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**INT'L TRADE COMMISSION: BAUCUS CUBA BILL COULD BOOST  
U.S. AGRICULTURE SALES  
BY MORE THAN \$300 MILLION ANNUALLY**

*Report finds every sector would benefit from lifting of trade and travel restrictions*

Washington, DC – The International Trade Commission (ITC) has found that lifting trade and travel restrictions on Cuba – as proposed in legislation by **Senate Finance Committee Chairman Max Baucus (D-Mont.)** – would lead to significant financial returns for U.S. agriculture exporters. Last month, Baucus and U.S. Senator Mike Crapo (R-Idaho) introduced a bill to reduce restrictions on U.S. agricultural trade with Cuba and to lift the ban on travel to that nation. An ITC study expected to be released today found that removing these restrictions would increase the annual U.S. share of Cuba's agriculture imports to as much as nearly 70 percent, representing an annual boost of over \$300 million U.S. in U.S. agriculture sales.

**“Common sense tells us that barring agricultural producers from doing business with the largest market in the Caribbean is hurting American interests. Now this study gives us hard proof that the Cuban market holds real promise for America's farmers and ranchers,”** said Baucus. **“It's clearly time for Congress to curb the overzealous trade embargo on Cuba, so that American ranchers and farmers can benefit to the tune of over \$300 million a year.”**

A copy of the ITC report, “U.S. Agricultural Sales to Cuba: Certain Economic Effects of U.S. Restrictions,” is scheduled to be posted later today at <http://www.usitc.gov>. The ITC estimates that reducing agricultural trade restrictions would increase sales in every single U.S. agricultural, fish, and forest product sector, with shares for some key commodities, such as beef, growing dramatically. U.S. processed foods' share of Cuban imports could grow more than 17-fold. U.S. wheat sales stand to earn \$34 million more each year, a 71 percent increased share. If travel to Cuba were legalized, the ITC estimates indicate that as many as one million Americans would choose to visit, in turn boosting demand for U.S. agriculture goods in Cuba.

The report concludes that current regulations make trade with Cuba extremely cumbersome and add unnecessary expense for American producers. Congress intended to facilitate agriculture trade with Cuba when it passed the 2000 Trade Sanctions Reform and Export Enhancement Act (TSREEA). But after several years and almost \$1 billion in agriculture sales to Cuba under TSREAA, a 2005 Treasury Department ruling reinterpreting the law has impeded trade, causing a 15 percent drop in exports to Cuba.

The ITC notes that Treasury restrictions on payment terms have had a “substantial negative effect on the sales of agricultural products to Cuba,” while the requirement that Cuban payments be wired through foreign banks “contributes to increased costs of agricultural product sales to Cuba.” In total, the ITC concludes that financing restrictions on sales to Cuba add as much as ten percent to the cost of U.S. goods, making “U.S. products less competitive relative to imports from other sources.”

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In addition, ships transporting American goods to Cuba are not permitted to leave the harbor until the payment has been received, which discourages sales by turning the goods into seizable Cuban assets on U.S. soil, adding as much as \$40,000 to total shipping costs.

The report also states with regard to the Treasury Department's Office of Foreign Assets Control that "OFAC appears to have restricted business travel to and from Cuba that is necessary for U.S exporters to effectuate sales." While large, multi-national corporations are usually able to afford delays and maneuver through the red tape, the ITC says it can create real hardship for small to medium-sized American producers. Licensing procedures are "cumbersome, non-transparent and time-consuming" for small and first-time exporters, the report states.

Baucus's Cuba legislation, along with companion legislation in the House, will nullify the 2005 Treasury Department ruling, require the Department of Agriculture (USDA) to encourage trade as it does in other markets abroad, and abolish the travel ban on Americans wishing to visit Cuba. For further details of Baucus legislation, visit the Finance Committee website at <http://finance.senate.gov/sitepages/baucus.htm>.

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