

How Can Agriculture Benefit From More Trade With Cuba?



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The Obama administration's move to liberalize Cuban American travel and financial support is merely a first step toward improving U. S. Cuban relations. Farmers and the agribusiness community can logically ask what benefit such policies could mean for them.

The administration announced plans to allow Cuban Americans unlimited visits to relatives as well as unlimited remittances of funds that Cuban immigrants to the U. S. could send to relatives on the island. President Bush imposed restrictions on both in 2004. Several groups, call them lobbyists if you want to, have expressed support for more contacts with Cuban government officials and trade groups. The Latin American Working Group sees easing restrictions of movement for travelers, communications and money as a way to generate momentum that could benefit U. S. producers.

The American Farm Bureau president has stated that easing travel and financial restrictions to Cuba is one step closer to easing all trade restrictions with that country. Farm Bureau is encouraged by the President's actions and appreciates the administrations prompt action on the issue. They would like to see specific agricultural provisions to increase trade.

Since 2000 when agricultural trade regulations permitted cash sales, U. S. agricultural sales have averaged \$400 million annually with top commodity sales including poultry, wheat, soybeans, rice and dairy. With expanded trade, farm business expects agricultural sales to increase to more than \$1 billion annually.

AFBF would also like to see specific provisions for "cash payments in advance" in the 2000 Trade Sanctions and Reform Act allowing the country to directly wire payments to U. S. banks instead of going through a third country bank as it does now. They would also like to see visas issued for Cuban inspectors to travel to the U. S. to meet with suppliers, inspect facilities and verify procedures and standards associated with sales of U. S. food and agricultural exports to Cuba.

Opening more travel opportunities is viewed as only the first step toward increasing trade. More agricultural trade would be beneficial to

many agricultural producers. Cuba has about 11 million people and is only 228 miles from Miami.

If travel restrictions were lifted for all Americans, an estimated 2 million people would want to visit Cuba every year. Such travel is seen as more demand for agricultural products.

The U. S. Treasury Department has announced plans to issue new regulations that would allow U. S. businesses to travel to Cuba to market agricultural or medical products under a general license that would reduce federal red tape that exists with individual per trip licenses.

Agricultural trade with Cuba has declined since President Bush instituted regulations requiring Cuba to pay cash for U. S. agricultural products prior to shipments. So far the Treasury Department has not announced any plans to change that rule. But government officials believe that payments will be allowed when goods are delivered and Cuban buyers will be offered greater credit opportunities that would open export opportunities for small and mid-sized U. S. producers.

If the U. S. doesn't require cash in advance, then U. S. exporters would be extending credit to the Cuban government or Cuban buyers of agricultural products. That would be a big step in loosening the Cuban trade embargo.

The trade embargo dates back to the Kennedy administrations following the Cuban missile crisis in 1962 and has been modified by other administrations since then.

Much of the opposition to loosening restrictions on Cuban trade comes from those Cuban Americans who left Cuba when Castro took over and have strongly opposed the Castro regime. Cuba's holding of political prisoners, those who oppose Castro's policies, is another issue that restricts more free trade.

Since U. S. recognized the communist government in China, many trade benefits have developed. Many wonder if a similar opening of relations with Cuba could also be beneficial to American farmers and agricultural industries.

But a major question remains in attempts to develop trade with Cuba. How will Cuba pay for the agricultural products we want to sell? Tourist dollars are certainly a possibility. But that question must be worked out before trade with Cuba can prosper. Δ

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