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2003 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HCR 3019

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 3019

House Government and Veterans Affairs Committee

Conference Committee

Hearing Date 2-13-03

Tape Number	Side A	Side B	Meter #
1	x		0-36.1
Committee Clerk Signature <i>Joseph Reike</i>			

Minutes: Vice-Chairman Grande: called the hearing to order. All committee members were present.

Eric Gosenstad, President, North Dakota Farm Bureau: was present and gave testimony in favor of HB 3019.

The current resolution you have before you is, speaks to opening travel restrictions placed on the Republic of Cuba by the United States government. As you are aware of in 1962 the blockade was put on Cuba because of their actions that their government put towards the U.S. back in those days and forty years later, we are still dealing with those. Cuba used to be one of North Dakotas major trading partners. North Dakota used to ship about 1 million tons of red spring wheat into Cuba. From 1962 to 2000 people in the U.S. were unable to do any business to the island of Cuba. In 2000 the trade sanction was passed by Congress that allowed for the cash sale of agricultural products and medicine to the Republic of Cuba from the United States. North Dakota is the nations leader in the production of a lot of different products.. Texas A and M did

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a study about a year ago, to talk about the economic impact of agricultural trade to the Cuba from the U.S., North Dakota ranked twelveth in that study. If we did a full and true business with Cuba it could mean about thirty seven and one half million dollars a year additional to North Dakotas economy. It employs something over 1000 people, now this is a market that the NDFB saw a chance to crack, about one year ago we visited the island, met with some of there trade people, and since been there two other times, on trade missions and according to NDSU numbers the business we have done with them amounts to about five million dollars to the economy and about 33 new jobs for North Dakota. Its a very small piece of it right now but it is a market that will continue to grow. There are many restrictions placed on Americans doing business with Cuba, they have to do with the first act passed in 1916 called the Trading with the Enemy Act. There is a law that says, any ship that calls on Cuban ports can't call on U.S. ports for one hundred and eight days. We feel that needs to be lifted, there are ways around it you can be licensed, there is one shipping company that is licensed by the government. The finance restrictions that are in place, that is a restriction that NDFB believes it should be left in place for now, because right now it's cash only sales, we are getting the cash the rest of the world is going on the ledger, and the rest of the world is not getting paid, because they want to do business with the United States, they feel they have to do business with the United States, and we are getting the cash, is it enough, no it is not the one restriction we have to lift now is the travel restriction. U.S. citizens are resticted from free travel. Certain people can travel, but it is very very limited, and the island of Cuba has tremendous potential for tourism, for Americans. That is what this resolution speaks to.

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Representative Klemin: how does this work will we also lift the travel restrictions for them to come here?

Eric Gosenstad: we would hope so, one of the things that is really a road block to building trade with Cuba, is that right now there trade people are prohibited to coming to the United States, we have been trying since last January to bring a gentleman by the name of Padro Alveraz to North Dakota he is the person that everything that the Republic of Cuba buys in the way of agricultural commodities goes through his hands he is their buyer. We have been trying to bring him and some of his lieutenants, to North Dakota to look at our agricultural industry and we can't get him here. The State Department will not grant this.

Representative Nelson: appeared in support of HCR 3019. I traveled to Cuba with the NDFB delegation to see what the opportunities of that country has for North Dakota producers and that is the reason for this resolution, I think it is important that much of this has already been said. Cuba offers a get potential for North Dakota producers. What we saw down there is that they are a very poor country. What we saw down there that the commodities they purchase are very low quality, when they saw the quality of North Dakota products. Tourism is their number one industry today, if travel flows freely not only will they need more commodities but they will get a higher quality commodity. We can bring our smaller barges into the port of Havanna, at a much cheaper rate then they can access their quantities from Europe now. This would offer some great opportunities. If we can do something to force our government to open up the doors not only for trade but travel, North Dakota would benefit on production of agriculture and would lead the way in the country.

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If we could bring a trade delegation in North Dakota we could showcase the crops where we could show them the blending possibilities with wheat compared to some of the stuff they are bringing in today.

Representative Klemin: We have a resolution now only for one way travel U.S. citizens to Cuba but it doesn't say for Cuba to travel to U.S.

Representative Nelson: I would certainly be opened to an amendment that would do that.

At least to welcome trade delegations for trade as a first step and free travel.

Representative Grande: I think the big part of that issue really isn't that the U.S. is not restricting travel to here, but Cuban government is not letting their citizens come here. So addressing that as an issue we need to keep a clean perspective of what we are trying to do here. If we increase our travel there and we drop our money into their economy that gives them more money to pay back.

Representative Sitte: under the trading with the Enemy Act, we are allowed to export as much food as we can possibly sell them or as they can afford to buy.

Representative Nelson: as I understand it food and medicine are allowed to trade, the problem is we can't extend credit to Cuba. Their ability to purchase our product is limited by their cash flow only, basically. They are truly a very poor country. If we can raise their industry (tourism) to a higher level they have more cash to buy our goods.

Representative Sitte: I think we have to remember what President Bush said last May when he was talking about that he will not lift the trade embargo with Cuba until they release the political prisoners and maybe there is a problem, maybe there is a reason our state department realizes what they have done to some people and that is why they are not allowed to travel here.

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What kind of handle does the U.S. have on these communist countries that are riddled with human rights abuses, if we don't in some way put restrictions on these countries.

Roger Johnson, N.D. Ag Commissioner: I've been to Cuba twice in the last 7 or 8 months. I've provided testimony this resolution is a very small first step in my judgement we have to do a lot more. We ought to encourage travel both ways, number one, and personally I think we ought to lift the embargo. Attached to the back of my testimony you will see policy amendment form.

We did endorse this by a two to one bargain across the country, we think it is time to lift the embargo there are a lot of issues dealing with transportation efficiencies. When Cuba pays for the shipment of peas what they generally do send their pesos to Europe and then convert their pesos into European currency convert that European currency into U.S. dollars, ship it back to here.

Often times when you trade a dollar, for another form of currency, then you trade it back you will lose money in the deal sometimes you lose a lot of money in the transaction because the markets are a little bit out of sync. I would very much support this resolution, there is another resolution going through the legislature, so you will have a chance to deal with that as well.

Representative Meier: currently with what country is Cuba doing the most trade with?

Roger Johnson: My guess it would be Canada and I will tell you why, I know that tourism is the biggest part of there non-government economy. And Canada is the biggest part of the tourism sector in Cuba after that is Europe. Canada, really their tourism industry is really small by comparison to Florida, Cuban tourism industry is between 1 to 2 billion dollars, Florida is between 15 or so billion dollars. Cuba is very small and backwards.

Representative Sitte: Well, I whole heartly want to see the farmers extend their markets, I have to vote against it because I feel that it is so very wrong to support Fidal Castro.

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Representative Devlin: made a motion to **DO PASS** HCR 3019.

Representative Haas: **SECOND** the motion.

**VOTE: 13 YES 1 NO 0 ABSENT.**

**Motion carried.**

Representative Devlin will carry the bill to the floor.

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