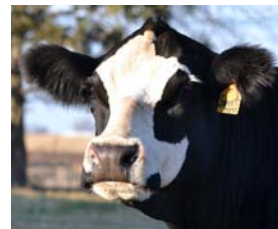


K-LER Cattle Company
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April 21, 2015

Chairman Roberts, Ranking Member Stabenow, U.S. Senator for Minnesota Klobuchar, and all members of the Committee:

Thank you for holding this panel on agricultural trade with Cuba. This is an important topic for our farmers and all Americans, and I am honored to be included as a small part of the decision making process.

My two sons are the fifth generation to be operating our family farm in St. Charles, which sits in the southeast part of Minnesota. The Kaehler Family farm produces traditional crops, canning crops, and livestock. We are nationally recognized beef breeding stock producers whose claims to fame include exporting the first livestock to Cuba in 2002 following the enactment of the trade embargo. Our youngest son Seth and his soon-to-be-wife Shelby (getting married on November 7!) are actively involved in the operation. My oldest son, Cliff, recently returned home from stint on Wall Street to open a solar energy company. We're excited to have him back.

Our initial exposure to Cuba was as an exhibitor in the First U.S./Cuba Food and Agriculture Exposition in 2002 through an invitation from then Minnesota Governor Ventura. Of the over 180 exhibitors from 30 states, the Kaehler Farm display was the only one with live animals—affectionately known as the “Cuban Ark”. It consisted of two beef cows, two dairy cows, two pigs, two sheep, and two bison bottle calves. The display was intended to exhibit the diversity of U.S. livestock producers, and to introduce Cuba to the typical USA farm family.

We returned home from that exposition motivated to do more. Since then, the Kaehler Family has led over 10 trade delegations to Cuba. These missions have included producers from seven different states and a bipartisan mix of state lawmakers and officials. To date, some of the most successful exports to Cuba we have facilitated include shipments of livestock, dried distillers grains, powdered milk, animal milk replacer, and texturized calf feed.

Given the opportunity, U.S. farmers do well in Cuba. We have a significant advantage of shorter shipping over Europe, South America, Asia, and other major exporters. In addition, Cuba can take advantage of U.S. rail container service and sizing options, which also brings significant benefits to smaller privately owned businesses like ours. On top of all this, the U.S. produces a wide variety of affordable and safe food products that Cubans want to eat.

Unfortunately, some of the policies currently in place diminish the natural advantages American agriculture enjoys over its competitors. For instance, requirements for using third country banks for financing adds a lot of paperwork, time, and personalities to every transaction. Coupled with a restrictive cash-in advance shipping policy—which I know the President helped to improve in recent months—there is a very small margin for error before a shipper faces demurrage fees. As a family operation trying to build our business through exports, this self-inflicted inefficiency can be tough to manage.

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So what do I hope to see change for U.S. farmers in the national Cuba debate? First, I hope farmers can work with Congress to improve the trade financing rules for Cuba. The efficiencies gained by doing this would be immediately beneficial. It would make shipping cheaper for producers and food less expensive for Cubans, both of which can only be a good thing for our trade relationship.

Second, I have to mention the importance of the USDA to agriculture exporters. Some large companies may have plenty of resources without this promotion and technical assistance, but small firms like ours do not have the luxury of extra available cash or shareholder offsets. We need marketing support and assistance to help support our companies and figure out exactly what's going on in markets abroad. I hope to see these resources available someday soon for our small and medium-sized producers working on selling their products to Cuba.

Finally, I hope that Congress will expand the universe of people involved in U.S.-Cuba trade by allowing a greater variety of goods and services to be traded. I don't know much about politics, but I have spent a lot of time in Cuba and have built strong relationships with farmers and their families. The Kaehler farm has weathered many ups and downs in doing business with Cuba, including a recession, high commodity prices, and difficult financing rules. But we've made progress over time and have never been shortchanged by our customers. I can only imagine that having more interactions like these—farmer to farmer—will help build a better understanding between our two countries and improve quality of life on both sides.

I look forward to answering any questions you might have. Thank you for this opportunity.

Respectfully submitted,

Ralph Kaehler on behalf of the Kaehler Family.