

MICROFILM DIVIDER

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SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

4021

2005 SENATE AGRICULTURE

SCR 4021

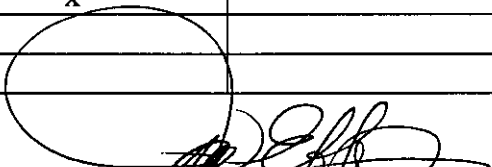
2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4021

Senate Agriculture Committee

Conference Committee

Hearing Date February 10, 2005

Tape Number	Side A	Side B	Meter #
1	x		58 - 2500
Committee Clerk Signature 			

Minutes:

Chairman Flakoll opened the hearing on SCR 4021, a resolution urging Congress to allow for the travel of United States citizens to and from Cuba and to allow direct banking transfers between the United States and Cuba for the purchase of American-made products by Cuba. All members were present.

Senator Stenehjem introduced the bill. (written testimony) (meter 58)

Senator Klein asked if other countries allow their citizens to travel to Cuba.

Senator Stenehjem said yes.

Senator Klein asked if the Canadians are allowed to travel to Cuba.

Senator Stenehjem said yes, as a matter of fact, Americans who are permitted to travel to Cuba have to take Canadian currency with them because American currency is banned.

Senator O'Connell testified in favor of the resolution. The majority leader did an excellent job of introducing the resolution. North Dakota could really benefit from this resolution. Money

transfers are very awkward now. Interest rates, exchange rates can change during the transfer process and it is very expensive.

Senator Flakoll asked if Senator O'Connell would suggest any amendments.

Senator O'Connell said not at this time.

John Mittleider, North Dakota Farm Bureau, testified in favor of the resolution. (written testimony) (meter 490)

Senator Flakoll asked what freight rates are from North Dakota to Cuba.

Mr. Mittleider said it depends on the commodity. Hard red spring wheat, peas and edible beans usually go by rail to a US port, perhaps in Mississippi. He doesn't know the rates. It is interesting to note that only one ocean freight line is authorized to ship from the US to Cuba so there is not much competition.

Senator Taylor said export dollars to Cuba have grown by approximately \$100 million per year. If direct banking transfers are permitted, what growth could be expected.

Mr. Mittleider said the Cubans say it would be a 20 - 30% cost savings which would equate to \$80 million growth. Cuba imports a lot of goods from other countries. If American tourists were permitted to travel to Cuba, Cuba would have more US currency to buy US products.

Senator Seymour asked if he has future trips to Cuba planned.

Mr. Mittleider said they are tentatively planning a mission in the spring of 2005, after the legislative session. The Cubans would like to see another North Dakota trade delegation.

Senator Klein said Farm Bureau has been in a lead position in Cuba. Is there is some concern about the cash basis requirements.

Mr. Mittleider said the Cubans have a lot of debt. They owe Japan \$3 billion. They just struck oil off their coast. The basis tenants now are all sales are cash only and one advantage is we get paid. If they didn't pay once they know the doors would slam shut and the Cubans don't want that. He would not recommend putting them on a credit basis.

Roger Johnson, Agriculture Commissioner, testified in favor of the resolution. (written testimony) (meter 1392) Nine US administrations have been outlasted by Castro. The embargo hasn't worked. If we fully engage the Cuban people, we would have more hope of introducing them to freedom and democracy. In his opinion, this resolution doesn't go far enough. We are at a 20 - 25% disadvantage with other countries because of the banking transfer issue. The American dollar until recently was the most preferred currency. Recently Castro has issued an order so this is no longer the case. Many ships have a 6 month period required between docking in Cuba and the US so ocean freight is difficult. The vast majority of North Dakota exports to Cuba have been peas. If the restrictions on American tourism is lifted, the Cubans will have more US currency. The demand for value added products isn't there yet, it will come from tourists.

Senator Taylor asked why Canadian banks aren't being used as intermediaries, they are in the same time zone as the US.

Mr. Johnson said many of them have ties to US banks and the rules prohibit any such ties.

Woody Barth, North Dakota Farmers Union, testified in favor of the resolution. Tourism is a big part of it.

Chairman Flakoll closed the hearing on SCR 4021.

Senator Klein moved a do pass for SCR 4021.

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Senate Agriculture Committee

Bill/Resolution Number SCR 4021

Hearing Date February 10, 2007

Senator Taylor seconded the motion.

The motion passed on a roll call vote 6-0-0.

Senator Flakoll will carry the bill.

Date: 2/10/05
Roll Call Vote # 1

2005 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 4021

Senate Agriculture Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Sen. Klein Seconded By Sen. Taylor

Senators	Yes	No	Senators	Yes	No
Senator Flakoll	✓		Senator Seymour	✓	
Senator Erbele	✓		Senator Taylor	✓	
Senator Klein	✓				
Senator Urlacher	✓				

Total (Yes) 6 No 0

Absent 0

Floor Assignment Sen. Flakoll

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 10, 2005 9:46 a.m.

Module No: SR-27-2383
Carrier: Flakoll
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4021: Agriculture Committee (Sen. Flakoll, Chairman) recommends DO PASS
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4021 was placed on the
Eleventh order on the calendar.

2005 HOUSE AGRICULTURE

SCR 4021

2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4021

House Agriculture Committee

Conference Committee

Hearing Date 3---04---05

Tape Number	Side A	Side B	Meter #
ONE		B	38.0 TO END
TWO	A		00.0 TO 9.3
Committee Clerk Signature <i>Edward D. Ulfson</i>			

Minutes:

CHAIRMAN NICHOLAS: COMMITTEE MEMBERS WE WILL OPEN ON SCR 4021. PASSED OUT AMENDMENT TO 4021. PLEASE SEE AMENDMENT. WHICH IS ATTACHED.

WE WELCOME THE MAJORITY LEADER.

REP. RICK BERG: 4021 deals with an issue that from the Agriculture prospective we want to continue to move forward on. The Resolution asks two things. The first thing is we want to open up access to Cuba for any citizen or tourist. We have had several mission to Cuba I think there are a lot of opportunities for ND If we allow more free trade that will help. Obviously the reason we don't have access to Cuba is because of a policy we set Many years ago by restricting Cuba. I am not here to speak for or against that policy But I do think with what we are seeing around the world the more interaction we have with

Page 2
House Agriculture Committee
Bill/Resolution Number SCR 4021`
Hearing Date 3---04----05

From our perspective Cubans and Americans the quickly I think that will change the Government to more of a democracy. The second is that they allow us to have direct banking in CUba. Again you can imagine we are trying to sell an Ag. Commodity in Cuba and we have to go through a third country Bank to complete the transaction. There are several more steps that can derail the transaction. Slows the whole process. We need direct banking.

Please give favorable consideration for this resolution.

CHAIRMAN NICHOLAS: Other testimony.

JOHN MITTLEIDER NORTH DAKOTA FARM BUREAU. We stand here today supporting 4021. {{please read printed testimony}} Allowing US TOURISTS TO TRAVEL IN MASS TO CUBA MAY BE OUR BEST HOPE OF CHANGING THAT GOVERNMENT. CUBA IS THE 22 COUNTRY THAT WE DO MOST BUSINESS WITH.

REPRESENTATIVE DAMSCHEN: The sanctions against Cuba because of there Government.

The more Americans that go to Cuba the better it is. The Cubans can see how we live. How we act etc.

CHAIRMAN NICHOLAS: Next testimony.

SENATOR O'CONNEL: Stated he supported the resolution and asked for a DO PASS ON SCR 4021,

WOOD BARTH: NORTH DAKOTA FARMERS UNION.

WE SUPPORT THE RESOLUTION. [[PLEASE READ PRINTED TESTIMONY]]

We want to create economic opportunity. As to Rep. Damschens question. In 10 to 20 years there will be many changes in Cuban And American relations.

Page 3

House Agriculture Committee

Bill/Resolution Number SCR 4021`

Hearing Date 3---04----05

CHAIRMAN NICHOLAS: Any other testimony.

CHUCK FLEMMING: Marketing Coordinator for the N.D. Agriculture Department.

[[passed out Commissioner Johnsons testimony]] please read. We urge your support of the Resolution.

CHRISTOPHER DOBSON: North Dakota Catholic Conference. The issue of Cuba is very much in the heart of the Pope and The Bishop. We hope that the travel band will be lifted So that relatives can see each other. The embargo has not worked. We need a new policy. Politically sensible.

CHAIRMAN NICHOLAS; ADDITIONAL TESTIMONY.

O.K. WE WILL CLOSE ON HCR 4021

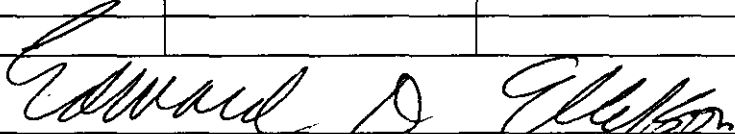
2005 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4021

House Agriculture Committee

Conference Committee

Hearing Date 3----04-----05

Tape Number	Side A	Side B	Meter #
TWO	A		12.8 TO 14.0
Committee Clerk Signature 			

Minutes:

CHAIRMAN NICHOLAS: O.K. We will go to SCSR 4021. You all saw the amendments that I handed out.

REPRESENTATIVE FROELICH MADE A MOTION FOR MOVE OF AMENDMENT

VICE CHAIR WOMAN KINGSBURY: SECONDED THE MOTION.

A VOICE VOTE WAS TAKEN. AND PASSED.

ROLL WAS TAKEN: THERE WERE 11 YES 0 NO 2 ABSENT

REPRESENTATIVE MUELLER CARRIED THE SCR 4021

THE HOUSE CLOSED ON SCR 4021

House Amendments to SCR4021 - Agriculture Committee 03/07/2005

Page 1, line 18, after the semicolon insert "and

WHEREAS, a recent ruling by the United States Department of the Treasury's Office of Foreign Assets Control requiring payment for United States agricultural exports in advance of shipment to Cuba threatens to jeopardize accords and terminate agricultural trade with Cuba;"

Renumber accordingly

SCR 4021

Date: 3-4-05
Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House HOUSE AGRICULTURE COMMITTEE Committee

Check here for Conference Committee

Legislative Council Amendment Number Move Amendment

Action Taken DO PASS

Motion Made By FROELICH Seconded By KINGSBURY

Representatives	Yes	No	Representatives	Yes	No
REP. EUGENE NICHOLAS CHAIRMAN			REP. TRACY BOE		
REP. JOYCE KINGSBURY VICE CHAIRMAN			REP. ROD FROELICH		
REP. WESLEY BELTER			REP. PHILLIP MUELLER		
REP. M. BRANDENBURG			REP. KENTON ONSTAD		
REP. CHUCK DAMSCHEN					
REP. CHAIG HEADLAND					
REP. GARY KREIDT					
REP. GERALD UGLEM					
REP. JOHN WALL					

*Voice
Vote*

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

SCR 4021

Date: 3-4-05
Roll Call Vote #:

2005 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House HOUSE AGRICULTURE COMMITTEE Committee

Check here for Conference Committee

53059-0101
0200

Legislative Council Amendment Number _____

Action Taken DO PASS AS AMENDED

Motion Made By DAMSCHEN Seconded By KREIDT

Representatives	Yes	No	Representatives	Yes	No
REP. EUGENE NICHOLAS CHAIRMAN			REP. TRACY BOE		
REP. JOYCE KINGSBURY VICE CHAIRMAN			REP. ROD FROELICH		
REP. WESLEY BELTER			REP. PHILLIP MUELLER		
REP. M. BRANDENBURG			REP. KENTON ONSTAD		
REP. CHUCK DAMSCHEN					
REP. CHAIG HEADLAND					
REP. GARY KREIDT					
REP. GERALD UGLEM					
REP. JOHN WALL					

Total (Yes) 11 No 0

Absent 2

Floor Assignment MUELLER

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SCR 4021: Agriculture Committee (Rep. Nicholas, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (11 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SCR 4021 was placed on the Sixth order on the calendar.

Page 1, line 18, after the semicolon insert "and

WHEREAS, a recent ruling by the United States Department of the Treasury's Office of Foreign Assets Control requiring payment for United States agricultural exports in advance of shipment to Cuba threatens to jeopardize accords and terminate agricultural trade with Cuba;"

Renumber accordingly

2005 SENATE AGRICULTURE

CONFERENCE COMMITTEE

SCR 4021


2005 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4021

Senate Agriculture Committee

XX Conference Committee

Hearing Date April 5, 2005

Tape Number	Side A	Side B	Meter #
1	x		39 - 687
Committee Clerk Signature 			

Minutes:

Chairman Erbele called the conference committee to order. All members were present.

Senator Erbele said we are here to discuss the house amendments. We have some questions on the intent of the amendment. He had some flack from his constituents about the carrying resolution, they didn't think we should be supporting Cuba and Castro and the communists. He wants some explanation of the intent of the amendment, are we talking about extending credit to Cuba.

Representative Nicholas said they added the amendment because the restrictions have been loosened somewhat for medicines and agricultural products. They were looking for a way to make it easier for people to send products because we do have people who are sending North Dakota products to Cuba. They feel the amendment strengthens the resolution.

Senator Erbele asked if we would want to extend credit to Cuba.

Representative Nicholas the treasury department has the ability to influence the policy and the amendment would make the credit policy easier.

Senator Erbele said now we have to take a very circular route to obtain payment for goods sold to Cuba.

Representative Nicholas said it threatens the dialog that has been opened as far as exports are concerned.

Senator Klein clarified that the Treasury Department is asking for advance payment and we are saying that is a problem.

Representative Nicholas said that is right.

Senator Klein said we are struggling to accommodate exports to Cuba and now that move by the Treasury Department makes it more difficult.

Representative Nicholas said that is correct.

Senator Erbele said we are not talking about doing credit sales, we are just saying we don't need the money up front.

Representative Nicholas said once the product is there, it needs to be paid for.

Senator Klein said he understands it now. The ruling to require advance payment is an issue.

We have struggled to make trade with Cuba as friendly as possible. We want to get paid for our goods.

Representative Nicholas said the products that are going are food and medical supplies. From North Dakota, the products are primarily agricultural.

Senator Erbele said he would venture to guess the current political regime will not exist much longer.

Representative Nicholas said the key point as we open dialog with Cuba, just as when Nixon went to China and Bush and Reagan opened dialog with Russia, in those countries communism has collapsed. The support Cuba received from the Soviet Union is now gone. The private sector is expanding rapidly in China. When Castro is gone, it will collapse in Cuba. The quicker we open trade in basic commodities with Cuba and establish dialogue with their people, we collapse it quicker.

Senator Taylor said he agrees, the therefore be it resolved remains the same, the direct bank transfers will be good for North Dakota farmers and US diplomacy.

Senator Taylor moved the Senate accede to the House amendments.

Senator Klein seconded the motion.

Representative Nicholas said we all agree Castro has been a bad guy. He has people interned for long periods of time in prison and has not allowed free elections. He has not been a great humanitarian. If we can open trade, we will do it directly with the Cuban people.

The motion passed on a roll call vote.

Senator Flakoll will carry the bill.

REPORT OF CONFERENCE COMMITTEE

SCR 4021: Your conference committee (Sens. Erbele, Klein, Taylor and Reps. Nicholas, Kingsbury, Boe) recommends that the **SENATE ACCEDE** to the House amendments on SJ page 829 and place SCR 4021 on the Seventh order.

SCR 4021 was placed on the Seventh order of business on the calendar.

2005 TESTIMONY

SCR 4021

**Testimony of
Senator Robert Stenehjem
Senate Concurrent Resolution No. 4021
Senate Agriculture Committee
February 10, 2005**

Mr. Chairman and Committee Members, for the record I am Senator Bob Stenehjem, representing District 30. I stand here today in support of SCR 4021.

This resolution does two things. First, it encourages Congress to implement legislation that would allow U.S. citizens to travel to Cuba for recreational purposes. Second, it urges Congress to pass legislation that would allow direct banking transfers between U.S. and Cuban financial institutions. Both of these issues are important and I'd like to take just a few moments to explain why.

In 1962, the U.S. government imposed sanctions prohibiting U.S. citizens from traveling to Cuba. This policy was modified slightly in 2000 when federal legislation was enacted that allowed selected individuals to travel to Cuba under certain conditions. Several North Dakotans, for example, have traveled to Cuba to promote the sale of agricultural products. But the majority of the state's residents are prohibited from doing so. Our federal policy toward Cuba, which has been in effect for more than 40 years, has not caused its intended goal of changing the Cuban government. I believe our best opportunity to change the attitude and philosophy of the current regime and the people of Cuba is to allow U.S. tourist travel to Cuba. It has been estimated that up to two million Americans would travel to Cuba annually if the travel ban was lifted.

Banking transactions are a significant impediment to trade with Cuba today. U.S. financial institutions are prohibited from direct transactions with Cuban banks. In order for U.S. suppliers to get paid today, the money has to flow from Cuban banks to third country financial institutions and finally to U.S. banks. The process is not only cumbersome, but is also expensive. Allowing for direct bank transfers would reduce transaction expenses, thereby saving precious Cuban currency and allowing them to purchase even more U.S. product than they are today.

Mr. Chairman and Committee members, this resolution makes economic and political sense. I believe the economy of North Dakota would be strengthened if Congress implemented the changes proposed in this resolution. You will hopefully concur and offer a "Do Pass" on Senate Concurrent Resolution 4021.

North Dakota Farmers Union

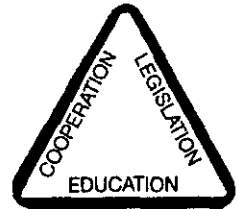
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SCR 4021
Senate Agriculture

*Same
Given to
House*

Chairman Flakoll and members of the Senate Agriculture Committee.

My name is Woody Barth and I am here representing over 35,000 member of North Dakota Farmers Union. North Dakota Farmers Union would like to urge a do pass on SCR 4021, which would urge congress to allow for travel of United States citizens to and from Cuba and to allow direct banking transfers between the United States and Cuba for the purchase of American-made products by Cuba.

North Dakota Farmers Union policy supports ending the embargo and normalizing trade relations with Cuba.

North Dakota producers have a lot to gain from improving trade conditions with Cuba. The current barriers such as restrictions on travel and banking transfers make the possibility of increasing sales of North Dakota commodities more difficult.

United States law currently prohibits exporters from using U.S. banks or financial institutions when selling food and agricultural commodities to Cuba, except in confirming letters of credits issued by third-country financial institutions. The current embargo increases the cost and complexity of export sales and it makes it more difficult for United States producers to compete against foreign suppliers.

The U.S. trade embargo against Cuba penalizes farmers and ranchers, agricultural exporters and our economy.

North Dakota Farmers Union urges a do pass on SCR 4021, lets urge congress to loosen the current restrictions on Cuba and lets increase our chances for future trade possibilities.

Thank you Chairman Flakoll and members of the committee, I will answer any questions at this time.

Roger Johnson
Agriculture Commissioner
www.agdepartment.com



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600 E Boulevard Ave., Dept. 602
Bismarck, ND 58505-0020

**Testimony of Roger Johnson
North Dakota Agriculture Commissioner
Senate Concurrent Resolution 4021
Senate Agriculture Committee
Roosevelt Park Room
February 11, 2005**

Same given to House

Chairman Flakoll and members of the Senate Agriculture Committee, I am Agriculture Commissioner Roger Johnson, and I am here today in support of House Concurrent Resolution 4021. We need to urge Congress to allow for the travel of United States citizens to and from Cuba and to allow direct banking transfers between the United States and Cuba for the purchase of American-made products by Cuba.

US/Cuba Trade Policy is Flawed

The US trade policy toward Cuba is flawed. It is a policy that is not consistent with our country's overall trade policy toward other countries. If it is designed to use food as a weapon, it has failed. Current US policy allows for cash sales of food and medicine to Cuba, yet direct banking exchanges are not allowed. Generally the currency exchanges are made through European banks. This is very inefficient and costly because of the possible currency fluctuations that can take place during the transaction.

Until recently, under the "cash only" sales requirement, American firms have not unloaded their products in Cuba until payment was received. Late last fall, the federal government began insisting that payment be received before the product could leave US ports. This recent

bureaucratic interpretation has resulted in substantial uncertainty with respect to future trade deals with Cuba.

On December 1, 2004, I asked Mr. Robert Werner, Director of the Office of Foreign Assets Control of the US Treasury Department, to rescind the latest interpretation of what "cash only" sales mean. That letter is attached to my written testimony.

I have also attached an AP story on a bill that has just been introduced in the Congress that seeks to clarify Treasury rules on food exports to Cuba. Specifically, the bill would clarify that the requirement for "cash payment in advance" means the receipt of payment before the release of physical control of goods to the purchaser. (This was exactly the policy followed until the change was instituted by the US Administrator late last year.) It would authorize the issuing of general licenses for American agriculture producers to travel to Cuba to sell and market their goods and authorize direct payments to U.S. banks. (Currently the American seller and Cuban buyer must use European banks for transactions.)

The current policy of "cash only" sales at first blush may seem to be in our best interest. However, it is an inefficient system, characterized by small sales, the absence of long-term contracts, unnecessarily high transportation costs due to the lack of backhauling, and exchange rate losses. All of this forces Cuba to put the squeeze on our companies on pricing, and it becomes difficult to compete with other countries, although we enjoy natural logistical competitive advantages.

Forty years ago, 60 percent of Cuba's food imports came from the United States. Our goal should be to reach that level again.

ND/Cuba Trade Results

Despite restrictions, North Dakota has supplied Cuba with dry edible beans, peas, semolina flour, and a little pasta. Of course, the major conglomerates such as ADM & Cargill have sold them a lot of wheat, corn, soybeans, and durum. And while that can't be traced directly back to North Dakota, it is safe to say that those numbers are large, and North Dakota commodities were part of the mix. We do know that we have sold over \$7,000,000 of peas alone since the embargo was partially lifted in 2001.

I am pleased to report that we have now sold some live sheep into Cuba. Fifteen head of sheep from the NDSU flock left January 4; after 14 days isolation in Gulfport, Mississippi, they arrived in good health in Cuba. One of the ewes even had twin lambs while making the journey! Bert Moore of NDSU led that effort.

US/Cuba Trade Policy Recommendations

A change in government policy which would lift tourist restrictions would help provide Cuba with more US dollars, thereby allowing them to buy more US products, particularly more value-added agricultural products for the food service-hotel trade. Currently our primary market is in the lower cost commodities. The Cuban government has been expanding its tourism industry each year; by allowing US residents to visit, Cuba will blossom into a very significant market for us.

I support lifting the travel ban and allowing direct banking transfers. I also support the following additional changes in the US policy toward Cuba:

- eliminate the "cash only" sales provision of the current law,
- extend trade to other areas besides food and medicine,

- streamline visa and license requirements to better promote trade activities,
- allow long-term contracts, which will provide more efficiencies for both parties,
- promote the exchange of biotech research between our countries,
- allow importation of Cuban products into the U.S. with appropriate safe guards for our domestic markets, and
- hold Cuba to the same sanitary/phyto-sanitary standards and procedures as the rest of the world trading community.

You may want to consider adding those provisions to this resolution.

ND is Well Positioned

North Dakota has positioned itself to be at the front door should normal trade relations resume. I congratulate the sponsors of this resolution for their efforts.

I have visited Cuba four times to promote this market, and we have been successful.

Governor Hoeven, Lt. Governor Dalrymple and Senators Conrad and Dorgan have been there doing the same. Senator Byron Dorgan was a primary force in the Congress for changing the law that opened this market. North Dakota should be leading the effort in trying to change policy. The passage of this resolution is another step toward that end.

Mr. Chairman and committee members, I urge the adoption of SCR 4021. I would be happy to respond to any questions at this time.

Roger Johnson
Agriculture Commissioner
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600 E Boulevard Ave., Dept. 602
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December 1, 2004

Mr. Robert W. Werner
Director, Office of Foreign Assets Control
US Department of Treasury
1500 Pennsylvania Avenue NW
Washington DC 20220

Dear Mr. Werner:

I am writing to request that you immediately rescind your order to withhold a number of Cuban payments by American banks and to change your latest interpretation of the "cash only" policy. These recent actions will have a very damaging effect on North Dakota trade with Cuba and could quickly dry up a new agricultural market for our farmers and ranchers.

North Dakota has sold more than \$7 million in agricultural products into the Cuban market during the last two years and sale negotiations are ongoing. Processors in our state are currently negotiating a sale of 20,000 metric tons of peas to Cuba and a North Dakota trade delegation is planning to travel to Cuba in mid-December to negotiate additional sales. Your action places all of this economic activity in serious jeopardy.

Trade with Cuba is limited to agricultural products and there are many barriers and restrictions that make even agricultural trade difficult. Despite the hurdles, US agricultural sales to Cuba have surpassed \$1 billion. These sales and exports are critical to the agricultural industry and the US economy as a whole, especially when we're facing a current trade deficit approaching \$600 billion. The federal government should not be creating additional trade barriers.

I strongly urge this Administration to immediately remove these new barriers and to foster the continued agricultural trade relationship between the United States and Cuba.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger Johnson", is written over a large, light-colored circular mark.

Roger Johnson
Agriculture Commissioner

Senators seek to clarify rules on food exports to Cuba

By JIM ABRAMS Associated Press Writer

The Associated Press - Wednesday, February 09, 2005

WASHINGTON

Farm-state senators, including several senior Republicans, said Wednesday the Bush administration was erecting bureaucratic roadblocks to agriculture exports to Cuba and they said they plan to take legislative steps to protect the growing market.

"Don't put up the artificial barriers, don't create the chilling effect. Clean up your act and abide by the law," was the message of Sen. Larry Craig, R-Idaho, co-sponsor of legislation aimed at clarifying the rules of a 2000 statute making food and agriculture exports an exception to the trade embargo with Cuba.

Craig was joined in promoting the measure by Foreign Relations Committee Chairman Dick Lugar, R-Ind., Intelligence Committee Chairman Pat Roberts, R-Kan., and Sen. Max Baucus of Montana, the top Democrat on the Finance Committee.

The administration has been successful in blocking perennial attempts by Congress to ease restrictions on travel and trade with Cuba, but Craig said they were only trying to clarify existing law and there was no White House signal of hostility to their action.

The senators noted that since the 2000 act, which allows cash sales to Cuba, the Castro regime has gone from the 226th largest market for U.S. agriculture exports to 21st, with total purchases of \$1 billion.

But they said the Treasury Department's Office of Foreign Assets Control has recently discouraged trade by such bureaucratic moves as withholding payments due to U.S. exporters from Cuban purchasers and delaying the issuance of export and travel licenses.

"They are doing everything they can at this point to shut down the ability to sell agriculture commodities to Cuba. It is just plain wrong-headed," said Sen. Byron Dorgan, D-N.D.

Treasury Department spokeswoman Molly Millerwise said it was a "large misconception" that the Office of Foreign Assets Control was blocking payments. She said it was financial institutions, unclear on the law, that had held up payments while they sought guidance from the office, and that the Treasury Department hoped to issue such guidance in the near future.

She had no comment on the legislation offered Wednesday, but said Treasury "will continue to accurately and effectively enforce our sanctions program" with Cuba.

The bill would clarify that the requirement for "cash payment in advance" means the receipt of payment before the release of physical control of goods to the purchaser. It would authorize the issuing of general licenses for American agriculture producers to

travel to Cuba to sell and market their goods and authorize direct payments to U.S. banks. Currently the American seller and Cuban buyer must use European banks for transactions.

Trying to disrupt agriculture trade with Cuba is a "bad mistake," Roberts said. "We're going to help them out by producing some certainty."

The bill has 10 Republican and 10 Democratic sponsors. In opposition was Cuban-born Sen. Mel Martinez, R-Fla., who said it was "not the right time to ease embargo restrictions whatsoever."



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North Dakota Farm Bureau

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Testimony of John Mittleider North Dakota Farm Bureau Senate Concurrent Resolution No. 4021 Before the Senate Agriculture Committee February 10, 2005

Good morning, Mr. Chairman and members of the Committee. My name is John Mittleider and I am here today representing the 27,500 member families of North Dakota Farm Bureau. We stand here today in support of SCR 4021.

In 2000, Congress passed the Trade Sanctions Reform and Export Enhancement Act (TSRA), which reauthorized for the first time since 1962, the commercial, cash-only sale of agricultural products, food and medicine to Cuba. A study conducted by Texas A&M estimates that sales of North Dakota products to Cuba could total \$38 million per year and create another 1,010 jobs in the state.

Many of the primary commodities produced in North Dakota are sought for import by Cuba. Since passage of TSRA, Cuba has become an important market outlet for our peas, edible beans, lentils, durum, and hard red spring wheat. Opportunities exist for several other commodities including seed and table stock potatoes, pasta, livestock and cubed alfalfa.

As an example of the growth opportunities in the Cuban market, U.S. suppliers sold over \$200 million in agricultural products in 2002. By 2003, the number was over \$300 million. In 2004, Cuba purchased over \$400 million in agricultural products. The U.S. has advantages in supplying the Cuban market because the Cubans can save on freight cost and storage, and receive quicker delivery than with other countries.

I have had the pleasure of representing North Dakota Farm Bureau at two events in Cuba over the past three years. Most recently in December 2004, I was at an event in Cuba in which Alimport, the official purchasing agency, bought \$130 million in agricultural products from 27 companies in 12 states.

Just yesterday, Senator Larry Craig of Idaho introduced the Agricultural Export Facilitation Act of 2005. It would authorize Cuba to make payments directly to U.S. banks and make it easier for U.S. citizens to travel to Cuba to market agricultural products. It would also expedite temporary visas for Cuban nationals to visit the U.S. to inspect goods before they are shipped. SCR 4021 would provide an endorsement for the concepts in Senator Craig's legislation.

One future. One voice.

SCR 4021 encourages the U.S. Congress to would allow U.S. citizens to travel to Cuba for recreational purposes and to would allow direct banking transfers between U.S. and Cuban financial institutions.

U.S. policy toward Cuba is obviously geared toward a change in the Cuban government. However, it has been ineffective for more than 40 years. Allowing U.S. tourists to travel in mass to Cuba may be our best hope of changing that government. As Cuban citizens begin to know and understand Americans, it is likely that they will appreciate our freedom and opportunities and strive for emulating our system of governance.

Transferring funds from Cuban to U.S. financial institutions is cumbersome and expensive today. As U.S. financial institutions are prohibited from direct transactions with Cuban banks, funds must flow to third country financial institutions, and then back to U.S. banks. By allowing direct bank transfers, transaction costs for U.S. agricultural products would decline, thus making U.S. product even more competitive than they are today.

Mr. Chairman and Committee members, we support this resolution and urge you to offer a "Do Pass" on Senate Concurrent Resolution 4021.

Thank you and I would be happy to try to answer any questions you may have.



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Testimony of John Mittleider North Dakota Farm Bureau Senate Concurrent Resolution No. 4021 Before the House Agriculture Committee March 4, 2005

Good morning, Mr. Chairman and members of the Committee. My name is John Mittleider and I am here today representing the 27,500 member families of North Dakota Farm Bureau. We stand here today in support of SCR 4021.

In 2000, Congress passed the Trade Sanctions Reform and Export Enhancement Act (TSRA), which reauthorized for the first time since 1962, the commercial, cash-only sale of agricultural products, food and medicine to Cuba. A study conducted by Texas A&M estimates that sales of North Dakota products to Cuba could total \$38 million per year and create another 1,010 jobs in the state.

Many of the primary commodities produced in North Dakota are sought for import by Cuba. Since passage of TSRA, Cuba has become an important market outlet for our peas, edible beans, lentils, durum, and hard red spring wheat. Opportunities exist for several other commodities including seed and table stock potatoes, pasta, livestock and cubed alfalfa.

As an example of the growth opportunities in the Cuban market, U.S. suppliers sold over \$200 million in agricultural products in 2002. By 2003, the number was over \$300 million. In 2004, Cuba purchased over \$400 million in agricultural products. The U.S. has advantages in supplying the Cuban market because the Cubans can save on freight cost and storage, and receive quicker delivery than with other countries. Cuba today has become our 22nd largest export market for agricultural goods and food products.

I have had the pleasure of representing North Dakota Farm Bureau at two events in Cuba over the past three years. Most recently in December 2004, I was at an event in Cuba in which Alimport, the official purchasing agency, bought \$130 million in agricultural products from 27 companies in 12 states.

Last month, Senator Larry Craig of Idaho introduced the Agricultural Export Facilitation Act of 2005. It would authorize Cuba to make payments directly to U.S. banks and make it easier for U.S. citizens to travel to Cuba to market agricultural products. It would also expedite temporary visas for Cuban nationals to visit the U.S. to inspect goods before they are shipped. SCR 4021 would provide an endorsement for the concepts in Senator Craig's legislation.

One future. One voice.

SCR 4021 encourages the U.S. Congress to would allow U.S. citizens to travel to Cuba for recreational purposes and to would allow direct banking transfers between U.S. and Cuban financial institutions.

U.S. policy toward Cuba is obviously geared toward a change in the Cuban government. However, it has been ineffective for more than 40 years. Allowing U.S. tourists to travel in mass to Cuba may be our best hope of changing that government. As Cuban citizens begin to know and understand Americans, it is likely that they will appreciate our freedom and opportunities and strive for emulating our system of governance.

Transferring funds from Cuban to U.S. financial institutions is cumbersome and expensive today. As U.S. financial institutions are prohibited from direct transactions with Cuban banks, funds must flow to third country financial institutions, and then back to U.S. banks. By allowing direct bank transfers, transaction costs for U.S. agricultural products would decline, thus making U.S. products even more competitive than they are today.

Ten days ago, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) changed the payment requirements for U.S. goods shipped to Cuba. Over the past several years, U.S. exporters routinely shipped U.S. food products to Cuba, transferring title and physical control to the Cuban buyers upon receipt of cash payment in full, a normal internationally recognized practice. OFAC's announcement changed the rules. The new rule, which becomes effect in late March, requires U.S. exporters to receive payment in advance of shipment of goods to Cuba. This action could cause Cuban purchases of U.S. agricultural products to be subject to seizure because of current U.S. law. Additionally, the U.S. denies Cuban officials from entering the United States. Given that the products must be paid for before delivery and must remain in the U.S. until the transaction is completed, Cuba would be denied the rights that all importing countries have to inspect and determine that the product meets the terms of the contract. The new Treasury Department rule threatens to shut down agricultural trade with Cuba.

Mr. Chairman and Committee members, we support this resolution and urge you to offer a "Do Pass" on Senate Concurrent Resolution 4021.

Thank you and I would be happy to try to answer any questions you may have.

Attachment

Letter sent to Robert Werner on December 1, 2004

December 1, 2004

Mr. Robert W. Werner
Director, Office of Foreign Assets Control
US Department of Treasury
1500 Pennsylvania Avenue NW
Washington DC 20220

Dear Mr. Werner:

I am writing to request that you immediately rescind your order to withhold a number of Cuban payments by American banks and to change your latest interpretation of the "cash only" policy. These recent actions will have a very damaging effect on North Dakota trade with Cuba and could quickly dry up a new agricultural market for our farmers and ranchers.

North Dakota has sold more than \$7 million in agricultural products into the Cuban market during the last two years and sale negotiations are ongoing. Processors in our state are currently negotiating a sale of 20,000 metric tons of peas to Cuba and a North Dakota trade delegation is planning to travel to Cuba in mid-December to negotiate additional sales. Your action places all of this economic activity in serious jeopardy.

Trade with Cuba is limited to agricultural products and there are many barriers and restrictions that make even agricultural trade difficult. Despite the hurdles, US agricultural sales to Cuba have surpassed \$1 billion. These sales and exports are critical to the agricultural industry and the US economy as a whole, especially when we're facing a current trade deficit approaching \$600 billion. The federal government should not be creating additional trade barriers.

I strongly urge this Administration to immediately remove these new barriers and to foster the continued agricultural trade relationship between the United States and Cuba.

Sincerely,

/s/

Roger Johnson
Agriculture Commissioner

RJ:cf/pl