

Farm groups still face hurdles in opening Cuba market

Expert says Raul Castro not likely to embrace free trade policies

By [Chris White](#)

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U.S. agricultural interests have long been among the most vocal opponents of the trade embargo with Cuba, arguing U.S. farmers were missing out on hundreds of millions of dollars in sales to the island.

Farm interests made that pitch again at a Senate hearing looking into agricultural opportunities in the wake of President Obama's diplomatic outreach to Havana, but U.S. officials said the normalization process might not be so simple.

If and when the U.S. Congress formally lifts the 60-year trade embargo with Cuba, Cuba's tightly controlled import infrastructure may pose continuing hurdles to American farmers, Michael Scuse, undersecretary of USDA's Farm and Foreign Agricultural Service, told a Senate Agricultural Committee Tuesday. All U.S. farm sales are now channeled through Alimport, a state corporation, while some competing nations have established alternative trading networks.

"Alimport is the exclusive agent for the Cuban government on buying decisions and negotiating purchases from U.S. firms," Mr. Scuse said. "Alimport not only negotiates contracts for purchase with U.S. firms, but it arranges for payment, takes control of the imports at the Cuban port, and manages the distribution process within Cuba."

Major short-term gains from normalizing relations with Cuba are probably not in the offing because the government of President Raul Castro will likely increase economic restrictions against the U.S. as soon as Washington lifts the embargo, said Juan Carlos Hidalgo, Latin American policy analyst at the libertarian Cato Institute.

"I really don't see Raul Castro or the Cuban government embracing free trade policies anytime soon," he said.

Democrats on the Senate panel strongly endorsed arguments for opening trade to Cuba as quickly as possible.

"Cuba's economy is in shambles. Its people are suffering. It's time to ease sanctions so both sides ... can benefit from mutual trade," said Sen. Patrick Leahy, Vermont Democrat.

Sen. Debbie Stabenow, Michigan Democrat, said she believes the Cuban people are liberalizing their views toward the U.S., recalling how Cubans approached her excitedly about easing trade restrictions during her last visit to the communist-run country.

"After 50 years of stalemate, it's time to take down the barriers," Ms. Stabenow said.

A leading U.S. rice producer urged the Senate to quickly lift the trade embargo, saying the lingering legal shadow caused by U.S. trade restrictions is hampering the ability to strike deals.

Terry Harris, senior vice president of marketing and risk management for the Arkansas-based cooperative Riceland Foods, noted that the U.S. was the top exporter of rice to Cuba before the embargo. Cuban importers, however, have so far shown little interest in resuming American rice purchases until the diplomatic and legal situation are clarified.

"There are still obstacles to conducting normal trade with Cuba," Mr. Harris said. "To give U.S. rice the chance to compete in Cuba, the rice industry seeks the ultimate lifting of the embargo and the elimination of all restrictions on tourism and trade with Cuba. This, of course, requires congressional action."

Mr. Scuse told the panel that, despite the uncertainties, the U.S. in the long run is well-positioned to grab a major share of Cuba's agricultural import market.

"We have a tremendous logistical advantage over the EU and Vietnam — both of whom supply Cuba with most of its rice — in that we are located only 90 miles from Cuba's border," he said. "Both sides will benefit from trade normalization."