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FERIA CONFIRMA LA CRISIS DE LA ECONOMÍA CUBANA

Source: EFE; 2 de noviembre, 2009

La XXVII Feria Internacional de La Habana, inaugurada este lunes, ha confirmado la grave recesión de la economía cubana, con una caída del 36 por ciento en el comercio exterior, importaciones que cuadruplican a las exportaciones y dificultades para pagar a los proveedores.

"Las estadísticas muestran al cierre del tercer trimestre de 2009 que el intercambio comercial de bienes se redujo un 36 por ciento en relación a igual período del año anterior, siendo las importaciones casi el 80 por ciento del total", dijo el ministro de Comercio Exterior, Rodrigo Malmierca, al inaugurar la Feria. Según el funcionario, "la economía cubana se caracteriza por obstáculos para acceder al financiamiento internacional, la reducción de demanda y los precios de los principales productos de exportación, y el incremento de importaciones prioritarias como los alimentos, con la obvia reducción de la capacidad de compra". Malmierca atribuyó la recesión a la crisis financiera mundial, el embargo comercial de Estados Unidos a Cuba y los daños por \$10,000 millones causados por tres huracanes que azotaron la isla en el 2008. La coyuntura obligó a las autoridades cubanas a bajar la meta de crecimiento para 2009 del 6 por ciento al 1.7 por ciento.

La Feria de La Habana atrajo a 652 empresas de más de 50 países, sin contar las cubanas, pero los mismos organizadores calculan que se concretarán negocios por solo unos \$150 millones, con una gran caída respecto a los \$350 millones de 2008. Malmierca explicó que la situación obligó al gobierno que preside el general Raúl Castro a adoptar medidas restrictivas como el retraso de los pagos a los suministradores, pero aseguró que tienen "carácter coyuntural" y que Cuba sigue siendo un mercado "confiable y cumplidor de sus compromisos". Anunció que están en negociación decenas de nuevos proyectos con compañías de Brasil, España, Venezuela, China, Vietnam, Angola y Rusia, entre otros países, en distintas áreas de la economía. Venezuela, China, Rusia y España son los principales socios comerciales de Cuba y todos han sido afectados por la recesión. Las compras de Cuba a Estados Unidos sumarán unos \$580 millones cuando termine el 2009, un 37 por ciento menos que en 2008, reveló el presidente de la empresa estatal Alimport, Igor Montero. "Sería el primer año en que decrecen (las compras a EEUU) tanto en volumen como en valores y, de mantenerse las actuales condiciones, va a ser difícil que podamos seguir incrementando el volumen de negocios", dijo Montero en la inauguración de la Feria. Al igual que Malmierca, Montero atribuyó la disminución de las importaciones de Estados Unidos -básicamente de víveres- a la crisis internacional, al alza de los precios de los alimentos y al embargo.

El gobierno de Raúl Castro intenta reactivar la producción del campo porque la isla importaba más del 80 por ciento de los alimentos que consumen sus 11.2 millones de habitantes, mientras más de la mitad de las tierras cultivables estaban abandonadas. Washington excluyó del embargo comercial y financiero los alimentos y las medicinas a fines de 2001, y desde entonces las compras cubanas a Estados Unidos han superado los \$4,000 millones, de acuerdo con datos de Alimport. Pero Montero advirtió que si no cambian las condiciones para negociar en ese país, "va a ser muy difícil continuar con el comercio en los niveles que estábamos acostumbrados". Agregó que están en la Feria 35 empresas norteamericanas (frente a las 61 de 2008) y delegaciones de gobiernos estatales. Igualmente, las ventas de España a Cuba cayeron un 37 por ciento entre enero y agosto pasados, en relación con los mismos meses de 2008, informó el embajador español en La Habana, Manuel Cacho.

Las ventas de Cuba a España también disminuyeron en ese período, aunque algo menos, un 20 por ciento, agregó el diplomático al inaugurar el pabellón español en la Feria. En 2008 hubo un récord en el intercambio comercial de España y la isla, que ascendió a 932 millones de euros, con un aumento del 17 por ciento en las compras de Cuba y del 4 por ciento en sus ventas. Tanto el embajador como el representante cubano en la inauguración, uno de los viceministros de Comercio Exterior, Ramón Ripoll, destacaron el compromiso de los empresarios españoles que se mantienen en la isla a pesar de la grave coyuntura económica. Cacho destacó la voluntad de ambos países de superar las dificultades y Ripoll reiteró el compromiso del gobierno del general Castro de cumplir sus obligaciones financieras. Cuba adeuda a España 2,000 millones de euros, 700 de ellos vencidos, y a los empresarios españoles unos 600 millones más.

CUBANS FEAR HARD TIMES AHEAD, IMPATIENT FOR CHANGE

Source: Reuters, Marc Frank; September 28, 2009

Cubans are bracing for hard times in 2010 as President Raul Castro slashes imports and cuts government spending to get Cuba out of crisis -- and they are growing impatient with the slow pace of economic reform.

Hurricanes, the global recession, U.S. sanctions and the inability of the communist-run island's command economy to maneuver have put an end to recovery from the 1990s crisis that followed the Soviet Union's demise. Local economists agree there will be little if any growth this year for the first time in more than a decade as Cuba battles a cash crunch that has forced it to stop paying bills and freeze bank accounts of some foreign companies in Cuba. Castro, trying to balance books overflowing with red ink, has reduced imports this year by a third, or some \$5 billion, and cut local budgets and energy consumption. Cuba is dependent on imports, including food and fuel, of which about 70 percent of what it consumes comes from abroad.

The communist government gets moral and economic support from Venezuelan President Hugo Chavez and other leftist leaders in Latin America, as well as China, but Cuba's income from tourism and exports of nickel, petroleum derivatives, cigars and shellfish has fallen sharply this year. The austerity moves were necessary after Cuba's trade deficit soared 65 percent and its current account, which measures the inflow and outflow of foreign exchange, went from a \$500 million surplus in 2007 to an estimated shortfall of nearly \$2 billion last year, said the economists, who requested anonymity due to restrictions on talking to foreign media.

Castro's budget-cutting will put the current account into the black this year and "he intends to keep it that way in 2010," said one economist, indicating the belt-tightening will not end soon. Castro, who took over as president from his ailing brother Fidel in 2008, makes no bones about dismantling the paternalistic economic and social model he inherited. "Let's not deceive ourselves," he told the National Assembly a year ago. "If there is no pressure, if the people do not need to work in order to cover their necessities, and if we continue to give things for free here and there, we shall lose our voice calling people to work."

BUREAUCRACY UNDER FIRE

Castro, who served as defense minister for decades, in March replaced most of the economic cabinet he inherited, filling key posts with former and active military officers. He has implemented reforms in agriculture, wage structures and some other areas but the changes have so far been small and reached few of the island's 11 million people.

Cubans say that if Castro wants to do away with things like their monthly food ration and free workplace lunches, he will need to give them some way to raise incomes that now average less than \$20 a month. There has been speculation he would take measures such as allowing small businesses to operate and putting some of the retail sector in the hands of semi-private cooperatives but, so far, nothing like that has materialized. Recent grassroots discussions conducted by the ruling Communist Party revealed growing impatience with the government's inability to propose concrete alternatives and get its own house in order, participants said. "I realize the food ration has to go but first we have to know how they plan to do it and what will come after," said Pedro, a Havana pensioner. "I agree with the changes Raul has made so far but it seems to me there are a lot more things that need fixing," Renaldo, a Communist Party activist who helped organize the discussions in central Cuba, said in a telephone interview. People involved in the meetings said the state bureaucracy came under withering fire.

While farmers applauded Castro's decentralization of the sector, higher prices for their produce and grants of fallow state land to 100,000 new tillers, they questioned the government's continued stranglehold on the supplies they need and the sale of their products. "Farmers have never wanted the state to give them anything. What we want is that they sell us what we need to work and produce," Evelio, a farmer in central Cuba, said in a telephone interview. Factory workers complained Castro is urging them to produce more but that the state system is not providing the needed supplies. "I cannot plan anything because it depends on what they give me, on planning above," said Carlos, a factory worker. "And there the problems continue."

AMID CRISIS, CUBA FALLS SHORT ON HOME-BUILDING

Source: Associated Press; December 17, 2009

Cuba built about 20,000 homes in 2009, meeting barely 60 percent of its modest annual construction goal and further exacerbating a severe housing crunch, the official press said Thursday.

A report prepared for Sunday's session of parliament indicates that authorities missed by more than a third the target of building 32,000 homes this year. There was no reason given for shortfall, reported in the Communist Party newspaper Granma. Cuba's cash-strapped economy has been pummeled by the global economic crisis, however, causing officials to slash imports of food and other basics as the country's foreign debt balloons.

In September 2005, Fidel Castro said housing was such a priority that his country would build 100,000 new homes per year. That goal proved so overambitious that by 2008, officials had lowered annual projections to 50,000 homes, then sliced them to 32,000 for 2009 — a bar that still proved far too high. The communist government controls nearly all construction. Even operations as simple as obtaining building materials for home improvement usually mean turning to a black market supplied by state employees who steal goods from work.

Cuba reported in 2006 that its housing shortage had reached half a million homes — and that was before three hurricanes hit the island in 2008, leaving tens of thousands homeless. The Cuban parliament meets in full sessions just two days a year and usually gives unanimous approval to proposals put forward by the leadership.

FOOD & AGRICULTURE

CUBAN SPENDING ON U.S. FOOD MAY DECLINE

Source: Associated Press, Will Weissert; November 2, 2009

Cuba's government is estimated to spend less than \$590 million on American food in 2009 -- down at least 32 percent from last year.

Cuban purchases of U.S. food will fall by at least a third this year as the island slashes imports to stabilize an ever-weak economy further hammered by the global economic crisis, a top trade official said Monday. Igor Montero, head of the state import company Alimport, calculated that the communist government would spend less than \$590 million on American food in 2009 once banking, shipping and other transaction costs are included. That's down at least 32 percent from last year's \$870 million.

Montero blamed the economic crisis, but also took a swipe at Washington's 47-year-old trade embargo, even though it exempts food, arguing that America should begin buying Cuban products and allowing its citizens to visit the island as tourists. "If we aren't given more possibility to generate revenue through Cuban exports to the United States, or an exchange of visitors, it's going to be very difficult to continue to reach the levels of trade we've grown accustomed to," Montero said. He said 2009 will mark the first year American food imports to Cuba have not increased since the U.S. Congress authorized direct sale of agricultural products to Cuba in 2000. Because of a dispute over financing, Cuba refused to import even a single grain of rice until a hurricane caused food shortages in November 2001. After that, the United States quickly became Cuba's top source of food and will still retain that title in 2009.

Cuban officials have begun a campaign to increase domestic food production as falling imports have squeezed product supplies at the country's farmers and supermarkets. But so far, those efforts have led to little increased output. Last year Cuba spent a record of more than \$710 million for U.S. agricultural products of all kinds -- a figure lower than the one Montero gave because it does not include transaction costs -- according to the New York-based U.S.-Cuba Trade and Economic Council. That was 61 percent more than in 2007, the council reported. The spike came as Cuba stockpiled food in the face of rising commodity prices, a strategy that backfired when three hurricanes hit the island, damaging many of the warehouses where perishable items were stored.

Minister of Foreign Trade and Investment Rodrigo Malmierca said foreign imports as a whole were down 36 percent to about \$10 billion so far this year, and about 80 percent of that was food. Some 51 percent of imports come from the United States, he said, though Cuba's top trading partner remains Venezuela, led by socialist ally Hugo Chávez, followed by China, Russia, Spain and Brazil. In a speech kicking off a foreign trade fair east of Havana on Monday, Malmierca said "complex economic factors" have forced Cuba to delay payments to many of its foreign suppliers. But he said that the island "is ready to hold dialogues to fix that."

Thirty-five U.S. businesses, most of them food, agriculture or shipping companies, brought about 200 representatives to Cuba for the fair. Among those here were state agriculture officials from Maryland, Virginia and Georgia, Montero said. Terry Coleman, Georgia's deputy commission of agriculture, said the White House should push to modify banking regulations so that Cuba can transfer payments from its banks to American ones without having to go through financial institutions in third countries. "We are hoping and praying for a real approach to trade," he said. "Normal trade is direct. You buy, you send the products to the ships and there's no middle man."

TOO MANY IDLE HANDS ON CUBA'S STATE FARMS, GOVERNMENT PAPER SAYS

Source: EFE; November 13, 2009

One of the major ills of Cuba's state-run agricultural enterprises is "the excess of nonproductive personnel," Communist Party daily Granma said Tuesday. The newspaper estimated the number of redundant employees in the state farming sector at 89,000, or 26 percent of the total. "The urgency to increase production of food and reduce imports has accelerated the solution of this old program, which engenders bureaucracy, raises costs, hampers productivity, creates disorder and prevents the worker from improving his income," Granma said. Among the measures adopted by the Agriculture Ministry is setting the goal of eliminating at least 10 percent of the superfluous jobs and halving the number of managers, the daily said. Since 2007, the government has closed 83 state agricultural enterprises and re-organized 473 work units.

President Raul Castro, who took the reins in July 2006 after older brother Fidel was stricken with a severe illness, has repeatedly complained about Cuba's poor agricultural productivity, noting that half the island's arable land is sitting unused. Raul said earlier this year that the "maximum priority" is increasing domestic farm production, given rising international prices and Cuba's reliance on imports for more than 80 percent of the food consumed by the island's 11.2 million residents. The government has already reduced the amount of food that Cubans receive at subsidized prices via their ration cards. Cuba is suffering one of its worst economic crises since the revolution that brought Fidel Castro to power in January 1959. The world economic slump has squeezed Cuba's two main sources of hard currency: nickel exports and tourism, while Cuban families have experienced a decline in remittances from relatives in the United States. As of January, imports were outpacing exports 5-1, and the volume of foreign trade has fallen 36 percent compared with last year. The Cuban government is now forecasting an economic expansion of only 1.7 percent in 2009. Official statistics show growth in gross domestic product fell from 12.5 percent in 2007 to 4.3 percent last year.

CUBA OPENS FIRST SUGAR MILL OF SEASON

Source: Reuters, Marc Frank; December 3, 2009

- * First of 44 mills opens
- * Raw sugar output forecast at 1.3 million tonnes
- * Greater efficiency seen compensating for less cane

The first of 44 Cuban sugar mills scheduled to grind during the 2009-2010 harvest opened on Thursday, official media reported, with final output by May forecast at 1.3 million to 1.4 million tonnes of raw sugar. "The Mario Munez mill began production today ... to reach full capacity and stability by Saturday, the date the harvest will officially begin," the mid-day radio newscast said. Seven mills are scheduled to open this month and the remainder in January and February, with the harvest scheduled to end by May.

Cuba has yet to release results from the last harvest, which Reuters estimated at around 1.33 million tonnes based on provincial reports and sources. There are 10 fewer mills working this season due mainly to a lack of cane, according to provincial media and source reports. The state owns all the mills. Officials have said improved harvesting and milling will nevertheless result in similar tonnage. Traders told Reuters that the official estimate for this year's harvest was 1.3 million tonnes, of which 400,000 tonnes goes to China under a toll agreement and another 700,000 tonnes are consumed locally. The current crop has suffered from a lack of inputs or late delivery of what there was as Cuba grappled with a financial crisis that forced steep cuts in imports and disrupted deliveries this year.

CUBANS FRET OVER FOOD RATION CUTS

Source: Reuters, Rosa Tania Valdes; November 13, 2009

Peas, potatoes removed from monthly Cuban ration

* President Raul Castro cutting social subsidies

* Cubans worry other subsidies to disappear

Peas and potatoes have become the harbingers of change in Cuba as President Raul Castro chips away at some of the Cuban revolution's most hallowed social programs. Without a word, the two vegetables were removed this month from the subsidized food ration Cubans have received since 1963 and prices shot up in what people fear was a glimpse of the future.

Many view it as the first step toward the end of the ration program, known here as the "libreta," and possibly other government subsidies that Castro has complained are too costly for the cash-strapped government and discourage productivity. "There's a lot silence from the country's leaders about most of the things that are affecting we Cubans. The libreta is slowly disappearing without explanation," said Marco, a retired lawyer who did not give his full name.

Cubans say the libreta only gives them enough food for about two weeks, but at least guarantees part of their monthly diet. In a country where the average monthly salary is equal to about \$20, losing it would be a blow. "People are not very happy about it. It's not that what you get lasts for the whole month, but it's a help because you can get those things at a price that's not too high," said Havana housewife Yuliet Cruz. The libreta gives Cubans subsidized prices for set quantities of basic foods like rice, beans, sugar, salt, coffee, eggs and meat. If they need more food than the libreta provides, they have to pay regular market prices that are much higher, although generally low by international standards, or find it on the black market.

PRICE JOLT

The newly unleashed prices for peas and potatoes gave Cubans a jolt. Potatoes more than doubled in price to 1 Cuban peso, equivalent to 4.5 U.S. cents, for a pound, while the price of peas increased 20-fold to 3.5 pesos, or 16 U.S. cents per pound.

Government insiders have said the libreta is unlikely to be eliminated for people such as retirees living on fixed incomes or those who for legitimate reasons are unable to work. But the Cuban government is in the midst of a deep economic crisis brought on by the global recession, three damaging hurricanes last year, generally low productivity and other factors. President Castro has hinted at broad changes to get rid of subsidies and has a trial program under way in four government ministries to eliminate daily free lunches given to 3.5 million workers. Instead of free food, they are getting 15 pesos a day, equivalent to 68 U.S. cents, to buy their own lunch. If the trial saves money, it is expected to be applied throughout the state-dominated economy. "Social spending has to be in accordance with real possibilities, and that means eliminating those (programs) that can be done without," Castro said in an August speech. The challenge for Castro is to implement the changes without causing problems in a population where complaints about economic circumstances are common. "Cubans are worried that potatoes and peas may be the equivalent of the canary in the coal mine," said Cuba expert Dan Erikson at the Inter-American Dialogue in Washington. "Raul is playing a risky game by cutting back on long-standing social safety nets without offering new economic alternatives," he said. The prospect of losing handouts has made some Cubans long for the days when Fidel Castro, not younger brother Raul, was in power, said housewife Cruz. Fidel Castro, 83, resigned the presidency last year after 49 years in power. "They say if the comandante was in charge, none of this (stuff) would be happening," she said.

SENATE BACKS MOVE TO BOOST FARM WITH CUBA

Source: Reuters, Doug Palmer; December 13, 2009

The US Senate approved a provision on Sunday to facilitate cash sales of U.S. farm goods to Cuba, overturning restrictions by former President George W. Bush's administration, a senator said. "By allowing cash-based sales of our world-class U.S. goods to Cuba, we restore congressional intent and make it easier for American producers to export during a critical time for our economy," Senate Finance Committee Chairman Max Baucus said.

The move follows efforts by President Barack Obama to improve relations with Communist-run Cuba. Obama says he wants to "recast" ties and has announced a slight relaxation of the five-decades old U.S. trade embargo on Havana. The farm goods provision was added to legislation to fund dozens of federal agencies for the rest of the 2010 fiscal year, which ends September 30, 2010. The U.S. House of Representatives has already approved the massive spending bill, which Obama is expected to sign into law on Friday.

U.S. farm groups, eager to increase sales to a market about 90 miles from the United States, have been at the forefront of efforts to ease the trade embargo on Cuba. Congress authorized cash sales of U.S. farm goods to Cuba in 2000 under the Trade Sanctions Reform and Export Enhancement Act. But the Bush administration issued rules in 2005 requiring Cuba to pay for the goods through third-country banks before the products left port. Baucus, a Democrat from Montana, which has a significant farming sector, said the new provision would allow Cuban buyers to wire payments directly to the United States while the goods are in transit, as Congress intended in 2000. Exports of U.S. crops, meats and farm products totaled \$707 million in 2008. The U.S. International Trade Commission has estimated that amount could grow by hundreds of millions of dollars if all restrictions on farm trade were removed.

CUBA AND ITS PARTNERS

VENEZUELA, CUBA SIGN \$3 BILLION IN JOINT PROJECTS

Source: Reuters, Rosa Tania Valdes and Helen Popper; December 12, 2009

Cuba and Venezuela signed cooperation deals worth nearly \$3 billion on Saturday, underscoring Caracas' role as the communist-run island's closest political and commercial ally.

Venezuela, an OPEC member, has become a vital source of energy and trade for Cuba in recent years and it exports 98,000 barrels of crude a day to the cash-strapped Caribbean nation on favorable financing terms. "We've signed 264 contracts worth a total of \$2.951 billion," Venezuelan President Hugo Chavez said in a televised speech, saying another 20 similar agreements would be inked later this month.

The cooperation deals relate to health, fishing, education and sports projects and the countries will also form at least seven joint state-run companies in the sugar, aluminum, transport and farming industries. Cuba, which is heavily dependent on imports of fuel and food, pays part of its Venezuelan oil bill with the services of 40,000 doctors and other professionals. Chavez has joined Cuba in promoting leftist revolution as an alternative to U.S. free-market trade proposals and the two nations are at the heart of the ALBA alliance, which aims to promote cooperation among leftist regional governments. Chavez and Raul Castro, who took over the presidency from his ailing brother Fidel last year, will be joined on Sunday by other members of the ALBA group, including Bolivian President Evo Morales. Trade between Cuba and Venezuela reached \$5.28 billion last year, compared with \$945 million in 2003, according to statistics from the Cuban government.

CHINA TO AID CUBA WITH 1.1 MILLION DOLLAR IRRIGATION PROJECT

Source: AFP; December 29, 2009

China will aid Cuba with a 1.1 million dollar irrigation project in the communist-run island's Guantanamo province, the Prensa Latina agency reported Monday.

China is one of Cuba's main political allies and its second business partner after Venezuela. The latest project, including funding from a donation promised by China in 2007, aims to help restore drainage and irrigation systems in the east of the island to improve productivity, the Cuban agency said. The project, to be overseen by Chinese company Liaoning Zhongyi International Economic and Technical Cooperation, includes the supply of trucks, tractors, trailers and other equipment, the report said. Trade between Cuba and China represents more than 2.6 billion dollars per year, and China is a key source of credit for the impoverished island.

ENERGY & OIL

RUSSIA STATE OIL COMPANY TO EXPLORE FOR OIL CUBA

Source: Reuters, Marc Frank; November 4, 2009

- * Russian firm gets two onshore, two offshore blocks
- * State oil company Zarubezhneft wants more turf
- * Company's general director sees "good prospects" (Adds Cuba minister quote, details, minor edits)

Russian state oil company Zarubezhneft signed contracts with Cuba on Tuesday to search for oil along Cuba's northern coast and said it was looking at procuring more areas for exploration in a step forward for the island's oil hopes. Zarubezhneft signed up with state-owned Cuba Petroleos for four almost contiguous blocks, two onshore and two offshore in the Gulf of Mexico just east of Cuba's most prolific oil field in Varadero.

Cuba has signed offshore exploration deals with eight other companies, but waters it says may hold 20 billion barrels of oil remain untapped, with only one test well drilled. Big oil finds in the gulf could turn the communist island, which is deep in financial crisis, into an oil exporter. The Zarubezhneft deal with Cuba was the latest sign of warming relations between the Cold War allies, who had a falling out after the Soviet Union, Cuba's biggest benefactor for 30 years, collapsed in 1991. The Soviet Union built Cuba's oil business during their long alliance against the United States, 90 miles (145 km) across the Florida Straits from Cuba.

Russia and Cuba have signed accords in recent months for a series of business deals and Russia has said it will refurbish the Cuban military, which is still using Soviet-era equipment. Russian President Dmitry Medvedev and Cuban President Raul Castro have paid reciprocal visits in the past year. Cuba senior oil advisor Manuel Marrero Faz said it would take a while for the Russians to begin seismic testing in the offshore blocks, where the deepest water is about 1,000 meters (3,300 feet). The island currently produces about 60,000 barrels of oil a day, all from onshore wells. It receives about 115,000 barrels per day from Venezuela on favorable terms. Mexico and the United States, which share the gulf with Cuba, have been producing oil and natural gas from under its waters for decades.

GOOD PROSPECTS

Zarubezhneft general director Nikolay Brunich said the company had signed four contracts, all for terms of 25 years. "We think they have very good prospects," he said of the blocks. Cuba's Minister of Basic Industry Yadiria Garcia Vera told Reuters the blocks were likely to be an extension of the Varadero field. "We assume in that area the oil will be similar to the heavy oil we have in Varadero, but we're also hoping to find natural gas," she said. The Russians said they were looking at possibly signing up for three more offshore blocks, two near Havana and one further out in deeper waters. The Russian concessions are near a block that Brazil's state-owned

Petrobras was granted in October 2008 and has said it is still evaluating for oil prospects. Only one exploratory well has been drilled so far in Cuba's offshore, that by Spain's Repsol-YPF (REP.MC: Quote, Profile, Research) in 2004. The well was said to show traces of oil, but a long-promised second well has not been drilled. The U.S. Geological Survey has estimated that Cuba has about 5 billion barrels of oil and 10 trillion cubic feet of natural gas offshore.

CUBA ORDERS EXTREME MEASURES TO CUT ENERGY USE

Source: Reuters; November 12, 2009

Cuba has ordered all state enterprises to adopt "extreme measures" to cut energy usage through the end of the year in hopes of avoiding the dreaded blackouts that plagued the country following the 1991 collapse of its then-top ally, the Soviet Union. In documents seen by Reuters, government officials have been warned that the island is facing a "critical" energy shortage that requires the closing of non-essential factories and workshops and the shutting down of air conditioners and refrigerators not needed to preserve food and medicine.

Cuba has cut government spending and slashed imports after being hit hard by the global financial crisis and the cost of recovering from three hurricanes that struck last year. "The energy situation we face is critical and if we do not adopt extreme measures we will have to revert to planned blackouts affecting the population," said a recently circulated message from the Council of Ministers. "Company directors will analyze the activities that will be stopped and others reduced, leaving only those that guarantee exports, substitution of imports and basic services for the population," according to another distributed by the light industry sector.

President Raul Castro is said to be intent on not repeating the experience of the 1990s, when the demise of the Soviet Union and the loss of its steady oil supply caused frequent electricity blackouts and hardship for the Cuban public. The directives follow government warnings in the summer that too much energy was being used and blackouts would follow if consumption was not reduced. All provincial governments and most state-run offices and factories, which encompasses 90 percent of Cuba's economic activity, were ordered in June to reduce energy use by a minimum of 12 percent or face mandatory electricity cuts.

The measures appeared to resolve the crisis as state-run press published stories about the amount of energy that had been saved and the dire warnings died down. The only explanation given for the earlier warnings was that Cuba was consuming more fuel than the government had money to pay for. The situation is not as dire as in the 1990s because Cuba receives 93,000 barrels per day of crude oil, almost two-thirds of what it consumes, from Venezuela. It pays for the oil by providing its energy-rich ally with medical personnel and other professionals. Cuba has been grappling with the global economic downturn, which has slashed revenues from key exports, dried up credit and reduced foreign investment.

The communist-run Caribbean nation also faces stiff U.S. sanctions that include cutting access to international lending institutions, and it is still rebuilding from last year's trio of hurricanes that caused an estimated \$10 billion in damages. In response, the government has cut spending, slashed imports, suspended many debt payments and frozen bank accounts of foreign businesses. It reported last week that trade was down 36 percent so far this year due mainly to a more than 30 percent reduction in imports.

CUBA SAYS OIL AND GAS OUTPUT UNCHANGED OVER 2008

Source: Reuters, Marc Frank; December 31, 2009

- * Cuban oil and gas output stagnates
- * Oil output 3 million tonnes in 2008 - government
- * Nat gas output 1 million-plus cubic meters 2008 - gov't

Cuban oil and natural gas production was unchanged this year over 2008 at an equivalent 4 million tonnes, state-run television said on Thursday.

The report gave no details. However, the government reported output was 3 million tonnes of oil and just over a million cubic meters of natural gas in 2008. Cuba does not report oil production in barrels, but officials state it is between 60,000 and 65,000 barrels per day. Cuban production is concentrated along the northwest heavy oil belt, an 80-mile (128-km) stretch of coast in Havana and Matanzas provinces which produces all of Cuba's heavy crude with a density rating of 8 API to 18 API and a high sulfur content.

Most new wells are drilled vertically from the shore from two to seven kilometers out to sea. Output has stagnated for most of the decade as old wells are exhausted and new ones do no more than take up the slack. The poor-quality oil is burned in modified power plants and factories. Some domestic oil is also processed at a joint venture refinery with Venezuela in Cienfuegos province, and then exported to area countries. Since 2006 Cuba has shipped small amounts of the crude to Asia. Cuba imported 93,000 bpd of oil and derivatives, with preferential financing, from Venezuela in 2008, with an additional amount sent to the Cienfuegos refinery.

NICKEL

CUBAN NICKEL OUTPUT SEEN LOWEST IN A DECADE

Source: Reuters, Marc Frank; December 30, 2009

- * National output seen between 60,000 and 65,000 tonnes
- * Sherritt International venture operating at capacity
- * Industry still struggling to overcome hurricane damage

Cuba's unrefined nickel plus cobalt production appears to have been between 60,000 and 65,000 tonnes this year, the lowest in a decade, according to scattered radio reports this week.

Cuba produced 70,400 tonnes of unrefined nickel and cobalt in 2008, after averaging between 74,000 and 75,000 tonnes during much of the decade. While production at Canadian mining company Sherritt International's <S.TO> nickel venture in Cuba topped 37,000 tonnes, output at two plants owned by state-run Cubaniquel was well below capacity. Cuba has not announced this year's nickel output, with officials simply stating it was less than the 70,000 tonnes planned.

The Caribbean island is one of the world's largest nickel producers and supplies 10 percent of the world's cobalt, according to the Basic Industry Ministry. "The Pedro Soto Alba plant met this year's plan, producing more than 37,000 tonnes of nickel, and remains open," Jorge Cuevas Ramos, the first secretary of the Communist Party in Holguin, was quoted by national state-run Radio Rebelde on Wednesday as stating. Radio stations based in Holguin, where the three plants are located, reported this week that production at the Cuba-owned Ernesto Che Guevara plant, with a capacity of 32,000 tonnes, did not meet it's 26,000-tonne plan.

There was no mention of output at the country's third and oldest plant, the Rene Ramos Latourt at Nicaro Holguin, which has a capacity of 10,000 to 15,000 tonnes and is also operated by Cubaniquel. Scattered reports this year indicated Rene Ramos Latourt and the feed process to the plant were operating below capacity at various times, so there were most likely production problems there as well. Hurricane Ike, a Category 3 storm, hit Cuba in September 2008 at Holguin's northern coast, where the nickel industry's three processing plants are located, damaging the two Cubaniquel plants, infrastructure, housing and buildings and swamping the area with torrential rains and a storm surge. Nickel is essential in the production of stainless steel and other corrosion-resistant alloys. Cobalt is critical in production of super alloys used for such products as aircraft engines. Cuban nickel is considered to be Class II, with an average 90 percent nickel content. Cuba's National Minerals Resource Center reported that eastern Holguin province accounted for more than 30 percent of the world's known nickel reserves, with lesser reserves in other parts of the country.

FOREIGN TRADE

CUBA SAYS FOREIGN TRADE DOWN 36 PERCENT IN 2009

Source: Reuters, Jeff Franks and Esteban Israel; November 2, 2009

Cuba opened its annual international trade fair on Monday with the news its foreign trade was down 36 percent this year as the communist-ruled island battles the effects of the global economic recession.

Cuban Minister of Foreign Trade and Investment Rodrigo Malmierca told diplomats and business people at the ExpoCuba exhibition center in suburban Havana that most of the decline was due to decreased imports, reflecting Cuba's attempts to tighten its financial belt. "Statistics show that at the close of the third quarter of 2009, the trade of goods was down 36 percent in relation to the same period the year before," he said. Total trade for the first nine months was "around \$10 billion," Malmierca said.

Cuba's economy has been battered by the global recession, damaging hurricanes in late 2008 and productivity problems that President Raul Castro is trying to fix by cutting government handouts and giving financial incentives for harder work. Cuba's trade deficit soared to \$11.4 billion in 2008 as rising import costs and lower prices for Cuban exports depleted cash reserves. In response, Cuba took several measures, including stopping payments to many foreign suppliers. Malmierca said Cuba planned to pay up eventually. "I can assure you that we have the greatest willingness for dialogue with our economic partners and that Cuba will continue to be a reliable partner," he said.

The Cuban government said 54 countries were participating in the fair, with large, prominent pavilions filled by allies such as Venezuela, China and Brazil. Far in the back of the sprawling exposition center were booths for about 35 U.S. businesses and organizations that included delegations from states including Alabama, Georgia, Virginia and Maryland. The Americans said they looked forward to the day the United States and Cuba, just 90 miles apart but ideological foes since Cuba's 1959 revolution, resume normal trading relations. The United States has had a trade embargo against Cuba for 47 years, but sales of agricultural products and medicine are allowed. "This is not just about business," said Paul Johnson, president of Chicago Foods International. "I want to help bridge the gap between the United States and Cuba." "People who want to normalize trade feel like our embargo is hypocritical," said Terry Coleman, Georgia's deputy agricultural commissioner.

INVESTMENT

INVESTORS STICKING IT OUT IN CRISIS-PRONE CUBA

Source: Reuters, Marc Frank; December 17, 2009

- * Investment projects number 258, similar to 2008
- * Cuban ventures abroad increase
- * Experts point to diversification

The number of joint ventures and other investment projects in Cuba remained stable this year despite a liquidity and payments crisis, according to testimony before a parliamentary commission published on Thursday.

Foreign Trade and Investment Minister Rodrigo Malmierca reported there were 258 joint venture and other investment projects operating in the country and 46 abroad, according to the Communist Party newspaper Granma. In July 2008, the last time figures were released, the government said there were 246 joint ventures and other investment projects in the country, but gave no figures for Cuban projects outside its borders.

Cuba has pharmaceutical ventures in Iran, India, China, Brazil and other countries, works construction in Angola and Vietnam, operates a hotel in China, and has numerous ventures in Venezuela. U.S. law forbids companies from investing in Cuba, though they may hold a minority stake in foreign firms with less than 50 percent of their operations in Cuba. "The presence of American investors in foreign firms that trade with or invest in Cuba is of growing importance," said Paolo Spadoni, a Cuba expert at Tulane University's Center for Inter-American Policy and Research and author of a soon-to-be-published book on U.S. money flows to Cuba. Some joint ventures have had difficulty transferring funds and profits abroad from state banks this year despite contractual guarantees.

"FUNDS BLOCKED"

Hurricanes, the international financial crisis, U.S. sanctions and a sluggish state-dominated economy left Cuba short billions of dollars this year, officials reported, and banks unable to back funds deposited in a local foreign exchange equivalent. "We are hanging in here hoping the situation will improve in 2010," the foreign manager of one venture said, asking that his name not be used. "We are trying to use local products to keep going because we can not keep importing with funds blocked in the bank."

Malmierca said most ventures abroad were with allies Venezuela, China and Angola, while inside the country investors from Spain, Venezuela, Canada and Italy held the greatest presence in sectors such as tourism, oil exploration, communications and mining. "This shows that the Cubans have learned at least one major lesson from their last major economic crisis in the 1990s, which is the importance of diversification," said Dan Erikson, a Cuba analyst with the Inter-American Dialogue in Washington. "Although 2009 has been a grueling year for the Cuban economy, the island is now engaged with a spectrum of international partners across a range of industries, which has provided a much needed economic cushion," he added. The official media reported Cuba signed two hotel ventures with Qatar, a fishing venture and four oil exploration contracts with Russia, numerous deals with Venezuela, an electronics assembly venture with China, and a paper venture with a Spanish firm in 2009. The Spanish venture was the first reported with a European company in a number of years as Havana increasingly focuses on strategic allies Venezuela and China, Russia and energy rich developing countries such as Algeria, Angola, Vietnam and Qatar.

REDUCE CUBA NEGOCIOS CON SOCIOS EXTRANJEROS

Source: Notimex; 17 de diciembre, 2009

Cuba mantiene en activo 258 negocios con capital extranjero en el país, 56 menos que el año pasado, y 46 asociaciones productivas en el exterior en medio de la actual crisis económica global, informó hoy la prensa oficial.

El número de asociaciones con capital extranjero era en noviembre de 2008 de 314, lo que significó entonces una reducción de 48 contratos frente a los 362 que había a fines de 2007, según datos divulgados esa fecha por el Ministerio de Inversiones Extranjeras. Al hablar el miércoles a diputados del Parlamento, el ministro de Comercio Exterior y la Inversión Extranjera, Rodrigo Malmierca, indicó que la mayoría de las asociaciones en ultramar se encuentran en Venezuela, China y Angola. La mayor cantidad de los 258 negocios está vinculada a empresas de España, Venezuela, Canadá e Italia, según una versión de su intervención publicada este jueves por la prensa oficial. Malmierca habló ante la Comisión de Asuntos Económicos de la Asamblea Nacional (Parlamento), una de las 12 que iniciaron el miércoles reuniones de dos días, sin acceso a la prensa extranjera, previas a la última plenaria anual el próximo domingo del cuerpo legislativo unicameral.

Ante los diputados, de acuerdo con la versión divulgada por el diario Granma, del Partido Comunista, la ministra de Finanzas y Precios, Lina Pedraza, ofreció "detalles acerca de la ejecución del Presupuesto del Estado en el año en curso y las proyecciones para el 2010". Según lo publicado por Granma, Malmierca señaló que hubo "afectaciones significativas" en la situación de las inversiones a tenor de la crisis mundial, los daños de tres huracanes en 2009 y el bloqueo de Estados Unidos. La sesión final del domingo del Parlamento, segunda de las dos de un día que efectúa cada año, está signada por la profundización de la crisis de la economía, que este año la Cepal prevé solo crezca 1.0 por ciento, y la reducción del 36 por ciento del comercio exterior isleño. Alegando problemas de liquidez, el gobierno cubano ha dejado de pagar sus deudas a los preocupados socios extranjeros, en tanto la mayoría de las empresas radicadas en Cuba tiene inmovilizados sus fondos en los bancos de la nación caribeña.

De acuerdo con especialistas, este año se registro un severo desabastecimiento de alimentos; aumentó el costo de las importaciones y el precio del níquel, uno de los principales rubros exportables, se desplomó en 80 por ciento. Además, se reportó un descenso en las remesas familiares y, aunque aumento 4.0 por ciento el número de turistas extranjeros, los ingresos de la llamada industria del ocio se redujeron un 11.7 por ciento, y Cuba vió contraídas sus fuentes crediticias, excepto la de Venezuela. Malmierca dijo que, en la esfera que atiende, se preven restricciones similares, dado el adverso escenario económico internacional, pero aseguró que pese ello se encuentran en diferentes fases 120 proyectos de inversión extranjera, 86 en Cuba y 34 en el exterior. Esos proyectos, precisó, serán en esferas como el propio turismo, la minería y el petróleo, así como en energía renovable y la industria del envase y embalaje.

El informe recibido por los diputados en la Comisión Agroalimentaria fue menos desalentador al señalarse como "positiva" la mejoría lograda este año por el Ministerio de la Agricultura en la sustitución de importaciones. El ahorro por tal concepto es, hasta el cierre de noviembre, de 58 millones 579 CUC (peso convertible, divisa local equivalente al dólar), monto que supera en más de 25 millones los resultados del 2008, se dijo durante la sesión. Cuba importa alrededor del 80 por ciento de los alimentos que consume, y el año pasado las erogaciones por ese concepto rondaron los dos mil 500 millones de dólares.

El vicepresidente del Consejo de Ministros y titular de Agricultura, Ulises Rosales del Toro, dijo que al margen de lo logrado "hay que seguir escalando posiciones y, pese a las dificultades, avanzar sostenidamente", de acuerdo con la versión del periódico. Las 12 comisiones sectoriales del Parlamento culminan este día sus sesiones luego de obtener reportes gubernamentales sobre los lineamientos del Plan de la Economía Nacional y la propuesta de Presupuesto, ambos para el próximo año.

CREDITORS STILL FRET DESPITE CUBA IMPROVEMENTS

Source: Reuters, Marc Frank; December 21, 2009

- * Little cash seen available to pay debts
- * State loosens hold on export industries

Cuba managed to stop the hemorrhaging of foreign exchange that left it unable to pay many bills the past year, officials said this weekend, but creditors who are owed an estimated \$2 billion do not expect to be paid in full any time soon.

Cuban officials told the National Assembly over the weekend the country's economic crisis had stabilized, but government spending would be limited in 2010 as the island continues to deal with effects of devastating hurricanes in 2008 and the global financial meltdown. Cuba, which is heavily dependent on imports, stopped paying many suppliers last year and froze the Cuban bank accounts of most foreign companies operating on the island as the crisis drained its cash reserves. Economy Minister Marino Murillo told the assembly that the government had turned 2008's \$2.3 billion trade deficit into a surplus of \$400 million by cutting imports 37.4 percent, or \$6 billion, this year. That, he said, helped offset a 22.9 percent drop in exports, or \$3.1 billion, caused by plummeting prices for Cuba's key export products including nickel, tobacco, lobster and technical assistance to oil producing clients such as Venezuela and Angola. Murillo said Cuba's overall economy grew 1.4 percent in 2009, down from 4.2 percent the previous year, and would put in a similar performance in 2010. Murillo did not say if the government had improved the country's cash reserves, which are never publicly disclosed, but did tell the assembly that spending would be dictated by a simple principle. "The amount of foreign exchange we plan to spend in 2010 will be less than the income we expect," Murillo said. Regarding debt, he said, "Negotiations with some countries and suppliers to restructure debts and guarantee payment under more favorable conditions have begun."

LITTLE TO CHEER

His words brought little cheer to creditors, who had hoped for a signal that the money they are owed would be forthcoming. "I see nothing in Sunday's report that indicates significant amounts of money will be generated or put aside to pay fresh debt racked up to suppliers and banks this year," a foreign businessman, who asked his name not be used, said on Monday. "Further, I see nothing indicating fresh money flows from current or new exports," he said.

There was a little bit of good news from President Raul Castro, who told the assembly that the government had unblocked about 30 percent of funds of the frozen bank accounts of foreign companies. There have been estimates that as much as \$1 billion has been locked up in the accounts. Castro, who took over for his ailing brother Fidel Castro in 2008, has repeatedly called for making the communist system more productive and efficient to ease its chronic economic problems. Murillo said in his speech the government would loosen its stranglehold on the finances of export industries such as nickel and tobacco, and foreign exchange earners such as communications and tourism.

Few details were provided, but it appears that the change will allow state companies to retain a percentage of their earnings instead of handing all profits over to the government, which then allocates them as is currently done. Osvaldo Martinez, head of the National Assembly Economic Commission, said the new system was aimed at ensuring that the companies will have the foreign exchange they need to guarantee production "with priority over any other use" by the state.

CEPAL

CEPAL ESTIMA CRECIMIENTO DE 4.1 PCT EN LA ECONOMIA DE AMERICA LATINA

Source: Reuters; 10 de diciembre, 2009

La Comisión Económica para América Latina y el Caribe (CEPAL) entregó el jueves el detalle de sus proyecciones para la economía de los países de la región, que en conjunto crecería un 4,1 por ciento en el 2010 tras una esperada caída de 1,8 por ciento este año. La siguiente es una tabla con las nuevas proyecciones económicas para el 2009 y el 2010 de la CEPAL para cada país, en variación porcentual:

País	2009 (anterior)	2009 (nueva)	2010 (anterior)	2010 (nueva)
Argentina	1,5	0,7	3,0	4,0
Bolivia	2,5	3,5	3,5	4,5
Brasil	-0,8	0,3	3,5	5,5
Chile	-1,0	-1,8	3,5	4,5
Colombia	0,6	0,3	3,5	2,5
Costa Rica	-3,0	-1,2	3,0	3,5
Cuba	1,0	1,0	3,0	3,0
Ecuador	1,0	-0,4	2,5	3,0
El Salvador	-2,0	-2,5	2,5	2,0
Guatemala	-1,0	-1,0	2,5	2,0
Haití	2,0	2,0	2,0	2,0
Honduras	-2,5	-3,0	2,5	1,5
México	-7,0	-6,7	2,5	3,5
Nicaragua	-1,0	-1,5	2,5	2,0
Panamá	2,5	2,5	5,0	4,5
Paraguay	-3,0	-3,5	3,0	3,0
Perú	2,0	0,8	5,0	5,0
Rep. Dominicana	1,0	2,5	2,0	3,5
Uruguay	1,0	1,2	3,5	5,0
Venezuela	0,3	-2,3	3,5	2,0
América Latina	-1,9	-1,8	3,2	4,1
El Caribe	-1,2	-2,1	0,5	1,8
TOTAL	-1,9	-1,8	3,1	4,1

TOURISM

CUBA REPORTS MORE TOURISM, LESS REVENUE

Source: AP; December 25, 2009

Cuba says more than 2.4 million tourists will come to the sun-kissed island by the end of the year, up 3.3 percent from 2008, though deep discounts and shorter stays mean vacation industry revenues are down overall. The country will break the previous year's mark of 2.34 million visitors by nearly 80,000, fueled by 2,000 new hotel rooms in top tourist areas, including Havana and Varadero, a white-sand beach north of the capital, Tourism Minister Manuel Marrero Cruz said in Thursday editions of the Communist Party newspaper Granma. Marrero did not say how much Cuban tourism took in and, unlike in previous years, no information on vacation industry revenue was made public during the year-end meeting of Cuba's parliament Sunday. Marrero said in November that his ministry's revenues would fall about 11.7 percent, as Cuba has been forced to slash prices because of the global recession.

Foreign visitors generated more than \$2.7 billion last year, a 13.5 percent increase from 2007. The number of travelers to Cuba has also been boosted by the Obama administration's decision to let Cuban Americans with family on the island visit as often as they like. It is difficult to measure the change's precise impact, however, since many are counted by immigration authorities as Cubans -- not foreign visitors -- when they visit their homeland. But companies that operate charter flights say bookings are up 30 percent since the White House eased restrictions. The weekend before Christmas there were at least 18 flights from the U.S. to Cuba on a single day. Previously, Cuban exiles could come only once every three years. Washington's nearly half-century-old trade embargo keeps most other Americans from visiting altogether. A top Cuban government official, speaking anonymously because he was not authorized to have his name appear in print, said 200,000 Cuban Americans are expected to visit by the end of 2009, about double last year's tally. Marrero said that Canada remains the top source of visitors, with more than 900,000 coming from that country this year, followed by Great Britain and Spain.

APLICARA CUBA PLAN QUINQUENAL PARA DESARROLLO TURÍSTICO

Source: Notimex; 28 de diciembre, 2009

Cuba iniciará en 2010 una estrategia quinquenal de desarrollo sostenido al turismo, ante la caída constante de sus ingresos en divisas tras cerrar este año con un aumento de viajeros de 3.3 por ciento, según fuentes del sector.

El ministro de Turismo, Manuel Marrero, informó que al final de 2009 se espera un total de más de dos millones 425 mil visitantes, una cifra superior a la de 2008, cuando se contabilizaron dos millones 348 mil personas, aunque se calcula que los ingresos por ese concepto disminuyeron en un 12 por ciento. Marrero precisó que la prioridad para las estrategias de desarrollo en el quinquenio 2010-2015 serán las inversiones en la región oriental de la isla, aunque se mantendrá la inyección de capital en el centro del país y en los mayores polos de la playa de Varadero y esta capital. El funcionario identificó a Canadá como el mayor mercado emisor de turistas hacia la Isla, con 900 mil vacacionistas reportados hasta el momento, seguido de Gran Bretaña y España, que sostuvo un incremento notable en los últimos meses. Otros importantes emisores de excursionistas son Italia, Alemania, Francia, México, Argentina, Estados Unidos, Rusia, Holanda y Venezuela.

El Ministerio del Turismo (Mintur) indicó que este año se concluyeron unas dos mil nuevas habitaciones en los principales polos turísticos del país, aunque el peso fundamental se concentró en La Habana, que concentra a 2.3 millones de habitantes, 20 por ciento de la población total. Los más de 300 hoteles distribuidos en la isla, en especial en sus ocho polos turísticos claves, disponen de unas 47 mil habitaciones. Según la fuente, más del 60 por ciento de los productos comercializados en la red hotelera y extrahotelera, es de procedencia nacional, y unos 200 mil trabajadores laboran en la llamada industria sin chimeneas que, junto con el níquel y las remesas exteriores, apuntalan la frágil economía isleña. Marrero explicó a medios de prensa que se mantienen los proyectos para crear

varios campos de golf 'en respuesta a la creciente demanda de este deporte en el mundo' y se intentará mejorar la calidad de los servicios prestados y la eficiencia del sector.

La economía cubana atraviesa uno de sus peores momentos en las últimas décadas al crecer en 2009 sólo un 1.4 por ciento, por debajo del 6.0 por ciento pronosticado en diciembre de 2008, según constató la última plenaria anual del Parlamento. Los planificadores cubanos prevén en 2010 un 'discreto' aumento de 1.9 por ciento del Producto Interno Bruto (PIB), atendiendo al impacto de la crisis económica global, la caída de sus exportaciones, el decrecimiento de ingresos por turismo y el encarecimiento de las importaciones. En reciente video-conferencia con empresarios de Estados Unidos, el asesor del Mintur, Miguel Figueras, aseguró que si Washington aprueba los viajes de estadounidenses a la nación caribeña, en una primera etapa podrían venir casi dos millones de visitantes. El vicepresidente de la Asociación de Agentes de Viajes de Estados Unidos, Paul Ruden, estimó por su parte que 1.8 millones de sus compatriotas podrían venir cada año, 835 mil como turistas, 480 mil cruceristas y 482 mil cubano-americanos. La semana pasada la mayor productora de guías de viajeros del mundo, Lonely Planet, ubicó a Cuba entre los diez destinos turísticos preferidos por los viajeros, en una encuesta que destacó como los primeros a Estados Unidos, Canadá, Sudáfrica, México y Tailandia.

ECONOMIC EYE ON CUBA

2009-2001 U.S. EXPORT STATISTICS FOR CUBA

The following is the data for exports from the United States to the Republic of Cuba relating to the *Trade Sanctions Reform and Export Enhancement Act* (TSRA) of 2000, which re-authorized the direct commercial (on a cash basis) export of food products (including branded food products) and agricultural products (commodities) from the United States to the Republic of Cuba, irrespective of purpose. The TSRA does not include healthcare products, which remain authorized by the Cuban Democracy Act (CDA) of 1992.

For the period January 2009 through October 2009, United States food product and agricultural product exports to the Republic of Cuba were US\$445,028,862.00 compared to US\$602,264,317.00 for the period January 2008 through October 2008, representing a decrease of approximately 27%. The data represents the U.S. Dollar value of product exported from the United States to the Republic of Cuba under the auspice of TSRA. The data does not include transportation charges, bank charges, or other costs associated with exports from the United States to the Republic of Cuba. The government of the Republic of Cuba reports data that, according to the government of the Republic of Cuba, includes transportation charges, bank charges, and other costs. However, the government of the Republic of Cuba has not provided verifiable data. The use of trade data reported by the government of the Republic of Cuba is suspect. The government of the Republic of Cuba has been asked to provide verifiable data, but has not.

Reporting Year	U.S. Dollar Value Of TSRA-Authorized Exports To Cuba	Ranking Based On Export Markets
2009	US\$445,028,862.00	31st (of 228)
2008	US\$710,086,323.00	29th (of 228)
2007	US\$437,564,824.00	37th (of 230)
2006	US\$340,433,442.00	34th (of 227)
2005	US\$350,218,040.00	30th (of 228)
2004	US\$391,990,382.00	25th (of 228)
2003	US\$256,901,471.00	35th (of 219)
2002	US\$138,634,784.00	50th (of 226)
2001	US\$4,318,906.00 (December)	144th (of 226)
Total TSRA Sales	US\$3,098,355,029.00	

The government of the Republic of Cuba reported that imports of food products and agricultural products would decrease for 2009 compared with 2008. The government of the Republic of Cuba reported spending US\$2.554 billion in 2008 to import 3.423 metric tons of food products and agricultural products. Using the actual value for U.S. Dollar food and agricultural product exports to the Republic of Cuba, the United States was the source for 27% of the Republic of Cuba's food and agricultural product imports in 2008.

The government of the Republic of Cuba reported spending US\$1.47 billion in 2007 to import 3.423 million metric tons of food products and agricultural products. The United States was the source for 29% of the Republic of Cuba's food and agricultural product imports in 2007. A primary reason for the increase in U.S. Dollar value of purchases in 2008 and 2007 by the government of the Republic of Cuba from United States-based companies remains the increase in prices in for commodities purchased from the United States. There was a meaningful increase in the quantity of some commodities. For 2008, there was a 61% increase in the U.S. Dollar value of food products and agricultural products from the United States to the Republic of Cuba compared to 2007.

There is no verifiable data to support that the government of the Republic of Cuba has substantially increased the quantity and U.S. Dollar value of food products and agricultural products imported from throughout the world for the 11.4 million citizens of the Republic of Cuba. There is no verifiable data to support that the necessity of a food product ration card, issued to each citizen to provide food for a thirty (30) day period is providing food products for more than fourteen (14) days. This, despite statements by representatives of the government of the Republic of Cuba that the economy of the country has increased substantially during the last several years, due, although not officially confirmed, primarily to the financial largess of government of Venezuela and the government of the People's Republic of China.

In May 2007 and June 2007, representatives of Republic of Cuba government-operated Empresa Cubana Importadora Alimentos (Alimport), under the auspice of the Ministry of Foreign Trade of Cuba (MINCEX), informed representatives of United States-based companies that Alimport expected that the U.S. Dollar value of TSRA-authorized purchases from the United States in 2006 would exceed the U.S. Dollar value of TSRA-authorized purchases from the United States in 2006.

In January 2007, representatives of Alimport informed representatives of United States-based companies that Alimport would significantly reduce purchases from United States-based companies due to a lack of effort (and, presumably, success) by United States-based companies in obtaining changes to United States laws and United States regulations. Alimport has continued a policy, commenced in 2003, whereby Alimport decreases purchases from a United States-based company if Alimport perceives a lack of lobbying for changes in United States laws and United States regulations. Throughout 2005, representatives of Alimport reported that TSRA-authorized purchases by Alimport in 2005 would be substantially less than purchases in 2004. However, in November 2005, a representative of Alimport reported that purchases by Alimport in 2005 would at least equal, but were expected to exceed TSRA-authorized purchases by Alimport in 2004. However, the representative of Alimport reported that the purchase values included transportation charges, bank charges, finance charges, and other costs, all of which are not independently verifiable.

The reduction in exports from the United States to the Republic of Cuba during the period 2004 through 2007 has not been a result of changes in payment regulations implemented by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury in Washington, D.C. The primary reasons for the reduction in exports to the Republic of Cuba are: **1)** efforts by the government of the Republic of Cuba to increase the motivation of United States-based companies, organizations; state and local government representatives; and Members of the United States Congress to be more visible in their lobbying efforts for changes in United States policy, law, and regulations. **2)** financial largess of the government of Venezuela lessens the interest of the government of the Republic of Cuba to purchase products from the United States, regardless of cost, quality, or delivery considerations. **3)** financial largess of the government of the People's Republic of China lessens the interest of the government of the Republic of Cuba to purchase products from the United States, regardless of cost, quality, or delivery considerations. **4)** re-emergences and/or continuations of import relationships (barter, substantial credits, political motivation) with the governments of Brazil, Argentina, Vietnam, Mexico, Canada, and France amongst other countries.