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NUEVO SISTEMA DE PAGO

Source: Cubanet, Oscar Espinosa Chepe; 2 de julio, 2008

Recientemente en la prensa cubana han aparecido entrevistas al Sr. Carlos Mateu Pereira, viceministro de Trabajo y Seguridad Social, sobre la Resolución No.9 adoptada el 2 de febrero por ese ministerio para centrar los pagos a los trabajadores y empleados en función de los resultados laborales obtenidos. Un principio que durante muchos años fue rechazado con vigor por altos niveles del gobierno, a tal punto que personas que lo defendieron a fines de los años sesenta, fueron castigadas a realizar trabajos forzados, acusadas de supuestas desviaciones ideológicas.

Esta nueva legislación podría juzgarse como un paso correcto para la incorporación de Cuba a una posición más actual y socialmente justa de la retribución al trabajo. La Resolución tiene por objetivo que quien más aporte sea el mejor remunerado, lo cual pone término a los sistemas de pagos vigentes, en su mayoría vinculados a indicadores generales (ventas, utilidades, ingresos, entre otros). Ahora se busca implantar en la mayor medida posible el pago a destajo u otras fórmulas que relacionen el ingreso de los trabajadores con los resultados laborales.

Así, se piensa que deberá producirse un incremento notable de la productividad y la eficiencia, con una sensible reducción de los costos de producción y servicios. Como se conoce, los niveles de productividad en Cuba son sumamente bajos. Entre los años 2000-2007, la productividad creció en un 39,5%, lo cual no es totalmente confiable por calcularse sobre la base del crecimiento de un Producto Interno Bruto (PIB) sin crédito alguno. Al mismo tiempo, en ese período el salario medio mensual aumentó en un 71,0%, para establecer una proporción absolutamente desfavorable, que debió afectar extraordinariamente los costos de las producciones y los servicios en sentido general.

En este contexto, los propósitos que persigue la Resolución No.9 pueden calificarse como positivos, independientemente de que algunos de sus aspectos, como los mecanismos reguladores de la estimulación de los dirigentes y otro personal indirecto podrían no estar a la altura de aquellas personas que están directamente vinculadas a la producción, a las que se les pretende pagar por todo lo realizado, sin limitación alguna.

No obstante, los preceptos contenidos en la Resolución son de difícil aplicación en empresas sin la suficiente autonomía, sujetas a un modelo de gestión exageradamente centralizado, obsoleto y disfuncional; regidas en muchas oportunidades por decisiones "políticas", apartadas de la racionalidad económica. Todo parece indicar que pudiera tratarse de una medida parcial a implantarse en un contexto cargado de contradicciones y absurdos. Un escenario que deberá reformarse radicalmente para que este sistema de pagos pueda alcanzar los propósitos deseados.

En primer término existe el obstáculo de la doble moneda. La abrumadora mayoría de los trabajadores cobra en el depreciado peso cubano, que el propio Estado rechaza en casi todas sus tiendas, por lo cual será muy difícil que con esta moneda puedan surgir estímulos reales. Al mismo tiempo, se conoce que la mayor proporción de las empresas cubanas carece de contabilidad confiable, y consecuentemente será también muy complicado el establecimiento de normas confiables y realistas para medir el trabajo y, en especial, para controlar el complejo entramado a implantar.

A estos factores se suma que las empresas no tienen control sobre el aseguramiento de los insumos necesarios para trabajar, pues reciben los recursos de otras organizaciones y no resulta novedosa la falta de suministros para cumplir las tareas. A esto se añade el estado desastroso de los medios de producción, realidad que imposibilita garantizar una producción continuada. No es un descubrimiento que la organización y la disciplina del trabajo en los centros laborales son altamente ineficientes. Por lo regular las plantillas de trabajadores están infladas en proporciones muy elevadas, lo cual impide una adecuada organización. Esto también es un enorme obstáculo, difícil de vencer sin transformaciones integrales del conjunto de la economía.

Por otra parte, el problema no radica sólo en elevar la producción, sino en producir artículos de calidad o brindar servicios necesarios, o sea, no se trata de producir por producir, sino para satisfacer un consumo con los requerimientos exigidos por el mercado. La solución no es hacer masivamente techos que se filtren, paredes mal repelladas y pintadas, cortar marabú para que pasados unos días rebrote con más fuerza y otras chapucerías, como ocurre usualmente. Incluso, si no hubiera el control necesario, estos problemas podrían incrementarse con el nuevo sistema, unidos a otros, como incidir en el aumento del ya elevado nivel de circulante financiero, sin una contraparte real en la oferta de bienes y servicios, generándose así nocivos efectos inflacionarios.

La Resolución No. 9 del Ministerio del Trabajo y la Seguridad Social podría ser una buena idea, basada en loables propósitos, pero en la práctica con poca connotación para el incremento de la productividad y la eficiencia, si no se acompaña de otras reformas que con urgencia requiere la economía cubana.

CUBA SAYS RISING GLOBAL FOOD, OIL PRICES WILL CAUSE ECONOMIC 'RESTRICTIONS'

Source: Associated Press Writer, Will Weissert; July 9, 2008

Rising global food and oil prices will cause "inevitable adjustments and restrictions" for Cuba's economy, officials warned on Tuesday.

The communist government had projected that gross domestic product would expand by 8 percent in 2008, but Economy Minister Jose Luis Rodriguez suggested that might no longer be possible. "The impact of the substantial elevation of prices of food and fuel on the international market so far this year and the speculation for the rest of it will require inevitable adjustments and restrictions on the national economy," the Communist Party newspaper Granma reported, citing comments Rodriguez made to a parliamentary commission meeting Monday. The event was closed to foreign reporters. There were no details on what "adjustments and restrictions" would be required.

Rodriguez said tourism expanded by at least 14 percent in the first half of the year, and Cuba's agricultural output grew 7.5 percent, the newspaper said, without giving raw figures. He said industrial production increased 6.2 percent. Cuba said its economy grew by 7.5 percent in 2007 and Rodriguez said in December that he expected 8 percent growth this year. Cuba's measurement of GDP includes spending on free health care, education and monthly food rations an uncommon methodology that critics say inflates growth figures. Officially, the economy expanded by 12.5 percent in 2006 and 11.8 percent in 2005.

Cuba is trying to slash its dependence on imported food, which will cost it nearly \$2US billion this year. Granma also reported that Basic Industry Minister Yadir Garcia told lawmakers that crude oil production topped 2.1 million tons through June, exceeding expectations by more than 6 percent. Despite increasing oil production, Cuba relies heavily on Venezuela, whose socialist President Hugo Chavez sends nearly 100,000 barrels of oil a day to the island in exchange for social services, including Cuban doctors. Venezuelan oil and borrowing from China have helped Cuba overcome hardships caused by the collapse of the Soviet Bloc.

PLAN DE VIVIENDAS EN CUBA SOLO CUBRE 7% DE LA DEMANDA

Source: El Nuevo Herald; 10 de julio, 2008

El plan de construcción y mantenimiento de viviendas en Cuba, incumplido por dos años consecutivos, sólo cubre entre el 5% y 7% de la demanda acumulada, pese a "las millonarias inversiones" destinadas al sector, informó este miércoles el diario oficial Granma.

"El actual plan de construcción, rehabilitación y conservación de viviendas, aunque ha requerido millonarias inversiones en divisas para reanimar la industria, apenas cubre entre el 5 y el 7% de las necesidades acumuladas", según estimaciones del Instituto Nacional de la Vivienda (INV), que citó Granma. Víctor Ramírez, presidente del INV, informó que entre enero y junio se terminaron 22.558 casas, que representan 45,1% de las 50.000 previstas este año, aunque, añadió, se espera cumplir el plan.

En una reunión con diputados previa a la primera de las dos sesiones anuales del Parlamento, que se realizará el viernes, Ramírez destacó también que "de los 47.000 edificios que existen en la isla, más de 40.000 precisan de algún mantenimiento". Pero "la falta de materiales no permite avanzar como requiere ese programa", admitió.

El presidente de la Comisión de Atención a la Industria y las Construcciones del Parlamento, Carlos Liranza, comentó que en un recorrido por la isla se constató "atrasos en el movimiento de tierra" para iniciar las obras, "problemas de calidad" en su terminación, "deficiencias organizativas" e "irregularidades como el robo y la venta ilícita de materiales". "Lo inaceptable es el bajo rendimiento y la falta de integralidad de costosas inversiones en plantas productoras, los problemas organizativos en esas instalaciones y en las transportaciones", dijeron los parlamentarios, según Granma. También "el incumplimiento por parte de distintos organismos e instituciones de los compromisos contraídos con el programa, cuando en más de una oportunidad habían asegurado que estaban preparados" para ejecutarlo, añadieron.

"La más elemental evaluación económica permite comprender fácilmente que el país no tiene dinero ni materiales para proponerse hoy empeños superiores", reconocieron los diputados. La construcción y mantenimiento de viviendas es uno de los problemas sociales más sensibles de Cuba, según sus autoridades, que ubican en más de medio millón de casas el déficit habitacional. En 2005, con una asignación millonaria, el gobierno implementó un programa de construcción de 100.000 casas al año; pero la falta de mano de obra y organización, según fuentes oficiales, hicieron bajar la meta a 70.000 viviendas en 2007 y a 50.000 para este año.

RAUL CASTRO TAKES AIM AT CUBAN CONSTRUCTION WOES

Source: Reuters, Marc Frank; July 10, 2008

Cuba has begun decentralizing decision-making in construction, in the second major reorganization of an industry since Raul Castro became president in February, official media reported.

A parliament hearing on Wednesday focused on disorganization and theft plaguing the state-run industry and its failure to meet apartment building plans or conclude larger projects on schedule and within budget. "We are strengthening the role of local contractors, decentralizing the administration and day to day operations of construction projects," the Communist party newspaper Granma, reporting on Wednesday's hearing, quoted Construction Minister Fidel Figueroa as stating.

After years of crisis and strengthened by allies Venezuela and China, Cuba launched a major effort three years ago to solve a chronic housing shortage and repair crumbling buildings. However, goals were not met and had to be scaled back, but the industry is still falling short, Granma reported, blaming theft of materials and poor organization. Vice President Carlos Lage announced housing plans would be drawn up at the local level beginning in 2009. "The local authorities must say what they prefer to do with the resources assigned them, be it finishing new apartments or prioritizing the repair of others, because it is at the municipal level that authorities know best an area's urgent needs," he was quoted as saying.

A similar decentralization began in agriculture soon after Raul Castro was named president in February after ailing older brother Fidel Castro resigned for health reasons. The elder Castro, who turns 82 in August, underwent intestinal surgery two years ago from which he has not fully recovered. Municipalities were authorized to decide how best to use resources and land, organize distribution of produce and deal with the day to day issues in agriculture, decisions previously made at higher levels of the government.

State and private farmers and cooperatives were offered more land and given more leeway to decide what to use it for. Cuba began granting licenses to individuals to privately engage in building trades in the 1990s, but has not granted new ones in a number of years. While the state construction business has a chronic labor shortage, thousands of licensed and unlicensed skilled tradesmen and laborers work privately.

CASTRO DICE QUE HACE FALTA UN ADECUADO SISTEMA DE IMPUESTOS Y CONTRIBUCIONES

Source: EFE; 12 de julio, 2008

El presidente de Cuba, Raúl Castro, aseguró hoy que uno de los factores para que "el salario recupere su papel" es el establecimiento de un "adecuado sistema de impuestos y contribuciones". Castro señaló en su intervención ante el Parlamento cubano que el Gobierno continúa estudiando "integralmente el problema del salario" con el objetivo de incrementarlo "de manera gradual y según prioridades", aunque evitó precisar fechas y sectores, pues, según dijo, "no sería ético crear falsas expectativas". "Dependerá de la situación económica del país, inevitablemente vinculada a la crisis existente hoy en el mundo(...). Es mi deber expresarlo con franqueza", señaló.

Raúl Castro afirmó que hay cuatro "premisas insoslayables" para que cada cubano "reciba según su trabajo" y citó, entre ellas, "un adecuado sistema de impuestos y contribuciones, de forma que todos aportemos al sostenimiento de servicios que se brindan gratuitamente o a precios fuertemente subsidiados" y a los servicios públicos. A ello agregó la necesidad de "eliminar las gratuidades indebidas y el exceso de subsidios", un objetivo que ya había mencionado el año pasado. Afirmó que debe haber "orden, control y rigurosa exigencia que aseguren eficiencia, ahorro y eviten robos o desvíos de recursos" y que "el trabajo aporte lo que todos después demandan recibir". "Socialismo significa justicia social e igualdad, pero igualdad de derechos, de oportunidades, no de ingresos. Igualdad no es igualitarismo", afirmó Castro, que recientemente aprobó una resolución para que los salarios se calculen en función de lo producido y la calidad de los servicios y no de forma general.

El presidente agregó que para que el trabajador se sienta dueño de los medios de producción es "muy importante que sus ingresos se correspondan con el aporte personal y el cumplimiento por el centro de trabajo del objeto social (...), es decir, alcanzar la producción o la oferta de servicios que tiene establecido". Criticó a los que hacen el cálculo del salario promedio de 408 pesos cubanos por su equivalente en dólares: 17, sin tener en cuenta que "con 30 veces esos 17 dólares nadie en ningún país capitalista puede pagar aquello a que tiene acceso normalmente cualquier familia cubana".

No obstante, el general Castro, que el 26 de julio de 2007 reconoció que los salarios son insuficientes, aseguró que el Gobierno conoce "las dificultades, los productos que escasean o no alcanzan, y trabajamos para que sean menos cada día". "Cada aumento de salario que se apruebe o precio que se establezca debe corresponder con las posibilidades de la economía", añadió. "Todos quisiéramos ir más rápido, pero es necesario actuar con realismo", dijo.

LIFE IN CUBA: ONE COUNTRY, TWO CURRENCIES

Source: Havana Bureau--South Florida Sun-Sentinel, Doreen Hemlock; July 16, 2008

Salesman Juan Carlos Lee hears the complaints daily. He works in an Old Havana store that offers juice, candy and other goods only for sale in Cuba's hard, convertible currency, not in local pesos. "Ay, everything is so expensive. Convertible currency is such a problem. Cuba, it's not easy," clients tell him. Lee tries to calm buyers by noting prices are rising worldwide for food, oil and other basics. But he knows first-hand how hard it is to make ends meet with a salary equal to about \$20 a month, when many consumer items now sell at international prices. He gives thanks that family in Spain sends him money. Yet like clients, he yearns for a day when wages stretch far and shopping takes one currency, not two.

Strapped for dollars, euros and other currencies needed to buy imports, communist-run Cuba uses a unique dual-currency system to conserve foreign reserves. It pays islanders in local pesos and offers some goods and services at peso outlets, often with hefty subsidies. But increasingly, it requires a dollar-like convertible currency unit or CUC at other shops and businesses, where prices include little or no subsidies. Cubans pay 25 pesos per CUC, a hefty sum when salaries average in the 400-range monthly. Those who can best afford it are those Cubans who earn some pay or tips in CUC from tourism or the thriving black market, and those who receive cash from friends and family overseas.

The government recognizes the four-year-old system hurts national self-esteem and widens social divides. Officials vow to end the program once foreign reserves spike -- a growing challenge as import prices soar. Lucia Morgan, 38, a teacher in Havana who earns about \$20 a month, said she copes with rising costs by buying soda just once or twice a week at the CUC store, instead of three times.

She's also trying to rely more on goods sold in pesos, like rice and beans, foregoing the spaghetti she buys in CUC.

Other Cubans seek quicker change. The Federation of Latin American Rural Women, a group known by its Spanish initials as Flamur, is campaigning to end the two-currency system it calls "discriminatory." On Monday, two activists protested by entering a pharmacy that sells goods in CUC and offering to pay for a bottle of medicine in local pesos. The cashier refused, and the manager took the bottle away, the group said. "These actions will continue until the popular will is fulfilled, expressed by the 10,738 signatures that we gave the National Assembly, to pay in all establishments in the country with the same currency in which are wages are paid to us," Flamur President Belinda Salas said in a news release. "We will not be intimidated."

ENERGY & OIL

CUBA SEEKS INDIAN HELP TO SET UP 150,000 BPD REFINERY

Source: Reuters; July 1, 2008

Cuba has invited Indian firms to invest in a planned 150,000 barrels a day refinery in the island nation, India's oil ministry said in a statement. It also sought India's help in upgrading and expanding its existing refineries at a meeting in Madrid on Monday between Indian Oil Minister Murli Deora and his Cuban counterpart Yadira Garcia Vera, the statement added.

The two countries have finalized the India-Cuba Hydrocarbon Agreement for co-operation in the oil and gas sector, it added without elaborating.

ONGC Videsh Ltd, the overseas investment arm of state-run explorer Oil and Natural Gas Corp <ONGC.BO>, has stakes in nine exploration blocks in Cuba, and total ownership of two.

CUBA PRESENTA EL PROGRAMA "REVOLUCIÓN ENERGÉTICA" EN CONGRESO DEL PETRÓLEO

Source: EFE; 1 de julio, 2008

La ministra cubana de Industria Básica, Yadira García, presentó hoy en el XIX Congreso Mundial del Petróleo que se celebra en Madrid, el programa "Revolución Energética" puesto en marcha en su país para garantizar el uso racional y el ahorro de energía.

Ese programa, resultado de un esfuerzo estratégico que empezó hace cuatro años, "es hoy un gran programa nacional" que cuenta con la participación de todo el pueblo cubano y el apoyo total del Gobierno, dijo la ministra en una de las sesiones ministeriales del Congreso. Como ejemplo de los esfuerzos que se están haciendo en el país caribeño, García mencionó el cambio de más de 23 millones de nuevos equipos electrodomésticos por otros de bajo consumo energético o la sustitución de viejos motores para el bombeo de agua por otros más ahorradores de energía. Además "se lleva a cabo una estrategia nacional de divulgación y un programa de promoción del ahorro de energía", según la ministra, quien explicó que las autoridades cubanas están prestando también gran atención a las energías renovables.

Yadira García presentó un vídeo en el que se recogen los datos de ese ambicioso programa de ahorro y, en general, de la evolución del sector energético en el país caribeño. La ministra explicó a Efe que en los últimos años "hemos ido estabilizando ya una producción de 4 millones de toneladas de petróleo y gas", lo que representa el 47 por ciento de los combustibles que consume el país. Los expertos creen que "es posible esperar descubrimientos de gran importancia", según la responsable cubana, quien precisó que en los últimos años se han estado haciendo exploraciones de forma sistemática, teniendo siempre en cuenta las regulaciones medioambientales.

En esas exploraciones hay inversión extranjera "en la modalidad de los bloques a riesgo para la exploración" y también en la producción compartida, añadió. La petrolera hispano- argentina Repsol

es una de las firmas que ha participado en esos trabajos, además de compañías de reconocido prestigio de otros países, entre los que citó Canadá. La responsable cubana fue la protagonista de una de las sesiones ministeriales celebradas en la segunda jornada del XIX Congreso Mundial del Petróleo que se celebra en Madrid, con la asistencia de más de 5.000 representantes de organismos internacionales, instituciones y empresas petroleras de 50 países.

OIL EXPLORATION DEAL BETWEEN CUPET AND PETROBRAS COULD BE SIGNED THIS YEAR

Source: Global Insight Daily Analysis, Lawrence Poole; July 2, 2008

The Brazilian and Cuban state oil companies, Petrobras and CUPET, are on track to sign an oil exploration deal this year, according to Dow Jones. Fidel Rivero, president of CUPET, is quoted by the Estado, a local newspaper, as saying "we are in the concluding phase of a deal. We hope to announce something in coming months".Significance:

Cuba has around 240 million barrels of proved oil reserves and around 1 tcf of natural gas in its offshore waters in the Gulf of Mexico, and potential oil resources have been estimated by some as between 4 billion and 9 billion barrels. Unsurprisingly, several companies have been hovering, some more tentatively than others, around the island in anticipation of being allowed to explore the region. While American companies are barred from participating in activities in Cuba as a result of a U.S. embargo on the island, European firms as well as those from Russia and China have been keen to engage in discussions with CUPET where possible.

Petrobras's significant experience in deepwater drilling is an obvious asset that Cuba would like more exposure to, so some sort of eventual deal will be likely to include provision for technology transfer. In return, Petrobras could very well find itself being able to explore some of the more promising blocks, while also being allowing to build a petrochemicals refinery on the island.

CUBA PLANS NEW OIL REFINERY

Source: EFE ; July 16, 2008

Cuba's minister of basic industry announced that the island is planning to build a new oil refinery that will allow it to increase the country's refining capacity to 350,000 barrels per day, state media reported Wednesday. In remarks to Cuban reporters in Maracaibo, Venezuela, where she traveled for last Sunday's Petrocaribe summit, Yadir García said that Cuba "is working intensively on the creation of new capacities for petroleum refining."

The minister said that, according to the official daily Juventud Rebelde, the "joint action" by Cuba and oil-rich Venezuela "is focusing" on expanding the existing capacity at refineries in Cienfuegos and Santiago de Cuba via a program that could last up to four years. The Santiago de Cuba plant currently processes some 22,000 bpd, a figure that will be increased to 50,000, while the Cienfuegos refinery produces 65,000 bpd and is expected to expand its capacity to 150,000 in 2013.

García said that the objective in Santiago de Cuba is "to build a new (refinery) of 150,000 barrels, which would make it possible for our country to increase its refining capacity to 350,000 barrels per day." "That would put us in better shape, not only the country but also the region, to confront possible increases in production, like those Venezuela will have, at the same time that we're thinking that in the Gulf of Mexico there could be important expectations for production, and for all that we must be prepared," the minister said.

The bilateral collaboration in energy matters last December permitted the resumption of activity at the Cienfuegos refinery via a project by the respective state-run oil firms, CUPET and Petróleos de Venezuela S.A.

CUBA AIMS TO BOOST FARM OUTPUT AS STATISTICS SHOW STATE FARMLAND UNDERUSED

Source: The Associated Press State & Local Wire; July 1, 2008

More than half of Cuba's agricultural land is idle or underutilized, prompting a series of government reforms intended to dramatically boost farm production, government statistics released last week show.

The percentage of Cuban farm land that is idle increased to 55 percent last year from 46 percent in 2002, according to a study posted on the web site of the National Office of Statistics in recent days. To reverse that trend, Cuba's government early this year quietly announced a series of plans to effectively restructure its Agriculture Ministry, and began granting idle land to small farmers and paying them more for the milk and meat they sell back to the state.

Cuba is trying to slash its dependence on imported food as soaring international commodity prices have sparked a worldwide food crisis. Its government plans to spend nearly \$2US billion on food imports this year to provide a majority of the monthly food rations all Cubans receive. State-owned farms now hold a little more than one-third of Cuba's agricultural lands down from about 70 percent two decades ago. The rest are worked by small farmers and cooperatives. Official statistics show that 54 percent of private land is actively used, compared with just 29 percent of state-owned farms.

CUBA TO GRANT PRIVATE FARMERS ACCESS TO LAND

Source: NYT, Marc Lacey; July 19, 2008

President Raúl Castro continued his rollout of changes in Cuba on Friday with the start of a plan to boost the island's sluggish food production by granting private farmers access to up to 99 acres of unused government land.

Cuba seized land from most large-scale farmers after the 1959 revolution; the latest announcement in the Communist Party newspaper Granma stopped well short of a return to pre-revolution private enterprise. Under the new system, private farmers, who have continued to exist under Cuba's socialist system, would have access to the plots for up to a decade, with leases renewable if conditions were met and taxes paid. Cooperatives and state farms would also qualify for more land, for up to 25 years. But the fields would stay in the hands of the government, which controls an estimated 90 percent of the island's economy.

The new plan, mentioned several months ago but formally announced Friday, is intended to jump-start food production at a time when Cuba is feeling the effects of the global rise in food prices. Last year, Cuba spent nearly \$1.5 billion for food imports, much of that from producers in the United States that were granted a special exemption from Washington's trade embargo on Cuba. This year, the island's bill for food imports is expected to rise by another \$1 billion, officials have said, calling the issue one of national security. Cuba's government released statistics last month showing that fallow or underused agricultural land had increased to 55 percent in 2007, up from 46 percent five years earlier, The Associated Press reported.

The announcement on Friday acknowledged the struggle that the country was facing in feeding itself. "For various reasons, there is a considerable percentage of state land sitting vacant, so it must be handed over to individuals or groups as owners or users in an effort to increase production of food and reduce imports," the government decree said. The plan appeared partly designed to prompt more Cubans, who are drawn to the cities for more opportunity, to give agriculture a try. Those who do not currently farm any land would be given access to up to 33 acres for farming, the government said.

Mr. Castro took over provisionally for his ailing brother, Fidel, in July 2006. But he has begun putting his own stamp on the country only since February, when he formally became the second president of Cuba in the last half century. In recent months, he has allowed Cubans with enough money to buy cellphones and computers, which had previously been restricted. He has allowed them to rent cars

and visit tourist hotels and opened up the possibility of private taxis. And he has taken the limits off state salaries, allowing for productivity bonuses. Where he has stood firm is on political dissent, continuing his brother's insistence that overt criticism of the system and government amounted to disloyalty.

Many Cubans relished the changes even as they complained bitterly that giving them access to consumer items did little to boost their state salaries. In a speech at the close of the National Assembly earlier this month, the president made clear that he was remaking some aspects of the country. The ideal of everyone, a doctor or a laborer, earning the same amount, with no regard to productivity, seems to be fading. "Socialism means social justice and equality, but equality of rights, of opportunities, not of income," he said. "Equality is not egalitarianism." In the speech, Mr. Castro prepared Cubans for tough times ahead. "It's my duty to speak frankly, because it would be unethical to create false expectations," he said. "To tell you otherwise would be misleading." He went on to exhort Cubans to make the island more self-sufficient. "We must go back to the land," he said.

CUBA PROMISES FARMERS RESOURCES TO BACK REFORM

Source: Reuters, Marc Frank; July 23, 2008

Communist Cuba has begun offering private farmers equipment and other resources on credit along with more land, as President Raul Castro seeks to reform agriculture by loosening the state's grip. Just days after a government decree authorizing land grants to farmers, they are being called to meetings and asked what machinery and other inputs they need to make the best use of it. "They told us to present our requests immediately for what we need and that Venezuela, Iran and other countries had given credit to cover the resources," the treasurer of a private cooperative said in a telephone interview after attending a meeting this week in central Cuba.

Iran recently agreed to increase trade credits to Cuba from 200 million euros to 500 million euros and Venezuela already finances dozens of manufacturing and agricultural projects. Hundreds of farmers were told at the meeting in central Cuba called by the Association of Small Farmers not to hold back on their requests. "We can ask for whatever we need. Machinery, spare parts, irrigation systems, wind mills, land clearing kits, you name it," the cooperative member said. Decision making in the sector was recently decentralized, and redundant state-run companies merged. The state, which purchases 70 percent to 80 percent of farm output, has doubled or even tripled the prices it pays.

The remaining 20 percent to 30 percent of production is sold on the open market. Cuba's 250,000 family farmers and 1,000 private cooperatives produce as much as state farms do on just 25 percent as much land. "We were told new farmers, state farms and state cooperatives would also get resources, but that the private sector would be treated equally and the resources granted on credit," the cooperative member said, asking that he not be identified.

NATIONAL SECURITY

Upon formally taking over for his ailing brother Fidel Castro in February, Raul Castro declared food production was a matter of national security given soaring prices in a lush, semi-tropical land that nevertheless imports most of its basic food. Cuban officials say the Caribbean island paid \$1.47 billion for food imports in 2007, and they expect that figure to rise by \$1 billion this year.

Last week, the government granted farmers and agricultural cooperatives, among others, the right to work more land. "The moves appear significant both politically and economically," international agriculture and sugar industry analyst G.B. Hagelberg said. Leasing of idle state lands to small independent farmers suggests that the government recognizes the key role of the private sector in solving Cuba's food problems and has junked the long-held doctrine of the superiority of large-scale collectivist agriculture," he said.

But Hagelberg, a long-time critic of Cuba's state-dominated agriculture, cautioned that only time would tell if real competition and markets would develop. "It remains to be seen how far producers are freed from bureaucracy and top-down plans in order to unfold their initiative, guided by market signals," he said.

VENEZUELAN NEIGHBORS TO GET MILLIONS IN FOOD AID

Source: Reuters, Marc Frank; August 12, 2008

Venezuelan Agriculture Minister Elias Jaua said on Tuesday his oil-rich country would give \$2 million grants to 18 Caribbean and Central American countries to buy fertilizer for the coming growing season. The grants are part of a Venezuelan-led program to form a multinational company among the so-called PetroCaribe group of nations to produce and distribute food.

Jaua made his announcement at a Havana meeting to map out plans for the food venture, which Venezuelan President Hugo Chavez has said would "create a shield against hunger" in the face of rising food prices. The grants were a protective step to help the countries until the company is operating, Jaua said. "We have decided to assign an initial \$2 million to each member country for the joint purchase of fertilizer for the most urgent needs of the coming planting season," Jaua said.

PetroCaribe is a Chavez project aimed at promoting his vision for area integration as an alternative to U.S. proposals. Through PetroCaribe, Venezuela already provides preferentially financed oil, with some of the money saved on oil going for development projects in the recipient countries. Chavez, a strident U.S. foe and close ally of Cuba, has pledged to put aside 50 cents of every dollar Venezuela earns when oil cost more than \$100 a barrel for the food project. "President Chavez's initiative to provide these funds provides us with some tranquillity and a way we can together tackle the great challenges poor countries face, such as higher prices," Dominican Republic agriculture minister Salvador Jimenez told Reuters.

Jaua said the agriculture ministers and others attending had drawn up statutes and other documents to form the multinational food venture. The proposals will now go to the leaders of the PetroCaribe nations for approval, which is expected by the end of the year, he said. Cuban Vice President Carlos Lage said plans discussed at the meeting included financing, joint purchasing, technical cooperation and "many other" matters.

SUGAR

CUBA SEES CONTINUED GROWTH IN SUGAR PRODUCTION

Source: Reuters, Marc Frank; July 9, 2008

Cuba is investing in sugar cutting combines, trucks and other equipment and retooling mills in preparation for a big jump in output in 2008-2009, the official media said Wednesday.

"The country is planning a 25 percent to 30 percent increase in sugar and molasses for the coming harvest and will meet refined sugar demand," the Juventud Rebelde newspaper quoted Orlando Garcia Ramirez, vice minister of sugar who testified before a parliament hearing on Tuesday.

"It is investing in refineries, distilleries, electrical generation capacity, increasing storage space and introducing high productivity sugar cutting combines," the paper said. Cuba imported 22 Mann combines from Brazil for the just concluded harvest. The harvest runs from December through April when the rainy season begins, but this year mills ground into June due to an unusually dry May. The Cuban harvest is more than 80 percent mechanized and rains hamper cutting machines and trucks entering plantations.

Raw sugar production was 1.5 million tonnes for the just concluded 2007-2008 harvest, compared with 1.2 million tonnes the previous harvest, refined sugar doubled to 200,000 tonnes and molasses for animal feed increased 300 percent, the first increases in output since the industry was downsized by more than 50 percent in 2003. Cuba consumes a minimum 700,000 tonnes of sugar per year, and 400,000 tonnes are destined for China. Sugar Minister Ulises Rosales del Toro said in June that the industry had met all its external and internal obligations, after importing 200,000 to 300,000 tonnes of low-grade refined sugar from Brazil and Colombia in recent years.

Garcia told the parliament hearing 2007-2008 harvest did not meet its 1.6 million tonne plan due to the late arrival of supplies and other milling problems which he said would not occur again. These problems have plagued the state-run industry for a number of years. Nevertheless, Garcia said, foreign exchange earnings were 27 percent more than planned, or \$50 million more, due to higher sugar prices. (Editing by John Picinich)

LA ZAFRA CUBANA QUEDÓ 10% POR DEBAJO DE LA META

Source: El Nuevo Herald; 10 de julio, 2008

La recién concluida zafra azucarera en Cuba quedó 10 por ciento por debajo de su plan previsto, debido a una cadena de insuficiencia en el suministro de insumos y equipos planificados para su realización, indicó este miércoles el Ministerio del Azúcar.

Al inicio de la cosecha de la caña de azúcar "teníamos en Cuba el 59,8% de los abastecimientos de la zafra y el 26,5% de los rodamientos" para los ingenios y equipos, dijo a diputados del Parlamento el viceministro Orlando García. "Tampoco se pudieron importar 160 camiones y 360 remolques previstos, ni reconstruir otros 500 remolques. Se realizó la molienda con el 46% del plan de grasas lubricantes, y las 22 combinadas previstas para incorporarse al inicio, lo hicieron a fines de enero y principios de febrero", agregó.

No obstante, en la zafra se produjo 1,5 millones de toneladas de azúcar, 28,8% más que en la anterior, afirmó. "El aporte en divisas al país se incrementó en un 27%, porque los precios del azúcar fueron superiores a lo que planificamos", dijo. García añadió que para la zafra próxima se prevé un crecimiento de entre 25 y 30% en la producción de azúcar y mieles, además de obtener todo la refinada que precisa la isla, algo que no se logra desde hace más de cinco años. Por su parte, el ministro Ulises Rosales dijo que este año se reactivarán las 90 plantas de derivados de la caña de azúcar que posee el país, las cuales se paralizaron total o parcialmente después de la crisis económica de los años 90.

FOLLOWING FIDEL'S LEAD, CUBA CUTS ETHANOL PLANS

Source: Reuters, Marc Frank; August 6, 2008

Following denunciations of the use of food for fuel by former Cuban leader Fidel Castro, a Cuban official said on Wednesday the Caribbean island is modernizing its sugar industry but that plans to increase ethanol production have been scaled back.

Luis Galvez, director of the sugar ministry's Sugar Cane Derivatives Research Institute, said as sugar output increases, so will derivatives, but in no case at the expense of food. "We are modernizing the sugar industry but in no moment are we going to compete with food," he said in a news conference. Galvez, who announced plans for a derivatives conference in October, refused even to use the word ethanol, stating plans for "alcohol" were reduced due to the market, land use and the country's strategy. "We are producing around 100 million liters and with modernization we are going to double production," he said of the derivative which is used in rum, medicines, cosmetics and as fuel additive. Two years ago, Galvez, opening a conference on ethanol in Havana, was more upbeat about Cuba's ethanol future. "Our country has begun an accelerated drive to increase alcohol production, modernizing existing distilleries and installing new ones to increase by five times installed capacity," Galvez said at the time.

But that was before Castro, who underwent intestinal surgery in July 2006 from which he has not fully recovered, denounced in the newspaper columns the use of food for fuel, charging it was a crime against humanity and billions might starve as a result. Galvez said on Wednesday plans to install new distilleries were scrapped and Cuba would now focus on modernizing seven existing ones, four of which operated this year. Castro resigned as president in February, but remains influential with his brother Raul who took his place. Raw sugar production was 1.5 million tonnes for the just concluded 2007-2008 harvest, compared with 1.2 million tonnes the previous harvest, refined sugar doubled to 200,000 tonnes and molasses for animal feed increased 300 percent, the first increases in output since the industry was downsized by more than 50 percent in 2003.

CUBA LOOKS TO IMPROVE SUGAR MILL PERFORMANCE

Source: Reuters, Marc Frank; Augusto 12, 2008

Cuba set up a commission to improve its antiquated sugar mills after a poor performance this season and in response to increased cane yields, a senior official said. "Since 1998 the Sugar Ministry has had a commission working on cane cultivation and has now set up an industrial group to analyze the principal problems and take necessary measures," Tirso Saenz, president of the Cuban Association of Sugar Industry Professionals, said in a series of national radio interviews.

Cuban raw sugar output increased 24 percent this year to 1.5 million tonnes, the first increase since the state-run industry was downsized by more than 50 percent in 2003. But plans called for 1.6 million tonnes by May and milling had to be extended into June, increasing costs, due to late openings, slow delivery of spare parts and equipment, and repeated breakdowns. "We can't keep losing so much time due to industrial problems during the harvest" Saenz said. "This has to be solved because this year there is still more cane and the tendency will continue." Just eight of Cuba's remaining 65 mills were built after the 1959 revolution, and none since the 1970s and early 1980s.

"It's great they are doing what they can, but in the end the industry is completely decapitalized and needs new mills and foreign investment," a local expert said, asking his name not be used. Ministry officials have repeatedly stated they are open to investment, but to date have preferred financing. When Cuba reorganized the industry it set the goal of raising average yield from 21 tonnes of cane per hectare to a minimum 54 tonnes. The average yield was 28 tonnes in 2006, 36 tonnes in 2007 and 40 tonnes this year, the Sugar Ministry reported.

INVESTMENTS

FOREIGN INVESTMENT PROJECTS IN CUBA DOWN: OFFICIAL

Source: Reuters, Marc Frank; July 9, 2008

Expectations that Cuba's new President Raul Castro would open up the country to more foreign investors have yet to materialize, according to testimony before a parliament commission published. The Communist Party newspaper Granma reported there were less investment projects than when Raul Castro provisionally took over the government in July 2006 for ailing brother Fidel Castro.

Granma, quoting testimony by a senior investment official, reported state companies are involved in 234 joint ventures and 12 cooperative production agreements, involving about 2 percent of the work force. At the close of 2005, the government reported there were 258 joint ventures and 115 cooperative production agreements. In July 2007 Castro called for more foreign investment, especially in agriculture, but to date the only new agreements signed and announced have been with Venezuela or risk contracts to explore for oil in Cuba's Gulf of Mexico waters.

Cuba has formed 24 new ventures with Venezuela, which under socialist President Hugo Chavez, has become Cuba's close ally and major benefactor. Officials say that despite fewer investors, direct investment has increased, as have venture revenues and profits. Foreign Investment Minister Martha Lomas told Reuters earlier this year Cuba remained interested in any offer that dovetailed with its development plans, but only major players need apply.

The Cuban state controls more than 90 percent of economic activity and usually retains more than 50 percent control over joint ventures. Cooperative production agreements generally involve a foreign investor supplying machinery, credits and supplies in exchange for a percentage of profit or product. One of the longest standing ventures, involving Belgian beer giant InBev NV, has been the subject of controversy in its attempt to take over U.S. firm Anheuser-Busch Cos Inc. U.S. law forbids companies from investing in Cuba, though foreign firms with less than 50 percent of their operations in Cuba, may control U.S. firms.

VICE PREMIER RUSO BUSCA NEGOCIOS E INVERSIONES EN CUBA

Source: Reuters, Esteban Israel; 30 de julio, 2008

El vice primer ministro ruso, Igor Sechin, inició el miércoles una visita a Cuba en busca de negocios e inversiones con el ex aliado soviético de la Guerra Fría. La visita de Sechin llega una semana después de que la prensa rusa echó a rodar rumores de un hipotético abastecimiento en Cuba de bombarderos estratégicos rusos. Rusia lo desmintió. "Las relaciones entre La Habana y Moscú avanzan, crece el comercio bilateral, se incrementa el flujo de turistas rusos a la isla y se reactiva la cooperación bilateral", dijo Granma, el diario del gobernante Partido Comunista cubano.

Cuba fue uno de los principales aliados y protegidos de la Unión Soviética hasta su desaparición en 1991. Buena parte de la infraestructura cubana es soviética, desde la maquinaria industrial hasta los aviones comerciales, los autos Lada o el armamento de las Fuerzas Armadas Revolucionarias. El derrumbe de la Unión Soviética sumió a Cuba en una severa crisis económica. Los ex aliados relanzaron sus relaciones en el 2006, cuando Rusia extendió a Cuba un crédito de 355 millones de dólares para comprar automóviles y camiones, además de financiar proyectos de energía e infraestructura.

Cuba, por su parte, se comprometió a invertir 100 millones de dólares anuales en aviones rusos, adquiriendo desde entonces tres Ilyushin Il-96-300 y tres Tupolev TU-204 para renovar su antigua flota comercial. Moscú enterró su reclamo de una deuda de 26.000 millones de dólares de la era soviética y aceptó reestructurar una deuda de 162 millones de dólares desde 1991. Según reportes de prensa, las petroleras rusas Gazprom y LUKOIL estarían interesadas en explorar las aguas cubanas del Golfo de México. Pero LUKOIL, por lo pronto, congeló el mes pasado sus planes de montar una refinería en Cuba, argumentando que retrasos en sus proyectos de producción en Venezuela comprometían el suministro. Sechin, que es además presidente de la petrolera estatal rusa Rosneft, es un cercano aliado del presidente Vladimir Putin.

PRESENTAN GUIA PARA INVERSION EXTRANJERA EN CUBA

Source: Reuters, Esteban Israel; 22 de julio, 2008

Cuba no es una jungla para los inversores, sino un país con leyes detalladas y suficientemente flexibles para abrir en el futuro nuevos espacios al capital extranjero, según un atlas legal presentado esta semana. "Cuba. Regulación de la Inversión Extranjera", editado por la consultora Berger, Young & Associates, es la primera recopilación de leyes sobre inversión en la isla de Gobierno comunista. "Busca darle transparencia a la inversión extranjera. Mucha gente piensa que las decisiones en Cuba son tomadas por capricho y no hay seguridad legal, cuando, en realidad, el marco legal es mayor de lo que imaginan", dijo a Reuters Sebastiaan Berger, uno de los editores del volumen de 928 páginas.

Cuba abrió tímidamente su economía al capital extranjero en la década de 1990 en respuesta a la desintegración de la Unión Soviética, su antiguo benefactor. Tras un período de fuerte centralización, el nuevo presidente Raúl Castro habló de abrir más las puertas al capital foráneo. "La ley de inversión no tiene que cambiar para lo que algunos llaman apertura", dijo Berger, gerente de Ceiba Investments Ltd., un fondo de inversiones de unos 100 millones de euros dedicado a negocios inmobiliarios y turismo en Cuba. "Es, en principio, una muy buena ley que permite tener una empresa 100 por ciento extranjera, la propiedad de un edificio, pagar salarios en pesos cubanos y manejar toda la operación", dijo el abogado holandés que trabaja en Cuba desde hace más de una década.

En su opinión, los límites actuales que dan al Estado una participación del 51 por ciento en las empresas mixtas y sólo ofrecen derechos de uso sobre la propiedad son políticos. "Cuba. Regulación de la Inversión Extranjera" llega mientras aumenta el apetito por invertir en Cuba, embarcada en un proceso de moderados cambios económicos desde que Raúl Castro reemplazó en febrero a su hermano Fidel en la presidencia. Raúl Castro ha eliminado el igualitarismo salarial aplicado durante casi medio siglo y ligó los salarios a la productividad. Además, ofreció más tierras en usufructo a los agricultores y descentralizó la toma de decisiones en el campo. "El problema en Cuba suele ser la velocidad a la que pueden implementarse las cosas. Y ahí es donde la inversión extranjera podría jugar un papel", dijo Berger.

Un buen ejemplo es la agricultura, la clave del diseño de Raúl Castro para sustituir costosas importaciones y darle un respiro a la economía cubana, un sector descapitalizado donde los analistas creen que el capital extranjero podría acelerar los resultados. Según Berger, hay empresas extranjeras que están negociando futuros proyectos agrícolas en Cuba. "Cuba. Regulación de la Inversión Extranjera", una edición bilingüe en inglés y castellano, será vendido al precio de 495 dólares.

CUBA & ITS PARTNERS

ANALYSIS-CUBAN-VENEZUELAN TIES BOOM UNDER RAUL CASTRO

Source: Reuters, Marc Frank; July 21, 2008

Speculation that Cuba's relations with Venezuela, its closest ally, might cool when Raul Castro became president has disappeared as the countries have forged even deeper and broader ties. Some experts thought Raul Castro could not maintain the close relations his brother Fidel Castro had with his socialist protege, Venezuelan President Hugo Chavez, but the oil-rich South American country is investing billions of dollars in Cuba in increasingly complex ventures.

The two revolutionary allies aim to use the projects to reshape Latin America's political map by showing there is an alternative to capitalism and its main proponent, the United States. They have an oil-for-services deal in which Venezuela ships 92,000 barrels a day to Cuba in exchange for the services of thousands of Cuban doctors and other technical assistance. But they also reported more than 300 cooperation projects in 2007 and Venezuelan banks are financing 58 Cuban manufacturing programs and more than a dozen agricultural development schemes.

"Since the beginning, both Fidel Castro and Hugo Chavez have been determined to move the relationship between their countries beyond the oil-for-doctors swap and toward something that is much broader and has the potential for sweeping regional impact," said Dan Erikson, a Caribbean expert at the Inter-American Dialogue policy group in Washington. "Raul Castro is strongly interested in moving beyond an alliance built on personalities by creating sustainable, institutional arrangements, and this has helped to cement the Cuban-Venezuelan relationship," he said.

Venezuela, which is benefiting from high oil prices, is buying new rice harvesters and irrigation systems in central Cuba, upgrading fertilizer manufacturing and building new factories in the eastern city of Santiago. The two countries have also signed some 30 joint ventures, most of which were sealed after Raul Castro first stepped in for his ailing brother two years ago. Some are huge by Cuban standards. A \$5 billion petrochemical complex under construction around a renovated oil refinery in Cienfuegos, 150 miles (250 km) southeast of Havana, represents more direct investment than hundreds of Western businesses put into Cuba between 1995 and 2000.

There are an assortment of other oil-related ventures, from pipelines and refinery expansions to shipping and port renovations. A nickel plant in eastern Holguin province is getting a \$700 million upgrade and will ship its product to Venezuela to be processed into stainless steel by a joint venture in which Cuba has a 49 percent stake. New ventures are also underway in telecommunications, fishing, agriculture, boat building, railways and cement. The two countries' economic ties are cloaked in secrecy, but Cuban President Fidel Castro valued them at \$7 billion per year just before he took ill in July 2006 and provisionally handed power to his brother. Too ill to return to power, Fidel Castro resigned in February and the National Assembly formally elected Raul Castro president.

Most of the joint energy projects aim to serve PetroCaribe, a Venezuelan initiative that provides preferentially financed oil to 15 Caribbean and Central American countries. For Cuba, its state-run economy worn down by inefficiency, 46 years of a U.S. trade embargo and dealt a severe blow by the collapse of its former Soviet benefactors, Venezuela's help has brought welcome improvements. Daily life in Cuba remains difficult by Western standards, but there are fewer blackouts, subsidized buses are back on the roads, health clinics, schools, waterworks and highways are being upgraded and more housing built.

The danger, experts said, is that Cuba becomes as dependent on Venezuela as it did on the Soviet Union during the Cold War. "For Cuba it is the best deal in town. However, it of course implies dangers, as Cuba becomes dependent on Chavez staying in power and remaining as generous as he is at present," said Cuba specialist Bert Hoffmann at the German Institute of Global Area Studies in Hamburg

COMERCIO ENTRE MÉXICO Y CUBA AUMENTÓ MÁS DE 75% EN PRIMER TRIMESTRE

Source: EFECOM; 22 de julio, 2008

El comercio entre Cuba y México aumentó "entre el 75 y el 84 por ciento" en el primer trimestre de 2008 con respecto al mismo periodo del año anterior, informaron hoy fuentes oficiales mexicanas en la capital cubana.

El embajador de México en Cuba, Gabriel Jiménez Remus, indicó en rueda de prensa que ese fue el incremento del comercio -sin precisar cifras totales-, aunque lamentó que el comercio bilateral diste aún mucho del volumen previo a la crisis abierta entre los dos países durante el Gobierno de Vicente Fox (2000-2006). "Lo fundamental ahora es (...) incrementar nuestra balanza comercial. En estos cinco o seis años nuestra balanza declinó ostensiblemente", dijo el embajador. Jiménez Remus destacó que el comercio bilateral llegó a estar en el orden de los 600 ó 700 millones de dólares anuales. "Hasta hace un mes o un par de meses nuestra balanza comercial no llegaba a los 200 millones de dólares", dijo, y agregó que México ha pasado de ser el tercer proveedor de la isla a no estar entre los diez primeros.

Para el embajador, uno de los principales retos de México en Cuba es incrementar la relación económica y "buscar empresarios mexicanos" que inviertan en Cuba, ya que en la actualidad "es muy importante bajo muchos aspectos la colaboración de México". En ese sentido comentó las posibilidades que ofrecen sectores como el de las infraestructuras. "No será fácil de capturar el mercado cubano porque lo perdimos, entonces es un reto el volver a capturarlo", dijo. De acuerdo con datos de la Oficina Nacional de Estadísticas de Cuba, el comercio bilateral con México fue de algo más de 273 millones de dólares durante 2006.

RUSSIA DELEGATION DISCUSSING IN CUBA TRADE RELATIONS EXPANSION

Source: Itar-Tass; July 31, 2008

Russia's delegation headed by Vice Prime Minister Igor Sechin is discussing here a wide range of issues related to the expansion of trade-economic relations between Cuba and Russia. On the first day of the visit on Wednesday Sechin held a number of important meetings with Cuban government officials.

Sechin who co-chairs the Russia-Cuba Intergovernmental Commission, met Executive Secretary of the Cuban Council of Ministers Carlos Lage and held talks with Minister of the Cuban government Ricardo Cabrisas who heads the commission from the Cuban side. The sides are discussing projects the implementation of which "will signify a new stage in cooperation between the two countries in the trade-economic sphere," Russian Ambassador to Cuba Mikhail Kamynin told Itar-Tass in an interview. According to him, "it is very important that working groups on specific directions have been created by decisions of the co-chairs of the Intergovernmental Commission that convene in various ministries of Cuba."

The two countries' officials are considering prospects for the development of cooperation in the sphere of energy, tourism, transport, the ore mining industry, agriculture, and in the banking sphere. Among the Russian delegation members that arrived in Cuba are Minister of Communications and Mass Media Igor Shchyogolev, Education and Science Minister Andrei Fursenko and Energy Minister Sergei Shmatko. Kamynin noted that about 60 businesspeople, including the "captains" of the Russian business, are also taking part in the talks with the Cuban partners on various spheres. Sechin on Thursday plans several more meetings with Cuban officials. At the same time the two countries' delegation members will continue work on commissions that consider the most promising spheres of bilateral cooperation.

According to a Prensa Latina report, Sechin, who heads a visiting delegation to Cuba, called to enhance bilateral economic and trade ties with the Caribbean Island. Sechin, also co-president of the Russian Intergovernmental Commission for Economic, Trade, Technical and Scientific Collaboration, and his delegation met with Cuban Government Minister Ricardo Cabrisas. Sechin said the key principles of bilateral cooperation are simple and represent long-standing bilateral collaboration based on both sides' interest to honour previous agreements and economic and trade projects, according to the report. Cabrisas also said that this meeting would help assess mid and long-term ties, for mutual benefit and respect for the respective interests. As priorities to expand ties he mentioned, among other, oil, tourism, health, transportation, nanotechnology, shipbuilding, professional training, and others, according to Prensa Latina.

Cabrisas said the Russian delegation excels for its quality, since it covers the most sensitive sectors in economic, financial and trade ties. During his stay, Sechin will also meet other Cuban government officials and visit the Centre of Genetic Engineering and Biotechnology, and the University of Computer Sciences. He will also tour Energy stations in North Havana and visit Varadero beach resort, it said. This visit by the Russian vice prime minister is considered an example of the active dialogue between the parties, increasing exchange, and reactivation of bilateral cooperation. Also present in the Intergovernmental Commission meeting were Cuban Minister for Foreign Investment and Economic Collaboration, Marta Lomas and other officials in their respective missions, according to the report.

CUBA SAYS U.S. CLIMBS TO 5TH LEADING TRADE PARTNER

Source: Reuters, Jeff Franks, Tom Brown and bill Trott; August 14, 2008

The United States ranked among communist Cuba's top five trading partners for the first time in 2007 despite the decades-old U.S. trade embargo, as U.S. agriculture sales increased by \$100 million. Trade data for 2007 posted on the Web site of Cuba's National Statistics Office (www.one.cu) placed the United States fifth at \$582 million, compared with \$484 million in 2006, including shipping costs.

The United States, which began selling food to Cuba in 2002 under an amendment to the embargo, placed seventh in 2006 and 2005. Revolutionary ally Venezuela and communist China were Cuba's top trading partners at \$2.698 billion and \$2.457 billion respectively, with Canada placing third and Spain fourth, each at more than \$1 billion. Before the 1959 Cuban revolution that swept Fidel Castro into power, the United States was Cuba's top trading partner by far. In 1962, the United States imposed a trade embargo still in place today. Cuba's total trade in 2007 was \$13.8 billion, with exports of \$3.7 billion and imports of \$10 billion. The U.S. food trade is expected to grow this year due to high prices for Cuban imports such as corn, wheat, soy and chicken. "The economic logic of U.S.-Cuba trade is so powerful that it trumps political hostilities," said Dan Erikson, a Caribbean expert at the Inter-American Dialogue policy group in Washington. "If the embargo were lifted then a flood of trade and investment would pour into Cuba, transforming both the economies of Cuba and South Florida in the process," Erikson said.

The Cuban government and embargo foes in the U.S. Congress argue that lifting the trade embargo entirely would result in the United States grabbing a much larger share of Cuba's trade and increasing its influence in Havana. But the Bush administration and Cuban American representatives in Congress argue trade would prop up the Castro government and that profit should not come before freedom. (For the statistical office's tables on trade, please go to: <http://www.one.cu/aec2007/datos/8.3.xls>; for more official data on Cuba's economic performance in 2007, please go to: <http://www.one.cu/aec2007/esp/20080610index.html>)

VIETNAM, CUBA TO COOPERATE IN ENERGY, MINING

Source: Asia in Focus; August 29, 2008

Vietnam and Cuba signed cooperation agreements in oil and gas, power, mining and metallurgy in Havana, Cuba on August 27, during Minister of Industry and Trade Vu Huy Hoang's two-day visit to the country. During their talks, Minister Vu Huy Hoang and Cuba's Minister of Basic Industry Yadira Garcia said the cooperation between the two countries in oil and gas has yielded good results, especially after the Cuban minister's visit to Vietnam last September.

Minister Garcia said Cuba wants to share its experience with Vietnam in power saving, fertilizer and herbicide production, and mining technology. Minister Vu Huy Hoang highly valued the Cuban government's assistance in implementing a joint project between the Vietnam National Oil and Gas Group (PVN) and Cuba's National Petroleum Company (CUPET) to explore oil and gas in the gulf of Mexico and on land.

IMPORTS & EXPORTS

VENEZUELA Y CHINA MAYORES SOCIOS DE CUBA, MIENTRAS CANADA SUPERA A ESPAÑA

Source: EFECOM; 14 de agosto, 2008

Venezuela y China siguen siendo los principales socios comerciales de Cuba, mientras que Canadá desplazó en 2007 a España de la tercera posición, según información oficial divulgada hoy en las páginas de Internet de la Oficina Nacional de Estadísticas (ONE).

El comercio de Cuba con Venezuela sumó 2.698 millones de dólares, con China llegó a 2.457 millones, con Canadá 1.412 millones y con España 1.154 millones. De acuerdo con ese sitio oficial (www.one.cu), en 2007 las importaciones cubanas llegaron a 10.083 millones y las exportaciones alcanzaron 3.701 millones, con un saldo comercial desfavorable de 6.381 millones.

Estados Unidos, que mantiene un embargo comercial sobre Cuba desde hace casi medio siglo, pero permite la venta de alimentos desde 2002, se convirtió el año pasado en el quinto socio comercial de la isla al venderle mercancías por 582 millones de dólares (484 millones en 2006). Por regiones, la página www.one.cu destaca que Cuba importó de Europa en 2007 productos por 2.659 millones de dólares y exportó a ese bloque 897 millones. Entre los principales productos de exportación de Cuba destacan el níquel, el azúcar con sus derivados y el tabaco. El siguiente es el detalle en millones de dólares de las importaciones y las exportaciones cubanas con sus principales socios comerciales en 2007:

País	import.	export.	total
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Venezuela	2.245	453	2.698
China	1.527	930	2.457
Canadá	437	975	1.412
España	983	171	1.154
Estados Unidos	582	n.d.	

NÍQUEL Y FÁRMACOS ENCABEZAN LAS EXPORTACIONES

Source: Agence France Press; 15 de agosto, 2008

Las exportaciones cubanas de níquel en el 2007 llegaron a los \$2,153 millones, lo que consolida al mineral como líder de las ventas de bienes, con un crecimiento de 35 por ciento respecto de los 1,403 millones del 2006, según datos publicados ayer.

En su informe, la Oficina Nacional de Estadística no incluye para el pasado año la cantidad vendida de ese mineral, cuya principal planta en Moa (este) forma parte de una empresa mixta con Sherritt, de Canadá. La exportación de medicinas y fármacos se ubicó en segundo lugar con \$289 millones (contra \$306 millones en el 2006), seguido del tabaco \$236.3 millones (\$245.9 millones en el 2006) y el azúcar \$193.2 millones (\$215.8 millones en el 2006).

El azúcar exportada fue de 738,197 toneladas, contra 706,714 en el 2006, y 1,827,440 en el 2004, cuando los precios inferiores sólo permitieron captar \$267.7 millones. El comercio total de bienes de Cuba en el 2007 fue de \$13,784 millones (\$12,422.5 millones en el 2006), de los cuales \$3,701.4 millones (\$2,924.6 millones en el 2006) corresponden a exportaciones y \$10,082 millones (\$9,497.9 millones en el 2006) a importaciones. Sin embargo, el continuo crecimiento de las exportaciones de servicios cubanos -médicos y asesorías deportivas- continuó en el 2007 para llegar a \$7,951.8 millones (\$6,667.4 millones en el año 2006).

CUBA CURRENT ACCOUNTS SWINGS TO A SURPLUS IN 2007

Source: Reuters, Marc Frank; August 15, 2008

Cuba's broadest gauge of its foreign trade swung to a \$488 million surplus in 2007, helped by a surge in service exports which have traditionally included health care provided in Venezuela, official statistics showed on Thursday.

The current account balance of payments moved to a surplus in 2007 from a \$215 million deficit in 2006, as net service exports last year reached \$7.8 billion, helping offset a trade deficit of about \$6.2 billion, as gauged by current prices, according to data on National Statistics Office's Web site. The current account, the broadest measure of any country's external transactions, can play a key role in augmenting or diminishing a country's foreign currency reserves.

Cuba does not specify what it includes within the service export category, though on various occasions officials have said tourism and related revenues, the export of medical and other technical services and donations all fall within it. Besides trade in goods and services, like tourism, the current account also includes financial transfers like profit repatriation and interest payments. The statistical office's data Thursday only provided data on current account's tally of trade in goods and services.

Last year, Cuba's exports of goods totaled about \$4 billion compared with \$3.2 billion in 2006, as tallied by current prices. Total imports of goods reached \$10.2 billion compared with \$9.5 billion in 2006. Analysts say strengthening prices of nickel, Cuba's leading export, have helped boost overall exports. Service exports were about \$8 billion in 2007 at current prices, compared with about \$6.7 billion in 2006. Service imports were \$215 million in 2007 compared with \$211 million in 2006.

VENEZUELA TO THE RESCUE?

Government sources and local analysts say that in recent years net service income has been mainly due to offering services like health care to leftist ally Venezuela. That has enabled Cuba to more or less balance its external finances despite a huge trade deficit, begin paying debts contracted since 1991 and register strong growth after years of crisis that followed the demise of the Soviet Union. Non-tourism related service exports began their dramatic increase after a 2004 accord with Venezuela, under which the oil-rich South American country pays for massive health and other assistance.

In that year, service exports were just under \$4 billion, of which more than half were from tourism and related activities, at current prices. Imports were \$5.5 billion and income from non-tourism services, such as sending doctors overseas, of around \$1.5 billion. The National Statistics Office has separately reported the 20 percent jump in service exports in 2007 was not related to tourism revenues, which stagnated at \$2.2 billion. Revenues from pharmaceutical and other joint ventures abroad may also be included, according to local economists, as well as the training of foreign students.

For the statistical office's table on the current account, please go to:

<http://www.one.cu/aec2007/datos/5.16.xls>

For more official data on Cuba's economic performance in 2007, please go to:
<http://www.one.cu/aec2007/datos/5.1.xls> (Editing by Walker Simon)

CUBA PRESIDENT TO LET PRIVATE CONTRACTORS WORK IN TRANSPORT SECTOR

Source: AFP; July 10, 2008

President Raul Castro will allow private contractors back into Cuba's transport sector, after almost a decade on the sidelines, to try to jumpstart the stalled system, official media reported. Private drivers were barred from operating in the Americas' only one-party communist regime back in 1999 with no explanation, sparking outrage from drivers.

Their work was first made legal during a brief foray into a market-minded opening up in the 1990s - after the collapse of the former Soviet bloc that subsidized Cuba's food and energy - when many forms of self employment were permitted. Backtracking later ensued on most. But Transport Minister Jorge Luis Sierra said on state media late Tuesday "a decision has been made, and is going to be implemented in the coming days" to relegalize private operators, if not in a format seen before. "There will be two types of licenses: on the one hand, rural transport and on the other in some urban areas," Sierra said on Radio Rebelde.

Licenses "will be approved one at a time, the fuel will be given (to the operator), prices will be set a route will be set and a schedule. It's as if it were a public bus," Sierra told lawmakers set for their first working session since Raul Castro took Cuba's helm. The session starts Friday. Sierra said Havana planned to spend \$2 billion on public transport improvements, about a quarter of which would be for 5,000 buses, mostly from China. Though Cuba has been importing buses, it still has a shortage. And if urban areas are underserved, many rural areas are barely served at all.

It is the latest reform by Castro since he officially became president in February succeeding his ailing brother Fidel, 81. But social and economic reforms have been cautious, and there has been no sign of opening up to any political pluralism. Raul Castro has allowed Cubans to buy computers, own mobile telephones, rent cars and spend nights in hotels previously only accessible to foreigners - if they can afford such luxuries. The average salary is the equivalent of about \$17 a month.

In his last reform move, Raul Castro announced last month that the government was scrapping salary caps long meant to underscore egalitarianism but which his administration says hurt productivity. He also has implemented reforms that give farmers better pay and more flexibility to buy farming equipment, a move designed to lessen the impact of the world food crisis. The younger Castro brother, 77, also has commuted 30 death sentences, released some political prisoners, and signed human rights accords.

In addition, television has fewer taboos and Granma, the venerable Communist Party mouthpiece, has taken to publishing grievances from residents. But on the political side, Raul Castro's government has stood firm. Just last week Cuba rounded up and detained more than 30 dissidents after accusing the U.S. of "instigating" opposition to the Communist regime, a top rights activist told AFP. As many as 35 people were arrested and around 70 targeted in all, but most have now been freed, economist Martha Beatriz Roque of the rights group Agenda for the Transition said Saturday. Late last month ailing longtime Fidel Castro strongly denied rumors that he was the leader of a faction of hardline Communists disgruntled about reforms introduced in Cuba since his brother Raul succeeded him.

CUBA RECIBE LOCOMOTORAS DE CHINA Y ESPERA OTRO LOTE DE RUSIA

Source: Reuters, Nelson Acosta; 23 de julio, 2008

Cuba recibió 11 locomotoras de las 100 contratadas con China y espera este año otro lote de 28 procedentes de Rusia para impulsar el deteriorado sector del transporte ferroviario, informó el miércoles la prensa oficial. En la isla se habían recibido en mayo 65 vagones ferroviarios de carga y de pasajeros de Irán, y se importaron en abril 12.000 motores diesel de Pekín, en un intento por ahorrar combustible frente a los elevados precios del petróleo. "Estas locomotoras forman parte de un lote de 100 contratadas con la República Popular China: 40 llegarán en los próximos meses y las restantes en el 2009. Para ese año se espera también la entrada de otras 28 locomotoras rusas," dijo en portada el diario Granma, del gobernante Partido Comunista.

El viceministro cubano del Transporte, Antonio Puente, dijo que se ultimaban detalles para la puesta en marcha de las 11 locomotoras chinas, destinadas desde la próxima semana a la transportación de combustibles, cemento, contenedores y alimentos, según Granma. El transporte de carga y pasajeros es uno de los principales desafíos del gobierno del presidente Raúl Castro. Según cifras oficiales, Cuba invirtió más de 1.000 millones de dólares en los últimos tres años en la compra de autobuses, locomotoras, motores diésel y vagones ferroviarios para impulsar el transporte, un sector que tocó fondo con la crisis económica generada en la década de 1990 tras el colapso de la Unión Soviética, su mayor socio comercial en aquel entonces.

Venezuela, principal aliado político y económico de La Habana, extendió en el 2007 un crédito de 100 millones de dólares para modernizar las dañadas vías férreas. En tanto, Irán otorgó en el 2007 un crédito de 267 millones de dólares para la compra de vagones de tren. "El proceso de reorganización y recuperación del transporte ferroviario iniciado tres años atrás, abarca importantes inversiones, entre ellas: 150 planchas portacontenedores, 200 tanques de combustible, 100 ferrosilos de cemento e igual número de casillas ferroviarias," dijo Granma. Cuba había adquirido las primeras 12 locomotoras de China en enero del 2006.

PHARMACEUTICALS

PHARMACEUTICALS NO. 2 ON CUBA'S EXPORT LIST

Source: EFE; July 20, 2008

Cuba's pharmaceutical industry generated \$350 million in exports in 2007, ranking second in foreign sales behind nickel and coming in ahead of traditional products such as tobacco, rum and sugar, the official press reported. "According to figures from the Basic Industry Ministry's pharmaceutical group, Cuba earned some \$350 million in 2007 from the sale abroad of some 180 medicines," including both generic and biotechnology products, Bohemia magazine said in its online edition. Cuba's pharmaceuticals line-up includes vaccines for type B meningococcal meningitis, hepatitis B and influenza, as well as Heberprot P for the treatment of diabetic foot ulcers and interferon.

Bohemia noted "the close linkages in innovation, development and production between the extensive network of research centers and the medicine plants" in Cuba, adding that "unlike traditional exports," the production of medicines and medical equipment is "a particularly strong option" for the domestic economy. Cuba's pharmaceutical industry plans to open three new plants this year for the production of ampules, syringes and freon-free aerosols.

In 2006, Cuba's biotechnology industry, according to official figures, exported 38 medicines to 40 countries, generating sales of more than \$50 million. Currently, the island has joint ventures with South Africa, India and China, as well as technology transfer agreements with Brazil and Iran, and joint development deals with several countries, among them Venezuela, Vietnam and China.

DESARROLLA CUBA VACUNAS TERAPÉUTICAS CONTRA ALERGIAS

Source: Notimex; 6 de agosto 20, 2008

Las primeras vacunas cubanas para alergias con carácter terapéutico figuran entre los logros del Centro Nacional de Biopreparados, BioCen, informaron hoy autoridades del Ministerio de Salud Pública.

Dichos fármacos ya están certificados y se elaboran para el tratamiento del asma y otros tipos de alergia causados por el ácaro del polvo con una elevada efectividad y que llevan el nombre de Valergén, indicó la fuente. Investigadores de BioCen, que cumplirá la próxima semana el 16 aniversario de su creación, dijeron que continúan sus trabajos para obtener nuevos productos alérgicos para la atención de dolencias provocadas por alimentos. Previo a su anuncio, BioCen inició el desarrollo de diagnosticadores de carácter industrial a fin de detectar las causas de las alergias, ya que anteriormente cada especialista las fabricaba de forma artesanal.

El gobierno cubano sostiene que, pese al embargo económico de Estados Unidos, el Estado cubano garantiza gran parte de los medicamentos necesarios por la población, para lo cual prosigue la ejecución de un amplio plan de inversiones. La viceministra de la Industria Básica, Deysi Pineda, informó en julio pasado que Cuba produce 557 tipos de medicamentos, incluidos 421 elaborados por la Industria Química Farmacéutica; y el resto por instalaciones del polo científico, en el este de La Habana.

TOURISM

INGRESOS TURISTICOS DE CUBA CRECIERON 20% EN EL PRIMER SEMESTRE

Source: Agence France Presse; 30 de julio, 2008

Los ingresos turísticos de Cuba crecieron un 20% de enero a junio de 2008 frente a igual período del año anterior, mientras que el número de visitantes aumentó casi un 15%, entre ellos rusos y polacos, se informó este miércoles oficialmente. "También avanza la recuperación del turismo" dijo el presidente Raúl Castro el 26 de julio y agregó que "algo muy importante: se han reducido los costos en que se incurre por cada dólar de ingresos".

Según la Oficina Nacional de Estadística (ONE), los ingresos por diferentes conceptos pasaron de 895 millones de dólares (814 millones de pesos cubanos convertibles, CUC) en el primer semestre de 2007 a 1.070 millones de dólares en igual período de este año (980 millones CUC), un 20,4% más. Por rubro, los ingresos crecieron así: alojamiento (30,1%), comercio minorista (8%), restaurantes y cafeterías (19,6%), transporte (14,7%) y recreación (33,5%).

El número de visitantes pasó en el mismo período de 1.166.342 a 1.339.656, o sea, un 14,9% más, encabezados por los canadienses, que llegaron a 539.103, un 28,5% de crecimiento. Sin embargo, la llegada de turistas italianos, alemanes, franceses y mexicanos fue menor que en 2007, pero los rusos llegaron a 20.401 (32,3% más) y los polacos a 11.594 (110% más).