

October 28, 2004

Ms. Sheila Quaterman, Regulatory Policy Division
Bureau of Industry and Security
Department of Commerce
P.O. Box 273
Washington, D.C. 20044

Dear Ms. Quaterman:

This letter is in response to the September 28, 2004 Federal Register Notice (Vol. 69, No. 187) requesting comments on the *Effectiveness of Licensing Procedures for Agricultural Commodities to Cuba* from the Department of Commerce, Bureau of Industry and Security (BIS). The National Grain and Feed Association (NGFA) and the North American Export Grain Association (NAEGA) appreciate the opportunity to comment on this important matter as the BIS submits its biennial report to Congress on the operation of the licensing system.

The NGFA, established in 1896, consists of 900 grain, feed, processing, exporting and other grain-related companies that operate about 5,000 facilities that handle more than two-thirds of all U.S. grains and oilseeds. The NGFA's membership encompasses all sectors of the industry, including country, terminal and export elevators; feed manufacturers; cash grain and feed merchants; end users of grain and grain products, including processors, flour millers, and livestock and poultry integrators; commodity futures brokers and commission merchants; and allied industries. The NGFA also consists of 36 affiliated state and regional grain and feed associations, as well as two international affiliated associations.

NAEGA, established in 1912, is comprised of private and publicly owned companies and farmer-owned cooperatives involved in and providing services to the bulk grain and oilseed exporting industry. NAEGA member companies ship practically all of the bulk grains and oilseeds exported each year from the United States. The Association's mission is to promote and sustain the development of commercial export of grain and oilseed trade from the United States. NAEGA acts to accomplish this mission from its office in Washington D.C., and in markets throughout the world.

NGFA and NAEGA members represent almost all of the U.S. exports of grain and feed to Cuba under the licensing procedures pursuant to section 906(a) of the Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA). Our membership has expressed general satisfaction with BIS's administration of the commodity licensing

procedure and commends BIS for regularly meeting the deadlines as prescribed in the regulations.

The grain and feed industry is however concerned about the duplicative nature of separately licensing vessels that carry licensed products. Separately licensing the vessel and the commodity for transport adds a cumbersome bureaucratic layer to doing business with Cuba. The industry does not believe TSRA requires this double licensing and that BIS has the authority to make some changes to enhance the efficiency of the procedures.

Additionally, the split jurisdiction of Cuba licensing requirements between BIS and the Office of Foreign Asset Control (OFAC) creates coordination problems and delays. In addition to licensing the commodity and the transportation, companies doing business with Cuba must also get a license for traveling to make sales. The coordination of all of these licensing procedures has made it difficult to export farm products in a manner that would take full advantage of this important market opportunity. We recommend the concentration of all Cuba related licensing procedures within BIS to better manage trade.

BIS has been an effective partner in assisting U.S. agriculture regain a significant lost market in Cuba. By doing away with the double licensing of commodity and vessel and concentrating all licensing procedures with BIS, the grain and feed industry believes we could provide even more U.S. agricultural products to Cuba and take full advantage of this opportunity for American farmers, ranchers and other agricultural related industries. Thank you for your consideration of our comments.