



NOUVELLES ECONOMIQUES ET FINANCIERES

BULLETIN DE L'AMBASSADE DE SUISSE A CUBA

La Havane, le 31 Décembre 2008

No. 6 - 2008

Novembre - Décembre 2008

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DOMESTIC ECONOMY

CUBA SAYS ECONOMY GREW 6 PERCENT IN FIRST HALF

Source: AP, Anne-Marie Garcia; November 2, 2008

Cuba's economy grew by 6 percent in the first half of 2008, but won't maintain that pace because of damage caused by Hurricanes Gustav and Ike, official media reported Saturday. Economy Minister Jose Luis Rodriguez said the rise in gross domestic product in the year's final six months "won't match the results of the first, which finished with 6 percent" growth, according to the Communist Party newspaper Granma. Hurricane Gustav hit western Cuba on Aug. 30 and Ike slammed into the country's eastern flank barely a week later, then raked most of the island. The government said that the storms caused the greatest storm damage in Cuba's hurricane-battered history, killing seven people, damaging nearly 450,000 homes and crippling food production and infrastructure. "The principal challenge at this time is the reconstruction of the country, whose losses were initially calculated at \$5 billion but which today we calculate will be far more than that," Rodriguez said.

He offered no new estimates, but Civil Defense Chief Ramon Pardo Guerra told visiting Brazilian President Luiz Inacio Lula da Silva on Friday that collective damage from the storms had reached nearly 8.7 billion convertible pesos, or about \$9.4 billion, making them nearly twice as costly as officials originally believed. Pardo Guerra's comments were reported on state television Saturday. Cuba's measurement of GDP includes spending on free health care, education through college and monthly food rations provided by the communist system -- an uncommon methodology that critics say inflates growth figures. Officially, the economy expanded by 7.5 percent last year and posted a 12.5 percent growth rate in 2006.

Rodriguez projected last year that the economy would grow 8 percent in 2008, but he and other officials began warning in July, even before the hurricanes hit, that rising global food and oil prices would cause "inevitable adjustments and restrictions." Rodriguez told Granma that Cuba's top priority is increasing agricultural production since the government spends nearly \$2 billion per year to import food, much of it from the United States. Washington's trade embargo prevents American tourists from visiting Cuba and bans most trade between the two countries, but has allowed sales of food and farm products since 2000, and the United States has become the island's top source of agricultural products. The economy minister said Cuba is watching Tuesday's presidential election in the United States, but that its government "is certain there will not be change in Washington, whoever wins."

HAVANA TRADE FAIR WELCOMES BUSINESS PEOPLE FROM 56 COUNTRIES

Source: EFE; November 3, 2008

The Havana International Fair, which opens on Monday, will welcome a record 1,300 business people representing 457 firms from 56 countries, organizers said. Cuba's largest trade and business event expects its 26th edition to break the records set last year in terms of the number of countries participating, leased exhibition space and business people taking part, Havana International Fair organizing committee chairman Abraham Maciques told the media over the weekend.

The fair's growth "demonstrates the confidence placed in" Cuba despite the effects of Hurricanes Gustav and Ike, which hit the island in late summer and caused \$8.65 billion in damage, the trade official said. The high level of attendance at the fair also reflects the "rejection of the blockade" that the United States has imposed on Cuba for nearly half a century, Maciques said. The United States has maintained an embargo on trade with Cuba for more than four decades and has said that the policy will not change until the island begins a transition to democracy. Spain, Canada, China, Italy and Germany will have the largest presence at the fair, with businesses from Venezuela, Brazil, Mexico and Panama leading the way among Latin American participants. Fair organizers plan to highlight Cuba's need to "import resources to deal with problems like those in the agriculture and housing sectors," especially in the wake of the hurricanes, Maciques said. During the 2007 trade fair, Cuban state-owned food company Alimport purchased more than \$300 million worth of food from businesses based in Canada, China, Venezuela and the United States. Cuba imports more than 80 percent of the food it consumes.

HURRICANE PALOMA BREAKING UP OFF CUBA AFTER LEAVING THOUSANDS HOMELESS

Source: AP, Anne Marie García; November 10, 2008

Thousands of Cubans returned to homes demolished by Hurricane Paloma even as the once-powerful storm dissipated off the coast on Monday. The hurricane washed out fishing villages, ripped the roofs off factories and ravaged roads, but the government reported that no one was killed. Coastal Santa Cruz del Sur took a direct hit when Paloma struck as a Category 4 hurricane Saturday night. Ten-foot-high (3-meter-high) waves carried away wooden houses, leaving a tangled mess of smashed furniture and strewn belongings bobbing in the surf. "Everything is gone! Oh, my God!" gasped Xiomara Rivero, a 66-year-old retiree who burst into tears upon returning to her home. The single remaining wall was covered with seaweed. All around lay the ruined remains of her belongings, a table split in two, smashed chairs, a water-logged mattresses.

The U.S. National Hurricane Center in Miami said the remains of Paloma were hanging off the north coast of central Cuba on Monday, and that the storm was not expected to regain force. State media reported that in Camaguey province, which includes Santa Cruz del Sur, nearly 200,000 people had been evacuated to shelters or waited out the storm with neighbors or relatives. All but 59,000 had headed home by Monday morning. For some, however, there wasn't much to return to. Juan Ramon Nunez lost everything but parts of the floor of his home. He pulled a hammer from the wreckage and held it up. "Look, this is what we saved," he said sarcastically. "I live here with my wife, my son and my mother," Nunez added. "My mother has had two heart attacks, so we will have to prepare her well before brining her here."

Cuba already is struggling to recover from major Hurricanes Gustav and Ike, which roared through the island barely a week apart in late August and early September. They caused about \$9.4 billion in damage, smashing nearly half a million homes and destroying almost a third of the island's crops. Javier Ramos said he rebuilt his simple wood-frame house in Santa Cruz del Sur after Ike struck, only to watch Paloma flatten it again. "My wife hasn't seen this yet," he said Sunday afternoon, as he scavenged bits of clothing and smashed dishes in his front yard. "I don't know how she's going to react. It's going to be terrible."

Outside Santa Cruz del Sur, some homes were submerged up to their flimsy metal roofs. Banana crops and other farmland were washed out, though there were no official estimates on the loss to the island's dwindling food stocks. Cuba balked at U.S. offers of aid after Gustav and Ike and Vice President Jose Ramon Machado Ventura said the country would take the same position if Washington pledged more help after Paloma. "Our problem is the blockade," said Machado Ventura, referring to the U.S. trade embargo, which has been in place since 1962.

RAUL CASTRO SAYS CUBAN STORM LOSSES NEAR \$10 BLN

Source: Reuters, Jeff Franks; November 11, 2008

Cuba has suffered almost \$10 billion in damages from the three hurricanes that struck the island this year, President Raul Castro said in a report aired on Tuesday on state-run television. He made his comments during a visit on Monday to Camaguey province, where officials said 8,000 homes were damaged when Hurricane Paloma struck over the weekend, the report said. "We're almost getting to \$10 billion in losses in the last three months, that's how the economy is," Castro said.

Paloma followed hurricanes Gustav and Ike, which struck 10 days apart in late August and early September and caused destruction across much of the island. Officials said almost 450,000 homes were damaged by the storms. Initial damage estimates from the first two storms totaled \$5 billion but officials have been raising the number in recent days. Former leader Fidel Castro, who led Cuba for 49 years before his brother Raul replaced him as president in February, wrote in a column on Friday there were \$8 billion in damages from Gustav and Ike.

Raul Castro, dressed in military clothes, went to Camaguey a day after Paloma spun itself out over Cuba after coming ashore on Saturday with 120 mile per hour (195 km per hour) winds. The lengthy television report showed Raul Castro talking with storm victims and promising to rebuild their homes, most of which were built of wood near the sea. "Everything you lost we're going to replace, maybe not tomorrow but quickly," he said. One of the towns he visited, Santa Cruz del Sur, was the hardest hit by Paloma, which struck almost 76 years to the day after a Nov. 9, 1932 hurricane killed 3,000 people in the same town.

The government has reported no Paloma-related deaths, but a dissident group said Tuesday one person died in the storm. Castro said 1.2 million people were moved to safety for Paloma and it was "hard to imagine" how bad things would have been had they not been. After the 1959 revolution that put Fidel Castro in power, the government began conducting widespread, compulsory evacuations, which it touts as one of the advantages of Cuba's socialist system. "You have the revolution you deserve because as Fidel said in a recent (column) 'what would have happened if there hadn't been a revolution?'" Castro said to applause. "And in countries so rich as the United States, look what happened," he said referring to the dozens of deaths in Texas, which was struck by Ike after the storm crossed Cuba into the Gulf of Mexico and where evacuations are voluntary.

CUBA DICE CEPAL ACEPTÓ SU FÓRMULA PARA MEDIR PIB

Source: Reuters, Marc Frank; 16 de diciembre, 2008

La Comisión Económica para América Latina y el Caribe (CEPAL) aceptó sin reservas la fórmula diseñada por Cuba para medir su Producto Interno Bruto, tras años de discusiones, dijo el martes un funcionario cubano. El Gobierno comunista de Cuba empezó en el 2003 a incluir en sus cálculos de crecimiento los servicios gratuitos, subsidios y otros beneficios sociales, así como los servicios ofrecidos en el extranjero, argumentando que la metodología de la agencia de Naciones Unidas para medir las cuentas nacionales tenía prejuicios con los países con economías que no eran de mercado.

La CEPAL analizó la fórmula con Cuba y debatió si el país podía continuar siendo incluido en tablas regionales comparativas o si debería ser reportado de forma separada. La Comisión de la ONU expresó desde entonces sus reservas a la hora de publicar datos cubanos. "Hemos trabajado durante todo este año con la CEPAL en Cuba y logramos ya que la economía cubana pueda medir realmente sus características", dijo Oscar Mederos, director de la estatal Oficina Nacional de Estadísticas. "Desde julio de este año ya están incluidos los datos de Cuba sin ningún señalamiento", añadió.

Tras el derrumbe de la Unión Soviética, la ONU adoptó un sistema único para medir las cuentas nacionales, diseñado para las economías de mercado y aquellas en transición hacia el mercado, con Cuba y Corea del Norte como las únicas excepciones. "No nos quedó más remedio que asumir este sistema de medición de la economía, porque Cuba se quedó no sólo sin el combustible soviético, se quedó sin sistema de medición de la economía", dijo Mederos. A medida que la economía cubana empezó a recuperarse de la crisis post soviética, el Gobierno se percató de que sus grandes inversiones en servicios sociales no eran reflejadas en el PIB y decidió desarrollar su propia fórmula, dijo el director de la Oficina Nacional de Estadísticas. El Gobierno cubano revisó en el 2005 el tamaño de su economía con un alza de más del 15 por ciento desde el 2000, utilizando la nueva fórmula. La CEPAL dijo en el 2006 que la fórmula cubana estaba todavía bajo estudio, pues se basaba en cálculos del valor de mercado de los servicios sociales gratuitos y bienes subsidiados, además de los masivos servicios médicos y de otro tipo exportados sobre todo a Venezuela.

GLOBAL CRISIS, STORMS HIT CUBA FINANCES

Source: Reuters, Marc Frank; December 17, 2008

Three hurricanes and the global financial crisis have left Cuba strapped for cash, forcing the government to juggle debt payments and seek new financing, diplomatic and business sources say. France is the latest government to receive notice from Cuba that it needs to reschedule upcoming debt payments, European diplomats said. "A few months ago, Cuba told Japan and Germany it could not meet debt payments but those problems apparently have been worked out. Now France has received the same news," a diplomat said. The information was confirmed by French business sources. Cuba, whose foreign debt rose by \$1.1 billion to \$16.5 billion in 2007, recently rescheduled some debt with China. The government did not immediately respond to a request seeking comment, but Cuba's planning and economy minister, Jose Luis Rodriguez, recently said the island, like all countries in the region, faces a difficult year ahead due to the global financial crisis. Various foreign businessmen, who like the diplomats asked that their names not be used, said payments had slowed from Cuban state-run banks, with cash transfers that usually took 48 hours now sometimes put off for weeks. "It appears they do not have the cash on hand so they delay and then pay you and delay payment to someone else," one Western businessman said. Despite the problems, few think Cuba is in such dire straits that it will stop payments altogether because, as another businessman said, "that would send a very negative signal."

TOUGH ENVIRONMENT

Cuba's economy has recovered in recent years after more than a decade of crisis that followed the demise of its former benefactor, the Soviet Union. But hurricanes Gustav, Ike and Paloma caused an estimated \$10 billion in damage this year, the equivalent to 20 percent of annual economic output, and the country has suffered from a dramatic drop in nickel prices, its main export. The international financial crisis has tightened credit conditions for the communist-run nation that faces a U.S. economic embargo and depends heavily on imports.

Cuba is not a member of the International Monetary Fund or any other multilateral lender and the rating on its debt by Moody's is Caa1, or "speculative and poor." The deepening recession in many countries and falling oil prices are fueling concern among foreign businessmen in Cuba as 75 percent of Cuba's foreign exchange comes from tourism and the export of services, mainly to oil-rich Venezuela and to a lesser extent Angola and other countries. Times are tough, but Cuba has survived worse and has taken steps that should help it through the global crisis, a local economist said. "The situation is very difficult, but nothing like the crisis of the 1990s when the Soviets collapsed," he said. "We have strategic partnerships with Venezuela and China to fall back on, are part of regional integration efforts, and are mending fences with the European Union and Russia." An expected increase in visits and remittances from Cuban-Americans under U.S. President-elect Barack Obama's administration could also help, the economist said.

CUBA SEES 2009 ECONOMIC GROWTH ABOVE 4 PERCENT

Source: Reuters, Marc Frank; December 22, 2008

Cuba's economy will grow more than 4 percent in 2009 as new accords with foreign countries and economic reforms compensate for negative international factors, the country's economy minister said. Economy and Planning Minister Jose Luis Rodriguez said hurricanes and other factors would restrict 2008 economic growth to 4 percent, compared with the planned 7 percent. "We are going to grow more next year than this year," Rodriguez said in an interview broadcast on Monday by state-run Radio Rebelde. "The country has important cooperation agreements. Those signed with Venezuela, with Brazil and with Russia. Relations with China will continue and broaden," he said.

Communist Cuba's economy, which grew 7.3 percent in 2007, is more than 90 percent controlled by the state. Cuba and Venezuela this month announced more than 150 cooperation agreements for 2009 valued at \$2 billion, including continued expansion of a joint venture oil refinery and petrochemical complex in central Cienfuegos province. The presidents of Brazil, Russia and China all visited Cuba over the past few months and said economic relations would broaden in 2009. They gave no details.

Cuba has restructured debt and delayed payments to various foreign companies in recent months, its coffers hit by three powerful hurricanes, falling nickel prices and the international financial crisis. Rodriguez said growth would also get a boost from reforms undertaken in agriculture and wage policy by President Raul Castro since taking over in February for his ailing brother, Fidel Castro.

Raul Castro has decentralized agriculture, increased prices paid for agricultural products and begun distributing unused state lands with accompanying resources to private farmers, cooperatives and some state-run companies in an effort to reduce soaring food imports. "Without a doubt the agriculture policy and most importantly substituting food imports will impact the economy," Rodriguez said. He said the new wage policy that eliminated caps on earnings and tied wages more closely to individual performance would contribute to growth. Additional wage reforms are planned, the minister said without giving details.

CUBA ESPERA FUERTE CRECIMIENTO ECONÓMICO EN 2009: MINISTRO

Source: Reuters, Marc Frank; 22 de diciembre, 2008

La economía cubana tendrá un fuerte crecimiento en el 2009, gracias a nuevos acuerdos con otros países y reformas económicas que suavizarán el impacto de la crisis financiera y otros factores externos negativos, dijo el ministro de Economía.

José Luis Rodríguez dijo en una entrevista divulgada el lunes por la estatal Radio Rebelde que la economía de Cuba crecería un 4 por ciento en el 2008, debajo del 7 por ciento originalmente previsto, debido al impacto de los recientes huracanes y otros factores. "Vamos a crecer más que este año", dijo Rodríguez respecto al 2009. "El país efectivamente tiene convenios de colaboración importantes. Ya hay lo que está firmado con Venezuela, lo que está firmado con Brasil, con Rusia. Continúan las relaciones con China, se amplían. Hay un programa inversionista importante", dijo.

Cuba y Venezuela anunciaron recientemente más de 150 acuerdos de cooperación para el 2009 por valor de unos 2.000 millones de dólares, incluyendo la expansión de una refinería y un complejo petroquímico en la ciudad de Cienfuegos. Los presidentes de China, Brasil y Rusia visitaron Cuba en los últimos meses y dijeron que las relaciones económicas serían ampliadas en el 2009, sin dar detalles. Cuba reestructuró recientemente parte de sus deudas y retrasó pagos con varias empresas extranjeras, luego de que tres huracanes, los deprimidos precios del níquel y la crisis financiera global dejaran al país con escasez de efectivo. Rodríguez dijo que las reformas en la agricultura y la política salarial emprendidas por el presidente Raúl Castro desde que reemplazó en febrero en la presidencia a su convaleciente hermano Fidel también contribuirían al crecimiento.

Castro descentralizó la agricultura, aumentó los precios que el Estado paga por algunos productos agrícolas y empezó a repartir tierras ociosas e insumos a productores privados, cooperativas y algunas compañías estatales, en un esfuerzo por reducir el impacto de los crecientes precios de las importaciones de alimentos. "Esto, sin dudas, va a repercutir en la economía doméstica", dijo el ministro, aludiendo a la sustitución de importaciones. Rodríguez dijo que la nueva política salarial, que eliminó los límites y ligó los sueldos a la productividad, contribuiría al crecimiento y dijo que existen planes de nuevas reformas salariales, aunque no dio detalles. Más del 90 por ciento de la economía de Cuba es controlada por el Estado.

CUBA SAYS ECONOMY TO GROW 6 PERCENT IN 2009

Source: Reuters, Marc Frank; December 27, 2008

Cuba's economy will grow 6 percent next year, after a disappointing 2008 that has been one of the worst years for the country in recent history, Cuban Economy Minister Jose Luis Rodriguez said on Saturday.

Government ministers, in speeches to a year-end meeting of the National Assembly, admitted the optimistic forecast for 2009 was based on plans that were more tentative than usual because of the financial crisis that has plunged the global economy into recession. They called for fiscal discipline to help the communist-run country get through economic difficulties touched off by a swelling trade deficit caused by rising import costs and three hurricanes that inflicted \$10 billion in damages.

"The year coming to an end has been without doubt one of the most difficult since the special period began," Rodriguez said, referring to the years of economic crisis that followed the 1991 collapse of the Soviet Union, Cuba's key benefactor. Despite the difficulties, he said, Cuba's economy grew 4.3 percent in 2008 -- about half the government forecast of 8 percent. Highlights included a 9.3 percent increase in the number of tourists, to 2.35 million, and a 7.2 percent rise in exports of goods and services. Also, officials said oil and gas production had increased 1.6 percent.

On the down side, prices for nickel, Cuba's top export, fell 41 percent, which cost the island \$250 million in expected revenues, while import prices rose 53 percent, Rodriguez said. The budget deficit for 2008 rose to a higher-than-expected 6.7 percent of gross domestic product, said Finance Minister Georgina Barreiro Fajardo. Unlike recent years, Rodriguez gave few details about expectations for 2009 and did not outline why the government is forecasting 6 percent growth. "The international economic perspectives for 2009 present characteristics of greater complexity," he said. "Consequently the 2009 plan has been drawn up with a heightened level of uncertainty." President Raul Castro, who formally replaced ailing older brother Fidel Castro in February after provisionally filling in for him after he underwent intestinal surgery in July 2006, was expected to address the National Assembly later on Saturday.

CUBA ECONOMY/TRADE

CASH-SHORT CUBA REPORTS BIG JUMP IN TRADE DEFICIT

Source: Reuters, Marc Frank; December 26, 2008

Cuba's trade deficit soared by nearly 70 percent, or an estimated \$5 billion, in 2008 due mainly to rising prices for imports such as food and oil and falling prices for nickel, its main export, official media said on Friday.

Foreign Trade Minister Raul de la Nuez said in a speech to parliament deputies on Thursday that imports surged 43.8 percent while exports grew just 2.1 percent, said the Communist party daily, Granma. The news follows reports that Cuba, battered by three hurricanes and the global financial crisis, is facing a cash crunch that is forcing it to seek debt restructuring with various countries and companies and delay cash transfers for payments abroad. "Dealing with the trade balance is a strategic issue for the country's economic survival," Ricardo Cabrisas, vice president of the Council of Ministers in charge of international economic relations, told the meeting.

Granma gave no figures for 2008, but estimates based on the numbers from de la Nuez and data for 2007 would place imports at \$16.1 billion and exports at \$4.4 billion, leaving a deficit of \$11.7 billion. That would be an increase of \$4.8 billion, or 69.5 percent, over official figures for 2007, that showed a deficit of \$6.9 billion, with exports totaling \$4.3 billion and imports \$11.2 billion. The government reports foreign exchange data in the convertible peso which it pegs at \$1.08.

President Raul Castro, who formally replaced older brother Fidel Castro as president in February, has been warning for several months Cuba would have to tighten its belt due to rising international prices for food and fuel that had pushed up the cost of imports. The global financial crisis has made it difficult for Cuba to get credit to purchase imports, which include 60 percent of its food. Over the last few years Cuba has helped pay for its trade deficit, which is a measure of goods bought and sold, through revenue from tourism and service exports, mainly for health and education to oil-rich ally Venezuela.

Three hurricanes struck the island starting in late August, causing an estimated \$10 billion in damages. Nickel prices have plummeted worldwide amid rising production and falling demand to between \$10,000 and \$15,000 per tonne from a high of around \$50,000 in 2007. Cuba reported a debt of \$17.8 billion and current account balance of payments surplus of \$527 million in 2007, based on \$9 billion in service exports. But tourism revenues were expected to increase by just a few hundred million dollars this year and there was no mention by the media on Friday of a significant increase in other service exports, all but ensuring a big deficit in this year's current account balance of payments.

ENERGY & OIL

CUBA PLANEA CONSTRUIR 220 HIDROELÉCTRICA EN EMBALSES

Source: Agence France Presse; 11 de noviembre, 2008

Cuba proyecta construir 220 hidroeléctricas en sus embalses con el objetivo de explotar parte de un potencial hidroenergético subutilizado que calcula en unos 800 megawatts, informó el martes su viceministro de la Industria Básica, Juan Manuel Presa. "No se trata de cavar nuevos embalses para convertirlos en generadoras de electricidad, sino de usar el enorme potencial existente -más de 230 presas- que hoy está completamente subutilizado", señaló Presa, citado por la agencia cubana Prensa Latina, sin precisar el monto estimado de la inversión. Destacó que la construcción de hidroeléctricas se enmarca en el programa denominado "revolución energética", que Cuba emprendió en 2005 para incrementar el ahorro de electricidad y explotar fuentes renovables de energía. Presa explicó que las nuevas hidroeléctricas se sumarán a las 180 que funcionan en su país -aportan 60 megawatts-, y que "adicionalmente están en fase de desarrollo otros 12 proyectos de minihidroeléctricas, que serán construidas en colaboración con China", el segundo socio comercial de la isla. "De esa forma podría aprovecharse cada gota de agua que hoy deja de emplearse para el consumo humano, animal o el riego de los cultivos, incluso la que se desborda cuando se abren las cortinas de las presas ante el azote de fuertes lluvias", apuntó.

El Coordinador Nacional del Grupo de Hidroenergía, Carlos M. Pazo declaró por su parte a la AFP que en Cuba "se pueden construir más de 1.000 instalaciones hidroeléctricas, porque tenemos más de 800 canales y ríos", y "800 micopresas". "En el mundo hay tecnología para eso", apuntó. Según Pazo, Cuba ahorró en el periodo 2007-2008 más de 50.000 toneladas de combustible equivalente mediante el uso de la hidroenergía, como "resultado de un incremento en la disponibilidad de sus instalaciones" y "el fortalecimiento de la actividad".

OFFICIAL: RUSSIANS WANT TO SEARCH FOR OIL OFF CUBA

Source: AP; November 24, 2008

Russian oil companies could soon begin searching for oil in deep Gulf of Mexico waters off Cuba, a top diplomat said just days before Russian President Dmitry Medvedev visits the island. Russian oil companies have "concrete projects" for drilling in Cuba's part of the gulf, said Mijail Kamynin, Russia's ambassador to Cuba, to the state-run business magazine Opciones.

Kamynin also said Russian companies would like to help build storage tanks for crude oil and to modernize Cuban pipelines, as well as play a role in Venezuelan efforts to refurbish a Soviet-era refinery in the port city of Cienfuegos, according to the article published this weekend. Medvedev comes to former Cold War ally Cuba on Thursday, part of a tour of Latin America to strengthen his country's economic and political ties in the region. Kamynin said trade between Russia and the island would top \$400 million this year.

Washington's nearly 50-year-old trade embargo prohibits U.S. companies from investing on the island. But Cuba's state-run oil concern has signed joint operating agreements with companies from several countries to explore waters that Cuban scientists claim could contain reserves of up to 20 billion barrels of oil. Brazilian President Luiz Inacio Lula da Silva visited Cuba in October for the signing of agreements allowing state-run Petroleo Brasileiro SA to invest \$8 million initially for a seven-year, deep-water exploration project north of the famed beach resort of Varadero. If reserves are confirmed, Brazil would produce oil and natural gas recovered there over the next 25 years. Opciones did not give details on what the Russian proposals would entail. The Soviet Union was communist Cuba's chief economic benefactor until it disbanded, throwing the island's economy into disarray. Cuba-Russia relations soured after that, but warmed when President Vladimir Putin visited in 2000.

PETROCHINA, CUBA SIGN COOPERATION EXPANSION AGREEMENT FRAMEWORK

Source: Xinhua; November 28, 2008

PetroChina (PTR.NYSE; 0857.HK; 601857. SH) and Cuba Petroleo recently signed a framework agreement on expansion of cooperation in the oil field. Wang Dongjin, deputy general manager of PetroChina, and Cuba Petroleo CEO Fidel signed the agreement on behalf of their respective companies. According to the agreement, PetroChina and Cuba Petroleo will roll out cooperation in the fields of oil/gas exploration, engineering and technical service and import/export of oil equipment.

CUBA CONSTRUIRÁ EN 2009 SU PRIMERA PLANTA INDUSTRIAL DE BIOGÁS

Source: AFP; 14 de diciembre, 2008

Cuba levantará el próximo año en la provincia de Cienfuegos su primera planta industrial de biogás, con la cual espera ahorrar energía, pero sobre todo proteger el ecosistema de una de sus bahías más importantes, informaron este domingo dirigentes y expertos locales. "El primer objetivo de esta inversión (no se precisó el monto) es proteger a la Bahía de Cienfuegos", una de las más importantes de la isla, "de los vertimientos sólidos, de elevado grado de agresividad", señaló el representante del Consejo de Estado, Eugenio Mainegra, citado por el diario Juventud Rebelde. Según Mainegra, además de los desechos sólidos de un combinado porcino que la futura usina aprovechará para producir biogás, la Bahía recibe anualmente "100.000 metros cúbicos de residuales orgánicos", a los que "se unen los que arriban a través de la red hidrográfica".

El secretario ejecutivo del Foro de Ciencia y Técnica de Cienfuegos -260 km al sureste de La Habana-, Saturnino Sosa, destacó que la moderna planta "ubicará a Cuba a la vanguardia de esta tecnología en el Caribe y Latinoamérica" y marcará el inicio de "un programa nacional a desarrollarse a corto, mediano y largo plazo".

El periódico subrayó que la planta será construida en 2009 con tecnología alemana y "fondos destinados al Proyecto Endógeno del Polo Petroquímico", que Cuba y Venezuela prevén levantar en cinco años en Cienfuegos, donde la empresa mixta PDV-CUPET opera la mayor refinería de petróleo de la isla. Juventud Rebelde precisó que "en Cuba existen más de 700 plantas de biogás", pero "solo funciona el 50%" de ellas. Cuba emprendió en 2005 el programa conocido como "revolución energética", para satisfacer la demanda nacional, incrementar el ahorro sobre la base de eficiencia y explotar fuentes de energía renovable.

FOOD & AGRICULTURE

CUBA TRADE WORTH \$32 MILLION TO VIRGINIA FARMERS

Source: AP; November 14, 2008

Va. farmers reap \$32 million worth of trade with Cuba, commissioner lays groundwork for more. In just six years, trade between Cuba and Virginia farmers has grown from less than \$1 million to more than \$32 million. And Virginia Agriculture Commissioner Todd P. Haymore is hoping for even more growth. He recently returned from the Havana International Trade Fair in Cuba, where he and others pushed Virginia's apples, soybeans, poultry, wood and other products. Virginia is among the top five states exporting to Cuba. A nearly 50-year-old trade embargo prevents U.S. tourists from visiting Cuba and prohibits nearly all trade. But a law passed by Congress in 2000 allows the Cuban government to buy U.S. food and agricultural products with direct cash payments.

US-CUBA TRADE GROUP SAYS CUBA SPENT RECORD LEVEL FOR US AGRICULTURAL EXPORTS THIS YEAR

Source: AP; November 15, 2008

A U.S.-Cuba trade group says the island spent a record \$536 million for American agricultural goods through the third quarter, already surpassing all annual amounts since 2001. The U.S. Trade and Economic Council says that most of the growth is because of price increases, and not quantities. The council released the figures Friday. Washington's nearly 50-year-old trade embargo prohibits nearly all trade between both countries, but Cuba has been allowed to buy U.S. food and agricultural products with cash payments since 2000. Cuba began taking advantage of that opening in the American trade sanctions after a hurricane ravaged parts of the island in November 2001.

SUGAR

CUBA SUGAR INDUSTRY RESTRUCTURING ENTERS NEW PHASE

Source: Reuters, Marc Frank; November 26, 2008

Cuba on Tuesday named Sugar Minister Ulises Rosales del Toro to run the country's Agriculture Ministry and ordered massive tracts of land no longer producing sugar moved to his jurisdiction in the latest phase of the once massive industry's restructuring. A government statement published on Wednesday said the Sugar Ministry's first vice minister, Luis Manuel Avila Gonzalez, was named sugar minister. "Within six months land dedicated to nonsugar agriculture will be transferred from the Sugar Ministry to the Agriculture Ministry," the statement said. Only 700,000 hectares of the over 2 million hectares (5 million acres) controlled by the Sugar Ministry are currently dedicated to sugar cane. Sugar, once Cuba's main source of foreign exchange, accounted for less than 5 percent of

goods and services exports in 2007. Local experts applauded the move as the next logical step in the complicated and potentially volatile process of dismantling sugar's more than century-old dominance of the economy and rural life. They said the decision would allow the sugar industry to better concentrate on its mission and speculated the once powerful ministry would eventually become a department within the Agriculture Ministry under Rosales.

Rosales, an army general and Communist party leader close to former Defense Minister and now President Raul Castro, was named to the sugar post more than a decade ago. Rosales presided over the first phases of restructuring beginning in 2003. During his term, 65 percent of the country's mills were closed and plantations were reduced by a similar amount, and the freed-up land and more than 200,000 workers and farmers were moved to food production and forestry. Raw sugar output, once at more than 8 million tonnes, plummeted to historic lows of just over a million tonnes in recent years before rising to 1.5 million tonnes during the 2008 harvest.

CUBA EYES 1.5 MLN TONNES RAW SUGAR AS MILLS OPEN

Source: Reuters, Marc Frank; December 8, 2008

The first of 54 sugar mills opened in Cuba at the weekend with cane available to produce 1.5 million tonnes of raw sugar, similar to the previous harvest, official media reported Monday. The official daily Granma said 30 mills would open this month and 22 in January, with the last two later in the season.

Hurricanes Ike and Gustav hit Cuba in September, destroying at least 9 percent of this season's sugar crop, seriously damaging two of the country's largest and most efficient mills, and inflicting lesser damage to many other mills and infrastructure. Cuba had planned for raw sugar output to increase 20 to 30 percent over the 1.5 million tonnes produced during the previous December to June season. But top sugar ministry officials said last month mills would open early, and improved efficiency would be needed despite storm damage to equal the previous harvest's output. Granma said the harvest's outcome depended on mill worker organization and discipline and how efficiently cut cane was moved to the mills, two chronic problems of the state-run industry. "Without a doubt workers in the sector face a major challenge," Granma said. Cuba harvested 330,000 hectares (815,500 acres) of cane during the 2007-2008 harvest. There are 700,000 hectares devoted to sugar cane in the country. Cuba consumes a minimum 700,000 tonnes of sugar per year, and 400,000 tonnes are destined for China.

CUBA STARTS SUGAR CANE HARVEST ON TIME DESPITE HURRICANE DAMAGE

Source: EFE; December 7, 2008

Cuba began its 2008-2009 sugar cane harvest in the central province of Santiago de Cuba on time, despite the fact that the hurricanes that hit the island last season damaged hundreds of thousands of hectares of the crop, local media reported Sunday. The Paquito Rosales sugar factory, in Santiago de Cuba, was the first to get started on this year's harvest, for which Cuban authorities are predicting similar results to last year in spite of the hurricane damage, the state-run AIN news agency said.

Hurricanes Gustav and Ike hit the island in early September, knocking down 156,600 hectares (391,500 acres) of the sugar cane crop and flooding another 519,000 hectares (1.3 million acres) of Cuba's roughly 750,000 hectares of the crop. In addition, 40,000 tons of not-yet-processed sugar in warehouses was drenched by the storms and had to be reprocessed to save it. Three other sugar processing plants in Santiago de Cuba will get started on the harvest this coming week, and Jorge Lazaro Guerrero, the president of the Sugar Growers Business Group in the province said this year's harvest was kicking off with preparations "superior" to those of other years.

The harvest is being undertaken after on Nov. 25 President Raul Castro named Luis Manuel Avila to be the country's new sugar minister, replacing Gen. Ulises Rosales del Toro, who took over the Agriculture Ministry. Del Toro said in October that Cuba hoped and expected that this season's production would be similar to that of last season. He said that the island had managed to increase its sugar cane production to an average of 41.5 tons per hectare. The 2007-2008 harvest came in at 28 percent higher than the year before, meaning that about 1.5 million tons of sugar was produced. Cuba has restructured its sugar sector in two phases, in 2002 and 2004, reducing the number of processing factories from 156 to 61, eliminating more than 100,000 jobs and slashing cropland planted in sugar cane from 2 million hectares to just 750,000, according to government figures.

CUBA: PETROQUIMICA ES PRIMER SECTOR CON CAPITAL EXTRANJERO

Source: ANSA; 6 de noviembre, 2008

La petroquímica desbancó al turismo como primer sector con capital extranjero en Cuba, que busca ahora inversiones para paliar el déficit de viviendas agudizado por el paso de los dos últimos huracanes. El 50% de las inversiones extranjeras de este año se concentraron en el petróleo y la refinería frente al 40% dedicado al turismo, según datos ofrecidos hoy al presentar oportunidades de negocio en la Feria internacional de La Habana.

Marta Lomas, titular del Ministerio para la inversión extranjera y la colaboración económica, organizador del evento, señaló a la petroquímica como "un pilar importante para la inversión extranjera". La refinería de Cienfuegos (centro del país), con capital de Venezuela, inaugurada a finales de 2007 "está trabajando muy bien" y la zona económica exclusiva de Cuba en el Golfo de México "tiene un enorme potencial". Cuba calcula un potencial de 21.000 millones de barriles de recursos de petróleo en esta zona, donde operan Repsol (España), Norsk Hidro (Noruega), ONGC Videsh Ltd (OVL, India), PDVSA (Venezuela), Petróleos Vietnam, y Petrona (Malasia).

La brasileña Petrobras cerró la semana pasada un acuerdo para las labores de exploración en esta zona. Cuba está dispuesta a dar entrada al capital extranjero para la construcción de 5.000 viviendas al año -casas de 2, 4 y hasta 18 niveles-, según datos del Ministerio de la Construcción. El paso de los huracanes Gustav e Ike el 30 de agosto y el 9 de septiembre dejó 800.000 viviendas afectadas, de ellas unas 100.000 derrumbadas totalmente. En 2004 el gobierno cubano estimó un déficit de 600.000 casas y lanzó un plan para construir 50.000 al año. Cuba busca tecnologías como moldes de acero que se han introducido en el país para desarrollar viviendas sociales. "La inversión extranjera tiene que estar insertada dentro del programa de desarrollo del país. No es una inversión por inversión", subrayó Lomas señalando que Cuba está en "una etapa de consolidación de la inversión extranjera". En el país operan más de 230 empresas mixtas -51% de capital cubano y 49% extranjero.

AVTOVAZ SETTLED A CONTRACT WITH CUBAL'SE

Source: AK&M; November 11, 2008

AvtoVAZ reached an agreement with Cubal'se (Cuba) on the sales right, the company informed. The document was signed Nov. 8 in Havana to define the basic principals and relationships between the parties on the sale and services and promotion of the trade marks in Cuba. Besides, the protocol was signed to determine the intention of the sides to settle the contract in short term on the delivery of 630 Lada cars and components this year and 2ths cars in 2009. The probability of the trade-in launching at the participation of Vnesheconombank is stipulated. AvtoVAZ is one of the leading car makers in the Eastern Europe and a leader in Russia. In 2007 735.897ths cars were produced all in all. The 2007-revenues from sales (RAS) increased 1.5% to come to 154.63bn rub. from 152.41bn rub.; net profit reached 3.951bn rub. or 57.3% higher prior year; EBITDA - 11.5bn rub. Feb. end 2008 Renault signed the contract on the purchase of 25%+1 stock from Troika Dialog for \$1bn. The share capital is worth 16.062bn rub. Split in 2719462400 common and 493034000 preferred stocks of 5 rub. par each.

AUTOMOTRIZ RUSA KAMAZ ESTUDIA UNA PLANTA DE ENSAMBLAJE EN CUBA

Source: EFECOM; 21 de noviembre, 2008

El fabricante ruso de vehículos de gran tonelaje Kamaz estudia construir en Cuba una planta de ensamblaje con una capacidad de 500 unidades al año, anunció hoy la compañía en un comunicado. "Kamaz estudia con la parte cubana la posibilidad de construir una compañía encargada de la venta y de servicios de mantenimiento y reparaciones generales, así como la construcción de una planta de ensamblaje con capacidad para 500 vehículos anuales", señala el texto.

El fabricante ruso quiere así "continuar con el desarrollo del sector automovilístico en Cuba y reforzar su presencia en el mercado de ese país". Kamaz entregó este año a Cuba un total de 203 vehículos en el marco de un crédito concedido por Rusia. "Hace poco, durante la visita del viceprimer ministro Ígor Sechin a Cuba, se firmó un acuerdo para la creación en la isla de un servicio técnico de vehículos Kamaz", señala el comunicado. Sechin llegó a Cuba el pasado 15 de septiembre en una visita de unas horas para abordar diversas cuestiones de carácter económico, entre otros asuntos. El viceprimer ministro viajó acompañado de una delegación de empresarios rusos, entre ellos de Kamaz. En una visita previa, en la que se reunió con el presidente cubano, Raúl Castro, Sechin había abordado con la parte cubana el establecimiento de empresas mixtas en transporte y maquinaria, y en la construcción naval, y firmó acuerdos para la modernización de la flota de la aviación civil cubana.

MÁS LOCOMOTORAS CHINAS

Source: AFP; 9 de diciembre, 2008

'Todas las actividades del sector recibirán financiamiento para modernizar y ampliar su gestión, como parte del proceso de recuperación del ferrocarril', dijo un funcionario del Mitrans.

Las autoridades recibieron 11 locomotoras desde China, como parte de un millonario programa de inversiones para modernizar su deteriorado sistema de ferrocarril que prevé concluir en 2010, informó este lunes el semanario Opciones. "Las recién llegadas once máquinas (seis de gran porte y cinco medianas) se suman a otras 41 que ya brindan servicios al ferrocarril de la Isla, equipamiento de punta que se une al parque de vagones que va llegando desde Irán", señaló. Destacó que con esas máquinas, la Isla "avanza en la ejecución del proyecto de inversiones en el sector ferroviario por un monto de más de 540 millones de dólares, en el mejoramiento de su infraestructura y la importación de modernos equipos de tracción, vagones para cargas y coches de pasajeros". "Este proyecto debe concretarse desde el actual año hasta el 2010", indicó el semanario, tras subrayar que las locomotoras compradas a China tienen una potencia de 2.500 caballos de fuerza y consumen "sólo seis litros de combustible por kilómetro recorrido, índice inferior al de cualquier otra empleada en Cuba".

El director de Transporte Ferroviario del Ministerio del Transporte (Mitrans), Ricardo Aguiar, declaró a Opciones que "todas las actividades del sector recibirán financiamiento para modernizar y ampliar su gestión, como parte del proceso de recuperación del ferrocarril cubano". Según el Mitrans, La Habana contrató en China 100 locomotoras y prevé adquirir en Irán 550 vagones de carga y 200 coches de pasajeros de máximo confort. Además de los medios de transporte, el programa incluye el mejoramiento de vías, señalizaciones y comunicaciones para el sistema ferrocarril, uno de los más castigados por la crisis que provocó en la Isla la caída del bloque soviético, su principal socio comercial, tecnológico y crediticio hasta 1991. Cuba fue uno de los primeros países del hemisferio en tener ferrocarril, medio de transporte vital en un territorio largo y estrecho. Pero la crisis económica de los noventa acabó por deteriorar una tecnología ya anticuada para fines del siglo. China es el segundo socio comercial de Cuba después de Venezuela, y mantiene con el gobierno cubano un intercambio comercial de unos 2.700 millones de dólares al año.

CUBA & ITS PARTNERS

CUBAN AND BRAZILIAN LEADERS HAIL NEW BUSINESS CENTRE IN HAVANA

Source: ACN News Agency; November 1, 2008

Presidents Raul Castro, of Cuba and Luiz Ignacio Lula da Silva, of Brazil, labelled of a great event the inauguration this Friday of the APEX-Habana Business Support Centre in this capital city. During the opening ceremony, Raul Castro said that APEX-Habana, the first office of its kind in Latin America "has started well and will continue better." The Cuban President also praised the signing of an International Economic Association agreement, for the exploration and production of oil, which includes seven years to explore and 25 years to produce oil and gas, between the Brazilian state-owned oil company PETROBRAS and the Cuban CUPET SA.

Raul stressed that the 10 bilateral agreements signed during Lula's previous visit last January are moving forward at a good pace and he added that Cuba acknowledges the importance of this new agreement that will allow the Caribbean nation to benefit from its offshore oil reserves. The Gulf of Mexico is an Economic Especial Zone (EEZ) divided in three parts: the ones belonging to the US and Mexico have oil, and "God can not be so unfair that ours doesn't have any" Raul added jokingly. The block PETROBRAS is going to exploit is next to the northern Cuban coast where the fields include onshore wells that use horizontal drilling to draw oil from reservoirs several kilometers offshore. "The oil comes out of the sea, but for obvious reasons we have to take it from land," said Raul and added that some wells have better quality oil than those currently under exploitation in Cuba, even some 18 API oils.

Raul said he was confident that they will find oil for two reasons: because the American and Mexican EEZs have oil and because PETROBRAS has developed technology to drill as deep as about 7 kilometres under the seabed, an unthinkable possibility some years ago. The Cuban President assured that APEX-Habana will have full support from Cuba, and that is, along the important of existing bilateral agreements, a solid proof of the development of trade between the two nations. Noting that Brazil is Cuba's sixth major business partner, in terms of yearly volumes, Raul concluded by saying that he was sure that the South American giant would even play a more significant role in bilateral commercial exchange.

Meanwhile, Brazilian President Lula da Silva expressed his happiness about APEX opening a business support centre in Havana city, and he underscored the necessity of a two-way, balanced and fair trade between nations, to prevent the unfair advantage of a country over another. Lula pointed out that he expected APEX-Habana to become a business place that encourages Brazilian entrepreneurs to invest here, and he added he had been waiting to sign this agreement for six years. The Brazilian President explained that oil extraction is a lengthy process, which takes very precise geological studies and he assured that in case the seismic studies turned positive and there is a chance of finding oil in Cuba, PETROBRAS will do it either at five hundred meters, one thousand, three thousand or even at seven thousand meters. "We are going to look for it and we will transform it into energy, as we do in Brazil" he underscored and he added that several large oilfields have been discovered in Brazil and that they hoped their country would become one of the biggest world producers of the valuable raw material.

In his speech Lula also expressed his happiness about being in Havana once again, at the time when the UN General Assembly approved the Cuban resolution demanding the lifting of the US economic, financial and commercial blockade of Cuba, with only three votes against. "However, that is not going to change anything, since we grew accustomed to see UN decisions met only when the major countries (the developed ones) are interested in them, and not when such decisions are in the interest of the smaller nations," explained Lula and he went on to denounce that the only explanation to US blockade is the lack of sensitivity, even foolishness, or electoral interests, "because there is no explanation other than the resentment of a big country that lost to a small one." Lula said he had discussed this topic with the American authorities and he had never received a convincing answer, but that the UN decision to back Cuba is something to appreciate. The PETROBRAS-CUPET S.A project will be carried out in the block 37 (there are 59 of these blocks) and it covers 1,600 square kilometers and includes waters 1,640 feet (500 meters) to 5,250 feet (1,600 meters) deep. The initial investment will be of 8m dollars and exploration will be divided into 4 phases for 18 to 24 months.

CUBA AND RUSSIA SIGN TRADE DEALS

Source: BBC; November 10, 2008

Ties between Russia and Cuba are growing stronger again. Cuba and Russia have signed a series of bilateral trade and economic accords, in the latest sign of strengthening ties between the two countries. The accords were signed during a visit by Russian Deputy Prime Minister Igor Sechin - his third trip to the Caribbean island in three months. His visit came at the end of a tour that included Nicaragua and Venezuela. The accords signed covered the automobile, nickel and oil industries, as well as the supply of wheat to Cuba. Mr Sechin's visit came in advance of an expected visit to the region later this month by the Russian President, Dmitri Medvedev. Russia was the first country to send humanitarian aid to Cuba earlier this year, after the island was hit by two major hurricanes. The latest agreements highlight the efforts by both countries to strengthen their economic ties, correspondents say. They add that renewed Russian interest in increasing co-operation with left-wing governments in the region - including joint naval exercises with Venezuela - also poses potential diplomatic challenges for both the current US administration, and the President-elect, Barack Obama.

CUBA IMPORTARÍA AUTOS Y MATERIALES DE IRÁN EN BASE A CRÉDITOS

Source: Reuters; 11 de noviembre, 2008

Cuba importaría automóviles y materiales de la construcción de Irán en base a créditos otorgados a la isla "en condiciones muy favorables", dijeron el martes medios locales. La ampliación de las importaciones marca un nuevo paso de los gobiernos de Teherán y La Habana, dos críticos de Estados Unidos, para estrechar sus relaciones políticas y económicas en los últimos años.

Según las últimas cifras oficiales disponibles en Cuba, el intercambio comercial con Irán fue de 23 millones de dólares en el 2007, contra 5,8 millones el año anterior. "Irán podría suministrar automóviles y otros vehículos, diversas tecnologías, materiales para la construcción", dijo Félix Luaces, director de política comercial del Ministerio de Comercio Exterior, a la agencia estatal Prensa Latina. "(Irán) tiene participación creciente en la economía cubana y sus créditos otorgados a esta isla en condiciones muy favorables permiten adquirir equipos para varias industrias", añadió.

El ministro de Comercio iraní, Sayed Masoud Mir Kazemi, dijo el año pasado que su Gobierno estaba interesado en diversificar su comercio con Cuba. También dijo que empresarios iraníes estaban interesados en invertir en Cuba. Prensa Latina dijo que representantes de unas 15 empresas de Irán participaron en un foro de negocios realizado la pasada semana en La Habana. En el 2007, Teherán extendió a La Habana un crédito de 267 millones de dólares, parte del cual fue utilizado en la compra de unos 800 vagones para reactivar el obsoleto sistema de transporte ferroviario en la isla. Cuba colabora con Irán en la producción de pesticidas para el sector agrícola.

CHINESE LEADER SIGNS TRADE DEALS WITH CUBA AMID EXPANDING TIES WITH LATIN AMERICA

Source: AP, Will Weissert; November 18, 2008

China's president signed trade deals with communist ally Cuba and agreed to help modernize its ports and hospitals on Tuesday, part of a Latin America trip on which Chinese businessmen have been snapping up raw materials.

Taking the long view at a time of financial crisis, China is investing heavily in commodity-producing countries, and Cuba is no exception. More than a dozen deals agreed to by President Hu Jintao included purchases of Cuban nickel and sugar, along with pledges to send food and building materials to help the Caribbean nation recover from three major hurricanes. Hu signed off on a second, \$70 million phase of \$350 million in Chinese credit to renovate Cuban hospitals. China also committed to help renovate Cuba's crucial, but aging, ports. It was unclear how many of the deals were on credit. Havana has already borrowed extensively from Beijing -- loans it might have trouble repaying as it recovers from Hurricanes Gustav, Ike and Paloma, all of which hit Cuba this year. Hu thanked Cuba for sending doctors to China after last year's devastating earthquake, and for educational programs on the island attended by about 2,000 Chinese, including medical students. China's president also met with ailing former President Fidel Castro. Cuba released a photo of the pair shaking hands and chatting. Hu wore a business suit and the former Cuban president had on exercise clothing that has become his standard uniform since undergoing emergency intestinal surgery and disappearing from public view in July 2006.

Cuban authorities provided no further details, but China's official Xinhua News Agency said the two held a long discussion. "I see in person that you have recovered and have been energetic, so I feel very pleased," Xinhua reported Hu told Castro. Castro replied: "We are old friends. I am happy to see that you are as energetic as when I met you last time." Hu met with Castro during his first visit to Cuba in 2004. The 82-year-old has an undisclosed illness and brother Raul Castro, five years his junior, formally succeeded him as president in February. Accompanying Hu on a visit to a school for Chinese students on Tuesday, Raul Castro sang snippets of a song about China and Mao Zedong he said he learned while traveling the world in 1953. At first, hundreds of students gathered in an auditorium seemed confused, but they soon sang along, clapping in time. "Even though the physical distance that separates China and Cuba is great, friendship between both people goes back a long way," Hu said.

Cuba depended heavily on Soviet largesse and turned a cold shoulder to China during the Cold War's Sino-Soviet split. But ties warmed after the breakup of the Soviet Union in 1991, and Cuba now has no problem dealing with both Beijing and Moscow. With bilateral trade topping \$2.6 billion a year, China is Cuba's No. 2 trading partner after Venezuela, where socialist President Hugo Chavez

provides nearly 100,000 barrels of oil a day to the island at favorable prices. The ties have brought a tangible benefit to residents of the Cuban capital, where more than 3,000 shiny new Yutong buses replaced smoke-belching, Soviet era buses. But Hu's visit poses something of an ideological challenge, since some Cubans speculated that Raul Castro might follow a Chinese model of reform after becoming president in February. China transformed its economy three decades ago by embracing market reforms even as its Communist Party maintained strict political control.

Cuba's communist government, however, still controls well over 90 percent of the economy and shows no sign of easing its grip on political or economic matters, even as Raul Castro has expanded foreign trade 39 percent since becoming president and signed a major offshore oil exploration deal with Brazil. On the eve of Hu's visit, the Communist Party newspaper Granma praised China's reforms as having "sparked a gigantic investment process that brought quick results." But it also criticized "the evils of such an accelerated spiral: unequal distribution of the country's income, a marked difference between city and country, and the erosion of the environment." Hu brought a large delegation of Chinese businessmen who have busily pursued deals despite the global financial crisis, continuing a trend that has seen China's trade with Latin America jump from to \$103 billion last year from \$10 billion in 2000.

Kirby Jones, president of the Washington-based U.S.-Cuba Trade Association, said Hu's stop in Cuba is more about business than ideology. Jones, whose organization opposes the U.S. trade embargo against Cuba, said Cuba is eagerly pursuing deals with other countries. Noting that Russian President Dmitry Medvedev visits next week, he said Russia and China are "perfect examples of the rest of the world jumping in to fill the void left by the U.S."

EUROPA OTORGA 30 MILLONES DE EUROS PARA LA COOPERACIÓN

Source: AFP; November 28, 2008

El director General de Desarrollo de la Comisión Europea, el italiano Stefano Manservigi, habla con los periodistas en La Habana sobre los acuerdos de colaboración con la isla. La Unión Europea (UE) ejecutará proyectos de cooperación en Cuba por un monto de 25 a 30 millones de euros en 2009, según una declaración conjunta firmada este miércoles en La Habana por el Director General de Desarrollo de la Comisión Europea, el italiano Stefano Manservigi. "Hoy hemos empezado a poner en marcha unas ideas más concretas", "de proyectos en medio ambiente, en ciencias, en comercio, en ayuda alimentaria, en agricultura", declaró a la prensa Manservigi, tras firmar el documento con el ministro cubano para la Inversión Extranjera, Ricardo Guerrero, en la sede de ese ministerio.

Guerrero destacó que el texto suscrito "es la implementación" de la declaración que firmaron en La Habana en octubre el Comisario Europeo Louis Michel y el canciller cubano, Felipe Pérez Roque. La cooperación se cortó en el 2003, cuando la UE impuso sanciones a la isla por la condena de 75 opositores. A instancias de España, las medidas fueron suspendidas provisionalmente en el 2005, pues no tuvieron la efectividad esperada y en junio fueron abolidas, lo que abrió -según Cuba- las posibilidades de diálogo.

El texto firmado ayer marca "las pautas de la ejecución de proyectos" por "unos 25 o 30 millones de euros (\$38.6 millones)" que "serán ejecutados en el 2009", y se suman a los dos millones de euros que Michel anunció entonces, en calidad de ayuda de emergencia, por el azote de dos huracanes, añadió el ministro cubano. La declaración se firmó como colofón de la visita de una semana que finalizó ayer miércoles a Cuba una delegación de la Comisión Europea "con el objetivo de trabajar con las autoridades cubanas en la identificación de las áreas de trabajo, prioridades y modalidades para la cooperación", según un documento entregado a la prensa.

CONCRETARON 25 EMPRESAS MEXICANAS NEGOCIOS CON CUBA POR 23 MDD

Source: La Jornada, Julio Reyna Quiroz; November 28, 2008

Un total de 25 empresas mexicanas concretaron negociaciones comerciales con el gobierno de Cuba por 23 millones de dólares para 2009, informó este miércoles ProMéxico, la entidad paraestatal encargada de promover las exportaciones e inversiones del país. Los negocios fueron concretados durante la 26 Feria Internacional de La Habana, cuyo objetivo es promover productos de exportación hacia la isla en los renglones de bienes de consumo, maquinarias, equipos, tecnología, materias primas y servicios.

Las empresas mexicanas participantes en la feria hicieron negocios en los sectores eléctrico-electrónico, de la construcción, metal-mecánico, alimentos, bebidas, químico-farmacéutico, textil, calzado y de servicios. De acuerdo con datos de la ministra cubana para la Inversión Extranjera y la Colaboración Económica, Martha Lomas Martínez, las ventas mexicanas a Cuba alcanzaron los 280 millones de dólares en lo que va del año, cifra superior en 89 por ciento comparada con similar lapso de 2007. México es el primer inversionista latinoamericano en la isla, la cual mantiene relaciones comerciales regulares con unas 200 empresas mexicanas. En la feria realizada en Cuba participaron mil 420 empresas de 56 países, y por primera vez en 10 años funcionarios cubanos visitaron el pabellón instalado por ProMéxico, entre ellos, Lomas Martínez y el vice ministro de Política Comercial del Ministerio de Comercio Exterior, Orlando Hernández Guillén.

Cuba es el quinto socio comercial de México en el Caribe y tradicionalmente la balanza comercial ha sido favorable para los mexicanos. Las empresas mexicanas que participaron en esta feria internacional fueron: Bycosin, Multivac México, Jar Electrónica Aplicada, Abastecedora de Materiales Eléctricos, Keyson de México, Mangueras Especializadas, RB Export Services, Industrias Vlar, Devox, Comercial Carimex; Grupo Merik, Ryc Alimentos, Amesa, Danfoss Industries, Kola Loka, Expo Mayab, Derivados de Leche la Esmeralda, Helados Sanmy, Máquinas de Coser Díaz y Stemsa, Maderas El Gallo, Sika Mexicana, Conoba Comercializadora, Marvin Internacional, Productos Plásticos de Celaya, Lubrilab México, así como el Consejo Empresarial Mexicano de Comercio Exterior, la Coordinadora de Fomento al Comercio Exterior del Estado de Guanajuato y el gobierno de Coahuila.

MEDICINE

CUBA WORKING ON BIRD-FLU VACCINE

Source: EFE; November 11, 2008

Cuba will present its first results in its effort to obtain a vaccine against bird flu during the Nov. 30-Dec. 5 Biotecnología Habana 2008 conference, the Genetic Engineering and Biotechnology Center, or CGIB, announced here Tuesday. The head of the CGIB's Animal Biotechnology division, Mario Pablo Estrada, said at a press conference that his agency was working "to achieve an effective vaccine against bird flu."

The scientist said that "at this time they're performing some tests at the laboratory level on birds" with the two experimental vaccines the communist island has in hand. He explained that the current phase of the experiments constitutes the initial steps toward showing that this preliminary vaccine "can produce an interesting response in the immune system of birds," and therefore what will be presented at the conference are the "first results" in obtaining a vaccine. In addition, Cuba will take to the congress new experimental vaccines to control ticks in dogs and hemorrhagic fever in rabbits, as well as "very convincing results" of a new product against classic swine fever, Estrada added.

CIGB researchers are working to eradicate the latter disease, which is considered "the most important" of those affecting the Cuban hog population, and at the end of November they will begin a massive trial of the new product on local farms. Among its already patented products, the CIGB will also present the results obtained around the country with the use of Gavac, a vaccine against sheep ticks that currently is being marketed in countries like Mexico, Colombia, Venezuela and Brazil and which is saving the island \$9 million per year on tick-killing products. Government sources have said that Cuba's income from pharmaceutical sales during 2007 amounted to \$350 million.

CUBA ABRE PLANTA PARA PRODUCIR VACUNAS EN ASOCIACIÓN CON BRASIL

Source: Reuters, Nelson Acosta; 4 de diciembre, 2008

Cuba abrió una nueva planta de vacunas contra la meningitis en asociación con Brasil para producir unas 100 millones de dosis anuales destinadas a más de 20 países de África, informó el jueves la prensa estatal.

La Organización Mundial de la Salud (OMS) solicitó a Cuba en el 2006 la creación de la nueva planta, que complementará sus potencialidades en asociación con un Instituto de Tecnología e Inmunobiológicos en Río de Janeiro, Brasil, para garantizar la entrega de vacunas a África, dijo Granma, diario del gobernante Partido Comunista. "Una carta dirigida al Instituto Finlay por la OMS en julio del 2006 (...) motiva la inauguración de una planta con capacidad productiva de hasta 100 millones de dosis anuales de vacunas contra la meningitis", dijo el periódico en portada. No especificó el costo de inversión de la nueva planta.

El Instituto Finlay, situado en la periferia de La Habana, es un centro de la biotecnología cubana que se dedica a la producción de vacunas y sueros. De sus laboratorios han salido vacunas contra la meningitis B y C, la leptospirosis, la fiebre tifoidea y una vacuna sintética contra la haemophilus influenzae tipo B, la principal causa de la meningitis y otras infecciones infantiles. Cuba también produce una medicina contra el cáncer de cuello del útero, un recombinante para problemas cardiovasculares y una aplicación terapéutica para los pacientes con cáncer de pulmón. Según cifras oficiales, la isla planea invertir más de 190 millones de dólares en mejorar la infraestructura farmacéutica en un programa que se extenderá hasta el 2010.

En el 2007, la industria farmacéutica local se ubicó en el segundo lugar entre las exportaciones cubanas, con 350 millones de dólares en ventas, sólo superada por el níquel. Según la OMS, la meningitis afecta principalmente a 21 países de África, donde hay en riesgo cerca de 400 millones de personas, con una incidencia anual que puede llegar hasta 1.000 enfermos por cada 100.000 habitantes, principalmente en menores de 15 años de edad. Cuba ha transferido tecnología y ha creado empresas mixtas en el sector biotecnológico con países como Brasil, China, India, Irán, Sudáfrica, Venezuela y Vietnam.

NICKEL

CUBA SAYS NICKEL OUTPUT ON TRACH DESPITE STORMS

Source: Reuters, Marc Frank; November 26, 2008

Cuban unrefined nickel and cobalt production remained on track toward 76,000 tonnes in 2008 despite damage inflicted by Hurricane Ike in September, official media reported this week. "Up to now the industry has met 98.6 percent of its plan," state-run Radio Angulo of Holguin province, where the industry is located, reported on Tuesday.

The government announced the plan at the start of the year. The Holguin radio station credited the efficiency of the Pedro Sotto Alba plant in Moa, a joint venture between state-run Cubaniquel and Canada's Sherritt International <S.TO> for the performance. Radio Angulo also mentioned efforts at the Cubaniquel owned Che Guevara plant in Moa and the Rene Ramos Latourt plant at Nicaro. Category Three Ike hit Cuba at Holguin's northern coast, where the nickel industry's three processing plants are located, seriously damaging housing and buildings and swamping the area with torrential rains and a storm surge. All three plants were closed for various lengths of time after the storm.

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. Sherritt International reported record metals production at the Pedro Sotto Alba plant in the third quarter, crediting "the 4,000-tonne-per-year (100-per-cent basis) increase in nominal annual production capacity to 37,000 tonnes (100-per-cent basis) of nickel and cobalt contained in mixed sulphides." The Che Guevara plant has around a 33,000 tonne capacity and the Rene Ramos Latourt around a 10,000 tonne capacity.

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. Nickel emerged as Cuba's biggest export earner in 2000. It garnered more than \$2 billion in 2007, with almost all output destined for Canada, Europe and China. 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 34 percent of the world's known reserves, or 800 million tonnes of proven nickel plus cobalt reserves, and another 2.2 billion tonnes of probable reserves, with lesser reserves in other parts of the country.

TOURISM

CUBA WELCOMES 2 MILLIONTH TOURIST OF '08 WITH MOJITOS; EXPECTS TO TOP RECORD THIS YEAR

Source: Associated Press Writer, Will Weissert; November 14, 2008

Cuba welcomed its 2 millionth tourist of 2008 on Friday with a salsa band, strong mojitos and word that the island expects to set a record this year for foreign visitors despite three hurricanes and a global economic crisis. Authorities hung a red-and-white banner reading "welcome visitor" in five languages just outside the customs area as Air Canada Flight 370 from Toronto touched down at Havana Airport. "Is this a nice way to start? I'll say!" said Helen Lueke, a secretary in her 60s from Sherwood Park, Canada, who comes to Cuba about once a year -- but has never been greeted at the airport with mojitos.

Cuba didn't single out a visitor No. 2 million, rather symbolically marked the flight's arrival along with similar celebrations at international airports in the eastern city of Santiago and in Varadero, the famous beach resort northeast of Havana. Alexis Trujillo, first vice minister of tourism, said Cuba has surpassed 2 million annual foreign visitors every year since 2004. But Nov. 14 is the earliest date the communist nation has ever reached the mark, he added, leading Cuba to predict it would pass its 2005 record of 2.3 million visitors. Trujillo said tourism is up 10.7 percent compared to last year, despite Hurricanes Gustav, Ike and Paloma, which destroyed nearly half a million homes and did more than \$10 billion in damage when they roared through the island in recent weeks.

Hotels, restaurants and other tourist sites were damaged in coastal areas in the provinces of Camaguey and Holguin, as well as in tobacco-growing Pinar del Rio. But the storms spared Cuba's top tourist destinations: Havana's crumbling but majestic, decades-old architecture, and Varadero, which Trujillo said would attract 1 million foreign visitors alone this year for the first time. Washington's trade embargo prohibits most Americans from coming to Cuba. But Canada, Britain, Spain and Italy rank as the island's top sources of visitors. Foreign tourists to Cuba topped 2.3 million in 2005 but fell in 2006 and slipped again to 2.1 million last year -- dealing a financial blow to a nation that relies on tourism for much of its hard-currency revenue. The industry brought in \$2.2 billion in 2007.

CUBAN TOURISM SURGES AS REST OF CARIBBEAN STALLS

Source: AP, Will Weissert; December 9, 2008

Cuba's vacation industry has remained as hot as the tropical sun here, even as the world economic crisis sparks cancellations and layoffs elsewhere in the Caribbean. The communist country says it's booked solid through December and expects a record 2.34 million visitors this year - largely because global financial woes have so far been softer on Canada, its top source of visitors. Luck also played a role: While the island suffered three devastating hurricanes, its key tourist sites were largely spared. And where beachfront resorts did get hit, the tourist-hungry government has made sure to repair hotels - in some cases even before damaged homes and infrastructure.

Tourism is Cuba's second-largest source of foreign income, behind nickel production. So while other islands in the region are laying off hotel workers and suspending construction of new property, Cuban resorts are gearing up for a strong season. "We've had a few cancellations, but overall our numbers are still strong," said David Gregori of WowCuba, a travel agency in Charlottetown, Canada, that specializes in bicycle trips and other Cuba tours. "People still like to get away. They might try to save some money while doing it, but they're still traveling." The number of foreign visitors has swelled nearly 11 percent this year, making up for 4 and 3 percent declines in 2006 and 2007, government figures show.

Officials offer no explanation for those slower years. But tour operators blame the island's low returning-visitor rates: Some tourists complain of poor service, crumbling infrastructure and lousy food, indicative of a communist system where shortages are common and state employees are unaccustomed to putting customer service first. Still, the island is often cheaper than its subtropical neighbors, because many foreigners buy all-inclusive packages offering dozens of direct flights from

Europe and Canada to airports all over Cuba, as well deep discounts on hotels, food and booze. Others are enticed by the prospect of seeing one of only five communist countries left on the planet. "A lot of people who are going for simple fly-and-flop holiday, and there are others who are going for history and culture, dancing, music," said Julia Hendry, marketing director for Europe and the United Kingdom of the Bahamas-based Caribbean Trade Organization. Cuba has both, she said, "whether it's swimming and beach or the excitement of Old Havana and Cuban history."

About 35 percent of this year's tourists have been Canadian, with 635,000 visiting through September, one-fifth more than in the same period last year. Canada's economy has not suffered the same losses now sapping the savings of homeowners in the U.S. Russian tourists rose 40 percent to top 28,000 thru September, and Cuban Tourism Minister Manuel Marrero traveled to Moscow last month to further promote his country. Visitors from Britain, Italy, Spain and Germany, the top suppliers of tourists after Canada, declined between 3 and 5 percent respectively, however. Washington's trade embargo prohibits Americans from visiting, though island immigration records show about 41,000 came last year, many presumably without permission. But not relying on U.S. tourists may now be a blessing. "Canadians are going to keep coming, especially with snow at home," said Helen Lueke of Sherwood Park, Canada, who has vacationed in Havana about once a year for decades.

Alexis Trujillo, Cuba's deputy secretary of tourism, predicted full bookings at least through next summer. "There's no doubt tourism is always sensitive to everything," he said of global economic turmoil. "But we don't think that for Cuba that will mean an important decrease." Tourism generated \$2.2 billion for Cuba in 2007. The government has announced no plans to delay a \$185 million plan to upgrade more than 200 resorts and build 50 boutique hotels by 2010 - not even after Hurricanes Gustav, Ike and Paloma hit within two months, causing more than \$10 billion in damages and crippling farms and infrastructure across the countryside. Construction crews assigned to vacation properties in Havana and elsewhere have largely continued working as normal since the storms.

In the eastern province of Holguin, the island's No. 3 tourist destination after Havana and the beach resort of Varadero, officials prioritized hotel repairs, trucking in workers to rebuild beachfront resorts. Holguin expects about 270,000 foreigners this year, about the same as 2007, despite scores of hurricane-related cancellations. Havana's decaying yet picturesque historic district saw little damage, as did Varadero, 90 miles (140 kilometers) to the east, where white sand and warm, see-through surf has enticed everyone from Fidel Castro to Al Capone. A record million visitors are expected to stay in the town's 7,000 hotel rooms, which range in price from about \$120 to \$350 per night, with meals and open bar included. Though European tour operators say sales have slowed since the financial crisis deepened in October, they expect trips to Cuba and some other Caribbean destinations to stay strong through the winter. Europeans are putting off short, side trips closer to home, but many families are still willing to splurge on once-a-year trips to the tropics, Hendry said. "We have noticed that all-inclusive markets, where travelers can budget in advance, seem to be doing relative well. Cuba is quite well-populated with that sort of property," she said.

The industry could get another boast if President-elect Barack Obama keeps campaign promises to ease restrictions on Cuban Americans who want to visit their relatives on the island. Currently, those with family here can only come once every three years. Nelson Gonzalez, a 56-year-old physical therapist, said his mechanic brother in Miami last came to visit in 2007. But his brother called the morning after the U.S. election to say he was reserving a seat on one of the many special charters that fly from the U.S. to Havana for the last week in January - confident Obama will ease family travel rules immediately after his Jan. 20 inauguration. "When your family members reach a certain age, you don't know if in three more years everyone will still be here," said Gonzalez, who lives with his 80-year-old parents. Though visiting family members spend less than tourists, Gregori said many Cuban Americans use his company to book rental cars in advance of visiting relatives. But "if you want to rent a car in Havana in December, I don't have any," he said. "They've been sold out for months, and every year they get sold out earlier and earlier."

MINISTRO DICE QUE CUBA ESPERA "RÉCORD" DE TURISTAS TRAS SUPERAR CIFRA DE 2007

Source: EFECOM; 15 de diciembre, 2008

El ministro de Turismo de Cuba, Manuel Marrero, dijo hoy que la isla espera alcanzar la próxima semana el "récord histórico" de más de 2,3 millones de turistas, tras haber superado la cifra de 2,1 millones de visitantes que recibió en 2007. Marrero precisó que entre el 25 y 27 de este mes habrán llegado a Cuba más de 2,3 millones de turistas, en el acto por el inicio de la temporada alta celebrado

en la provincia oriental de Holguín, reportó la televisión estatal cubana. Indicó además que el próximo día 8 fue sobrepasada la cifra de 2,1 millones recibida durante todo el año pasado.

El ministro aseguró que la temporada de invierno va a contar con "mejor situación" que el año anterior porque ahora la planta hotelera tiene mayor calidad y con un número mayor de habitaciones. "Este arribo de extranjeros que sigue apostando por Cuba reafirma que 'Gustav', ni 'Ike' ni 'Paloma' y mucho menos la crisis financiera mundial frenarán la marcha del turismo cubano", afirmó en referencia a los huracanes que afectaron severamente la isla. El azote de los huracanes "Ike" y "Gustav", entre el 30 de agosto y el 9 de septiembre, y de "Paloma", en noviembre, dejó un saldo de pérdidas de cientos de miles de hectáreas de cultivos y medio millón de viviendas destruidas o dañadas, que el Gobierno ha calculado en cerca de 10.000 millones de dólares.

El titular resaltó que Canadá se mantiene como principal emisor de turistas a la isla con más de 800.000, que representan un 24,5 por ciento de crecimiento, seguido de Italia, España y Reino Unido, mientras que de un nuevo mercado como Rusia se esperan más de 40.000 viajeros. Cuba recibió en 2007 algo más de dos millones de turistas, que generaron ingresos por cerca de 2.000 millones de dólares y cuenta en la actualidad con 46.000 habitaciones disponibles para el turismo internacional.