Restrictions hurting exports to Cuba

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WASHINGTON — U.S. agricultural sales to Cuba would have been as much as one-third higher in 2008 if U.S. restrictions on financing of the exports and travel by Americans to Cuba had been lifted, a top U.S. International Trade Commission member said April 30.

Speaking at a Center for International Policy conference promoting easier U.S.-Cuban relations, Jonathan Coleman, the head of the ITC agricultural and fisheries division, said if the restrictions had been lifted, U.S. sales would have risen from $707 million to between $925 million and $1.2 billion.

Coleman said the study assumed the lifting of all the complicated arrangements for payment required under the 2000 Trade Sanctions Reform and Export Enhancement Act that allowed the sale of U.S. agriculture products to Cuba for the first time since the embargo on trade was established in the early 1960s.

Coleman also said the study assumed that if all travel restrictions had been lifted, 500,000 to 1 million Americans would have traveled to Cuba in 2008. Coleman said the statistics were an update of a larger study that the ITC, a federal agency that analyzes trade problems, had conducted in 2007 at the request of Senate Finance Committee Chairman Max Baucus, D-Mont.

Missing opportunities

Coleman said the increase in sales would have amounted to $225 million to $475 million and that the U.S. percentage of the Cuban import market would have risen from 38 percent to between 49 percent and 64 percent. He also said that requiring Cuba to buy letters of credit through banks in third countries and requiring cash payment before shipment make the U.S. products 2.5 percent to 7 percent more expensive than if Cuba were able to use normal banking channels. Some analysts have said that U.S. producers have fared better with cash sales than if U.S. firms could grant credit arrangements to Cuba because Cuba has been late in paying for its agricultural imports from other countries. But Coleman said his analysis did not include that issue.

Daniel Griswold of the Cato Institute, a libertarian think tank, noted that Cuba is the No. 6 customer for U.S. agricultural products in Latin America and that sales to Cuba, a country with 11.5 million people are higher, than sales to Brazil, which has 200 million people.

If the restrictions were lifted and Cuba spent the same share of its GDP on farm exports as other Caribbean islands, “we could be exporting $1.5 billion a year, more than double our current exports,” Griswold said.

USA Rice Federation CEO Betsy Ward said U.S. rice producers have lost sales to Cuba because Vietnam has extended credit to Cuba for rice purchases.

Several farm group representatives at the conference they hope President Obama’s recent overtures to Cuba lead to an easing of trade and travel restrictions.

"Resuming normal commercial relations with Cuba is the top priority for our organization," Ward said, noting that the United States was the No. 1 rice supplier to Cuba in 1961 before the embargo was imposed.

Alan Tracy, president of U.S. Wheat Associates, a wheat promotion group, said he was disappointed Obama's statement did not include an easing of Bush administration regulations requiring that Cuba pay cash in advance prior to shipment. But Tracy said farm groups still are looking for a legislative vehicle to push for more liberalization.

Tracy said since 2001, Cuba has bought U.S. what valued at $383 million, but that if commercial relations had been normal, Cuba would have bought wheat valued at $1.1 billion.

Wayne Smith, a former chief of the U.S. Interests Section in Havana, said he is working with Cuban and U.S. officials in Galveston, Texas, and Louisiana to set up a better system to exchange information on hurricanes.

Two diplomats from the Cuban Interests Section in Washington attended the conference, but said they were there as observers and declined to comment.