Output Definitions

- **Output**: Increase in Business Sales Required to Support $1 of Exports
- **Employment**: Additional Employees Required for $1 Million in Exports
- **Direct**: Sales of Output to Customers
- **Indirect**: Purchases of Inputs Required to Produce the Products for Sale
- **Induced**: Expenditures by Employees and Households in the Input Industries
U.S. and Regional Impacts on Employment from Agricultural Exports to Cuba, 2010

<table>
<thead>
<tr>
<th>Region</th>
<th>Direct Output</th>
<th>Indirect Output</th>
<th>Induced Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>1,661</td>
<td>2,667</td>
<td>667</td>
</tr>
<tr>
<td>South</td>
<td>626</td>
<td>260</td>
<td>38</td>
</tr>
<tr>
<td>Midwest</td>
<td>773</td>
<td>293</td>
<td>44</td>
</tr>
<tr>
<td>West/NE</td>
<td>285</td>
<td>75</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: CNAS/Implan
## Major Sector Impacts of U.S. Exports to Cuba

### 2010

<table>
<thead>
<tr>
<th>Product</th>
<th>Output (Million Dollars)</th>
<th>Employment (Jobs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct</td>
<td>Total</td>
</tr>
<tr>
<td>Corn/Wheat/Beans</td>
<td>$114.2</td>
<td>$137.9</td>
</tr>
<tr>
<td>Chicken/Turkey</td>
<td>$108.9</td>
<td>$121.7</td>
</tr>
<tr>
<td>Soybeans/Products</td>
<td>$81.1</td>
<td>$138.0</td>
</tr>
<tr>
<td>Animal Feeds (DDGs)</td>
<td>$23.2</td>
<td>$47.2</td>
</tr>
<tr>
<td>Pork/Beef/Fats</td>
<td>$16.1</td>
<td>$25.6</td>
</tr>
<tr>
<td>Other Exported Products</td>
<td>$6.7</td>
<td>$8.6</td>
</tr>
</tbody>
</table>
## Major Sector Impacts of Southern Exports to Cuba

<table>
<thead>
<tr>
<th>2010</th>
<th>Output (Million Dollars)</th>
<th>Employment (Jobs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct</td>
<td>Total</td>
</tr>
<tr>
<td>Chicken/Turkey</td>
<td>$94.4</td>
<td>$104.9</td>
</tr>
<tr>
<td>Corn/Wheat</td>
<td>$11.0</td>
<td>$13.5</td>
</tr>
<tr>
<td>Soybeans/Products</td>
<td>$10.7</td>
<td>$16.3</td>
</tr>
<tr>
<td>Animal Feeds (DDGs)</td>
<td>$5.8</td>
<td>$16.9</td>
</tr>
<tr>
<td>Pork/Beef/Fats</td>
<td>$3.4</td>
<td>$5.4</td>
</tr>
<tr>
<td>Other Exported Products</td>
<td>$0.2</td>
<td>$0.4</td>
</tr>
</tbody>
</table>
## Selected Supporting Sector Impacts from U.S. and Southern Exports to Cuba

<table>
<thead>
<tr>
<th>2010</th>
<th>Output (Million Dollars)</th>
<th>Employment (Jobs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U.S.</td>
<td>South</td>
</tr>
<tr>
<td>Other Agriculture</td>
<td>$118.6</td>
<td>$50.4</td>
</tr>
<tr>
<td>Business/Financial Services</td>
<td>$94.1</td>
<td>$24.6</td>
</tr>
<tr>
<td>Oil/Gas/Mining/Petroleum</td>
<td>$62.5</td>
<td>$12.3</td>
</tr>
<tr>
<td>Wholesale Trade/Warehousing</td>
<td>$35.3</td>
<td>$10.8</td>
</tr>
<tr>
<td>Transportation</td>
<td>$25.2</td>
<td>$8.0</td>
</tr>
<tr>
<td>Health Care</td>
<td>$22.6</td>
<td>$6.2</td>
</tr>
</tbody>
</table>

Note: Food & Drink and Retail each rank lower in output but higher than several above in employment
Other Issues of Importance from U.S. of Ag Exports to Cuba

- In Most Years, All Exports to Cuba Flow through Ports Located in the Southern U.S.
  - Louisiana Ports Account for Nearly Half of U.S. Exports to Cuba and Florida Ports Account for more than a Quarter during 2010.
- Recent Easing of Restrictions Regarding Travel to Cuba Could Increase Demand for Products Important to the South
- If Recent Efforts to Further Relieve Travel and Export Finance Restrictions were Enacted, Southern Exports to Cuba Could Increase by $122.1 Million
Exports to Cuba by Port State

2010

TX: $18.4 Million
LA: $176.2 Million
VA: $33.2 Million
NC: $2.2 Million
AL: $12.3 Million
GA: $4.0 Million
MS: $26.3 Million
FL: $96.7 Million
LA: $176.2 Million
MS: $26.3 Million
AL: $12.3 Million
GA: $4.0 Million
NC: $2.2 Million
TX: $18.4 Million

Source: WiserTrade, www.wisertrade.org, Trade Data Subscription Service
Implications

✓ Cuba has been a Strong Market for U.S. Agricultural Products – 26th in ’08, 27th in ’09 – All Purchases Being Paid Before Delivery

✓ Lack of Credit has Hindered Sales to Cuba – Market down to 41st through November 2011

✓ Cuba Relies Heavily on Tourism and Nickel Prices for Foreign Exchange

✓ U.S. Restrictions on Travel, Recently Eased, and Rising Nickel Prices may Lead to Greater Cuban Demand for U.S. Ag Products
Implications

✅ Southern Agriculture Participates Fully in U.S. Exports to Cuba
✅ Corn, Chicken Meat, Soybeans/Products, Wheat, Feeds, and Pork Are Most Important
✅ No U.S. Rice Exports to Cuba since June 2008; Limited Cotton Exports to Cuba
➢ South Would Reap Big Rewards if Rice Exports to Cuba Began Again and Cotton Increased
✅ Economic Impacts in Supporting Sectors and Port Use Important to the South
THANK YOU!!!

For Questions, Please contact:
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http://cnas.tamu.edu/