



Thoughts From . . .

CAPITOL HILL

By Congressman Rodney Alexander



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Trip to Cuba Sheds Light On Untapped Market for Louisiana's Producers

WASHINGTON, D.C. – During the recent Congressional recess, I had the rare opportunity of traveling to Cuba with a Congressional delegation from the House Appropriations Agriculture Subcommittee.

As a representative for a highly agricultural district, I was eager to learn more about how easing trade restrictions with Cuba could benefit Louisiana farmers – particularly rice farmers – and what Congress can do to facilitate increased sales to Cuba.

Though the United States has, for the most part, isolated itself from this communist nation since the 1960s, U.S. commercial agricultural exports to Cuba have been permitted since Congress passed the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA). This act allowed U.S. producers to sell products – mostly agricultural products – to Cuba under many restrictions and licensing requirements. However, the TSRA continued to prohibit the United States from purchasing goods from Cuba.

Since this law was enacted, the United States has sold more than \$1.5 billion in agricultural products to Cuba, and it may come as surprise to some that Louisiana's rice industry has greatly benefited from selling crops to Cuba.

According to the USA Rice Federation, during the 2006-2007 crop year, the United States shipped 55,800 metric tons (MT) of rice to Cuba, and Louisiana's share of that number was 33,500 MT, approximately 60 percent.

The figures from 2006-2007 are a decline, however, from the year before. In fact, the United States' overall sales to Cuba have dropped substantially in recent years. According to the Congressional Research Service (CRS), the United States sold \$404 million in exports to Cuba in 2004, but this number fell to \$348 million in 2006.

Largely to blame is Cuba's increased trade with other nations. The CRS reports that Cuba's spending on worldwide imports jumped from \$3.5 billion in 2004 to \$4.7 billion in 2005.

I believe that the United States must consider lifting some unnecessary restrictions on trade before our nation's producers suffer greater reductions in this market. Perhaps the

biggest loss, though, is the potential profits current trade restrictions cut from America's agricultural producers.

Cuba has expressed an interest in purchasing more American rice, particularly Louisiana rice, because they favor it in quality and taste. If the strict trade sanctions were lifted, the USA Rice Federation estimates that the market size for U.S. rice could reach 800,000 MT, with Louisiana's share totaling as much as 480,000 MT. This is 14 times as much rice as Louisiana is currently selling; imagine what an impact this could have on our state.

Increasing rice sales to Cuba also makes good business sense not only for Louisiana but also for Cuba, considering Louisiana rice can reach Cuban tables in a little over a day's time, compared to the approximately 35 days it takes Cuba to import rice from Asia.

While in Cuba, the members of the delegation and I attended the opening session of a convention between Alimport, a food import company located in Havana, and a large number of U.S. agricultural producers, which ended successfully for these producers who negotiated nearly \$150 million in sales of food products such as pork, soybeans, tomatoes and rice.

I am encouraged by the companies' success, and I also feel the open dialogue our delegation engaged in with other individuals and groups including Ricardo Alarcon, President of the Cuban National Assembly; Michael Parmly, the Chief of the U.S. Interests Section; and Bruno Rodriguez, deputy Minister of Foreign Relations of Cuba; were positive steps toward achieving greater profits with this untapped market.

As trade becomes more competitive on the global scale, it is so important for Congress to explore new markets for our nation's producers. We should not punish our producers by denying them access to a potentially profitable market just because it is located in a country whose government we disagree with.

By improving our policies with Cuba, our country may discover that one such market is right under our noses – or, rather, just off our coast.

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