

AMENDED IN ASSEMBLY MAY 19, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

Assembly Joint Resolution

No. 3

Introduced by Assembly Member Alejo

January 5, 2015

Assembly Joint Resolution No. 3—Relative to the Cuban embargo.

LEGISLATIVE COUNSEL'S DIGEST

AJR 3, as amended, 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 ~~lift the economic embargo on~~ *help increase trade with Cuba*.

Fiscal committee: no.

1 ~~WHEREAS, The ability of American companies to do business~~
2 ~~with Cuba is curtailed by the Cuban Assets Control Regulations~~
3 ~~(31 C.F.R. 515), which were issued in 1963, that lay out a~~
4 ~~comprehensive set of economic sanctions, including a prohibition~~
5 ~~on most financial transactions with the island; and~~
6 ~~WHEREAS, These sanctions were made stronger with the Cuban~~
7 ~~Democracy Act of 1992 (22 U.S.C. sec. 6001 et seq.) and the~~
8 ~~Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of~~
9 ~~1996, which is commonly referred to as the Helms-Burton Act.~~
10 ~~Most significantly, the Helms-Burton Act codified the embargo~~
11 ~~and has had a lasting impact on U.S. policy options toward Cuba~~
12 ~~by imposing economic sanctions, travel restrictions, and~~
13 ~~international legal penalties; and~~

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

5 *WHEREAS, The United States and Cuba recently signed an*
6 *agreement to restore commercial airline service between both*
7 *countries, which could potentially result in 110 daily flights to and*
8 *from Cuba. According to the United States Embassy in Havana,*
9 *authorized travel to Cuba by United States citizens increased by*
10 *over 50 percent since travel restrictions were eased in December*
11 *2014; and*

12 ~~*WHEREAS, Prior to the embargo, embargo the United States*~~
13 *placed on Cuba in 1960, the United States accounted for nearly*
14 *70 percent of Cuba's international trade. Cuba was the seventh*
15 *largest market for ~~U.S. exporters~~ United States exporters,*
16 *particularly for American farm ~~producers, and producers.~~*
17 *Currently, 84 percent of all food consumed in Cuba ~~was imported~~*
18 ~~*from the United States; is imported; and*~~

19 ~~*WHEREAS, Despite the fact that the*~~ *The United States and*
20 *Cuba are natural trading partners, ~~the embargo forced Cuba to seek~~*
21 ~~*out new sources for its domestic consumption at the expense of*~~
22 ~~*U.S. and California stands ready to be a major source for Cuba's*~~
23 ~~*domestic consumption, which will result in significant growth in*~~
24 ~~*the United States exports and the creation of more American jobs;*~~
25 ~~*and*~~

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

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

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

37 *WHEREAS, In 2000, under the TSRA, Congress began to allow*
38 *the sale of agricultural and medical products to Cuba. In four*
39 *short years, United States exports to Cuba rose from less than \$1*

1 million to \$392 million by 2004, with United States agricultural
2 products capturing 42 percent of the Cuban market; and

3 WHEREAS, According to a 2001 study sponsored by the Cuba
4 Policy Foundation, the estimated economic impact of expanded
5 agricultural exports under the TSRA is \$3.6 billion. According to
6 the United States Chamber of Commerce, the embargo's annual
7 cost to the U.S. United States economy ranges from is \$1.2 to \$3.6
8 billion and billion, and the embargo disproportionately affects
9 U.S. United States small businesses who that lack the transportation
10 and financial infrastructure to skirt the embargo; and

11 WHEREAS, These restrictions result in real reductions in
12 income and employment, negatively impacting U.S. small
13 businesses; and

14 WHEREAS, Since 2008, Cuba has undertaken more than 300
15 economic reforms designed to encourage enterprise with small
16 businesses, and, in 2008, United States exports to Cuba reached
17 \$718 million, with corn exports estimated at \$198 million, followed
18 by meat and poultry at \$152.6 million and wheat at \$135 million;
19 and

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

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

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

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

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

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

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

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

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

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

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

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

25 *WHEREAS, California ~~healthcare~~ health care providers can*
26 *benefit immensely from renewed Cuban relationships; and*

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

31 ~~*WHEREAS, Acknowledging that the embargo has not produced*~~
32 ~~*any positive economic or political outcomes in increase in trade*~~
33 ~~*with Cuba or the United States, and that lifting the embargo will*~~
34 ~~*better serve California's interests and improve the lives of Cubans*~~
35 ~~*and their families; now, therefore, be it and*~~

36 *WHEREAS, California can benefit economically and culturally*
37 *from direct air travel from the United States to Cuba, including*
38 *direct flights from California; now, therefore, be it*

39 *Resolved by the Assembly and the Senate of the State of*
40 *California, jointly, That the Legislature of the State of California*

1 urges the Congress of the United States to support President
2 Obama’s initiative to normalize diplomatic relations with Cuba
3 and to, with all deliberate speed, move forward with legislation to
4 ~~lift the economic embargo on~~ *help increase trade with* Cuba; and
5 be it further

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

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