June 27, 2005

The Hon. Bill Delahunt
U.S. House of Representatives
2454 Rayburn House Office Building
Washington, D.C. 20515

The Hon. Jo Ann Emerson
U.S. House of Representatives
2440 Rayburn House Office Building
Washington, D.C. 20515

The Hon. Jeff Flake
U.S. House of Representatives
424 Cannon House office Building
Washington, D.C. 20515

The Hon. Jerry Moran
U.S. House of Representatives
2443 Rayburn House office Building
Washington, D.C. 20515

Dear Representatives Delahunt, Emerson, Flake, and Moran:

We, the undersigned export, agriculture, and business organizations and companies support the current proposals put forth by you and other members of Congress which will help prevent the loss of the U.S. agricultural export market to Cuba valued at around $450 million per year.

These bills include HR 719, HR 1339, and HR 1814 all of which if passed would serve to correct part or all of the current problems.

Before December, 2001, agricultural exports to Cuba were non-existent. Since 2001, the market grew significantly to a level of $474 million in 2004. Over 145 entities including farmers, processors, shippers, ports, and companies in 37 states, have benefited from the exportation of 300 food and agricultural products worth more than $1.3 billion.

But the sales of US agricultural products to Cuba have declined significantly in 2005. This decline is due to the February 22, 2005, announcement by OFAC which mandated that U.S. exporters be paid in cash before shipment rather than before title of goods changed hands as had been the case since December, 2001. This change in policy has hindered the payment process by requiring an additional letter of credit for the Cuban

buyer. This has made the payment process much more difficult and that process has caused Cuban buyers to question the reliability of U.S. firms as suppliers of food and other agricultural products to Cuba.

It is now evident that business for these U.S. suppliers has fallen as a direct result of these new regulations:

- According to the figures from the U.S. Department of Agriculture, sales of agricultural products to Cuba for the first four months of 2005 are 26% below the levels of the same period in 2004. This includes a 65.8% decrease in sales of soybean oil, 15.4 % decrease in soya beans, 14.5% decrease in sales of corn, 38% decrease in sales of concentrated milk, 92% decrease in sales of pasta, 56% decrease in sales of grapes, 21.9% decrease in sales of spices, and 22.7% decrease in sales of cotton.

- Those same figures also indicate that sales of several agricultural products ceased altogether in 2005 including logs and chips, fruit and vegetable juices, cheese, soups, and fresh tomatoes.

- The USA Rice Federation reports that sales of rice to Cuba in 2005 have dropped 52% by volume over the same period in 2004. Rice exporters have said that Cuba has turned back to China and Viet Nam for purchases.

- On April 27, 2005, in a teleconference hosted by the U.S.-Cuba Trade Association, Pedro Alvarez, Chairman of Alimport, the main Cuban buyer, told listeners that due to the change in payment requirements, Alimport was forced to purchase $300 million of wheat, corn, soybeans, rice, poultry, pork, and other agricultural products from other countries.

- On June 23, 2005, Alvarez told a visiting group of members of the U.S.-Cuba Trade Association that Alimport had planned to purchase $750-800 million from U.S. companies in 2005, but the restrictions have cut that to a projected $450 million.

- Alimport did not hold the trade show normally held in the Spring when contracts for future shipments have been negotiated by US exporters the last couple of years.

- According to the US Apple Association, exports to Cuba from the U.S. are projected to fall at least 30% as this summer's apple crop is harvested and sold. While Virginia currently exports about 80% of U.S. apples to Cuba (via the Virginia Apple Trading Company), growers across the nation will experience similar adverse impact.

- The Rice Company in Roseville, California, expects a loss of 50,000 MT of rice, yellow corn, and soybeans.

- Dairy America has experienced slower and more costly shipments to Cuba of nonfat dry milk with the new regulations adding an additional $3,000 per each shipment of 1,000 MT which may cause Cuba to look elsewhere.

- The Port of Corpus Christi in Texas reports that the OFAC regulations have curtailed its ability to conduct and grow its business with Cuba.

- The Virginia Department of Agriculture predicts that companies in Virginia which sold $20 million to Cuba in 2004 will face a reduction due to the OFAC regulations of 50% in sales to Cuba which will particularly impact small to medium sized firms.

Sales will continue to decline dramatically in 2005 unless the Congress can find a way to quickly overturn this change in the payment requirements and facilitate easier travel. The Congressional intent that is expressed in the passage of the Trade Sanctions Reform and Export Enhancement Act (TSREEA) to allow normal cash sales of US agricultural products to Cuba must be restored.

All of the undersigned trade associations, organizations, and companies are eager to work with you and your colleagues in any way possible to facilitate current trade with Cuba which includes the restoration of the terms of trade with Cuba that allow payment before transfer of title to the goods.

Sincerely,

A.R. Savage & Son, Inc. - Florida
AgBioTech, Inc – New York
AlaCaribe Initiative, Inc. - Alabama
Alamar Associates – Washington, D.C.
American Farm Bureau Federation
American Italian Pasta Company - Missouri
American Meat Institute
Buffalo Hills Bison Co. - Minnesota
Buffalo International - Florida
Caterpillar Americas - Florida
Cattleman's Meat Company - Michigan
Ciervo de Oro Foods - California
CoBank - Colorado
Crowley Liner Services - Florida
Cuba Trade Coalition - Alabama
Dolphin Shipping and Trading Co. - Georgia
Elof Hansson, Inc. - Georgia
FAR Trading Consultants - Georgia
FC Stone - Iowa
Interplanner Travel Services – Washington, D.C.

…more…

Kaehler's Homedale Farm Enterprises – Minnesota
Louis Dreyfus Corporation – Connecticut
Louisiana Dep't. of Economic Development
Maybank Shipping Co. – South Carolina
Molimar Export Consultants – Pennsylvania
National Association of State Departments of Agriculture
National Association of Wheat Growers
National Barley Growers Association
National Chicken Council
National Corn Growers Association
National Foreign Trade Council
National Milk Producers Federation
National Pork Producers Council
Navarretta Group – California
North Dakota Agriculture Commissioner, Roger Johnson
North Dakota Farm Bureau
North East Food Distribution Co. - Massachusetts
Northern Gulf Trading Group - Alabama
PS International – North Carolina
Perfected Foods Co. - Florida
Port Manatee Commerce Center - Florida
Port of Corpus Christi - Texas
Port of Mobile - Alabama
Sunlight Foods, Inc. - Florida
The Rice Company - California
The Scheye Group Ltd. - Illinois
United Americas Shipping Services, Inc. – Florida
U.S. Apple Association
U.S.-Cuba Trade Association
U.S. Dairy Export Council
U.S. Rice Producers Association
U.S. Wheat Associates
USA*Engage
USA Rice Federation
Virginia Apple Trading Co. – Virginia
Wheat Export Trade Education Committee