



MORE CHANGE NEEDED TO REBUILD CUBAN WHEAT SALES

LARGE MARKET STILL OUT OF REACH

Cuba's proximity, as well as historical and cultural ties, should make it a natural trading partner for the United States. Averaging over 30 million bushels imported per year, Cuba is the largest market in the Caribbean for wheat. The United States has a natural advantage in that region, with an 80 percent share of the wheat market over the past decade. In the nearby Dominican Republic, U.S. wheat typically has a market share of over 90 percent. But Cuba has not imported wheat from the United States since 2011. Instead, all wheat imports come from the European Union and Canada. What makes our democratic allies competitive when we are not is the U.S. Embargo on Cuba. One of the only categories of exports allowed is agricultural commodities, but these are heavily regulated by provisions of the Trade Sanctions Reform Act (TSRA) of 2000.

“AVERAGING OVER

30 million bushels

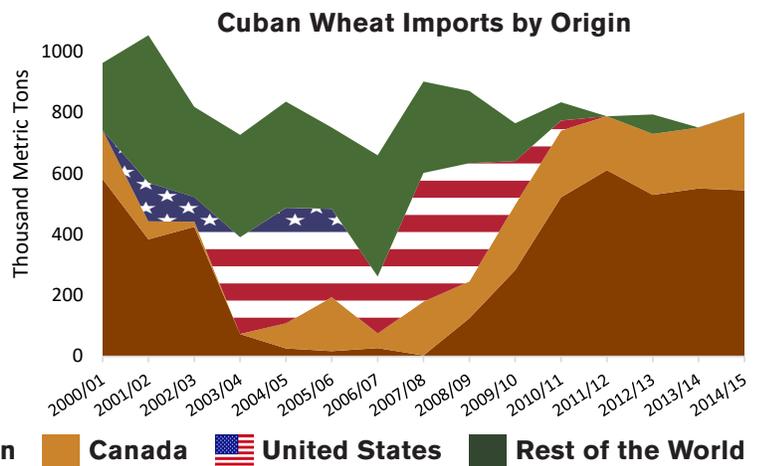
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The Cuban Embargo Shuts Out U.S. Wheat Export Sales



OVERREGULATION AND FREEDOM

While it's technically legal to export wheat to Cuba, U.S. law imposes regulatory requirements on traders that greatly increase the cost of exporting. The current regulatory structure of trade with Cuba robs U.S. wheat farmers of prime export opportunities. Furthermore, the Embargo's restrictions on Americans' freedom to trade and travel can't be justified given that nearly every other country in the world has been able to trade and travel with Cuba for decades. Cuba is even a founding member of the World Trade Organization.

Examples of how the Embargo imposes excessive regulations on commerce:

- Exporters are legally prohibited from offering financing options – even if they are willing to take the risk of offering credit to Cuba, the law forbids it.
- There are restrictive “cash in advance” requirements in TSRA that none of our competitors have to work with.
- Normal transfer of money between banks to pay for transactions is more expensive because of the banks' compliance costs for avoiding potential Embargo violations.
- A 6-month ban on vessels entering the United States after docking in Cuba increases shipping costs, even with the narrow exceptions for trade in agricultural products.
- Perhaps most importantly, the Embargo creates a negative relationship between U.S. sellers and Cuban buyers that is not conducive to doing business.



Ben Scholz is a hard red winter wheat farmer from Texas.
Photo Credit: Ashley Landis, Staff Photographer, Dallas Morning News.

“After visiting Cuba, it is clear that a consistent market for U.S. wheat can be developed in the country. With global competition growing rapidly, ending the embargo and easing current regulations that restrict trade with Cuba could provide a much needed boost for U.S. farmers.”

– Ben Scholz, Texas wheat farmer, industry leader and 2015 Texas Cuba Trade Mission participant

GOVERNMENT BUYERS

Cuba imports all wheat through a government agency called Alimport. While our preference would be to deal with private buyers, exporting to government buyers is not new for the U.S. wheat industry. Our largest customer, Japan, almost exclusively imports wheat through its agriculture ministry. Other major wheat importing countries with dominant state-owned buyers are China, Egypt, and Saudi Arabia. In fact, until a few years ago, state-owned enterprises monopolized both imports and exports of wheat in Canada and Australia. We support countries moving to fully private wheat trade, but even when government involvement is prevalent, it doesn't justify depriving wheat farmers of marketing opportunities.



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U.S. Wheat Associates (USW) is the industry's market development organization working in more than 100 countries. Its activities are made possible by producer checkoff dollars managed by 17 state wheat commissions and through cost-share funding provided by USDA's Foreign Agricultural Service.

National Association of Wheat Growers (NAWG) is a federation of 21 state wheat grower associations that works to represent the needs and interests of wheat producers before Congress and federal agencies. Based in Washington, D.C., NAWG is grower-governed and grower-funded, and works in areas as diverse as federal farm policy, trade, environmental regulation, agricultural research and sustainability.



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