



Committee On Finance

Max Baucus, Ranking Member

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Baucus Secures Deal on Ag Sales to Cuba *Senator Lifts Treasury Holds*

(WASHINGTON, D.C.) U.S. Senator Max Baucus, ranking Democrat on the Finance Committee, today reached agreement with the Treasury Department on a clarification of the rules governing U.S. agricultural sales to Cuba. The clarification gives agricultural exporters in Montana and across the United States a way to continue to sell agricultural products to Cuba on a cash basis.

“I pushed the Treasury Department hard so that ag exporters could continue to sell their products to Cuba,” Baucus said. “I’m optimistic that this clarification will provide U.S. ag exporters in Montana and elsewhere with another option to restart ag sales to Cuba.”

In a letter to Finance Committee Chairman Grassley and ranking Democrat Baucus, the Treasury Department agreed to allow goods to ship to Cuba once payment is received by a third country bank acting as the seller’s agent. By allowing the shipment to go forward once the seller’s agent receives the payment, the goods would not be vulnerable to seizure for unrelated claims while they are still at the U.S. port.

In exchange for the clarification, Baucus agreed to drop his hold on consideration of Treasury nominees before the Senate. Back in December 2004, when Baucus first learned that the Treasury Department was planning a restriction on agricultural sales to Cuba, he threatened to block consideration of nominees if they went ahead with the rule change. Treasury issued its rule change February 22, 2005 requiring payment of cash in advance for ag products before they shipped from a U.S. port. Previously, Treasury’s regulations only required payment to be made before the goods were delivered to the Cuban buyer.

“Whatever it takes to make it work, we’ve got to try to give it a try,” said Jim Stinehagen, of Yellowstone Bean Company based in Bridger, MT. “There is no way we’d have a shot at this market today if Max hadn’t kept fighting this rule every step of the way.”

Jake Cummins, Executive Vice President of the Montana Farm Bureau Federation, also praised the deal. “Max kept his word to Montana farmers and ranchers that he wouldn’t give up this fight. This deal could help Montana farmers and ranchers regain a foothold in the Cuban market. We can’t afford to pass up this market.”

Baucus said that Treasury’s clarification of the rule might help restart some of the cash basis sales lost this year to the new rule if the cost and logistics could be worked out. While this type of transaction would still tie up the buyer’s money longer than it should, Baucus noted, it would at least provide a potential framework in which to conduct the cash sales.

“This kind of transaction is far from ideal,” Baucus said. “Sales will still be lost. But given the burdensome restrictions imposed by Treasury and the resulting plummet in agricultural sales to Cuba, something had to be done. I’m confident we’ve opened the door a crack, and I thank Chairman Grassley for his support in helping me do so.”

Baucus continued, “The fact remains, however, that this Treasury rule is still in place, and as long as it is, we’ll never be able to realize the full potential of the Cuban market. I remain 100% committed to overturning this rule fully, and I will work hard to get Congress to send legislation to the President’s desk this session that will do just that.”

Baucus has cosponsored legislation with Sen. Larry Craig (R-ID) and twenty-eight other farm state senators from both sides of the aisle that would overturn the Treasury rule altogether. Legislation that would block enforcement of the rule was attached to the 2006 Treasury Appropriations bill in the Senate by Senator Byron Dorgan (D-ND) and in the House of Representatives by Representative JoAnn Emerson (R-MO).

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