



Port E-News

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Port of Galveston Signs Agreement with Cuba

On December 17, 2003 during the celebration of the 2nd Anniversary of the agreements marking the renewal of agricultural trade with Cuba, the Port of Galveston signed a Memorandum of Understanding (MOU) with Alimport, Cuba's single largest importer of food supplies, to secure food for the 11 million residents of Cuba.

"We have viewed Cuba as a possible trading partner for some time now," stated Steven M. Cernak, Port Director. "Agricultural commodities have always been a strong part of Galveston's cargo mix and an important part of the port's exports. Cuba is a natural market for Texas products and for Port of Galveston exports because of our proximity to the Gulf and to Cuba."

The agreement between the Port of Galveston and Alimport calls for the utilization of port facilities for the movement of U.S. licensed cargoes, especially food and agricultural and forest products to Cuba. The expansion of products through the port is concentrated on increased movements of wheat, corn, rice and other grain products and cotton. The agreement shall be in effect for two years and may be renewed on an annual basis.

More than 250 business individuals represented more than 140 companies from 29 states at the December meetings.

In his speech to the assembly, Pedro Alvarez Borrego, Chairman of Alimport, remarked, "the trade operations we have engaged in and the new contracts we will enter into in the future are very important since they guarantee part of our people's food needs...food in schools, old people's homes, hospitals and day care centers and food for the population in general. This means we can maintain and improve our population's nutritional status and hence their health."

Alimport has spent more than \$500 million in two years on U.S. food - mostly grains and cereals - that is allowed under an exception to the 42-year old U.S. trade embargo against the Cuban government. Alimport has steadily increased its food and agricultural purchases from American suppliers and indicated interest in increasing its business operations with the U.S.

The first cargo of wheat shipped to Cuba in over forty years was shipped from the Port of Galveston in January 2002. Cernak expressed his pride in being a part of such an historic event. "At that time, the Port of Galveston joined the grain elevator operator - ADM/Farmland, U.S. Representative Nick Lampson, and the U.S. - Cuba Trade and Economic Council to celebrate the significance of the shipment. Several additional shipments of grain were loaded in succeeding weeks."

"Of the 2.4 million metric tons covered by contracts, we have already imported some 2 million tons of agricultural products worth approximately \$485 million in U.S. dollars," said Borrego in his speech. "We paid in cash and with no delays. The product came from 35 states of the Union and was shipped from 17 different U.S. ports. According to a 2002 report from the U.S. Grain Council, Cuba's agricultural imports could mean \$1 billion in U.S. currency."

Cernak summarized the Cuban trip. "The Port anticipates that the Memorandum of Understanding with Alimport will result in an increase in exports through the Port that will broaden the port's cargo case. The additional business for the port will benefit the port's partners and the community through the creation of additional jobs and in other business opportunities that will be created."

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