

***Estimated Economic Impacts of U.S.
Agricultural Exports to Cuba on the South***



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Center for North American Studies

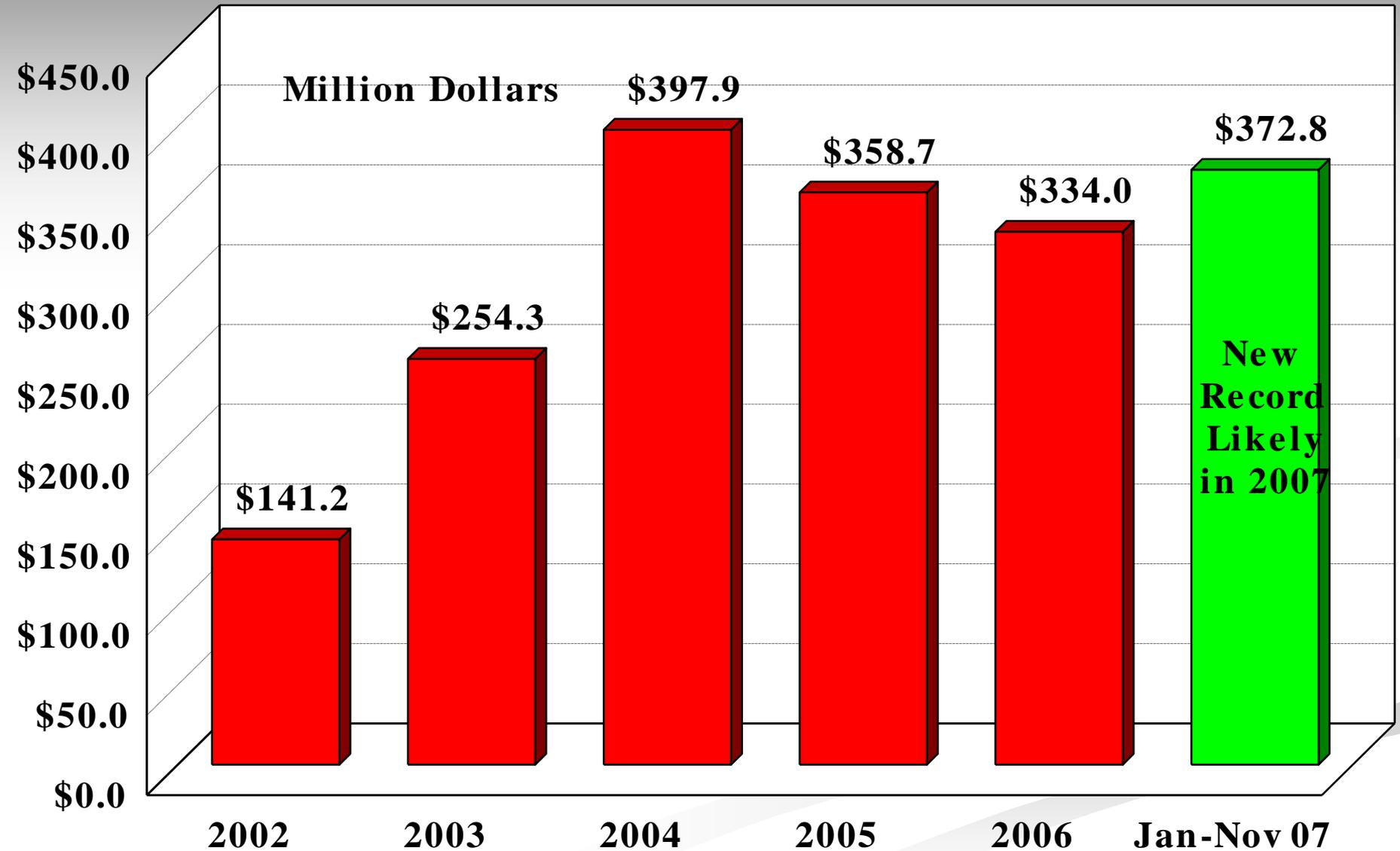
Department of Agriculture Economics

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Background

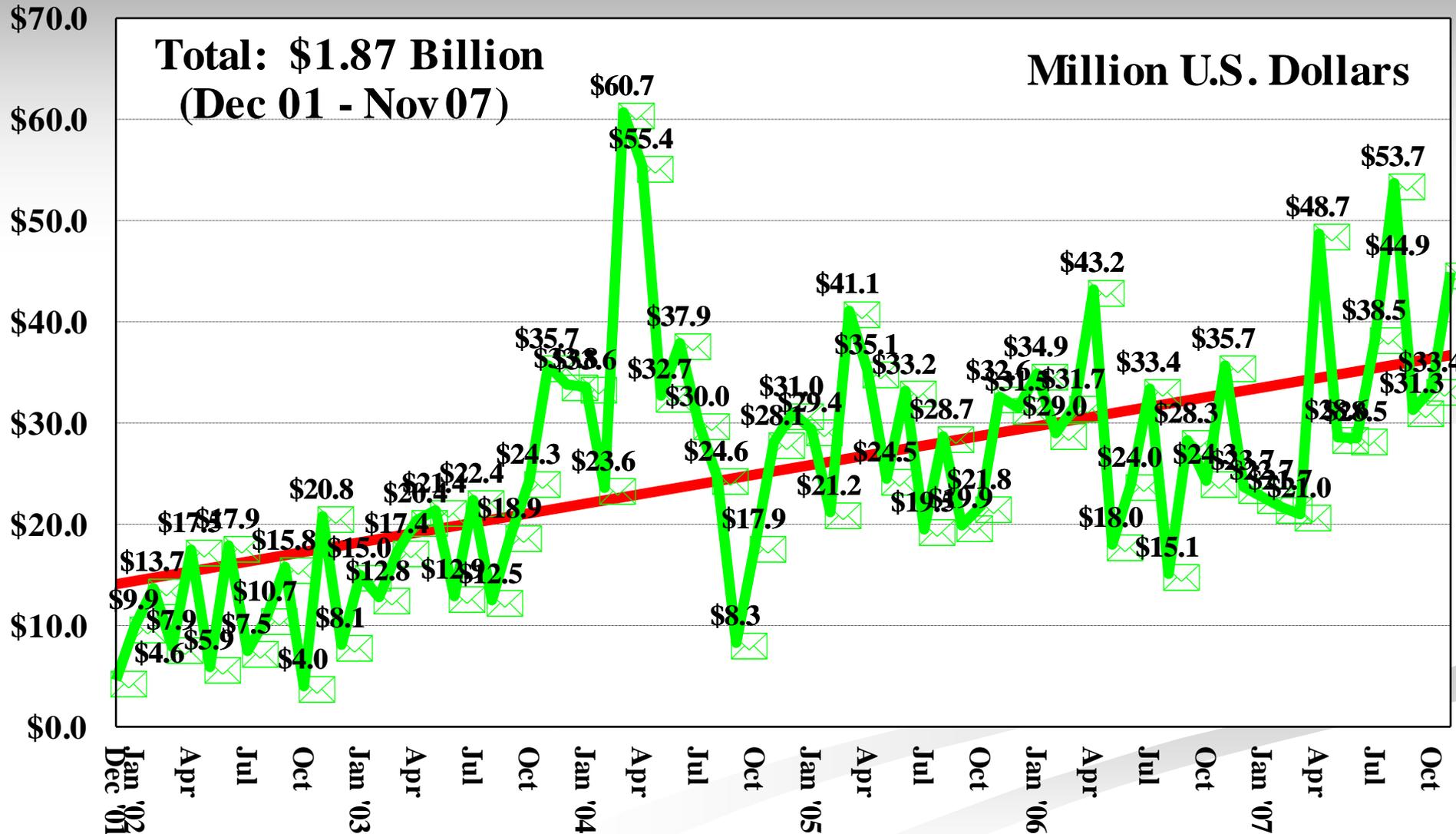
- *Prior to Embargo, U.S. Owners Held 25% of All Arable Land in Cuba (2/7/1962)*
 - *Sugar, Citrus, Vegetables, Cattle*
- **Trade Sanctions Reform & Export Enhancement Act, 2000, Allows US Exports**
 - **Top 25 Market for US Agriculture & Forestry**
- **U.S. Began Exporting Agricultural Products in December 2001 following Hurricane Mitch**
- **U.S. Agricultural Exports to Cuba Reached their Peak in 2004, but 2007 will Likely Be a New High**
- **The Southern U.S. Has Benefited from U.S. Exports to Cuba**

U.S. Exports to Cuba, 2002 - November 2007

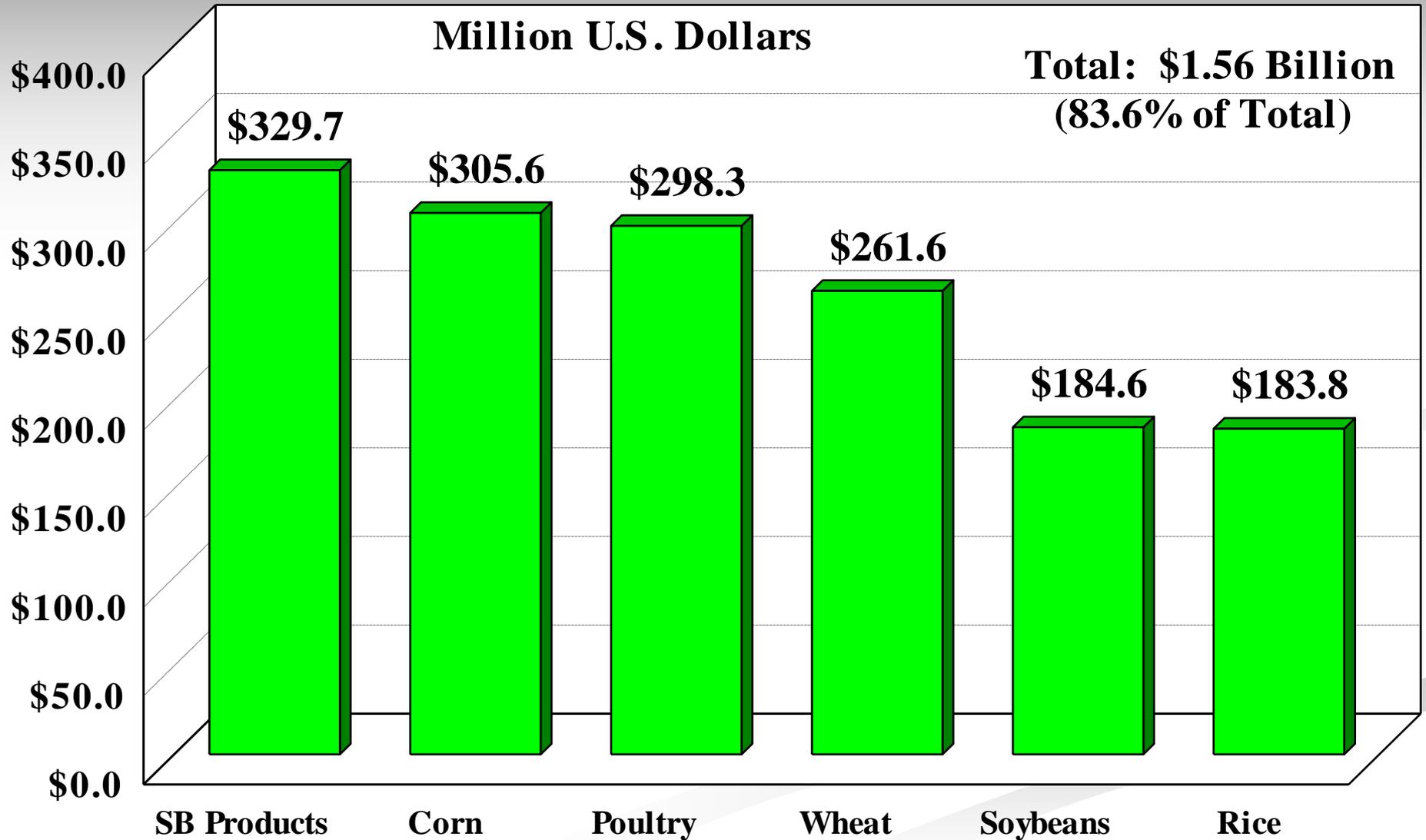


Source: U.S. Trade Internet System, www.fas.usda.gov/ustrade

U.S. Monthly Exports of Agricultural and Related Products to Cuba



U.S. Ag Exports to Cuba, Major Products 2001 - November 2007 (Cumulative Total)



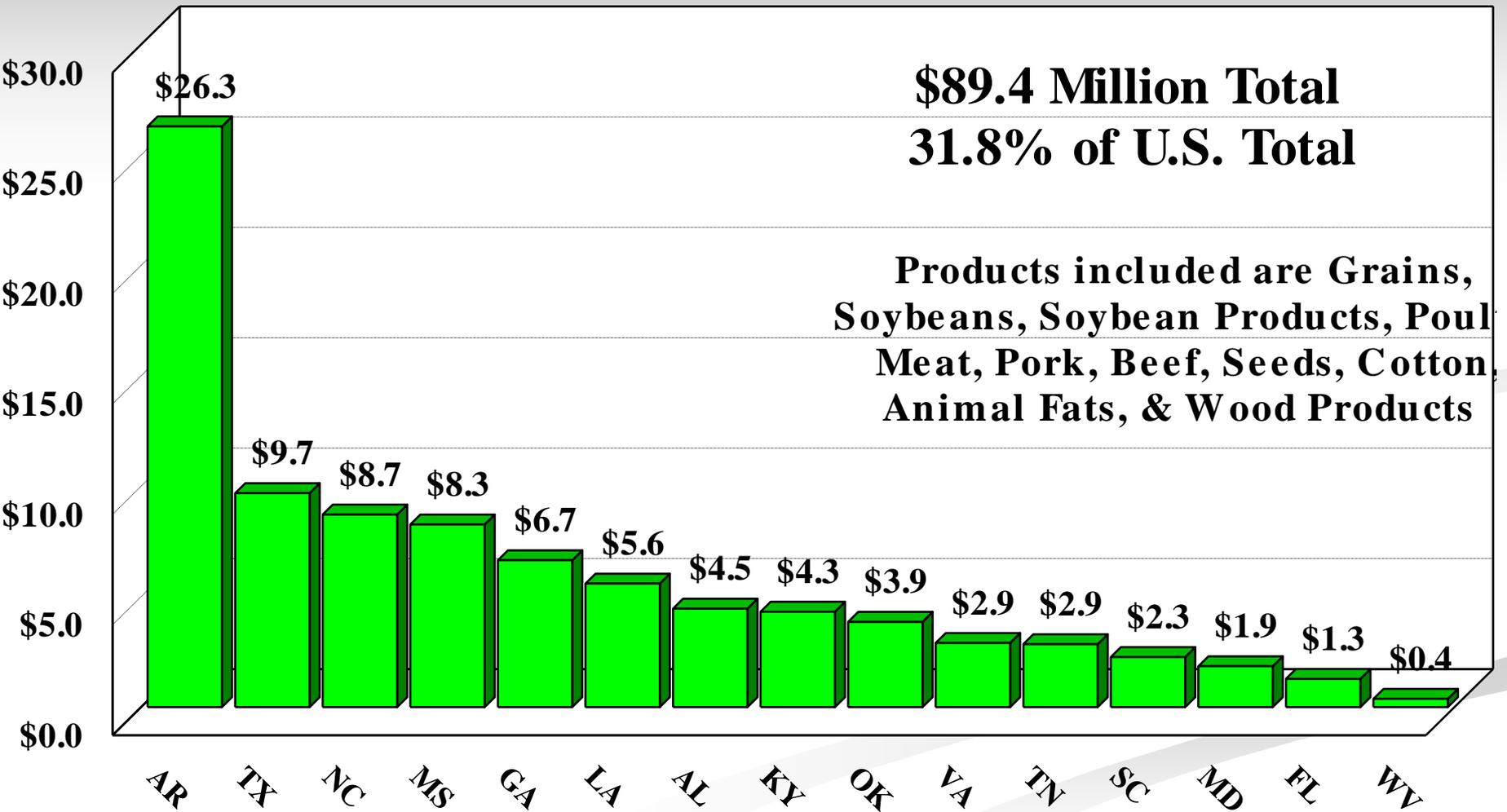
Source: Foreign Agricultural Service, USDA
SB Products Include Soybean Oil, Meal, and Flour

State Share of Exports

- **Calculated State Share of U.S. Production for a Commodity Sector Based on Volume**
- **Applied State Share of Production Percentage to Total Commodity Sector Exports to Obtain State Share of Exports Based on Value**
- **Repeated Process for Each Commodity Sector in each State, then Summed Across States**
- **Based on Methodology Used by Economic Research Service, USDA**

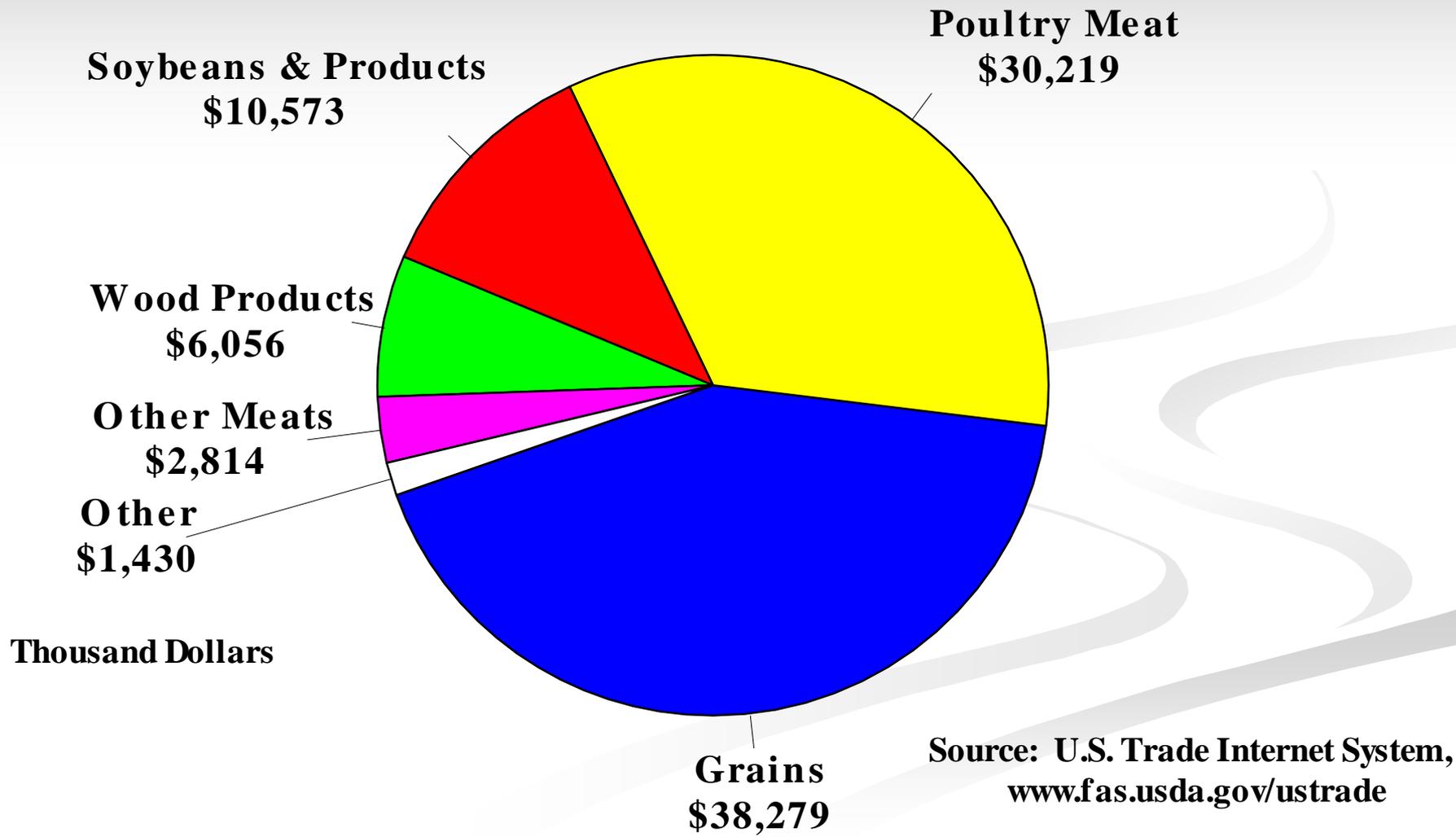
Southern U.S. Agricultural Exports to Cuba, Major Products, 2006

Million Dollars



Composition of Southern U.S. Exports to Cuba, 2006

\$89.4 Million Total



Estimated Economic Impacts

- **Using 2006 Data for the Input-Output Model IMPLAN, Constructed a Model for the Southern U.S.**
- **Input the Estimated Southern U.S. Exports to Cuba into the IMPLAN**
- **Output included the amount of Business Activity, Income, and Employment Required to Support the Exports**
 - **Direct Impacts Related to Exported Commodities**
 - **Indirect/Induced Impacts Related to Supporting Industries**

Types of Economic Impacts

- Employment: Total number of paid employees, including part time workers
 - Part time workers are counted as full time equivalents
- Business Activity: The value of industry output or industry sales
- Income: Wages, proprietor income, other income, indirect business taxes
 - Same as Gross State Product (GSP)

**CAUTION: Income is included within Business Activity
So, DO NOT Double Count them**

Economic Impacts of Southern U.S. Exports to Cuba, 2006

	Business Activity	Income	Employment
	<i>(Million Dollars)</i>		<i>(Jobs)</i>
Direct	\$89.4	\$27.8	1,332
Indirect & Induced	\$104.0	\$48.9	669
Total	\$193.4	\$76.7	2,001

Source: Center for North American Studies, using IMPLAN Input/Output Model

Southern Ports Dominate

**Over 99% of U.S. Agricultural Export
to Cuba are Shipped through
Southern Ports, Led in 2006/07 by:**

- 1) New Orleans, LA**
- 2) Port Everglades, FL**
- 3) Gramercy, LA**
- 4) Houston, TX**
- 5) Norfolk, VA**

Summary

- **U.S. Market Position Strong, but Future Prospects Clouded by High Prices & Competition**
- **Tourism Key to Market Growth in Near Term, Along with Sugar, & Nickel Exports**
- **Cuba the Top Carib Grain Market**
- **Latent Demand for Meats, Especially Pork & Beef, Most Consumer Products Currently for Tourists**
- **Optimism About Recent Oil & Gas Discovery in Cuba**

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