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AJR-3 Cuban embargo. (2015-2016)

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Assembly Joint Resolution No. 3

CHAPTER 166

Relative to the Cuban embargo.

[Filed with Secretary of State September 01, 2016.]

LEGISLATIVE COUNSEL'S DIGEST

AJR 3, Alejo. Cuban embargo.

This measure would urge the Congress of the United States to support President Obama's initiative to normalize diplomatic relations with Cuba and to move forward with legislation to help increase trade with Cuba.

Fiscal Committee: no

WHEREAS, The Obama administration announced new United States Department of the Treasury and United States Department of Commerce regulations allowing more exports of certain products to Cuba; and

WHEREAS, The United States and Cuba recently signed an agreement to restore commercial airline service between both countries, which could potentially result in 110 daily flights to and from Cuba. According to the United States Embassy in Havana, authorized travel to Cuba by United States citizens increased by over 50 percent since travel restrictions were eased in December 2014; and

WHEREAS, Prior to the embargo the United States placed on Cuba in 1960, the United States accounted for nearly 70 percent of Cuba's international trade. Cuba was the seventh largest market for United States exporters, particularly for American farm producers. Currently, 84 percent of all food consumed in Cuba is imported; and

WHEREAS, The United States and Cuba are natural trading partners, and California stands ready to be a major source for Cuba's domestic consumption, which will result in significant growth in the United States exports and the creation of more American jobs; and

WHEREAS, A United States International Trade Commission report states that small exporters currently avoid the Cuban market because of the complexity of the regulations in the Trade Sanctions Reform and Export Enhancement Act (TSRA); and

WHEREAS, Removing the embargo would provide small- and medium-sized enterprises with access to a much needed market; and

WHEREAS, Studies on lifting the embargo show a possible economic spark of \$1.1 billion, \$365 million from sales of United States goods, and a creation of up to 6,000 American jobs, predominantly in agriculture and telecommunications; and

WHEREAS, In 2000, under the TSRA, Congress began to allow the sale of agricultural and medical products to Cuba. In four short years, United States exports to Cuba rose from less than \$1 million to \$392 million by 2004, with United States agricultural products capturing 42 percent of the Cuban market; and

WHEREAS, According to a 2001 study sponsored by the Cuba Policy Foundation, the estimated economic impact of expanded agricultural exports under the TSRA is \$3.6 billion. According to the United States Chamber of Commerce, the embargo's annual cost to the United States economy is \$1.2 billion, and the embargo disproportionately affects United States small businesses that lack the transportation and financial infrastructure to skirt the embargo; and

WHEREAS, Since 2008, Cuba has undertaken more than 300 economic reforms designed to encourage enterprise with small businesses, and, in 2008, United States exports to Cuba reached \$718 million, with corn exports estimated at \$198 million, followed by meat and poultry at \$152.6 million and wheat at \$135 million; and

WHEREAS, Allies of the United States have taken a disproportionate share of the market of an island that is only 90 miles from our shores and is a natural market for United States goods and services; and

WHEREAS, California is currently the sixth largest economy in the world but exported only \$122,000 in agricultural products to Cuba in 2013, approximately .00068 percent of the \$18 billion of agricultural products exported from California each year; and

WHEREAS, According to the United States Department of Agriculture's Economic Research Service data for 2013, each dollar of agricultural exports stimulated an additional \$1.22 in business activity, thereby further highlighting the potential for creating American jobs through California agricultural exports; and

WHEREAS, California is the main producer in the United States of delicate fresh fruits and vegetables such as strawberries, raspberries, lettuce, broccoli, artichokes, and cauliflower, which contain essential vitamins and minerals needed for daily nutrition that Cuba's population could benefit from; and

WHEREAS, California's agricultural growers face great opportunities by moving to Cuba to aid in the development of agricultural technology, innovation, and investment; and

WHEREAS, As Cuba raises its agricultural profile, Cuba will need food manufacturing technology and education on effective practices that Californian expertise can provide; and

WHEREAS, California agricultural products will support economic mobility by exporting products for middle and rising middle classes in Cuba to consume; and

WHEREAS, As a growing middle class rises, Cuba's crumbling infrastructure will no longer support these communities, and Cuba will look to California for construction expertise and equipment, which could lead to job growth in these California industries; and

WHEREAS, The expected growth of infrastructure will allow for the spread of telecommunication technology to advance in Cuba, where only 5 percent of Cubans have Internet access; and

WHEREAS, California is the high-tech capital of the nation and is well positioned to export telecommunications infrastructure to Cuba; and

WHEREAS, California pharmaceutical companies and medical devicemakers will be able to sell their products in Cuba, a new market hungry for its products; and

WHEREAS, Biotechnology firms will be able to partner with California companies on key ventures such as research and medical product development in areas focusing on diabetes and cancer treatment; and

WHEREAS, Cuba has already become a leader in the biopharmaceutical arena, and its vaccine industry will be able to ship more of its high-quality products to California to be distributed to underserved populations at lower costs; and

WHEREAS, California health care providers can benefit immensely from renewed Cuban relationships; and

WHEREAS, California would benefit from Cuba's medical advances in lung cancer, diabetic foot ulcer, and advanced head and neck tumor treatment and the opportunity to conduct further research on Cuba's medical accomplishments; and

WHEREAS, California Latinos are an increasing part of the electorate, and increasing economic integration with Latin American countries is a natural evolution of who America is becoming; and

WHEREAS, Acknowledging that the increase in trade with Cuba will better serve California's interests and improve the lives of Cubans and their families; and

WHEREAS, California can benefit economically and culturally from direct air travel from the United States to Cuba, including direct flights from California; and

WHEREAS, California's 89,000 Cuban Americans would benefit from normalizing trade relations with Cuba by permitting air travel to and from Cuba and for remittance practice purposes; and

WHEREAS, Strengthening educational exchanges and culture-to-culture interactions would create bridges for us to build on and promote mutual awareness, trust, and respect towards one another; and

WHEREAS, Normalizing trade relations would enable California and the Cuban government and its people to exchange dialogue, giving them a better opportunity to influence one another regarding human rights practices; now, therefore, be it

Resolved by the Assembly and the Senate of the State of California, jointly, That the Legislature of the State of California urges the Congress of the United States to support President Obama's initiative to normalize diplomatic relations with Cuba and to, with all deliberate speed, move forward with legislation to help increase trade with Cuba; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to the Minority Leader of the House of Representatives, to the Majority Leader of the Senate, to the Minority Leader of the Senate, and to each Senator and Representative from California in the Congress of the United States.