

U.S-Cuba Agricultural Trade: Recent Developments and Prospects for the Future

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June 1, 2015

- **I. Historical Antecedents**
 - **The 1990s**
 - **The Trade Sanctions Reform Act and Export Enhancement (TSREEA) [2000]**
- **II. The Evolution U.S. Food and Agricultural Exports to Cuba: 2001- Present**
- **III. A “New Era” for the U.S. and Cuba**
- **IV. The Potential (Attractiveness) of the Cuban Economy**
- **V. Key Measures to Expand U.S.-Cuba Trade**

- **The 1990s: Academic Collaboration**
 - Joint research projects about Cuba's agricultural sector between the University of Havana and the University of Florida (Gainesville).
 - Focused on the complementarity between the agricultural sector in both Cuba and the United States.
 - Received research award by the U.S. Department of Agriculture.
 - The second stage of this collaborative academic effort could not be executed due to U.S. government restrictions.
 - **Outcomes:**
 - Served as the “first steps” that later facilitated the relaxation of U.S. sanctions through the approval of the **Trade Sanctions Reform Act (TSRA) in 2000.**
 - **Trade Sanctions Reform and Export Enhancement Act (TSREEA), October 2000:**
 - Lifted unilateral U.S. sanctions with respect to agricultural products, and food products.
 - However, one of the main **restrictions of the TSRA** established that U.S. exports of agricultural products and food products to Cuba could only take place through **advanced cash payments.**
 - Furthermore, U.S sales of such products to Cuba are **controlled through one-year licenses** issued by the U.S. government and **exporters cannot receive direct U.S. government support.**

Figure 1: Value of TSRA- Authorized US Exports to Cuba, *millions USD*
2001 - 2008

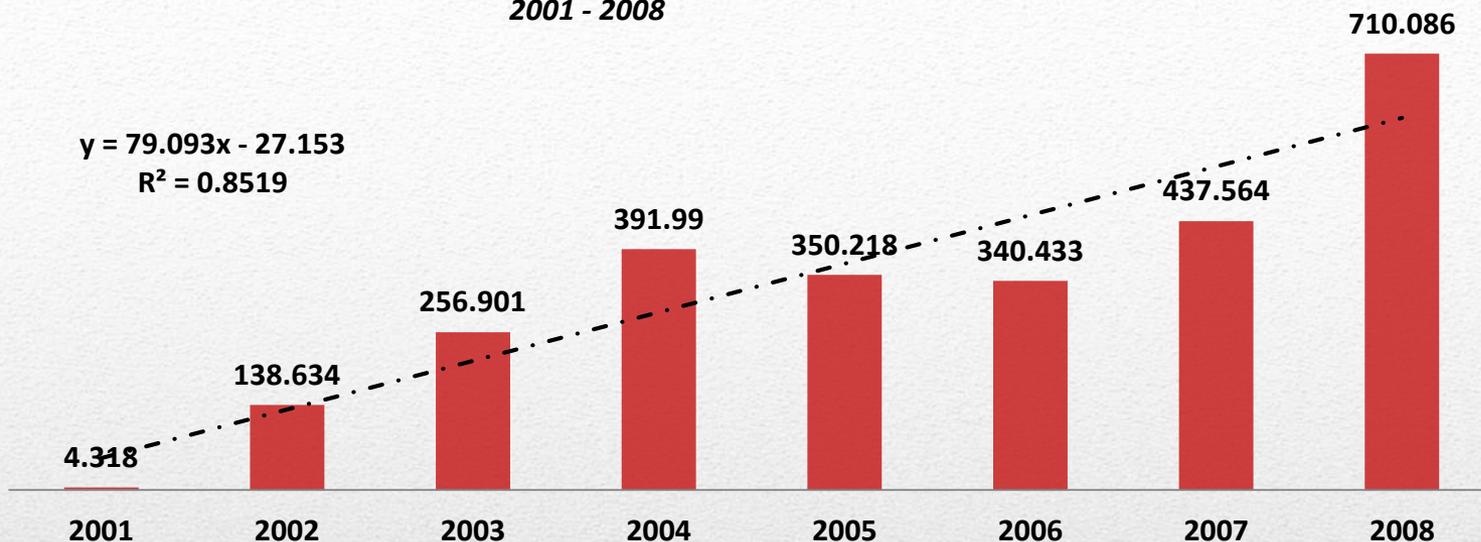


Table 1. Value of TSRA-Authorized Exports to Cuba, 2001-2008*

Year	Total (Millions USD)	Ranking based on Export Markets
2001	4.318	144th (of 226)
2002	138.634	50th (of 219)
2003	256.901	35th (of 226)
2004	391.99	25th (of 228)
2005	350.218	30th (of 228)
2006	340.433	34th (of 227)
2007	437.564	37th (of 220)
2008	710.086	29th (of 228)

Source: U.S.-Cuba- Trade and Economic Council, 2015

* Excludes transportation charges, bank fees and other charges.

Trends: DESPITE EXISTING RESTRICTIONS:

- U.S. food and agricultural exports to Cuba expanded significantly during the 2001-2008 period.
- Cuba's ranking – as a key U.S. Export Market – **increased** from 144th (of 226) in 2001 to 29th (of 228) in 2008.
- These trends highlight **the importance of Cuba as an Export Market** for U.S agricultural products.

Figure 2: Value of TSRA- Authorized US Exports to Cuba, millions USD

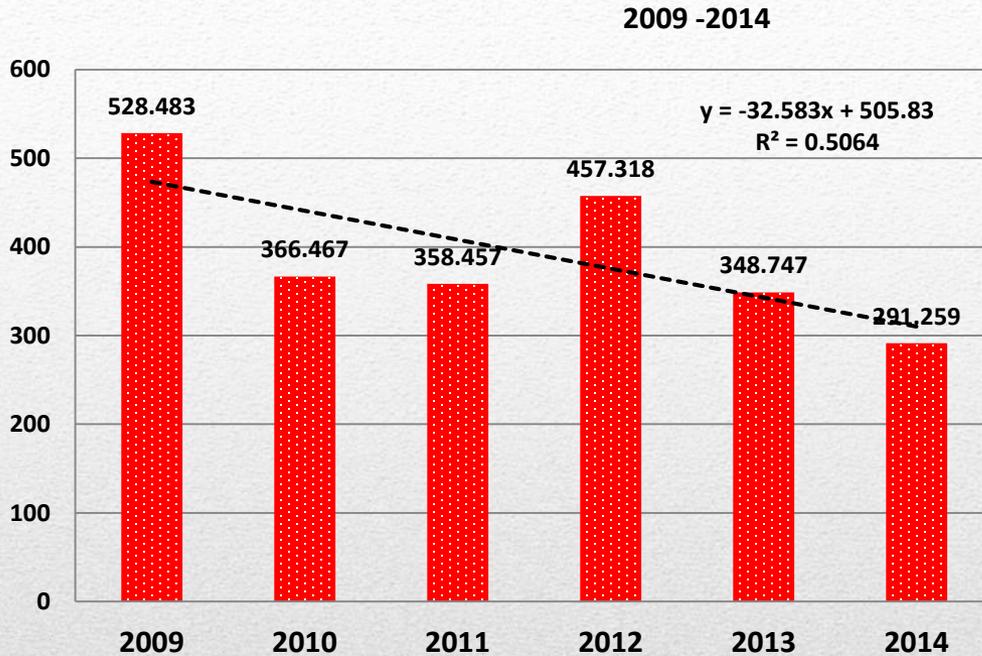


Table 2. Value of TSRA-Authorized Exports to Cuba, 2009-2014*

Year	Total (Millions USD)	Ranking based on Export Markets
2009	528.483	36th (of 232)
2010	366.467	45th (of 228)
2011	358.457	50th (of 232)
2012	457.318	43rd (of 229)
2013	348.747	46th (of 224)
2014	291.259	49th (of 223)

Source: U.S.-Cuba- Trade and Economic Council, 2015

* Excludes transportation charges, bank fees and other charges.

2009-2014 Trends: U.S. agricultural and food exports to Cuba have experienced a declining trend since 2009. This can be attributed to several factors such as:

- Sales of agricultural and food products authorized under TSRA (2000) represent “one way” trade
- U.S. restrictions pertaining to maritime and aerial shipments of agricultural and food products to Cuba
- Cuban agricultural and food imports from other countries (e.g. Brazil, Canada, Venezuela, Vietnam, others)

2015 Highlights:

- As of March 2015, the total value of TSRA-Authorized Exports to Cuba was \$71.546 millions USD.
- Cuba was ranked as 55th of 223 Export Markets.

II. The Evolution U.S. Food and Agricultural Exports to Cuba: 2001- Present

Rank	Product	Value, Millions USD	% of total U.S Exports to Cuba
1	Frozen Chicken	\$147.577	50.7%
2	Soybean Oil Cake	\$67.333	23.1%
3	Soybeans	\$30.573	10.5%
4	Corn	\$28.244	9.7%
5	Mixed Animal Feeds	\$9.380	3.2%
6	Herbicides	\$6.358	2.2%
7	Frozen Pork	\$1.313	0.50%
8	Frozen Turkey	\$0.096	0.03%
9	Soups/Broths	\$0.047	0.01%
10	Fresh Fruit	\$0.032	0.01%
	Total Value of Top-10 Exports	\$290.95	
	Total Value of U.S Exports to Cuba	\$291.26	
	Top-10 Exports as % of Total	99.9%	

Source: U.S.-Cuba- Trade and Economic Council, 2015

* Excludes transportation charges, bank fees and other charges.

- U.S agricultural exports to Cuba are **concentrated** on a selected group of commodities (or products) (Table 2).
- In **2014**, the value of the top-ten U.S agricultural exports to Cuba (\$290.95 millions USD) represented close to 100% of the value of total exports (\$291.26 millions USD).
- As of **March 2015**, the value of the top-ten U.S. exports to Cuba (\$68.293 millions USD) represented 95.5% of the value of total exports (\$71.55 millions USD).
- **The principal agricultural products** exported to Cuba (as of March 2015) were:
 - **Frozen chicken** (\$32.9 millions USD, 48.2%)
 - **Soybean Oil Cake** (\$21.82 millions USD, 31.9%)
 - **Soybean Flour/Meals** (\$11.16 millions USD, 16.3%)

III. A “New Era” for U.S.-Cuba

- This new period of U.S. – Cuba relations requires:
 - The **reconceptualization of economic relations** under conventional forms of mutual equality, conditions, rights, and privileges.
 - **The Cuban economy has demonstrated that it represents an attractive market** not only for U.S. agricultural producers and/or exporters, but also for producers of essential inputs, equipment, technology, services, etc.
 - Even though the Cuban economy has defined **import substitution** as a key policy objective, there are agricultural and non-agricultural products which cannot be produced in Cuba.
 - There are also other products, which the Cuban economy is unable to produce at competitive costs; thereby, **requiring imports**.
 - Products that could be produced by the Cuban economy will require essential inputs, equipment, machinery, spare parts, etc. , which could be acquired in the United States.
 - These linkages can be expanded through the creation of **joint ventures** (between U.S. and Cuban enterprises), specializing on the Cuban domestic market and on exporting (Cuban products) to international markets.
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IV. The Potential (Attractiveness) of the Cuban Economy

- The new scenario for U.S-Cuba trade requires assessing the potential (attractiveness) of key sectors of the Cuban economy:

1.- Areas of Immediate Attractiveness (for expanded U.S-Cuba Trade):

- **Non-Sugar Agricultural Sector:** Tobacco, rum production, citrus fruits (fresh and processed), tropical fruits (fresh and processed), horticulture, coffee, and cocoa. The Non-State sector, in its diverse forms (e.g., cooperatives and private farmers) predominates in this sector, accounting for close to 70% of output.
- **Sugar Cane, Derivatives, and Cane-Based Energy and Technologies.**
- **Biotechnology, and Pharmaceutical Products.**
- **Tourism:** Immediate estimated potential: 1.1 million tourists, with a potential annual growth rate of 400,000 new tourists , potentially reaching 4 million tourists (visitors) per year.

2.- Attractive Areas in the Short and Medium Term:

- **Joint Oil Exploration** in the Gulf of Mexico. According to Sanchez (2015), Cuba's northern basin has an estimated 4.6 MMM barrels of oil, 9.8 trillion cubic feet of natural gas, 1.2 trillion cubic feet of non-associated natural gas, and average of 0.9 MMM barrels of liquid natural gas.

V. Key Measures to Expand U.S.-Cuba Trade

- *Both countries should strive to move towards favorable conditions that would facilitate the expansion of bilateral U.S. –Cuba Trade.*
- *The elimination of ALL existing restrictions is an essential prerequisite for expanding two-way bilateral relations between Cuba and the United States.*
- Within this context, there are several **necessary steps to expand bilateral U.S.-Cuba trade** and relations in the short and medium-term:
 - *1. Authorize Cuban exports to the U.S., which is likely to increase Cuba's hard currency earnings and its ability to purchase goods and services imported from the U.S.*
 - *2. Normalize banking transactions and authorize credit financing arrangements to facilitate trade and commerce between both nations.*
 - *3. Eliminate existing constraints and limitations with regards to maritime and air transport between the U.S. and Cuba.*
 - *4. Eliminate existing (U.S.) regulations that prohibit American citizens from traveling to Cuba (as tourists).*

Gradual and total Elimination of all restrictions that continue to interfere with good relations and limit the expansion of U.S.-Cuba Trade

- The elimination of existing (U.S.) restrictions and prohibitions with respect to trade and commerce with Cuba will contribute to:
 - 1. The **development of favorable conditions** that would facilitate the expansion of:
 - *A. Direct Investment*
 - *B. Joint ventures between U.S. and Cuban enterprises*
 - *C. Large capital investments in agricultural supply chains, equipment finance, technical services, etc.*
 - 2. The **production of goods and services (in Cuba)** destined for the U.S. market, which could accelerate the **successful integration of the Cuban economy in global value-added supply chains** (in association with U.S. and third party enterprises).
 - The **potential value of bilateral U.S.-Cuba** trade is estimated to surpass **\$2.5 billion USD** in a relatively-short period of time.

Thank you very much.