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The Cuban embargo and southeastern agricultural export markets

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Abstract

Cuba is a large neighbor of the U.S. Southeast with substantial export potential when the embargo is lifted. The present paper estimates the potential gains from trade in Southeastern agricultural export markets calibrating linear excess supply and excess demand to observed prices, outputs, exports, Cuban imports, and price elasticities in the literature. Linear excess supply and demand gauge market gains from trade in rice, grains, soybeans, poultry, pork, and meat. This paper is the first direct application of excess supply and excess demand with its focus on the international market and total surplus gains from trade. A brief review of Cuban trade history provides perspective on trade potential and motivates major assumptions of the model. The largest gains are for rice, grains, and soybeans with moderate gains for poultry and pork. Across these markets, total surplus increases over 3%.

Keywords: International Trade, US-Cuban Trade Potential, Surplus Gains from Trade

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