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COMMERCE

Cuba buys less U.S. food

Cuba is aiming to match last year's purchases of \$475 million in U.S. farm sales, far short of its original intent.

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Associated Press

HAVANA - Cuba will spend less than two-thirds of the money it had planned to invest in American farm goods this year because of increased U.S. restrictions, Cuba's top import official said Thursday.

The communist-run island had planned to purchase up to \$800 million in goods this year from the United States, according to Pedro Alvarez, chairman of Cuba's food import company Alimport.

But a rule that forces Cuba to make full payment for goods before the cargo leaves U.S. ports has complicated commerce and forced the island to turn to other markets, Alvarez said. As a result, Cuba is now aiming just to match the amount it spent last year on U.S. products -- about \$475 million.

"Not only have the recent measures made American exports more expensive, they've also introduced a lot of uncertainty," Alvarez told a news conference during a visit to the island by members of a U.S. trade association pushing for normalized trade with Cuba.

The U.S. Treasury Department rule was implemented earlier this year. Some members of Congress are pushing for an amendment, and about 20 delegates from the U.S.-Cuba Trade Association came to Cuba to show their support for continued trade.

One delegate, Dwight A. Roberts of the U.S. Rice Producers Association, was perturbed by the money loss.

"The economic viability of rural economies in my opinion has never had such an uncertain future as it has today," said Roberts, whose Texas-based association represents more than 6,000 rice growers in the United States. "What is immediately disturbing to American farmers is we're losing solid export sales to Cuba every week."

Roberts said the measure had shattered the U.S. agricultural industry's reputation for stability and efficiency, and called for immediate changes in U.S. policy.

"Please don't penalize us for selling food products to a neighbor who is willing to pay cash," he said.

Food and agricultural sales to Cuba are allowed under an exception created in 2000 to four decades of U.S. trade sanctions against Cuba. The goods must be sold directly to Cuba on a cash-only basis.

Since first taking advantage of the exception in 2001, Cuba has contracted to buy more than \$1 billion in goods. But for the first four months of 2005, sales have been down 26 percent compared to the same period last year.

Among the products most affected are pasta, soybean oil, rice, grapes and concentrated milk. Sales of some products, such as cheese, fruit and vegetable juices and soups, have ceased altogether.

In the case of rice, some 160,000 tons were exported from the United States to Cuba last year, Roberts said. At the current rate, he said his association will be lucky to sell 40,000 to 50,000 tons to the island by

year's end.

And this, Alvarez said, at a time when Cuba plans to import 300,000 more tons of rice this year than last, in part to address a long-standing drought in rice-growing areas.