

# U.S.-Cuba Trade and Economic Council, Inc.

New York, New York

Telephone (917) 453-6726 • E-mail: [council@cubatrade.org](mailto:council@cubatrade.org)

Internet: <http://www.cubatrade.org> • Twitter: @CubaCouncil Facebook:

[www.facebook.com/uscubatradeandeconomiccouncil](https://www.facebook.com/uscubatradeandeconomiccouncil)

LinkedIn: [www.linkedin.com/company/u-s--cuba-trade-and-economic-council-inc-](https://www.linkedin.com/company/u-s--cuba-trade-and-economic-council-inc-)

## President Trump Signing Farm Bill; It Includes Cuba Provision. Is It Significant?

The Honorable Donald J. Trump, President of the United States, will sign into law legislation known as the “**Farm Bill**” passed by the United States Congress.

For the first time since 28 October 2000- more than eighteen (18) years (6,622 days) ago, legislation which includes the Republic of Cuba will become law.

The Republic of Cuba-related provision within the *Farm Bill* will become law, somewhat ironically, because of one (1) United States Senator representing the State of Florida- who initially opposed the provision, but supported the provision when language was added which prohibited the use of United States taxpayer funds with entities in the Republic of Cuba controlled by the military. The United States business community did not oppose that prohibition.

The *Farm Bill* includes a provision authorizing the use in the Republic of Cuba of funding from the United States Department of Agriculture (USDA) for Market Access Program (MAP) and Foreign Market Development (FMD).

The provision in the “*Farm Bill*” was co-authored by two members of the United States Senate: The Honorable **Heidi Heitkamp** (D- ND) and The Honorable **Marco Rubio** (R- FL).

Senator Heitkamp agreed to include language submitted by Senator Rubio that would prohibit MAP and FMD funding to be used with Republic of Cuba entities that are controlled by the Revolutionary Armed Forces of the Republic of Cuba (FAR), consistent with policies of the Trump Administration.

***The specific language: “(d) Cuba .— Notwithstanding section 908 of the Trade Sanctions Reform and Export Enhancement Act of 2000 ( 22 U.S.C. 7207 ) or any other provision of law, funds made available under this section may be used to carry out the programs authorized under sections 222 and 223 in Cuba. Funds may not be used as described in the previous sentence in contravention with directives set forth under the National Security Presidential Memorandum entitled ‘Strengthening the Policy of the United States Toward Cuba’ issued by the President on June 16, 2017, during the period in which that memorandum is in effect.***

***Is provision optically significant?*** Yes, it is. How United States organizations seek to use the funds and how the government of the Republic of Cuba permits the funds to be used will be the baseline for determining effectiveness. If the funds are disproportionally purposed to make payments for travel to the Republic of Cuba and for larger booths at trade shows in the city of Havana, likely will be scrutiny by members of the United States Congress. If the Republic of Cuba permits funds to be used for what would not be expected to be authorized- permitting activities perceived in the United States as bold, members of the United States Congress and those within the Trump Administration would take positive note.

***Will the provision result in an increase in agricultural commodity and food product exports from the United States to the Republic of Cuba?*** There is no straight-line calculation which justifies that belief. United States agricultural commodity and food product exports to the Republic

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of Cuba continue to decline; **16.1%** thus far in 2018 compared to the same period in 2017- and have done so when commodity inventories have been high, commodity prices have been low and there would have been political value in purchases during a time of pain for United States farmers. Healthcare product exports have also declined; **44.1%** thus far in 2018 compared to the same period in 2017.

***Is there value in spending United States taxpayer funds to promote corn, dairy, poultry, rice, soy and wheat in the Republic of Cuba?*** Arguable given there is one contracting entity in the Republic of Cuba, cash-in-advance payment terms remain unchanged and the Republic of Cuba seeks payment term of up to two years due to its chronic shortage of foreign exchange. Unlikely a significant number of the United States organizations (approximately eighty-one in fiscal year 2018) applying for USDA reimbursement will shift previously-allocated country-targeted funds to the Republic of Cuba for fiscal year 2019.

***Does the inclusion of the provision suggest a “pathway forward” and “momentum” for additional Republic of Cuba-related legislation to become law, specifically relating to authorizing private-sector payment terms and private-sector financing for agricultural commodity and food product exports to the Republic of Cuba?*** Uncertain, as there is an eighteen-year-old legislative graveyard filled with headstones of initiatives that were “*on the cusp*” of success.

Legislative initiatives suffer from **1)** lack of public support from specific exporting companies stating on-the-record (at hearings, in media releases, etc.) that they would today provide payment terms- and what those payment terms would be, to Republic of Cuba government-operated entities and **2)** lack of public support from financial institutions including Greenwich Village, Colorado-based **CoBank** stating on-the-record (at hearings, in media releases, etc.) that they would today provide loans to Republic of Cuba government-operated entities based upon the credit profiles of those entities. In addition, Conway, Arkansas-based **Home BancShares**, which has an authorized account with a Republic of Cuba government-operated financial institution, has refused to comment as to why it has not sought authorization from the Office of Foreign Assets Control (**OFAC**) of the United States Department of the Treasury for the Republic of Cuba government-operated financial institution to have an account with Home BancShares. If each financial institution had an account with the other, the implementation of Direct Correspondent Banking (**DCB**) services would be operable- meaning that third-country financial institutions would no longer receive a commission for each United States-Republic of Cuba transaction. *DCB saves money, saves time, is more transparent, and more safe.* Ironically, the four (**4**) members of the House of Representatives and two (**2**) members of the United States Senate from Arkansas (exporter of poultry, rice, etc.) have not demonstrated an interest in public engagement with Home BancShares to implement DCB.

Trade Sanctions Reform and Export Enhancement Act of 2000 (**TSREEA**) exports (agricultural commodities and food products) since first use by the Republic of Cuba in December 2001 are **US\$5,849,925,838.00** through October 2018: **Clinton** Administration: US\$0.00. **Bush** Administration: US\$2,697,501,426.00. **Obama** Administration: US\$2,700,145,225.00. **Trump** Administration: US\$452,279,187.00. TSREEA requires that payments be made on a cash-in-advance basis; no other payment terms are permitted.