

## Hypocrisy and opportunity...

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On March 30th, federal agriculture minister Andy Mitchell posed with his Cuban counterpart, Alfredo Jordán Morales, in a Havana hotel.

The next day brought the Ottawa release: along with beef from animals of all ages, protocols signed by the two ministers mean Canada's cattle are now as welcome in Cuba as Canada's tourists.

For both Canada and Cuba, the timing couldn't be better.

Canada's farmers need diversified markets. Cuba needs new suppliers to meet its burgeoning tourism demand. And, thanks to a recently published United States treasury rule, the Americans are about to be embargoed right out of their newfound Cuban markets. The opportunity is both ripe and lucrative for Canadian farmers.

Growing at a rate of 20 percent a year for the past decade, tourism now fuels 40 percent of the Cuban economy, creating both the currency and the demand for imported food products to meet the needs of 11 million Cubans and another 2 million tourists who visit Cuba annually mostly from Canada, Germany, Italy, Spain and Mexico.

In 1999, Canada shipped \$163 million in farm products to Cuba. In 2000 and 2001, markets for beef, grains and dairy expanded aggressively. By 2001, Canada's meat sales to Cuba totaled \$46.2 million - up from \$32.9 million in two years and representing forty percent of Canada's food exports to Cuba.

Dairy sales were \$19 million, up from \$14 million in 1999 and representing 30 percent of our food exports to Cuba. Grain shipments remained steady at \$23 million.

Suddenly, in December 2001, the tide changed.

By 2002, Canada's food exports to Cuba had fallen by 40 percent. France, Brazil, Spain and Mexico suffered similar declines; Argentina's exports dropped a whopping 80 percent.

By 2003, Canadian shipments of meat, grains and dairy products to Cuba were down 55, 99 and 40 percent, respectively, from 1999 levels; total exports lagged by 78 percent. And they never recovered.

What happened? Did the tiny island nation run out of cash? Did several years of drought, hurricanes, low sugar prices, and high energy costs curb Cuba's appetite or ability to pay for foreign foods?

Not on your life. What happened is that American agri-food giants stole Canada's markets right out from under our prim Canadian noses.

In December 2001, a convenient loophole — emergency measures" following Hurricane Michelle — in Washington's then-40 year trade embargo allowed Archer Daniels Midland, Tyson and others to trade where grannies fear to tread, and as a result, U.S. meat, poultry, dairy, grains and rice began displacing product from Canada and other nations in Cuba's domestic and growing tourism sectors.

With cash on the barrelhead payments that had shareholders giggling into their BlackBerries, US agri-business giants jumped on the Cuban market like fleas to a dog. Made good sense for Cuba too.

Who better to agitate against Washington's crippling economic blockade than powerful economic interests from within?

In the same 40-month period that it became illegal for Cuban Americans to visit their relatives more than once in three years, U.S. food sales to Cuba totaled over \$1 billion US, making corporate America Cuba's number one food supplier.

But the February 25<sup>th</sup> U.S. treasury rule could very well change all that, creating important opportunities for Canada.

Ricardo Alarcon, president of Cuba's National Assembly, says Cuba will find alternative suppliers if forced to pay while goods remain in US ports because it would make such payments subject to seizure by anti-Castro exiles who have won legal claims in Florida courts against the Cuban government.

"Such a requirement makes our purchases almost impossible to proceed" said Pedro Alvarez, head of Cuba's food-importing agency Alimport.

Getting around this with letters of credit is cumbersome and costly. And for strategic reasons, it may well make sense for Cuba to allow American agri-food conglomerates to now feel the pinch of the blockade. All the better to fight it with, my dears.

Enter Canada. With 100 years of continuous trade relations behind us, good proximity to market and some of the lowest food prices in the world, Canada is the natural player to step into the trade box.

More than 400,000 Canadians visited Cuba last year, making us Cuba's most important source of tourism. Why shouldn't Canada be Cuba's most important source of food products?

Cuba opened its borders to imports of Canadian beef of any age on December 14<sup>th</sup>, 2004. On March 30<sup>th</sup>, Cuba opened its border to live cattle, sheep and goats, bovine semen and embryos.

The ball is in Canada's court. One billion in food sales in 40 months is nothing to sneeze at. Hopefully, Minister Mitchell's trip to Havana signals more serious pursuit of the Cuban market – not only as a destination for Canadian tourists, but also as a growing and stable market for Canadian farmers.

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