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## **BUROCRATISMO EN CUBA FRENA LA REFORMA DE RAUL CASTRO PARA EL SISTEMA DE SALARIOS**

Source: Gerardo Arreola, LaJournada; 10 de mayo de 2009

Resistencias y burocratismo frenan la reforma impulsada por el presidente Raúl Castro en el sistema de salarios, que busca aumentar los ingresos, sin límite máximo, según la productividad de cada trabajador, indicaron reportes de prensa. La reforma tenía que aplicarse desde diciembre pasado, pero “está tropezando con resistencias, obstáculos e incomprensiones”, dijo la revista Bohemia en un amplio informe. El nuevo sistema busca eliminar el “igualitarismo”, la fórmula por la cual todos los empleados de una categoría ganan lo mismo, sin importar cuánto rinda cada uno. En los últimos dos años Castro ha reconocido que en Cuba el salario no alcanza para vivir, mientras que, al mismo tiempo, se puede vivir sin trabajar, gracias a los subsidios públicos. La televisión tiene una campaña permanente contra el que no trabaja y la prensa hostiliza el incumplimiento de la jornada, la ineficiencia de los empleados y el maltrato al cliente. Las oficinas estatales de atención al público ampliaron sus horarios para permitir que los trabajadores hagan sus trámites sin abandonar su puesto. “Estamos en un círculo vicioso”, dijo el economista Lázaro González, citado por la revista. “No aumentamos el salario porque no hay producción y no hay producción porque no aumentamos el salario”. La meta del plan oficial es detonar la productividad como la pieza clave para devolverle sentido al salario, mejorar el nivel de vida de los trabajadores y sustituir importaciones. Pero “en los últimos ocho años la productividad ha crecido en Cuba a menor ritmo que el salario medio, una tendencia insostenible a largo plazo”, dijo Bohemia. González estimó que la reforma no conseguirá su objetivo y propuso, en cambio, aplicar el nuevo sistema paulatinamente y por sectores fundamentales, como la agricultura y la industria alimenticia, “con requisitos”. La investigación de la revista mostró que muchas empresas no han dado siquiera el primer paso de la reforma, un estudio técnico que fije las cuantías de su producción y la escala de salarios y están pagando nóminas con el sistema anterior, sin explicarlo a los trabajadores. Como ejemplo de lo que ocurre, el reporte citó a la fábrica de calzado Nguyen Van Troi, la mayor de su tipo en el país, donde sus directivos declararon que el sistema ya estaba en vigor, pero hubo trabajadores que dijeron desconocer siquiera la existencia del nuevo mecanismo. Bohemia descubrió que lo que estaban aplicando en la empresa es una forma de pago de “destajo colectivo”, donde se vincula el salario a la producción, pero no por el rendimiento de cada trabajador, sino de toda la planta. En otros casos, “esta realidad se agrava por el malsano hábito de no pocos funcionarios de engavetar documentos y leyes o de estudiarlos con displicencia”, señaló la revista, que citó el caso de unos talleres ferroviarios donde los directivos dispusieron pagar un máximo de 120 horas de trabajo por quincena. En contraste, la publicación citó a la terminal de ómnibus Villa Mariana, de la oriental provincia de Camagüey, donde “el incremento salarial depende del sobrecumplimiento en los viajes y de la recaudación”, según dijo el mecánico Roberto Gómez García.

## **CUBA DOLLAR TAX REVEALS COMPLEXITY OF TRADE EMBARGO**

Source: Marc Frank, Reuters, Havana; May 18, 2009

If you stand lookout from the housing projects along the back highway to Havana's Jose Marti International Airport, you will eventually witness a motorcade of Transval (Cuba's Brinks) armored vehicles speeding toward the airport, surrounded by the flashing lights of police cars and motorcycle cops. Americans, unlike tourists from other lands, can not use credit cards drawn from U.S. banks in Cuba. They have to use cash because Cuban banks are prohibited from any banking relations with their U.S. counterparts. (Getty Images)Cuba's government is moving cash, mainly U.S. dollars, to somewhere on the planet where a bank has agreed to process the bills for a few percentage points above normal exchange rates. Americans, unlike tourists from other countries, cannot use credit cards drawn from U.S. banks in Cuba. Americans must use cash, because Cuban banks are prohibited from any banking relations with their U.S. counterparts. The catch 22: Under the U.S. trade embargo, it is also illegal for Cuba to use dollars or for anyone anywhere to do business with the country in U.S. currency. "The U.S. embargo prohibits Cuba from using dollars for any reason. Therefore, remittances

come here, American travelers come here, it doesn't matter who it is with dollars, they change them into Cuban money," said Kirby Jones, president of the Washington-based Alamar Associates, which consults on doing business with Cuba and the embargo.

## **CUBA'S ECONOMY TO FALTER IN 2009 – CUBAN EXPERTS**

Source: Marc Frank, Reuters; May 18, 2009

- \* Cuban economy seen growing little, may shrink in 2009
- \* Global crisis, storms, low productivity hurt economy
- \* Government warns of blackouts to curb energy use

A Cuban university think-tank said on Monday Cuba's economy would grow only slightly or shrink in 2009 as the island's financial problems persist against the backdrop of a global downturn. The forecast followed increasingly strident warnings in recent weeks in Cuba's state-run media that Cubans must tighten their belts and work harder to confront the impact of the international financial crisis. "Our forecast (for 2009) is for growth to be around 1 percent," said an economist at the Center for the Study of the Cuban Economy who requested anonymity. "But it could fall anywhere between a range of negative 0.5 percent and positive 2.5 percent," he said. Unlike other economic think-tanks which depend on government ministries in the communist-run nation, the Center for the Study of the Cuban Economy is attached to Havana University. The forecast by the center, whose projections have been more accurate than those of the government in recent years, was the latest sign that after four years of strong growth the Cuban economy was in serious decline. Foreign businessmen and diplomats have been complaining they are not getting paid by the Cuban government, while banks have warned they have very little foreign exchange in hand. On Monday, the ruling Communist Party's newspaper, Granma, repeated warnings that Cubans were using too much energy and that electricity blackouts to cut consumption were imminent. "The spendthrift mentality that persists in many of us, as if nothing was happening around us, has become more intolerable in these moments," it said in an editorial. Cuba's government has projected growth of 6 percent this year but cautioned that the international climate was too unstable to make a solid prediction.

### **EXTERNAL, INTERNAL FACTORS**

Last year, Cuba's economy, as measured by the gross domestic product, grew 4.3 percent, less than the study center's forecast of 5.1 percent and well below the government's original prediction of 8 percent. In 2007, the center said growth would be 8 percent, compared with the government's 10 percent, and in the end GDP increased 7.3 percent. Pavel Vidal, an economist at the center, recently wrote in an article for International Press Service that growth would be down this year due to both external and internal factors. He said Cuba would continue to suffer the effects of last year's dramatic increase in the trade deficit, which rose 70 percent due to high prices for imports and low prices for nickel, Cuba's main export. While Cuba's difficulties were compounded by the global financial crisis and three hurricanes that caused widespread damage, he said Cuba also suffered from low productivity and little diversification of exports. Cuba has greatly increased "service exports," especially to Venezuela where thousands of doctors and other personnel are working, but the income has little multiplying effect inside the island, he wrote. In 1991, the collapse of the Soviet Union, Cuba's biggest benefactor at the time, cut off Soviet subsidies to the island and sent the Cuban economy into a tailspin from which it took years to recover. Electricity blackouts were common then.

## **CUBANS INCREASINGLY NERVOUS ABOUT ECONOMY**

Source: Raquel Martori., EFE; May 25, 2009

The global recession is beginning to have an impact on the daily lives of already hard-pressed Cubans, who view with concern the calls for austerity that come from Gen. Raul Castro's government. Maria Elena, an accountant who works in a state-run firm, told Efe on Monday that several weeks ago the government began taking measures to reduce electricity consumption, with greater controls and cutbacks in the allotments of fuel. Restaurant employee Norberto Sanchez said he prefers "to wait to see what happens." "I'm ready for what may come. In the end, for years we've been getting ready to survive in times of crisis," he added. Many Cubans fear that the worst years of the "special period" are

returning, a euphemism for the acute crisis the country suffered after the 1991 collapse of the Soviet Union, which had generously subsidized the communist regime in Havana. Susana, 51, a professional worker who retired due to ill health, said that that period was "very hard" for her, adding that now she does not have "the same energy to confront a similar situation." "I remember the bitter experience of the scarcity and the long blackouts," she added. The Cuban economy worsened over the past year with three hurricanes that caused losses of \$10 billion, the rise in prices of imports, the fall in exports and the reduction in revenues from tourism and remittances. The government announced "exceptional measures" to be implemented on June 1 to save fuel, with an eye toward avoiding a new program of blackouts. Economy and Planning Minister Marino Murillo warned that the economic growth of 6 percent that the government had expected for 2009 "will not be achieved," saying that now Havana is only expecting around 2.5 percent growth. Murillo also said that "there will be restrictions on consumption" because of the crisis, although he said that "nobody is going to remain vulnerable." Opposition economist Oscar Espinosa Chepe says that the symptoms of economic deterioration have been noted for months, due to the roughly two decades of the "special period" and the three recent hurricanes. He added that the world crisis was hitting a country "submerged in a decades-long crisis and punished by natural phenomena." Gisela Delgado, with the opposition group Agenda for the Transition, told Efe that "it's clear that in Cuba there has been an economic crisis for some time." "Calling on people ... for awareness about electricity consumption is due to the fact that there's no money to buy petroleum," she added. "A while ago, one could see the scarcity of products even in the hard-currency stores and in the agricultural markets the products have gotten more expensive," she said, going on to predict that in the coming months there will be "great shortages for the public and there will be other measures that they will have to take so that chaos doesn't result." Cuba uses two currencies: the ordinary peso, worth less than 4 cents, and the convertible peso, or CUC, which is equivalent to \$1.08. While salaries are paid in ordinary pesos, hard-currency stores accept only the CUC.

#### **CUBA SOUNDS SUMMER ENERGY ALARM, PLANS BLACKOUTS**

Source: Andrea Rodriguez, AP; May 27, 2009

Cubans are in for an especially hot summer under an energy saving plan that could shut off air conditioners at work and require Saturday-morning blackouts at home, according to an unpublished government directive obtained by The Associated Press. The plan, signed by new Economics Minister Marino Murillo and circulating Tuesday among government offices and state companies, also calls for large-scale vacations for government workers. The measures are necessary, it says, to conserve petroleum used to generate electricity during the Caribbean nation's sweltering summer months. The directive says the government is alarmed by unexpected increases in petroleum use this year and the "exceptional measures" will take effect Monday. It says 40,000 extra metric tons of petroleum were used during the first three months of the year to cover an unplanned 3 percent increase in electricity over what was projected for that period. Residential electrical use can often triple in the summer because of fans and air conditioners. The island produces about half its oil and receives the rest from Venezuela on highly preferential terms. Most of Cuba's electricity is generated by crude. Conservation plans will be prescribed for each province, and every government department must file a daily report on electrical use. The directive says blackouts should not be scheduled during regular cooking times, to minimize the impact on homes. In addition to disconnecting air conditioners at workplaces, lighting at some businesses will be shut off. Official Cuban media in recent days have called for workers to labor harder and not waste petroleum and other resources.

#### **CUBA LOWERS 2009 GROWTH PROJECTION TO 2.4 PERCENT**

Source: AP; May 24, 2009

Cuba is revising its economic growth forecast to 2.4 percent, down from its original projection of 6 percent for the year. Economy Minister Marino Alberto Murrillo says the world financial meltdown has hurt tourism and prices for nickel, a key export. The announcement comes as the communist government calls for workers to be more productive and to save resources in the face of economic crisis. Cuba also is still recovering from the effects of three hurricanes last year. Murrillo was quoted Sunday by Juventud Rebelde newspaper.

## **CUBA ANNOUNCES NEW AUSTERITY PLAN**

Source: Michael Voss, BBC News, Havana; May 26, 2009

Cuba has announced it will introduce an austerity program in June to try to offset the impact of the international financial crisis and reduce energy use. Unless energy use is reduced over the summer there could be blackouts, the authorities warn. Details of the restrictions have yet to be announced but could include limiting the use of air conditioning at work and home, and shorter working hours. Until recently the global recession has not been felt by most Cubans. There have been no mass redundancies in this state-run economy where most workers have jobs for life. But life is about to get harder. Prices of Cuba's major export, nickel, have slumped, tourism revenues are down while last year's hurricane caused \$10bn (£6.25bn) worth of damage and the US trade embargo continues to bite.

The result is a serious liquidity problem. The government is running out of money to pay for imports. Shortages are starting to appear in the shops of items ranging from milk to toothpaste and babies' nappies. Cuba used 40,000 more tons of fuel to produce electricity in the first three months of 2009 because of increased consumption, according to figures published in the state-run newspaper Granma. According to Cuba's Minister of Economy and Planning, Marino Murillo, the predicted 6% growth in 2009 is now expected to fall to barely 2%. Many foreign firms operating in Cuba are currently unable to send money abroad or take cash out from their corporate accounts.

## **ESPINOSA CHEPE CALIFICA LA SITUACION COMO 'UNA CRISIS SOBRE OTRA CRISIS**

Source: AFP; May 25, 2009

Un experto de la Universidad de La Habana señaló que se podría llegar al primer registro negativo en 16 años, de acuerdo con los datos del gobierno. El economista independiente Oscar Espinosa Chepe calificó este miércoles la situación que vive la Isla en estos momentos como "una crisis sobre otra crisis", por lo que "en un país que no tiene reservas, es una situación muy delicada", reportó AFP. Según Chepe, los pronósticos del ministro de Economía, Marino Murillo, son "demasiado optimistas" y podría haber un crecimiento negativo este año. Murillo señaló la pasada semana que por los efectos de la crisis internacional "habrá restricciones en el consumo" y precisó que el crecimiento previsto del Producto Interno Bruto (PIB) de 6% no se va a lograr y redujo la meta a 2,5%. Pavel Vidal, del Centro de Estudios Económicos de la Universidad de La Habana, opina que el crecimiento más probable del PIB en 2009 será de alrededor de 1%, con "posibilidad de que se agudice la tendencia" a la desaceleración y se llegue al primer registro negativo en 16 años. Para Vidal, el decrecimiento se debe también a "factores estructurales" como "una baja productividad", "poca diversidad en el comercio" (las importaciones crecieron en 2008 un 78% y las exportaciones sólo 12%) y el rezago de la agricultura y la industria. La agricultura decreció 7,3% en el primer trimestre; el turismo, importante fuente de divisas, se desaceleró en los cuatro primeros meses (temporada alta) con un crecimiento de solamente 1,9%; y los precios del níquel, principal producto, se mantienen bajos. Sectores clave de la economía están encendiendo luces rojas como consecuencia de la crisis internacional y el arrastre de problemas internos, que hacen temer la llegada de tiempos más duros. Según se supo este martes, una instrucción circulada entre altos funcionarios del país y firmada el pasado 14 de mayo por el ministro Murillo detalla dificultades derivadas del incremento del consumo de crudo necesario para generación eléctrica, y avisa que a partir del 1 de junio se aplicará un "plan directivo" en cada provincia con disposiciones drásticas. "La gente no habla de otra cosa en la calle, está erizada con eso, por la dimensión de la ofensiva (mediática) creo que los apagones están a la vuelta de la esquina", dijo a la AFP Ricardo Pérez, un carpintero de 44 años. Un sobreconsumo eléctrico obligó a un drástico plan de ahorro de 12% del consumo en los sectores productivos y de servicios, y el gobierno advirtió a la población que de no ahorrar se volverá a los cortes de energía, muy prolongados en 2004. "El mayor temor claro que es que regresen los apagones, pero derrochamos mucho, de ahí la campaña. Estos son tiempos difíciles para todos", expresó Elio Rodríguez, ex profesor de física de 61 años, que trabaja en la campaña contra el mosquito Aedes Aegypti. En el sector de transporte, la gente siente la reducción del 30% en las líneas secundarias de buses en La Habana, en tanto que los trenes de larga distancia redujeron sus frecuencias. "El transporte había mejorado con las guaguas chinas, pero ahora se está poniendo malo otra vez", dijo Juan Morales. Economistas hicieron notar además que los ingresos petroleros de Venezuela, principal socio comercial y financiero del gobierno cubano y suministrador de crudo con facilidades de pago, cayeron

un 50%. Aún sin salir del Periodo Especial, tres huracanes afectaron la Isla en 2008, con pérdidas de 10.000 millones de dólares.

## **CUBANS FACE HARDSHIP UNDER NEW AUSTERITY MEASURES**

Source: Marc Frank, Reuters; June 1, 2009

Cubans faced power blackouts, longer waits for buses, uncomfortable working conditions and skimpier lunches on Monday as the government introduced austerity measures to cope with a growing economic squeeze. The measures followed two weeks of warnings by the Communist-run government that it could not meet rising electricity demand due to a cash crunch that has forced it to restructure debt and put off payments to foreign businesses. Cuba, like other Caribbean countries, has been hit hard by the global financial crisis, which has slashed revenues from key exports, dried up credit and reduced foreign investment. It is also recovering from three hurricanes that struck last year, causing an estimated \$10 billion in damages. All provincial governments and most state-run offices and factories, which encompasses 90 percent of Cuba's economic activity, were ordered to reduce energy consumption by a minimum of 12 percent or face mandatory electricity cuts. The state-monopolized retail sector and many government offices were ordered to keep air conditioners turned off until 1:30 p.m., turn off some lights and shut off freezers for at least two hours a day, local media reported over the weekend. Long lines formed at bus stops in Havana as the number of bus runs were cut, and trains between the capital and provinces were reduced by a minimum of 50 percent, although more passenger cars were added to each trip. Food allocations for lunches and snacks at most state workplaces were cut by 50 percent, except for workers in heavy industries like mining and construction, food industry sources said.

### **MEAT ORDERS CUT**

The austerity measures reminded Cubans of the hardships that followed the 1991 collapse of the Soviet Union and the loss of \$5 billion in annual subsidies Moscow provided. "Everyone is worried and talking about how bad it might get, and if the blackouts are back," a Havana resident who works for the power sector said. Cubans typically get free state-provided meals when accompanying hospitalized relatives, but the new rules put a stop to that, except for people traveling from out of town, hospital sources in Havana said. A U.S. businessman who sells meat products to the Cuban government under an exemption to a U.S. trade embargo, told Reuters, "They have cut their orders by more than 50 percent for the rest of the year." Cuba imports two-thirds of the fuel it consumes from ally and hydrocarbons producer Venezuela, which has seen its own oil revenues plummet 50 percent this year. Economy and Planning Minister Marino Murillo recently said Cuba's growth forecast for 2009 was reduced from 6 percent to below 2.5 percent. Some local economists believe this year's growth will be 1 percent or less, similar to forecasts for the region. Cuba has long blamed shortages of food and other necessities on the 47-year-old U.S. trade embargo against the island. But Cuban President Raul Castro, who took over from his ailing older brother Fidel Castro last year, has launched wage and agricultural reforms in a bid to boost productivity. "Under Raul we thought we were going to get some breathing room and now look," a middle-aged Havana resident called Maria said as she waited for a bus in the capital.

## **CUBA , IN LIQUIDITY CRUNCH, ROLLS OVER EURO BONDS**

Source: Marc Frank, Reuters; June 9, 2009

- \* 200 million in euro bonds due in May rolled over
- \* Bond holders accepted extension to May 2010
- \* Issue was subscribed 15 pct by foreign banks, entities

Cuba has rolled over 200 million euros in bond issues that were due in May, as the country's central bank asked for another year to repay foreign holders of the debt, financial sources in London and Havana said this week. The move is yet another sign the Communist-run nation is suffering a cash crisis, as it struggles with sharp declines in revenues from tourism and key exports due to the global economic crisis. The two-year euro-denominated bonds of 150 million euros and 50 million euros that were rolled over were issued on the London Stock Exchange on May 3, 2007, at interest rates of 9

percent and 8.5 percent respectively. They were held mostly by Cuban entities, though some foreign banks with a history of providing credit to the island also participated. "Apparently the Cuban Central Bank asked one more year for repayment to these foreign entities," a European diplomat said. The statement was confirmed by one of the non-Cuban debt holders, who spoke on condition of anonymity. "The issue with maturity in 2009 had been subscribed 85 percent by Cuban banks and 15 percent by foreign banks and entities," the diplomat said. Stuart Culverhouse, chief economist at London-based brokerage firm Exotix, which trades in exotic debt such as Cuba's, said there was apparently a high participation rate in the rollover by the bondholders. "Cuba had been talking to holders in advance to negotiate rollover and was believed to have achieved a high rate of participation before the maturity date, but the exact terms are not clear," Culverhouse said. When Cuba issued its first global debt issue in decades -- a one-year, 400 million euro (\$524 million) bond that was paid off in February 2007 -- former Central Bank President Francisco Soberon said it was evidence of the increasing confidence of international financial markets in "the honesty and seriousness of the Cuban government." But there are increasing signs now that Cuba's finances face severe strains. Foreign businesses have had difficulty this year transferring funds abroad from their accounts in Cuba or even making significant withdrawals. Western commercial representatives and businessmen estimate that \$600 million, and perhaps more, is tied up in the banks, where employees say there simply is no money to transfer or cash for significant withdrawals. The central bank, which named Ernesto Medina as its president following Soberon's resignation last week, has also been working to restructure some of its active debt, estimated at around \$11 billion. Cuba's chronic trade deficit increased 70 percent last year to nearly \$12 billion, the government reported. Cuba's 2008 service exports, which are not included in trade deficit, were \$9.2 billion, but local economists estimate the current account measuring the inflow and outflow of foreign exchange still fell \$1.5 billion to \$2.5 billion into the red, after registering a \$500 million surplus in 2007. Cuba's reserves are a state secret, but were drawn on heavily last year after three hurricanes struck the Caribbean island. The government has imposed drastic cuts on nonessential imports and energy and other state consumption this year as revenues from tourism and key exports led by nickel declined. "The U.S. veto stops them from going to the IMF, World Bank or Inter-American Development Bank," a foreign banker said, referring to the 47-year-old U.S. trade embargo against Cuba.

"Their own model stops them from a big sell-off of assets," he added. "They are taking drastic measures and that should improve their balance sheet, but I see no big influx of fresh cash so they will keep trying to push debt payments into the future."

## **CUBA TO CARRY OUT REFORMS IN FACE OF ECONOMIC CRISIS**

Source: Xinhua, Havana; June 8, 2009

The Cuban government announced that it will soon make "inevitable" reforms in the country to tackle the international economic crisis, local press said on Monday. "Nowadays many intense discussions are being conducted in the ruling system" to make modifications in the productive sector, said an article published Monday by the official daily Granma. The Communist Party of **Cuba** said that the crisis will not be inextricable if the businesses conduct a deep revision of their inventories, together with the mobilization of the citizens. "It is an issue of principles not to make income fall short of expenditure," said Granma's Director Lazaro Barredo, adding that "the lack of demand and discipline" must be overcome. Barredo said that one of the most important issues in current situation is "to face the mentality of expenditure that many companies have in the country and most of the time they do not ask how much things cost." Barredo also said that **Cuba** has adopted measures to avoid the deterioration of fundamental social programs, such as education and health, to keep the employment rate and to guarantee each citizen has equal calories, proteins and fats.

## **POWER CUTS AND FEWER BEANS FOR CRISIS-HIT CUBANS**

Source: Rigoberto Diaz, AFP; June 11, 2009

Smaller bean rations and longer bus lines are among the new hardships hitting Cubans in their already difficult lives as the world economic crisis tightens its grip on the communist island. Holding an empty palm leaf basket, 67-year-old Luisa Suarez said she was already resigned to a recent



government directive to reduce monthly rations. "Of course it affects us, but we're used to suffering," said Suarez, standing at a counter in an Old **Havana** shop with 1950s appliances and paint peeling off the walls. A sign in black letters, as in all stores, explained that bean and pea rations were dropping from 30 to 20 ounces (850 to 567 grams), and that salt rations would be practically halved.

"They told us that this was due to the difficult economic situation, but we don't know if it will extend to other products," said the store owner, who declined to be named. Cubans -- whose average monthly salary is 400 pesos (17 dollars) -- can buy a basic bag of groceries, including rice, sugar, oil and eggs, at very low prices with their ration books. But they need to top up supplies on the black market, or in high-priced shops that accept only foreign currency. "What international crisis? In Cuba we've been in crisis for 50 years," a 28-year-old dentist told AFP wryly, declining to be named. "I'm tired of hearing justifications for the problems we always have." The crisis has reduced the island's predicted economic growth from 6.0 percent to 2.5 percent, and authorities have acknowledged it will hit key areas of the economy including tourism, nickel and tobacco exports. The island will this year be unable to import all its necessary primary materials, equipment and consumer items, and will have to "readjust its enormous expenses on fuel and food," an editorial in the official Granma newspaper said this week. The government of 78-year-old Raul Castro will carry out "inevitable adjustments" to the economy to face up to the crisis, it said. These included decentralizing farming from August 1 to ease access to food in a country which imports 80 percent of the products it consumes and last year spent 2.5 billion dollars on food purchases. "The crisis is knocking on our doors," said Ana Orosco, a craftswoman selling cloth dolls on a central boulevard, who can earn up to 30 dollars per day. "Someone with their own business makes money here, but it's really difficult for someone on a state salary," said the 60-year-old. Meanwhile the brakes have also been applied on a project to renovate public transport, which began in 2004. "It got much better for a while but now the 'guaguas' (buses) are bad again," said a young girl studying at a sports college in the east of the capital, declining to be named. A positive assessment of the situation could at least be heard on the airwaves, however. "Take the bad luck away. We're sure the bad times won't come," rang out the lyrics of a popular reggaeton tune. Sweating behind the window of a **Havana** shop, 44-year-old Yakelin Rodriguez was not so sure. Under a new energy savings plan introduced this month, and amid sweltering heat, she can only turn on air conditioning for four hours in the afternoon. "I'm about to die in this heat," Rodriguez said.

## **CUBAN ART MARKET SHOWS SIGNS OF VITALITY**

Source: Walker Simon, Reuters; June 11, 2009

The Cuban art market is showing signs of vitality as the economic recession weakens demand for works from elsewhere in Latin America, collectors said. A Cuban painting was the top seller in May's Latin American art auctions in New York. American collectors of Asian art are now snapping up Cuban contemporary works and Cuban art galleries are also springing up. For years late Cuban artists of the 20th century, like surrealist Wifredo Lam, have pierced the \$1 million mark. A 1943 painting by Mario Carreno fetched nearly \$2.2 million at Christie's last month. Prices have multiplied even faster for living artists, many of them based in Cuba. "What you could buy for \$25,000 four or five years ago could now easily be at least \$100,000 and could go up to half a million dollars depending on size, date and rarity," said U.S. collector Howard Farber. The technical virtuosity of artists is what is attracting buyers, as well as the African influence. Others find novelty in political humor and the use of religion as a vehicle for political comment. Farber switched to collecting Cuban art after he auctioned his contemporary Chinese art collection for \$20 million in 2007. His 58-piece Cuban art show, including "El Sagrado Corazon," traveled in the United States and is due to go to Canada before heading to Europe. Cuban art bought by Donald Rubin, who has acquired more than 150 pieces from living artists based in Cuba, will also be in touring exhibitions, according to Rachel Weingeist, of The Shelley and Donald Rubin Foundation. Farber and Rubin represent opposite poles of art collectors who came to Cuban art in recent years, said Sandra Levinson, executive director of the non-profit Cuban Art Space in New York, which houses over 10,000 contemporary Cuban art works. Farber, she said, is drawn in part by artists skill and contemporary themes. Rubin leans towards works that may express spiritual strains. Much Cuban art refers to symbols drawn from a blend of Catholic and African religious practices, according to Cuban Art Space curator Bernardo Navarro. But Jose Fuster, whose 77-work show is on display at the Cuban Art Space, said his inspiration came from Europe. "My artistic father is Picasso, my favorite uncle is Gaudi," Fuster said in a documentary showing at the gallery in an exhibit running until July 18. His paintings include views reminiscent of the Last Supper, but with a Caribbean twist. A smiling crocodile frames a semi-circle around the diners. Fish also smile in seas skimmed by boats framed by the icons of the Havana skyline.

## **CUBA REDUCE 6% PRESUPUESTOS REGIONALES Y SECTORIALES POR CRISIS**

Source: EFE, La Habana; June 11, 2009

El Gobierno cubano que preside el general Raúl Castro redujo en un 6% el presupuesto para 2009 de los organismos regionales y los sectores más importantes de la economía, informó hoy la televisión estatal. "Se ha reducido el presupuesto a los gobiernos territoriales, a los sectores presupuestados importantes del país, de la economía; un recorte (...) de un 6 por ciento", dijo el analista Ariel Terreros en el informativo de la mañana. "Cuando hablamos de 6%, hablamos de un recorte drástico", porque "no hay dinero para derrochar", agregó. El ministro de Economía y Planificación, Marino Murillo, dijo recientemente que el crecimiento económico del 6% que se planteó la isla para 2009 "no se va a lograr", y que ahora solo se espera un "2,4 a 2,5 por ciento". Según Terreros, "se han limitado fuertemente los ingresos en moneda dura de Cuba", por la caída de los ingresos por exportaciones de productos como el níquel y servicios como el turismo. "Eso está golpeando la liquidez en moneda dura de la economía cubana", añadió, y explicó que "se están llevando a cabo reajustes fuertes en la política económica", como severas medidas para mermar el gasto en energía y combustibles. También se redujeron algunos alimentos que el Estado reparte subsidiados mediante la cartilla de racionamiento, como los frijoles y la sal, e igualmente los servicios públicos de transporte, con recortes de horarios, rutas y frecuencias. Terreros anunció que además "se están llevando a cabo reajustes en los planes de construcción de viviendas", y en los de recuperación del medio millón dañadas por tres huracanes en 2008, "a pesar de su importancia".

El analista de la televisión estatal aseguró que es "una evidencia más de lo duro que ha sido el golpe de la crisis económica mundial para la economía cubana". Señaló que "cuando no haya capacidad para ahorrar, inevitablemente será un recorte del consumo, con el efecto que eso tiene para el efecto de la economía", y agregó que ya hay industrias que están reduciendo su producción "porque no lograr la eficiencia energética".

## **CUBA SAYS ECONOMIC CRISIS SLOWS OUTPUT, CLOSES FACTORIES**

Source: Marc Frank, Reuters; June 14, 2009

Cuban factories are closing down and production is being cut at other workplaces as the international financial crisis weighs on the import-dependent Caribbean island, the official media said on Sunday. A growing shortage of foreign exchange has forced the Communist-run country to drastically cut imports and local budgets, impose power quotas on state-run companies, restructure debt and put off payments to foreign suppliers. The state-run Juventud Rebelde newspaper, the only national Sunday publication, said a tire factory had shut down since February due to a lack of rubber imports while an aluminum packaging plant cut output for similar reasons. The newspaper said the plants were examples of a wider problem "in other sectors of the Cuban state company sector," which encompasses 90 percent of economic activity. Other workplaces were having difficulty obtaining spare parts, the newspaper said, and still others were being forced to scale back output after a recent government measure mandating a 12 percent reduction in power consumption. Cuba, like other Caribbean countries, has been hit hard by the global financial crisis, which has slashed revenue from key exports, dried up credit and reduced foreign investment. It is under longstanding U.S. economic sanctions and is recovering from three hurricanes that struck last year, causing an estimated \$10 billion in damages. Workers at lobster processing plants, cigar rolling factories and other establishments have reported layoffs for months, but Sunday's Juventud Rebelde report was the first official admission of growing problems in the productive sector. "The waves of the present international financial and economic crisis are slowly gaining force and the rough waters are reaching the pockets of companies and workers around the world," the newspaper said. "We can't harbor the illusion that we can escape just because our country has a social system that defends justice for all," it said. Economy and Planning Minister Marino Murillo recently said Cuba's growth forecast for 2009 was reduced from 6 percent to less than 2.5 percent. Some local economists believe this year's growth will be 1 percent or less, similar to forecasts for the region overall.

## **CUBA REDUCE 8,8 % PRESUPUESTO COMERCIO INTERNO POR CRISIS**

Source: Marc Frank, Reuters; June 22, 2009

Cuba redujo un 8,8 por ciento su presupuesto de comercio interno para el 2009, casi tres puntos por encima del recorte anunciado para el sector público, dijo el lunes la prensa oficial, en otra señal de que la crisis global está golpeando la economía de la isla. Cuba, un país dependiente de las importaciones y con serios problemas de liquidez, tomó medidas de austeridad como el cierre parcial de industrias para ahorrar energía. De un plan (presupuestario) superior a los 22.700 millones de pesos, el ajuste reduce a unos 2.000 millones, lo que se traduce en menos importaciones y menor circulación mercantil", dijo Odalys Escandel, directora de Planificación del Ministerio de Comercio Interior, a la emisora estatal Radio Reloj.

El presupuesto de comercio interno afecta las operaciones en pesos cubanos, una de las dos monedas que circulan en la isla caribeña. Cuba había anunciado a fines de marzo pasado una reducción del 6 por ciento en el presupuesto de los gobiernos locales. La isla vio caer sus ingresos por exportaciones de níquel y servicios como el turismo, además de contraerse los mercados de crédito. Pero la factura de importaciones sigue siendo alta, empezando por la comida. Cuba importa un 80 por ciento de los alimentos que distribuye a la población a precios fuertemente subsidiados. El Gobierno revisó su proyección de crecimiento económico para el 2009, reduciéndola de 6 a menos de 2,5 por ciento. El ministro de Economía, Marino Murillo, dijo que el Gobierno pretende garantizar una dieta de 3.100 calorías diarias, algo por debajo de las 3.300 calorías que actualmente provee mediante la libreta de racionamiento, pero aclaró que "nadie va quedar desprotegido". "Con independencia de esta y otras garantías, inevitablemente se van a sentir las restricciones en el consumo", dijo Murillo en una entrevista publicada el domingo por el diario oficial Juventud Rebelde.

Este mes fueron, por ejemplo, reducidas las cuotas de frijoles y sal repartidas a la población. La consigna oficial es que Cuba no puede gastar más de lo que tiene. El Gobierno busca sustituir las importaciones de alimentos, que en el 2008 representaron gastos por 2.500 millones de dólares. Medidas de austeridad como el cierre de fábricas, la orden de apagar equipos de aire acondicionado y la posibilidad de apagones despertaron en algunos los recuerdos del "período especial", como fue bautizada en Cuba a la crisis pos soviética de la década de 1990.

## **CUBAN ECONOMISTS CALL FOR PROMOTING EFFICIENCY**

Source: EFE; June 21, 2009

Cuba needs "to balance the economy" and promote efficiency and the search for external income given the impact of the global economic crisis affecting it, the official Juventud Rebelde newspaper reported Sunday, citing several economists. "There has to be work to balance the economy and seek internally all those mechanisms that promote efficiency and foreign income in a more accelerated manner," the economists said in an analysis of the situation confronting the communist island's economy. The article warns that the main means of transmission of the crisis such that it affects the Cuban economy is "trade," and that the fluctuations in demand and supply of goods and services and of their prices, as well as the contraction of credit, weigh on the daily life and economic activity on the island. Economy and Planning Minister Marino Murillo, one of those people consulted by the paper, said that the crisis "has complicated the obtaining of price facilities and credit sources," but he added that "nobody is going to be unprotected," although "inevitably" they will feel the restrictions on consumption. The cost of food imports "is still very high" and can be reduced, Murillo said. Cuba buys abroad more than 80 percent of the food its 11.2 million citizens consume at a cost of between \$1.5 billion and \$1.6 billion per year, according to official figures. One of the main problems the economists see coming for Cubans is that the country needs to turn to short-term loans with suppliers for trade and, if they cannot get new loans while they pay off their pending debts, their capacity to import will contract. President Raul Castro's government currently has strategic policies to increase food production and reduce energy consumption, the objective of which is to alleviate the effects of the crisis. This year, Cuba has seen its sources of foreign currency such as nickel production and tourism deteriorate, and economic authorities have said that the economic growth of 6 percent that had been announced for 2009 will actually come in at between 2.4 and 2.5 percent.

Source: Mauricio Vicent; June 22, 2009

La crisis económica acrecienta las penurias y el malestar en la isla.

La funeraria de Arroyo de Naranjo fue hace semanas escenario de una escena truculenta. En una noche aciaga para los familiares de los fallecidos en ese municipio habanero, en el lugar había sólo dos tipos de ataúdes: con hormigas o con comején. "Si no quieren éstos, tienen que esperar", advirtió a los dolientes un empleado del tanatorio. Indignados, tras negarse a depositar allí los restos de sus seres queridos, los deudos tuvieron que aguardar ¡ocho horas! a la llegada de féretros en buen estado. La historia, contada recientemente por la revista Bohemia, es una más de las que a diario suceden en Cuba, pero a muchos ha recordado los tiempos del Periodo Especial.

"No puedo transferir un dólar. No hay dinero", dice un empresario foráneo.

Aquella crisis galopante de los años noventa todavía marca la memoria de los cubanos y hace temblar a la gente. Entonces los apagones llegaron a ser de 12 y 14 horas diarias, el transporte público casi desapareció, cientos de empresas cerraron y la comida escaseó hasta el punto que una epidemia de neuritis afectó a decenas de miles de personas. Hoy las cosas no están tan mal como cuando desapareció el bloque socialista, pero ya es más que un rumor en la calle que Cuba se adentra en un "mini-Periodo Especial". Los síntomas de la crisis económica, agravados por la depresión internacional, están ahí: fábricas trabajando a medio gas y otras paralizadas, producciones deprimidas, reducción de algunos productos de la libreta de racionamiento, como los frijoles o la sal; amenaza de apagones, que ya son una realidad en centros de trabajo y empresas del Estado que se pasan del "plan de consumo" establecido; anuncios de mayores "restricciones al consumo" y de "peores contingencias". "Estamos en un momento verdaderamente complicado de nuestra historia", admitió esta semana el asesor del Ministerio de Economía Alfredo Jam.

La prensa cubana está salpicada de datos y noticias que reflejan la magnitud de una crisis que para algunos es casi quiebra. El domingo pasado fue Juventud Rebelde, el diario de la juventud comunista cubana, el que reveló el impacto en el tejido industrial.

Ejemplo es el Combinado Lácteo Escambray, que elabora helados que abastecen cuatro provincias centrales de la isla y vende quesos en el mercado internacional. Debido al drástico programa de ahorro energético puesto en marcha el 1 de junio por el Gobierno, la empresa está abocada a la debacle. El plan -que entre otras medidas establece apagar todos los aires acondicionados en el sector estatal al menos cinco horas al día y los refrigeradores dos horas diarias- obliga a disminuir el consumo eléctrico en el Combinado Lácteo más de un 40%. Si esto se cumple, "la actividad de la planta de helados quedará constreñida a solamente escasos días", aseguró el "jefe energético" de la empresa, Benigno González, que informó de que incluso podría cesar la producción a partir de septiembre.

En La Habana, basta tener que realizar unas pocas gestiones para percatarse de la situación. En la mayoría de las tiendas y centros laborales no ponen el aire acondicionado hasta la una de la tarde. En algunos trabajos han readaptado el horario (por supuesto, acortándolo) y en otros el cabreo de los empleados repercute tanto en el trato al público como en el rendimiento. La falta de liquidez es asfixiante. En lenguaje oficial, "las actuales tensiones financieras del país obligan a detener el comportamiento [de consumo eléctrico] registrado en el primer cuatrimestre del año" (Bohemia, 5 de junio). Hasta mayo se consumieron 40.000 toneladas más de lo planificado, lo que, de mantenerse hasta fin de año, supondría un "egreso adicional" de 100 millones de dólares. Y 100 millones ahora son un mundo. "Las cosas están peor que nunca", dice un empresario extranjero que comercia con Cuba desde hace años. Como muchos de sus colegas, se queja de que tiene inmovilizados cientos de miles de dólares en su cuenta bancaria de Cuba. "Desde enero no puedo transferir un dólar. No hay dinero", dice. El lamento cada vez se extiende más y ya empieza a tener consecuencias. "Algunos empresarios han comenzado a limitar el envío de suministros en tanto no puedan repatriar sus ganancias", dice un diplomático. "Es imposible mantener una economía en la que las importaciones cuadruplican las exportaciones, como ocurrió en los primeros cuatro meses del año", asegura un economista cubano, citando datos publicados por el diario Granma. El ministro de Economía, Marino Murillo, rebajó recientemente las expectativas de crecimiento de la economía cubana en 2009 del 6% al 2,5%. Pero economistas independientes afirman que el crecimiento puede ser inferior o incluso que el PIB puede decrecer. La reforma salarial, que debía eliminar los topes a lo que los cubanos pueden ganar, ha sucumbido al "burocratismo" y no ha logrado su objetivo de "estimular la eficiencia". La prensa lo admite, y también que en los últimos cuatro años 135.000 cubanos emigraron del país. Mientras se habla de realizar "reajustes inevitables" en la economía, el malestar de la gente crece y eso preocupa a las autoridades, más en verano, cuando en el Caribe todo hierve.

## ENERGY & OIL

### U.S. PPRESENCE IN CUBA OIL?

Source: Jorge Pinon, Latinbusinesschronicle: May 4, 2009.

Two thirds of Cuba's petroleum demand currently relies on imports, and Venezuela is the single source of these imports under heavily subsidized payment terms. This petroleum dependency, valued at over \$3 billion in 2008, could be used by Venezuela as a tool to influence a Cuban government in maintaining a politically antagonistic and belligerent position toward the United States. Cuba has learned from past experiences and is very much aware of the political and economic risks and consequences of depending on a single source for imported oil. The collapse of the Soviet Union in 1991 and the 2003 Venezuelan oil strike taught Cuba very expensive lessons.

#### BRAZILIAN BALANCE

President Raul Castro understands the risks; his recent visits to major oil exporters such as Brazil, Russia, Angola, and Algeria underscore his concerns. A relationship with Brazil would provide a balance to Cuba's current dependency, while others could bring with it corrupt and unsavory business practices. Only when Cuba diversifies suppliers and develops its offshore resources, estimated by the United States Geological Survey to be at 5.5 billion barrels of oil and 9.8 trillion cubic feet of natural gas undiscovered reserves, will it have the economic independence needed in order to consider a political and economic evolution. Although Cuban authorities have invited United States oil companies to participate in developing their offshore oil and natural gas resources U.S. law does not allow it. Today international oil companies such as Spain's Repsol, Norway's StatoilHydro and Brazil's Petrobras are active in exploration activities in Cuba's Gulf of Mexico waters.

#### U.S. KNOW-HOW

American oil and oil equipment and service companies have the capital, technology, and operational know-how to explore, produce, and refine in a safe and responsible manner Cuba's potential oil and natural gas reserves; yet, they remain on the sidelines because of our almost five-decade old unilateral political and economic embargo. The President can end this impasse by licensing American companies to participate in developing Cuba's offshore oil and natural gas. The Secretary of Treasury has the authority to rescind, modify or change the embargo regulations because the Helms Burton codified the embargo regulations -- including the provision that the Secretary "may authorize any prohibited activity." President Clinton modified the regulations by permitting 12 categories of travel and remittances, and President Bush modified the embargo by rescinding some of these regulations that were codified in the 2000 Agricultural and Food sales legislations to Cuba. In the opinion of legal experts consulted ...no legislation prevents the President from authorizing U.S. oil companies from developing Cuban oil and natural gas reserves.

#### CONTINUED POLICIES

A Cuban government influenced by its energy benefactors would most likely result in a continuation of the current political and economic model. If Cuba's future leaders are unable to fill the power vacuum left by the departure of the old cadre, they could become pawns of illicit business activities, drug cartels, and the United States could face a mass illegal immigration by hundreds of thousands of Cubans. (...) Allowing Cuba to develop its undiscovered hydrocarbon reserves would serve to the continuation of present policies on the island by the current leadership. (...) If Cuba's undiscovered reserves are proven, it would take between three to five years for their development, and production volumes would have to reach a level of over 200,000 barrels per day to have the same economic benefit as that derived today from Venezuela's oil subsidies.

#### ENERGY INDEPENDENCE

The Brookings Institute report Cuba: A New Policy of Critical and Constructive Engagement proposes ..., as part of phased strategy, a policy that supports the emergence of a Cuban state where the Cuban people determine the political and economic future of their country through democratic means, and to achieve this goal Cuba must achieve energy independence. In conclusion, ...if U.S. companies were allowed to contribute in developing Cuba's hydrocarbon reserves, as well as renewable energy such as solar, wind and sugarcane ethanol, it would reduce the influence of autocratic and corrupt governments on the island's road toward self determination. Most importantly, it would provide the United States and other democratic countries with a better chance of working with Cuba's future leaders to carry out reforms that would lead to a more open and representative society. Jorge Piñón,

a former president of Amoco's Latin American operations, is an energy fellow at the University of Miami's Center for Hemispheric Policy and a member of the Brookings Institution's Cuba Task Force. This column is based on his testimony to the United States House of Representatives Subcommittee on National Security And Foreign Affairs on April 29, 2009. Excerpted and republished with permission. Testimony reflects strictly the personal views of the author and not in his official capacity with the University of Miami and/or The Center for Hemispheric Policy.

## **CUBA'S UNDERSEA OIL COULD HELP THAW TRADE WITH U.S.**

Source: Nick Miroff, Washington Post, May 16, 2009

Deep in the Gulf of Mexico, an end to the 1962 U.S. trade embargo against Cuba may be lying untapped, buried under layers of rock, seawater and bitter relations.

Oil, up to 20 billion barrels of it, sits off Cuba's northwest coast in territorial waters, according to the Cuban government -- enough to turn the island into the Qatar of the Caribbean. At a minimum, estimates by the U.S. Geological Survey place Cuba's potential deep-water reserves at 4.6 billion barrels of oil and 9.8 trillion cubic feet of natural gas, stores that would rank the island among the region's top producers. Drilling operations by foreign companies in Cuban waters are still in the exploratory stage, and significant obstacles -- technological and political -- stand between a U.S.-Cuba rapprochement eased by oil. But as the Obama administration gestures toward improved relations with the Castro government, the national security, energy and economic benefits of Cuban crude may make it a powerful incentive for change. Limited commercial ties between U.S. businesses and the island's communist government have been quietly expanding this decade as Cuban purchases of U.S. goods -- mostly food -- have increased from \$7 million in 2001 to \$718 million in 2008, according to census data. Thawing relations could eventually open up U.S. investment in mining, agriculture, tourism and other sectors of Cuba's tattered economy. But the prospect of major offshore reserves that would be off-limits to U.S. companies and consumers has some Cuba experts arguing that 21st-century energy needs should prevail over 20th-century Cold War politics.

"The implications of this have the potential to be a sea change, literally and figuratively, for the Cubans," said Jonathan Benjamin-Alvarado, a political scientist at the University of Nebraska-Omaha who studies Cuba's energy sector. At a House subcommittee hearing last month on U.S.-Cuba policy, former oil executive Jorge Piñón told lawmakers that the United States has a strategic interest in helping Cuba tap its potentially vast hydrocarbon stores and that U.S. companies should receive special permission to do so. "American oil and oil equipment and service companies have the capital, technology and operational know-how to explore, produce and refine in a safe and responsible manner Cuba's potential oil and natural gas reserves. Yet they remain on the sidelines because of our almost five-decade-old unilateral political and economic embargo," said Piñón, a member of a Brookings Institution advisory group on Cuba policy reform. Cuba has said it welcomes U.S. investment, but American companies remain largely silent on the issue, at least in public, bound by trade sanctions that were established under the Kennedy administration. When Cuban oil officials and U.S. companies attended a joint energy conference at an American-owned hotel in Mexico in 2006, the Bush administration forced the facility to expel the Cuban delegation, attempting to thwart any potential for partnership. "Until trade barriers are removed, Chevron is unable to do business in Cuba," said Chevron spokesman Kurt Glaubitz. "Companies like us would have to see a change in U.S. policy before we evaluate whether there's interest." Robert Dodge, a spokesman for the American Petroleum Institute, said his organization is not lobbying for access to Cuba, and Texas congressional representatives with ties to the oil industry said they are focused on opening U.S. territorial waters to drilling. But observers of U.S.-Cuba relations say American companies haven't been sitting on their hands and remain in conversations with Cuban counterparts. At the 2006 Mexico energy conference, U.S. oil companies "all had plans to move forward as soon as the U.S. government gives them the go-ahead," said Benjamin-Alvarado, who attended the conference. If that go-ahead is granted, American companies would be entering a drilling contest crowded with foreign competitors. Several global firms, including Repsol (Spain), Petrobras (Brazil) and StatoilHydro (Norway) are exploring in the Gulf of Mexico through agreements with the Castro government, and state companies from Malaysia, India, Vietnam and Venezuela have also signed deals. Sherritt International, a Canadian company, has had oil derricks pumping heavy crude along Cuba's north coast for more than a decade, extracting about 55,000 barrels a day, mostly for Cuba's domestic energy consumption. But most of Cuba's undiscovered reserves are thought to be in two offshore areas. The oil and gas that make up the USGS estimate lie in an area known as the North Cuba Basin, a short distance off the island's northwest coast. The larger deposit is thought to be in a section of the gulf known as the Eastern Gap, to which Mexico and the United States also have a claim. Cuban officials believe there are 10 billion to

15 billion barrels of crude stored there under more than 5,000 feet of seawater and 20,000 feet of rock-- costly to extract but accessible with existing technology. By comparison, U.S. proven reserves total 21 billion barrels. The Eastern Gap area is also coveted by American companies, but in Florida, where anti-Castro and anti-drilling sentiments run high, the Cuban government's energy ambitions have alarmed lawmakers who see the threat of ecological calamity in Cuba's plans to drill in that part of the gulf. "They'd be drilling right in the Gulf Stream," Sen. Bill Nelson (D-Fla.) said in a telephone interview, describing a nightmare scenario in which ocean currents could carry spilled crude into Florida's marine sanctuaries and blacken beaches along the Eastern Seaboard. "There would be a monumental disaster," he said. "There simply should not be drilling out there." Other U.S. lawmakers said oil deals with the Cuban government would throw a lifeline to the island's feeble economy and the 50-year rule of Fidel and Raúl Castro. They also question how reliable a partner Cuba would be. "What if we make those investments and then U.S. assets are nationalized?" Rep. Darrell Issa (R-Calif.) asked after last month's subcommittee hearing.

Because it would take three or more years for Cuba to fully develop its energy resources, according to Piñón, U.S. participation in the island's energy sector could benefit a Cuban government not necessarily led by Fidel, 82, or Raúl, 78. Helping Cuba develop its own reserves, he said, would allow the island to gain the political independence and economic footing needed to negotiate a reconciliation with the United States without outside interference. "Since Fidel Castro's 1959 revolution, Cuba's communist government has had to largely rely on foreign providers -- first the Soviet Union, now Venezuela -- to fulfill its energy needs," Piñón said. Cuba's "petroleum dependency" on Hugo Chávez's government "could be used by Venezuela as a tool to influence a Cuban government in maintaining a politically antagonistic and belligerent position toward the United States," he said.

#### **REDUCE CUBA INVERSION EN EL SECTOR ELECTRICO**

Source: Gerardo Arreola, La Jornada, La Habana; 10 de junio de 2009

Cuba reducirá por la crisis el ritmo de las inversiones que están cambiando la estructura de su industria eléctrica, mientras baja la generación por falta de combustible, informó este miércoles el viceministro de la Industria Básica, Juan Manuel Presa. Es posible que algunas acciones no las podamos realizar con la misma intensidad con que las veníamos ejecutando, dijo el funcionario a la prensa. El ritmo no necesariamente es el mismo que llevamos en los años 2006, 2007 y 2008. Pero Presa confirmó que se mantiene la meta de que en 2011 el 56 por ciento de la generación salga de baterías móviles de fuel oil, desplazando así a las termoeléctricas, que ahora producen el 61 por ciento. No escapamos nosotros, ni nadie a la crisis, agregó. Lo que hay que atemperar es el proceso, pero es un programa que continúa, porque es estratégico. Presa subrayó que el plan está tan avanzado como que ya concluyó el despliegue de baterías móviles a diesel, las de fuel están a la mitad y la rehabilitación de redes anda en cerca de 70 por ciento, entre otras acciones que están cambiando el mapa eléctrico de la isla. Pero el proyecto lanzado en 2005, en el mejor momento financiero de Cuba en décadas, ahora se enfrenta a una aguda escasez de divisas, que ha llevado al gobierno al extremo de restarle combustible a la generación eléctrica para venderlo. El siguiente paso fue una campaña oficial para reducir la generación mediante el ahorro. De esa forma ha caído el consumo de energía en al menos 10 por ciento, dijo Presa, y advirtió que todavía hay reservas que pueden ser agotadas para gastar menos.

#### **CUBA: PLAN "EXCEPCIONAL" AHORRA 10% DE ENERGIA**

Source: AP; 10 de junio de 2009

Las medidas "excepcionales" de ahorro de energía en Cuba impuestas a partir del comienzo de junio fueron "exitosas" y generaron un ahorro en el consumo del 10%, informaron autoridades. "En los últimos días se ha apreciado, a partir de las medidas y la concientización de la población, que hay una disminución de no menos del 10% en el consumo", declaró el miércoles el viceministro de la Industria Básica Juan Manuel Presas durante una conferencia internacional sobre energías renovables. El gobierno arrancó el 1 de junio con una ordenanza que dispuso una serie de acciones para el sector estatal que van desde la disminución de la iluminación callejera hasta las organización de "vacaciones masivas" para el verano, pasando por el apagado de aires acondicionados y el control diario del consumo en las empresas. Según la normativa, la Unión Eléctrica emitirá los viernes un reporte para que cada provincia analice en los "Consejos Energéticos" los excesos de consumo y los

sábados se produciría un cronograma de "apagones", un fenómeno que causa preocupación entre la población. Presas dijo que la iniciativa proseguirá aunque reconoció que la crisis mundial puede hacer más lenta la ejecución de algunos proyectos. "Es posible que algunas acciones no las podamos realizar con la misma intensidad que lo veníamos ejecutando", sin embargo "el programa continúa porque es estratégico", señaló. El primer cuatrimestre del año el consumo creció un 3% encendiendo las alarmas gubernamentales que no podría hacer frente a un aumento en su factura petrolera en medio de la actual crisis mundial. Según el viceministro, la demanda instantánea diaria máxima a nivel nacional fluctúa entre los 2.400 y los 2.800 megawatt. "No es tan complejo servirla con la capacidad que tenemos instalada, el tema hoy es el ahorro... las 24 horas del día, el (precio del) combustible ha estado evolucionando, está en 68/70 dólares (por barril) y gastar más en combustible no está al alcance de nuestra economía", expresó. Unos 1.713 empresas son "altas consumidoras" y absorben el 54% de la energía que se genera en el país. Según la Oficina Nacional de Estadística, en 2008 se produjeron en Cuba 17.661 gigawatt, de los cuales el sector estatal consumió 7.828 y el residencial 6.053. Mientras 2.786 gigawatt, el 15%, se perdió el año pasado en la transmisión y distribución. Tras una crisis que tuvo su clímax en el verano del 2005 con apagones que amenazaron con sacar a la población a las calles, las autoridades comenzaron a trabajar en el Programa de la Revolución Energética, que entre 2006 y 2008 le ahorró al país más de 2.000 millones de dólares. El plan contempla desde grandes inversiones para reestructurar la generación eléctrica hasta el cambio casa por casa de bombillos incandescentes por otros ahorradores.

### **COLOMBIA INTERESADA EN BUSCAR PETROLEO EN AGUAS CUBANAS**

Source: AFP; 22 de junio de 2009

Colombia está interesada en la búsqueda de petróleo en aguas cubanas del Golfo de México, lo que puede concretarse durante la visita que inicia este lunes a la isla su ministro de Minas y Energía, Hernán Martínez, informó la agencia cubana Prensa Latina. La agencia indicó la posibilidad de que Ecopetrol "se vincule a la exploración petrolera" en la zona económica exclusiva de Cuba en el Golfo, de 112.000 km cuadrados, divididos en 59 bloques petroleros. Martínez se reunirá en La Habana con la ministra de la Industria Básica, Yadira García, "a fin de explorar áreas de interés común", señaló Prensa Latina, tras precisar que el ministro colombiano viaja acompañado del presidente de la estatal petrolera colombiana Ecopetrol, Javier Rodríguez. Antes del viajar a la isla, Martínez explicó que "su cartera viene trabajando con Cuba en varios campos de cooperación, como eficiencia energética, biocombustibles y unidades electrógenas, entre otras", según la agencia. Ambas partes revisaron las posibilidades de un incremento en el sector energético durante una visita que el embajador cubano en Colombia, José Pérez, le hizo en abril a Martínez y Gutiérrez, según un informe de la cancillería local. Actualmente buscan petróleo en 21 de esos bloques bajo contrato de riesgo las compañías Repsol (España), asociada con Hydro (Noruega) y OVL (India) para compartir riesgos, PDVSA (Venezuela), Petrovietnam, Petrona (Malasia), y Petrobras (Brasil). Otros 23 bloques están siendo negociados, según autoridades cubanas, con un conglomerado de compañías de Rusia, la China National Petroleum Corporation y la empresa estatal de petróleo de Angola (Sonangol). Los especialistas calculan que el potencial petrolero cubano, tanto en tierra como en aguas someras y sobre todo en la zona del Golfo es de 21.000 millones de barriles de reservas probables, para lo cual se requiere inversión y tecnología. Martínez será el segundo ministro colombiano en visitar Cuba en una semana. El miércoles concluyó una estancia la titular de Cultura colombiana, Paula Moreno, quien firmó un acuerdo de colaboración con su homólogo cubano, Abel Prieto.

### **CUBA DICE QUE AHORRA 18.000 TONELADAS DE COMBUSTIBLES CON LAS RESTRICCIONES**

Source: EFE, La Habana; 23 de junio de 2009

Las restricciones al consumo de energía que el Gobierno cubano aplica desde el 1 de junio en el sector estatal han ahorrado al país el equivalente a 18.296 toneladas de combustibles, informaron hoy fuentes oficiales. El descenso del consumo en empresas e instituciones del Estado hizo innecesario programar apagones en el sector residencial, dijo el director de Uso Racional de Energía



de la Unión Eléctrica, Ricardo González, al diario Granma, portavoz del gobernante Partido Comunista. "Pero nadie debe confiarse. Durante julio y agosto sigue subiendo la temperatura y con ella el consumo de ventiladores, sistemas de climatización y equipos de refrigeración domésticos y comerciales", advirtió el funcionario. Las medidas incluyeron el corte del suministro eléctrico a las empresas e instituciones que no tuvieran un plan de merma del consumo o que no lo cumplieran, restricciones en el uso de aparatos de aire acondicionado y refrigeradores, cambios de horarios laborales y reducción de rutas y frecuencias en el transporte público. El Gobierno que preside el general Raúl Castro dictó las drásticas medidas al empeorar la situación económica cubana por los efectos de la crisis financiera internacional y la caída de ingresos por exportaciones y turismo, entre otros factores que dejaron a la isla sin liquidez. La expectativa oficial de crecimiento para 2009 fue reducida de un 6 a un 2,5 por ciento.

## FOOD & AGRICULTURE

### LA PRODUCCION AGRICOLA CAE UN 7,3% POR LAS SECUELAS DE LOS HURACANES

Source: AFP, La Habana; May 13, 2009

El cultivo más afectado fue el plátano, que cayó un 60,6%. Los especialistas estiman que se tardará cerca de dos años en reponer esas plantaciones. La producción agrícola en la Isla cayó un 7,3% en el primer trimestre de 2009 respecto del mismo período del año anterior, debido a las secuelas de los tres huracanes que dejaron pérdidas por 10.000 millones de dólares a fines de 2008, según un informe oficial publicado este miércoles. "El volumen de la producción agropecuaria (...) al concluir el mes de marzo muestra un decrecimiento del 7,3%", según un estudio del sector agropecuario de la oficial Oficina Nacional de Estadística. La producción nacional de tubérculos (malanga, boniato, papa) y plátano fue de 370.200 toneladas entre enero y marzo, lo que representa una caída del 18,2% frente a igual período del año anterior. El cultivo más afectado por los vientos de los huracanes fue el plátano, que cayó un 60,6%, y los especialistas estiman que se tardará cerca de dos años en reponer esas plantaciones. Según el informe, la superficie dedicada a esos productos también fue un 18% menor, pues sólo pudieron cultivarse 61.500 hectáreas.

El sector agropecuario también sufrió a consecuencia de los huracanes, que destruyó granjas porcinas y avícolas. En el trimestre se sacrificaron 443.000 cerdos, un 33% menos que en igual lapso de 2008. También cayó la producción de carne de ave a 2.333 toneladas, un 28% menos, mientras que la producción de huevos bajó un 4%, al obtenerse 485 millones de unidades. En septiembre de 2008, el viceministro de Agricultura, Alcides López, señaló que los daños preliminares provocados por los huracanes Ike, Gustav y Paloma fue de 700.000 toneladas de alimentos. La oferta de productos agrícolas decayó en los últimos meses del año pasado en un 80%.

### AGRICULTURA CUBANA ENSAYARA NUEVOS METODOS EN BUSCA DE EFICIENCIA

Source: Pablo Alfonso, Marti Noticias; June 8, 2009

La agricultura cubana ensayará un nuevo método de producción, acopio y comercialización de productos agrícolas, con el objetivo de garantizar que estos lleguen a la población. El nuevo plan, que comenzó a elaborarse el pasado mes de diciembre por un equipo de funcionarios de los ministerios de Transporte (MITRANS), Agricultura (MINAGRI) Comercio Interior (MINCIN), el Partido Comunista y el Poder Popular, comenzará a concretarse a partir del 1ro. de agosto próximo, de manera experimental en las provincias de La Habana y Ciudad de La Habana, que cuentan con la mayor densidad de población del país. "Esta será la número cien o doscientas, no sé, reorganización de acopio", afirmó desde La Habana el economista Oscar Espinosa Chepe, al comentar para Martí Noticias, la información publicada el domingo por el diario Juventud Rebelde. "Es otra reorganización burocrática y el problema de la agricultura no se resuelve así", subrayó. El nuevo ensayo denominado Operación de Producción, Acopio y Comercialización de productos agrícolas, establece que el Ministerio de la Agricultura no se ocupará, como hasta ahora, de la comercialización de los productos

agropecuarios a través de la Empresa Nacional de Acopio, explicó al diario Norberto Peraza, director de perfeccionamiento empresarial del MINAGRI. A partir del 1ro. de agosto comenzarán a funcionar 23 empresas agrícolas (18 en la provincia de La Habana y cinco en la capital), a las cuales se les asignará un presupuesto para comprarle sus cosechas a los campesinos, cooperativas y granjas estatales, de acuerdo a un contrato establecido de antemano. Estas empresas tendrán la responsabilidad de transportar y comercializar las cosechas a los mercados de venta a la población, empresas de gastronomía e industrias de alimentos. Uno de los elementos novedosos del plan consiste en que será el ministerio de Comercio, el que establezca cuál es la demanda de productos que necesita la población. En lo adelante será el MINCIN el que elaborará y presentará al Ministerio de la Agricultura la demanda de esos alimentos para que este organice y dirija la producción en función de esa demanda, explicó al diario Francisco Silva, viceministro de Comercio Interior. Según Silva la demanda de productos se concebirá "teniendo en cuenta los hábitos de consumo de la población, la tabla de composición de los alimentos, elaborada por el Instituto de Nutrición de Cuba y las características de la producción agrícola cubana. El diseño contempla un 30 por ciento de viandas, 35 de hortalizas e igual porcentaje de frutas."

"Eso suena como una locura, porque quieren suplantar el mercado con el MINCIN, con un organismo administrativo", afirmó el economista Marzo Fernández. "Los productores producen por lo que la gente compra, por lo que el consumidor quiere, ese es el mercado y así funciona, sin trabas ni burocracias, lo demás es ficción", agregó. Espinosa Chepe, califica de "absurda" la idea de programar la producción agrícola en base a criterios de demanda establecidos por decisiones burocráticas o tablas de nutrición. "La producción agricultura es algo muy flexible y no se puede meter en una camisa de fuerza, para decirle a la gente que tiene que comer el 30 por ciento de viandas y el 35 por ciento de hortalizas, o lo que sea", indicó. El nuevo plan mantiene la prohibición de los compradores privados o intermediarios que, utilizando sus propios medios de transporte negocian con los campesinos y las cooperativas sus cosechas, para comercializarla en los agromercados. Los productores sólo podrán vender su cosecha directamente en los agromercados o a otras entidades, cuando hayan cumplido con las cuotas establecidas en los contratos con las nuevas empresas de Comercio Interior. "Todo ese mecanismo de prohibiciones lo que implica es más control y menos apertura en el mercado; lo mismo que sucede en lo político", subraya Fernández. Espinosa Chepe, considera que detrás de todos esos controles burocráticos hay, en efecto, una razón política, ideológica: "Ellos saben que eso no funciona, pero no quieren implementar un sistema más racional, por razones ideológicas, porque quieren mantener el poder", dijo Espinosa. "Esa es la esencia del por qué no quieren hacer los cambios que el país necesita".

## **GOBIERNO CUBANO REDUCE CUOTA DE ALIMENTOS SUBSIDIADOS**

Source: El Nuevo Herald; June 9, 2009

Las autoridades cubanas rebajaron este mes las cuotas de granos y sal que entregan a la población mediante la cartilla de racionamiento, según anuncian carteles en bodegas y mercados en momentos en que también hay restricciones al consumo de energía por la falta de liquidez del Gobierno. La entrega mensual de frijoles colorados y chícharos por persona se redujo de 30 a 20 onzas (de unos 900 a 600 gramos), según explicó el dependiente de una bodega. En el caso de la sal, que se distribuía en bolsas de un kilo por persona cada cuatro meses, a partir de ahora será la mitad. La restricción forma parte de las "medidas excepcionales" de reducción del consumo que anunció el Gobierno del general Raúl Castro para paliar el impacto de la crisis financiera internacional en la ya muy deteriorada economía de la isla. "Habrà restricciones en el consumo", aunque "no se va a quedar nadie desprotegido", declaró el ministro de Economía y Planificación, Marino Murillo, a fines de mayo pasado. El ministro advirtió que el crecimiento económico del 6 por ciento que se planteó la isla para 2009 "no se va a lograr", y que ahora solo se espera un "2,4 ó 2,5 por ciento". La cartilla de racionamiento, vigente desde 1962, entrega granos, azúcar, pollo, pescado, huevos, arroz, café, aceite, pastas, pan y otros productos -cuando hay- a los 11,2 millones de habitantes de la isla. Muchos cubanos aseguran que los productos suministrados con la "libreta de abastecimiento" a precios subsidiados no alcanzan más allá de una o dos semanas por mes. El Gobierno del general Castro ha lanzado una campaña de reformas para poner a producir el campo, en una isla que ha mantenido ociosas la mitad de sus tierras cultivables al tiempo que importa más del 80 por ciento de los alimentos que consumen sus habitantes. Por otra parte, el gobierno realizará "reajustes inevitables" en la economía ante el impacto de la crisis internacional, según advirtió el lunes el diario oficial *Granma*, al llamar a los cubanos luchar contra "el derroche" y "la improductividad". "Por estos días transcurren numerosos análisis tensos dentro de todo el aparato gobernante que llevarán adelante reajustes inevitables", aseguró *Granma* en un artículo de su director, el diputado Lázaro

Barrero. El periódico precisó que el país no podrá importar este año "todas las materias primas, equipos y bienes de consumo" que necesita, y se deberán "reajustar las enormes erogaciones en combustibles y alimentos". No obstante, subrayó que esos reajustes "no serán fenómenos insuperables" si se logra que la actividad empresarial "haga una revisión a fondo de sus inventarios" y se identifican las reservas con que se cuentan para trabajar el resto del año, a fin de evitar importaciones. También si se toma "conciencia de que en cada centro de trabajo debemos luchar contra las tendencias al derroche" y "la improductividad", añadió el diario, que pidió a la población eliminar la "mentalidad gastadora" y "combatir resueltamente la falta de exigencia" y "disciplina" laboral. Destacó que "la economía cubana" requiere además que "la exigencia por la planificación" deje de ser "una formalidad y una constante justificación de los errores que luego significan cuantiosas pérdidas para el país". El Gobierno aplica desde el 1 de junio un severo plan para bajar en un 12 por ciento el consumo energético en centros de producción y servicio -con cortes eléctricos y multas-, por un sobreconsumo este año que implicaría un gasto adicional de 100 millones de dólares. El 1 de agosto comenzará un programa de descentralización del comercio agropecuario -hasta ahora en poder del Ministerio de Agricultura-, que crea 23 empresas con recursos y autonomía de gestión, para garantizar mayor acceso de alimentos para la población.

## IMPORT & EXPORT

### CUBA FOREIGN INCOME COULD BE SLASHED BY \$1 BILLION

Source: Reuters; May 26, 2009

Cuba is facing a "very hard" economic blow in 2009 as depressed nickel prices and reduced tourism revenue could slash foreign income by \$1 billion, Cuba's top economic commentator said on Tuesday. The Cuban government was already reducing imports and limiting production in some industries in response to a growing cash crunch, Ariel Terrero said on state-run television. Nickel and tourism are two of Cuba's top sources of foreign exchange. Terrero said prices for nickel had averaged \$11,000 per tonne so far in 2009, down from \$21,000 per tonne last year, and if they continued at current levels, would cut the island's nickel income for the year by \$720 million. He added that tourism visits had increased in the first quarter, but revenue had fallen 13.7 percent, which over the year would result in a drop in income of \$300 million from 2008. "We are talking about losses that could be \$1 billion in a country that brings in about \$4 billion for exports (a year)," Terrero said. "The blow will be very hard," he went on. "The country has at its disposal today less resources. It has available hundreds of millions (of dollars) less and that is affecting the capacity for growth in the Cuban economy." Terrero's comments were the latest public admission by Cuban economic experts that the communist-ruled island was feeling a heavy squeeze from the global economic downturn. The head of Cimex, one of Cuba's largest business corporations, acknowledged last week that payments for some goods were being delayed because of a liquidity shortage provoked by, among other things, the global financial crisis and three damaging hurricanes that struck last year. Foreign businesses have been complaining about slow payments and inability to transfer cash abroad, while Cuban banks have warned they are short of hard currency. Cuba's state-run press has been calling for a reduction in energy use and has warned that blackouts may begin soon to save money. The government initially had forecast 6 percent economic growth in 2009, but this weekend Economy and Planning Minister Marino Murillo said the forecast had been reduced to slightly more than 2 percent. Terrero said effects of the slowdown were already being felt. "Imports are being reduced, production is being limited in selected industries such as light industry," Terrero said. "And now we're seeing some instability of supplies in foreign currency stores," he said.

### VENEZUELA OIL SHIPMENTS TO CUBA ROSE 32%, ASIA SALES DOUBLED

Source: Bloomberg; June 9, 2009

Venezuela's shipments of crude oil and refined products to Cuba gained 32 percent last year and sales to Asia doubled under President Hugo Chavez strategy of diversifying the country's oil sales to

rely less on the U.S. Sales to Cuba climbed by 28,000 barrels a day to 115,000 barrels a day, state oil company Petroleos de Venezuela SA, or PDVSA, said in an annual report on its Web site late yesterday. Sales to Asia gained by 223,000 barrels a day to 422,000. Cuba pays for much of its Venezuelan oil through sending thousands of doctors, sports trainers and other advisers to Venezuela and its allies. Cuba received twice as much crude oil in 2008 as a year earlier as a joint venture with Venezuela restarted a refinery in the Cuban city of Cienfuegos. Most of PDVSA's Asian shipments went to China, India and Singapore, with sales to Japan falling to zero, the company said. Venezuela is paying off \$8 billion in loans from the China Development Bank and \$3.5 billion in loans from Japan's Mitsui & Co. and Marubeni Corp. with oil and related products.

#### **OIL NOW SECOND-LEADING CUBAN EXPORT – GOV'T REPORT**

Source: Marc Frank, Reuters; June 10, 2009

\* Cuban oil exports were 22 percent of total in 2008

\* Venezuelan joint venture driver of \$880 mln in revenues

Oil exports are now Cuba's second leading export, overtaking pharmaceuticals, and produced \$880 million in revenues in 2008, according to a Foreign Trade Ministry report. A table in the report, parts of which were seen by Reuters this week, said nickel accounted for 39 percent of exports, oil for 22 percent and pharmaceuticals 9 percent, followed by sugar and tobacco products each at 6 percent and other products 18 percent. The government reported exports, excluding tourism and other services, were \$4 billion in 2008, but has yet to publish any details. Cuba consumes a minimum of 150,000 barrels per day in petroleum products, of which up to 92,000 bpd comes from regional energy giant Venezuela. The rest is pumped from the northwest coast along with natural gas for power generation. Cuba has exported small amounts of the heavy crude it produces, but this would not account for the big jump in 2008 exports, local and foreign analysts said. The analysts said a likely explanation would be exports from a joint venture refinery with Venezuela opened in December 2007, which processed 65,000 bpd in 2008 for local consumption and export to area countries. Venezuela's state-run Petroleos de Venezuela SA (PDVSA) reported on Tuesday it delivered 115,000 bpd of crude and refined products to Cuba in 2008, of which 93,300 bpd were sold to Cuban state-run oil monopoly Cubapetroleo, or Cupet, and 27,500 bpd was PDVSA's equity share delivered to the refinery in Cienfuegos. "Based on published data, the revenues seem to represent Cubapetroleo's equity share of the Cienfuegos Cupet-PDVSA joint venture refinery exports," said Jorge Pinon, former president of Amoco Oil Latinamerica and researcher at the University of Miami's Center for Hemispheric Policy. Under President Hugo Chavez, Venezuela has become a close ally of Cuba, which is an enthusiastic supporter of Chavez's regional integration proposal, the Bolivarian Alternative for the Americas, aimed at countering U.S. influence in the region. As part of bilateral integration efforts, Venezuela is revitalizing Cuba's downstream operations and plans to use the island as a bridge to supply the Caribbean with crude and derivatives with preferential financing.

#### **MULTA A PETROLERA POR EXPORTAR TECNOLOGIA A CUBA**

Source: El Nuevo Herald; 7 de mayo de 2009

En una medida de reforzamiento del embargo contra la industria petrolera de Cuba, la administración de Barack Obama impuso una multa de \$110,000 a la compañía Varel Holdings por realizar exportaciones de tecnología a la isla.

El Departamento del Tesoro anunció que Varel Holding, una firma de fabricación de barrenas para perforaciones petroleras, accedió a pagar la penalidad tras reconocer que había violado las reglas del embargo a través de una subsidiaria radicada en el extranjero. Según un reciente informe de la Oficina de Control de Bienes Extranjeros (OFAC), "entre junio del 2005 y junio del 2006, "una filial extranjera de Varel Holdings realizó once exportaciones de bienes en las que Cuba o un ciudadano cubano tenía interés". La compañía --con sede en Dallas, Texas-- reveló voluntariamente la información a los investigadores de OFAC, aunque el informe no especificó la localización de la subsidiaria infractora. Varel Holdings cuenta con fábricas en Tarbes, Francia y en Matamoros, México, y una distribuidora asociada en Edmonton, Canadá.

Un representante legal de Varel Holdings declinó hacer comentarios a El Nuevo Herald. Fundada en 1947 como un negocio familiar, la corporación texana reporta actualmente ventas anuales de \$91 millones. Hasta el 2005, uno de sus principales accionistas fue la compañía de inversiones de la Universidad de Texas (UTIMCO). La multa a Varel Holdings es la más alta entre las penalidades impuestas durante el presente año fiscal, que comenzó el pasado octubre, y la segunda que decreta el Departamento de Estado bajo la presidencia de Obama. El naciente desarrollo petrolero cubano ha estado en la mirilla del Departamento del Tesoro desde que las noticias en torno al posicionamiento y la exploración en la ZEE comenzaron a atraer la atención de poderosos consorcios internacionales. Esta es la cuarta compañía petrolera de Estados Unidos que resulta investigada y multada por negociar con Cuba en años recientes:

\* En el 2006, OFAC penalizó con \$171,300 a Dresser-Rand Group, radicada en Nueva York, por vender equipos a la Moa Nickel S.A. a través de una sucursal brasileña.

\* En mayo del 2007, PSL Energy Services, una proveedora internacional de tecnología y servicios para las perforaciones, pagó \$164,006 tras reconocer que entre abril y septiembre del 2004 se involucró en operaciones ilegales de exportación de equipos y entrenamiento para la industria de hidrocarburos de la isla.

\* El pasado año la firma Platte River Associates fue encausada por la fiscalía federal de Colorado bajo acusaciones de exportar una sofisticada tecnología para la explotación de yacimientos petroleros y de gas en aguas territoriales cubanas. La presunta violación podría costarle a la firma hasta \$1 millón.

La medida contra Varel Holdings se produce en medio de crecientes expectativas sobre la prospección petrolera en las aguas profundas del noroeste cubano. El año 2009 se considera decisivo para las perforaciones en los 59 bloques de la llamada Zona de Económica Exclusiva (ZEE), que comprende 112,000 kilómetros cuadrados. Un consorcio de petroleras encabezado por el consorcio español Repsol-YPF debe iniciar una nueva perforación en aguas del Golfo de México en junio o julio próximos, según informó el gobierno cubano semanas atrás. Repsol explorará asociado a la firma noruega Nork-Hydro y la india ONGC, con el plan de laborar en ocho proyectos perforables en aguas ultraprofundas hasta el 2012.

"Me cuesta trabajo entender la política de sanciones de OFAC, porque existen varias compañías extranjeras que trabajan en el sector petrolero cubano usando tecnología y experiencia operacional estadounidense", opinó el ex ejecutivo petrolero Jorge Piñón, investigador del Centro de Política Hemisférica de la Universidad de Miami. El analista observó que Repsol acaba de perforar uno de los pozos de hidrocarburos más prometedores que se han descubierto en aguas del golfo de México bajo jurisdicción estadounidense, a 10,000 metros de profundidad. La exploración debe proseguir en vínculo con la corporación estadounidense Chevron. Además de la sanción a Varel Holdings, el reporte de OFAC incluye el anuncio de una multa por \$2,000 a la firma EFEC Trade, de West Palm Beach, Florida, por violaciones en el envío de remesas a Cuba durante febrero del 2006.

## FOREIGN TRADE

### CAEN LAS COMPRAS DE CUBA A ESTADOS UNIDOS

Source: Pablo Alfonso, Martí Noticias; 5 de mayo de 2009

Cuba disminuyó sus compras de productos agropecuarios en Estados Unidos en un 4.64% en los dos primeros meses de este año, según cifras oficiales del Departamento de Agricultura. De acuerdo con las estadísticas publicadas en su portal <http://www.fas.usda.gov/ustrade/USTExFAS.asp?QI=>, las importaciones cubanas cayeron de \$126.2 millones durante enero y febrero de 2008 a \$120.3 millones en igual período de 2009. El pasado año Cuba compró en Estados Unidos \$691.1 millones de dólares en alimentos y productos agropecuarios, la cifra más alta desde que el Congreso norteamericano aprobó ese comercio regulado con la isla. La caída en las compras efectuadas por Cuba parece estar relacionada con la escasez de divisas que enfrenta el gobierno cubano que, de acuerdo con las regulaciones del embargo comercial, tiene que pagar en efectivo sus importaciones desde Estados Unidos. "El problema se hizo evidente con la resolución número uno del Banco Central de Cuba, a fines de marzo, reteniendo los pagos en divisas y eso se refleja ahora en la disminución de las compras a Estados Unidos", afirmó el economista Mario González Corzo, profesor de Lehman Collage en New York. Por su parte el economista Oscar Espinosa Chepe, dijo desde La Habana que la falta de divisas obedece a la caída de las exportaciones de importantes fuentes de

ingreso como el níquel, el tabaco, y el turismo internacional. "Los efectos de la crisis global deben sentirse cada día más en la isla y unirse a otros efectos negativos que vienen de atrás, porque llevamos veinte años en período especial", subrayó Chepe. Cuba dejó de comprar arroz en el mercado norteamericano, quizás por una mejor oferta en las condiciones de pago proporcionadas por Vietnam. Tampoco ha efectuado compras de maíz, como lo había hecho en años anteriores. La compra de carne de pollo disminuyó pero aumentó la carne de cerdo y la leche en polvo. La compra de aceite de soya se disparó de \$741 mil dólares en los dos primeros meses de 2008 a \$6.1 millones de dólares en 2009. Las compras que ha hecho Cuba en Estados Unidos hasta el pasado 28 de febrero, reflejan considerables aumentos en productos que tradicionalmente se han cosechado en la isla. Las cifras oficiales revelan que La Habana compró \$5.8 millones de dólares en hortalizas y otros \$4.4 millones en vegetales, lo que representa incrementos del 582 y 1,486 por ciento de estos productos, respecto al 2008. "Esas compras pudieran estar relacionadas con el aumento que ellos esperan en el turismo internacional. Hortalizas, vegetales y jugos enlatados tienen más que ver con una estrategia para satisfacer el mercado turístico", indicó González Corzo. Además de hortalizas y vegetales, Cuba compró también unos \$34,000 dólares en azúcar y \$55,000 en frutas y derivados. "Es absurdo que se estén comprando esos productos en Estados Unidos", afirmó Espinosa Chepe. "Eso revela el desastre que existe en la agricultura cubana".

#### **SEN. LANDRIEU, OTHERS SEEK SMALL BUSINESS OPPORTUNITIES IN CUBA**

Source: Washington, The Senate Small Business & Entrepreneurship Committee; May 11, 2009

The Senate Small Business & Entrepreneurship Committee issued the following news release: United States Senator Mary Landrieu, D-La., Chair of the Senate Committee on Small Business and Entrepreneurship, today wrote to Treasury Secretary Timothy Geithner requesting that changes in American telecommunications policy toward Cuba include access to new exports and opportunities for U.S. small businesses. In April, President Barack Obama announced a series of changes to limits on travel and gifts from the U.S. to Cuba, as well as the authorization of greater telecommunications links between the two countries. The letter was also signed by Sens.

Byron Dorgan, D-N.D., Jeanne Shaheen, D-N.H., Maria Cantwell, D-Wash., and Ron Wyden, D-Ore. "As the Administration negotiates with the Cuban government and comes up with new regulations, we would respectfully request your consideration to make U.S. small business interests a priority in these discussions," the Senators wrote. "Small businesses are the engine of the American economy and, now more than ever, deserve a level playing field for new opportunities in Cuba." The Senators noted that, in the past, when the U.S. eased restrictions on the sale of medicine and agricultural products to Cuba, \$438 million in food and agricultural products were shipped to Cuba from the U.S. in 2007 alone. "The recently announced changes present additional business opportunities for U.S. companies and another avenue to improve the quality of life for the Cuban people," the Senators wrote. Specifically, the Senators asked about five specific Administration policies relating to small business participation in telecommunications activities in Cuba: \* Whether U.S. Small Business Administration (SBA) and Export-Import Bank loans would be eligible to be used for authorized small business activities with Cuba \* The specific roles that Federal agencies such as the Department of Commerce, Export-Import Bank, and SBA could play in promoting U.S. small business exports/activities in Cuba \* Whether the Administration, as provided by the Regulatory Flexibility Act when a trade is likely to have a significant economic impact on a substantial number of small companies in an industry sector, will work with the SBA Office of Advocacy to seek streamlined rules and licensing requirements for U.S. small business activities to Cuba \* Whether the Administration plans to issue an online accessible step-by-step small business guide on doing business with Cuba under the new guidelines; such a document could outline banking procedures, business travel, claims, regulatory licensing, and other relevant issues \* Whether the Administration plans to encourage the Cuban government to support joint ventures between Cuban and U.S. small businesses on these projects To read the full text of the letter, visit: [http://sbc.senate.gov/oversight/lettersout/2009/05\\_11\\_Cuba.pdf](http://sbc.senate.gov/oversight/lettersout/2009/05_11_Cuba.pdf)

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#### **LIFTING CUBAN EMBARGO A TRADE-OFF FOR SOUTH FLORIDA BUSINESS**

Source: Frances Robles, MiamiHerald; May 27, 2009

South Miami businesses could benefit -- and be hurt -- if the trade embargo against Cuba is lifted, a

new report says. Miami's economy would likely be hurt by a flood of highly subsidized Cuban exports if Congress lifts the trade embargo against the island before there are significant political changes there, the Greater Miami Chamber of Commerce said in a new report released Saturday. But South Florida also stands to benefit from a surge of business opportunities both here and in Cuba, the report contends, and leaders should prepare for such a scenario or risk missing out on an unprecedented boon to South Florida's economy. The report, titled *The Business Impact of a Post-Embargo Cuba*, marks the first time that the Greater Miami Chamber of Commerce has looked at the embargo from the standpoint of an undemocratic Cuba. "We recognize that it's become very clear that it is possible that the U.S. government will lift the embargo at some point even if Cuba is not free as we previously defined it," said chamber chairman Bruce Jay Colan. "We have to prepare. We would be foolish to stick our heads in the sand. What we cannot do is sit back and wait for Cuba to be free." The move is significant, underscoring a perceived shift in public and political opinion on the U.S. trade embargo against Cuba. With Fidel Castro officially out of power in Cuba, and President Barack Obama in power in Washington, anti-embargo activists have gained tremendous momentum in recent months to lift decades-old sanctions. Several bills that would permit trade and travel with the communist country are currently winding through Congressional committees. Obama, who already liberalized travel for Americans with relatives on the island, has said he supports the embargo.

#### CIGARS AND RUM

The report outlines different ways Miami could both be hurt and benefit from a post-embargo Cuba. If the embargo is lifted with a totalitarian regime in place, then local businesses would likely be unprotected by the island's legal system, the report states. The region could be deluged with cigars, rum and other goods of questionable quality which were highly subsidized by the Cuban government and prepared by workers operating outside international labor standards. "Miami businesses could face an unprecedented level of unfair competition by Cuban exports not governed by international free market practices," the report said. But Miami could also become a hub of businesses drawn here to set up Cuba-related enterprises, because the infrastructure on the island is so poor. "Businesses will be settling here," Colan said. "There will be demand for office space, housing and education. That's another way Miami would be positively affected. It would be the single largest opportunity Miami's economy ever had." However, improvements must be made to the Port of Miami and docks at the Miami River to handle the expected influx of goods. Mauricio Claver-Carone, a pro-embargo lobbyist in Washington, D.C., acknowledged the report is likely to ruffle some feathers in the Cuban exile community. "I think the most interesting part of the report is their finding that if the U.S. unilaterally lifts the embargo, Miami and the United States as a whole would suffer unfair competition from Cuban producers," he said. "With all the focus and sensationalism in news reports about the Obama administration and sanctions, it's an issue that's gotten a great deal of attention, so I'm not surprised it's one of the scenarios, but they should take the president at his word: the embargo will not be lifted prior to Cuba's democratization," Claver-Carone said. He added that lifting the embargo is easier said than done. As the law now stands, Cuba would be required to hold elections, free political prisoners and enact reforms before trade is opened.

#### POINT OF CONTENTION

Claver-Carone noted that one of the report's authors, Akerman Senterfitt attorney Pedro Freyre, who chairs the chamber's Cuba Committee, represents European companies interested in Cuba and has an "inherent business interest" in legalized trade. Freyre is an expert on the U.S. embargo who advises many European nations on how not to run afoul of the Helms-Burton law. He could not be reached for comment. Colan stressed that the chamber has not taken a stance on the embargo. "That's a political question that will be resolved by the federal government," he said.

### **CUBA COULD SUPPLY OIL TO U.S. IN POST-EMBARGO FUTURE?**

Source: Wilfredo Cancio, Miami Herald; June 8, 2009

Cuba has launched a bold policy of oil development that could turn the country into an important supplier of fuel in the Caribbean -- and the United States, should the embargo be lifted in the future. But world economic turmoil might sidetrack Venezuela's commitment to underwrite the multimillion-dollar projects in Cuban refineries and ports. Cuba's oil strategy consists of processing about 350,000 barrels of crude daily and supplying the big demand for oil byproducts in nearby countries beginning in 2013, according to sources in the Ministry of Basic Industry and the state-run oil firm Cuba Petroleo. In a post-embargo era, one of the principal beneficiaries could be the U.S., an importer of crude and derivatives with a refinement capacity that covers 81 percent of its domestic demand. However, the plans drawn up in 2005 during Venezuela's economic boom are today in trouble. A drastic fall in Venezuela's oil revenues during the first few months of this year, operational difficulties in the state-

owned Petroleos de Venezuela (PDVSA), and the liquidity problems affecting Hugo Chavez's government are not good news for the Cuban projects, which require a \$10.8 billion investment between now and 2015. Chavez and Cuban President Raul Castro will travel this week to Basseterre, the capital of St. Christopher and Nevis, to participate in the Sixth Summit of Petrocaribe.

The summit, which takes place Thursday and Friday, will be attended by 18 heads of state and will try to give "a strategic response" to the crisis affecting the countries in the region. The agenda will include an analysis of the projects underway in Cuba, Jamaica, Nicaragua and Haiti. Cuba plans to go ahead with its development project even if the estimates of valuable reserves of crude off Cuba's northwest coast fall short. The area, called the Exclusive Economic Zone, is believed to contain 4.6 billion barrels of oil and 9.8 billion cubic feet of natural gas, according to a 2004 study by the U.S. Geological Service. The zone covers an area of 70,000 square miles, divided into 59 exploration blocs, approximately 1,250 square miles each. In 2001, the Cuban government began to sell concessions to foreign companies. In October 2008, officials of Cuba Petroleo, or CUPET, estimated the reserves at 20 billion barrels, but international analysts doubt that estimate because the Cubans did not reveal their methodology.

#### REFINERY UPGRADES

In any case, the idea conceived by the Cuban government is to upgrade several refineries and ports to be able to process 4 million barrels per day that regional countries will need. "Our project is intended not only to survive but also to make us self-sufficient and allow us to develop further, even if the results of the planned drillings are not the most encouraging," a CUPET engineer told El Nuevo Herald. He asked for anonymity because he was not authorized to speak about the topic. "It is a project with a future," he said. If in a 5- to 10-year period Cuba manages to raise its refinement capacity to 350,000 barrels, it would be able to shed its dependence on Venezuela. Cuba could also process crude oil from Russia, Angola, Brazil and from Cuba's own deep-sea wells. "The strategy is intelligently designed because the future of the oil sector will depend on the available capacity to refine crude oil and transform it into fuel," said Jorge R. Pinon, former president of Amoco Oil Latin America and researcher at the University of Miami's Center for Hemispheric Policy. According to Pinon, instead of importing derivatives from Europe and the Middle East, the U.S. and other neighboring countries would have a competitive logistical center with unbeatable freight costs. Other analysts are more skeptical about Cuba's plans. "In a free market, this strategy is not profitable," said engineer Eduardo del Valle, president of EGDV Consulting, an energy projects consultant. "The problem is that the decisions until now have been more political than economic."

#### REPORT SHEDS LIGHT

The initiative to consolidate an efficient system of refineries and ports in Cuba appears in a report by the Venezuelan Oil Chamber, written when a Venezuelan business delegation traveled to Cuba last October. Cuba was expected to put up 50 percent of the capital in its joint investments with PDVSA.

According to the document, the joint development plan envisions: . Expansion of the Cienfuegos refinery, with an investment of \$3.66 billion to boost its processing capacity from 69,000 barrels per day to 150,000 barrels per day. The project, which must end in 2012, includes the manufacture of four storage tanks for crudes, derivatives and distillates, and a plant to furnish gas to the refineries and thermoelectrical plants. . Expansion and repairs at the Hermanos Diaz refinery (formerly Texaco) in Santiago de Cuba, at a cost of \$850 million. Its capacity will be increased from 22,000 barrels per day to 50,000 for the production of high-quality gasoline. All work should be completed by 2013.

Construction of a mega-refinery in Matanzas province with the capacity to process 150,000 barrels per day with deep conversion (the processing of heavy crudes). The construction will cost \$4.33 billion and operations will start in December 2015. . Prospecting bays in Cienfuegos and Matanzas, costing \$1.6 million. Refurbishing of the Amistad oil pipeline between Matanzas and Cienfuegos, which has been unused since 1989. Although not mentioned in the document, plans include the shutdown of the Nico Lopez refinery (former Shell/Esso) in Regla, Havana Bay, which at present processes about 25,000 barrels per day. A source linked to the Ministry of Basic Industry said there are plans to dismantle the Regla refinery in order to stop polluting Havana Bay and improve Havana's appeal to tourists.



## INVESTMENTS & COOPERATION

### CUBA DARA PRIORIDAD A INVERSIONES QUE ATRAIGAN MAS TURISTAS

Source: Caribbean News Digital; May 12, 2009

Cuba. Las autoridades nacionales de turismo informaron que el país trabajará este año para evitar decrecer en medio de la crisis del sector a escala internacional y dará prioridad a las inversiones enfocadas en atraer más viajeros hacia este destino, que espera cerrar el 2009 con 2.5 millones de visitantes extranjeros. "Hay que seguir promocionando en forma diferente, en forma más efectiva, en forma más racional, usando el dinero, poniéndolo allí donde más dé para captar más turistas", declaró el asesor del ministerio del Turismo, Miguel Alejandro Figueras, en declaraciones a la televisión local. "Este año será muy difícil", reconoció el funcionario, pero acotó que se está "luchando para no decrecer" y para que no baje el nivel de turismo alcanzado por Cuba en los últimos años, en los que el sector ha crecido hasta llegar a 46.500 habitaciones. "Hay que trabajar duro porque si el Caribe baja entre 10 y 30% y logramos mantener el mismo nivel del año pasado, que fue un año récord, eso ya es una proeza", agregó. En 2008 visitaron Cuba 2,3 millones de turistas, un aumento del 9,7% con respecto a 2007, y dejaron ingresos por unos 2.700 millones de dólares, según datos oficiales. Canadá se ha mantenido como el primer emisor de turistas hacia este destino caribeño, con cerca de 820.000 en 2008, seguido de Inglaterra, Italia, España y Alemania.

### QATARI DIAR SIGNS TWO TOURISM INVESTMENT AGREEMENTS IN CUBA

Source: Middle East North Africa Financial Network (MENAFN Press); May 13, 2009

QATARI DIAR Real Estate Investment Company (QATARI DIAR), a leading company in sustainable development projects in Qatar and the world, through its subsidiary Qatari Resorts Company, has recently signed two agreements on sustainable tourism investments in Cuba.

Mr. Ghanim bin Saad Al Saad, CEO of QATARI DIAR and Director of Qatari Resorts Company, has signed the two agreements during his visit in Cuba last week. QATARI DIAR concluded a Joint Venture Agreement for a \$75 million investment with Gran Antilla S.A , an affiliate of Gran Caribe, a Cuban company 100% owned by the Cuban Ministry of Tourism, to develop an exclusive 5-star resort in Cuba. As the first major joint venture between Qatar and Cuba, this key partnership will cement two close visions of quality community resort. Gran Paraíso, the Joint Venture Company, will develop and manage an island resort located 30 minutes flight from Havana, on a 28.59 hectares parcel of land in Cayo Largo del Sur. Reflecting the traditions and customs of the local Cuban culture, Cayo Largo del Sur, the new luxury resort hotel and spa, will consist of up to 450 bedroom hotel with world-class amenities, including a spa and fitness centre. The second phase of development will include 60 deluxe villas, designed to create a dwelling for travelers' community. The development will be complimented by retail facilities and is scheduled to open in 2012.

"Signing these agreements comes in line with QATARI DIAR's vision and strategy to support sustainable development. Cuba offers a good market that we look for a strong presence in; therefore, these agreements give us the opportunity to invest in Cuba's emerging tourism and economy," commented Mr. Al Saad. Mr. Luis Miguel Diaz, president of Gran Caribe, added: "With this new Joint Venture with QATARI Diar, we will initiate the development of many other projects in the tourism sector. It is a first step in a long term win-win business relation." Gran Caribe Group is one of the leading hotel operators in Cuba with 47 hotels strategically positioned in the most important locations. A natural fit for a partnership with QATARI DIAR, Gran Caribe and QATARI DIAR will offer world-class, quality products and services that are designed to reflect the spirit of the Cuba culture. Furthermore, another Joint Venture agreement between QATARI DIAR and Habaguanex S.A. Compania Turistica, a Cuban tourist company based in Old Havana was concluded. The potential project, named Prado y Malec, involves the development and construction of a hotel in a plot of land located at the Malec in Havana. Habaguanex S.A. Compania Turistica takes care of making the old Havan's historical center revive, through touristic investments renewing old traditions. In keeping with QATARI DIAR's tradition of creating sustainable, community-enhancing projects, these two projects will generate hundreds of jobs during the construction phase while enhancing Cuba's tourism

infrastructure and desirability as a tourist destination. The resort and the hotel will also help cater to the needs of the Cuban business and tourism sectors, and will serve as an attractive venue for the growing number of people expected to travel to the country in the near future.

### **CUBA INVITES FOREIGN INVESTORS INTO BEACH RESORT**

Source: Daniel Thomas, The Financial Times (London); May 18, 2009

Cuban real estate is up for grabs

Overseas private investors and homebuyers are to be given a rare chance to buy Cuban real estate in a move that marks a further loosening of the economic constraints imposed on the island since Fidel Castro seized power 50 years ago. Cuba is set to offer investors the chance to buy an apartment in an exclusive beach resort on the north coast. The leasehold will initially be for 75 years, although the resort's developer hopes to be able to convert it into a freehold.

Esencia Hotels & Resorts, a UK company, expects to get the final go-ahead from the Cuban government in the coming weeks and hopes to begin marketing the resort in June. Andrew MacDonald, chief executive of Esencia, said Cuba's only previous foray into overseas property sales is believed to have involved a handful of leaseholds in the capital Havana eight years ago. "We are in the final stages of the project with the government, and hope to be started before the end of the year," he said. "The Cuban tourism market is growing strongly, so we anticipate significant interest in this."

What's on offer

The Carbonera Club will be a luxurious beachfront resort an hour's drive from Havana, near the tourist destination of Varadero. It will include a hotel, spa, 18-hole golf course and yacht club. The resort, which is being marketed by Savills, the estate agency, is expected to ask for a minimum of \$1,500 a square metre for the most basic apartments. The designer is Sir Terence Conran and the architect is Rafael De La Hoz. Construction will be completed in 2011. Savills said there was likely to be little or no sales or capital gains tax, which would make it attractive to investors. The government says it is planning to open a series of hotels and resorts to improve tourism, one of its top-earning industries, over the next few years. The Caribbean island attracted more than 2m tourists last year, many from the UK and Spain. The resort will also be marketed in Canada, which unlike the US is not subject to travel and trade restrictions. Mr Castro nationalised private property when he seized power in the late 1950s, but Cuba has been moving towards a freer market economy in the past few years. He transferred leadership to his brother, Raúl Castro, in 2008.  
[http://www.ftd.de/karriere\\_management/business\\_english/:Business-English-Cuba-invites-foreign-investors-into-beach-resort/515277.html](http://www.ftd.de/karriere_management/business_english/:Business-English-Cuba-invites-foreign-investors-into-beach-resort/515277.html)

### **AZERBAIJAN AND CUBA AGREED ON COOPERATION IN THE FIELD OF OIL AND STATISTICAL EXCHANGE**

Source: ABC.AZ Daily News; May 19, 2009

The 2nd meeting of Azerbaijan-Cuba Intergovernmental Partnership Commission was held today. Co-Chair of the Commission Minister of Culture and Tourism Abulfaz Garayev said at the meeting sides discussed all the spheres as well as draft documents to be signed by both countries in the near future. The documents were prepared for submission to suitable governmental agencies. "We made some amendments connected with Commission's work linked with the global processed and defined directions. I would like to especially point out our discussions for cooperation in the fields of foodstuffs, agriculture, veterinary area, and, for sure, healthcare and quarantine, which were reflected in Ministries' protocols," Minister emphasized. "The protocol also reflected cooperation in the field of culture and tourism, statistical data exchange. It was specially marked the item stipulating cooperation between Azerbaijan Republic Ministry of Industry and Energy and Cuba's suitable body. The item indicated that our oil workers will render consulting services at Cuban fields," Garayev noted. Following the meeting it was signed the protocol. The presidential decree on Amendments and Additions to the decree of January 16, 2008 renewed the staff of Azerbaijan-Cuba Intergovernmental Partnership Commission confirmed on October 18, 2007. Minister of Culture and Tourism Abulfaz Garayev was appointed the new Chairman of the Commission instead of former Minister of Economic Development Heydar Babayev. Therefore, Deputy Minister of Culture and Tourism Teymur Mekhtiyev was withdrawn from the Commission's national staff and replaced with Deputy Minister of Economic Development Niyazi Safarov. Azerbaijan Permanent Representative under the UN Ilham Aghayev was

replaced with Agshin Mekhtiyev, Permanent Representative under the UN and accredited Ambassador of Azerbaijan to Cuba. Among the bilateral Commission's members on behalf of Azerbaijan are deputy ministers for foreign affairs Khalaf Kalafov, for finance Azer Bayramov, for industry & energy Gulmammad Javadov, culture & tourism Teymur Mehdiyev, for education Elmar Gasimov, for health Sanan Kerimov, for youth & sports Intigam Babayev. The first session of the Commission was held on November 30 – December 1, 2007 in Havana.

#### **SPANISH PAPER MAKER ANNOUNCES JOINT VENTURE WITH CUBA**

Source: EFE; June 4, 2009

Spain's Castor Plus has formed a joint venture with the Cuban government to produce paper at a plant in the central province of Sancti Spiritus, the firm's president told Efe Thursday. Castor Plus plans to invest 7 million euros (\$9.9 million) initially and another 5.5 million euros (\$7.8 million) later, with the goal of producing some 40,000 tons of white paper in the first year, Carmelo Zubiaur said. The firm eventually will produce nearly 100,000 tons and earn more than \$104 million in annual revenue, according to a feasibility study. The Cuban government holds 51 percent of the joint venture, known as Jatipap, but the Spanish firm is responsible for management and marketing. The Jatibonico plant was built in 1979 with French technology and, once it is up and running again with the help of Spanish engineering firm Ezbisa, will create 121 direct jobs and 300 indirect jobs, said Zubiaur, who has done business on the island for more than a decade. He said he is aware of the island's serious economic problems and the communist government's severe lack of liquidity, but is hopeful the situation will be overcome and that Jatipap will earn a reasonable profit by substituting imports in a "strategic sector." Nearly 60 Spanish companies currently are involved in joint ventures with the Cuban government, among them Repsol, Melia, Barcelo, NH Hoteles and Aguas de Barcelona.

#### **SUGAR**

#### **CUBA IS BUILDING SIX NEW SUGAR MILLS**

Source: Reuters, Marc Frank; May 4, 2009

Cuba is building six sugar mills for countries participating in a Venezuelan-led cooperation program called the Bolivarian Alternative for the Americas (ALBA), the official trade union weekly Trabajadores said on Monday.

Reporting from the heart of the country's machine-building industry in Villa Clara province, the paper said some of the mills would be fitted to produce ethanol and the industry was also supplying spare parts for ALBA countries. "Six mills are being built, and some will be fitted with technology to convert them to ethanol producers," the paper said.

ALBA, begun by Venezuela and Cuba, also includes Bolivia, Honduras, Nicaragua and Dominica, but the article did not say where the mills will be located. The contract is a boom for Cuba's machine-building industry, which built eight sugar mills for domestic use between 1965 and 1985, and has seen supply contracts for the domestic sugar industry dwindle as it is downsized. Since the decade began Cuba has closed some 90 mills, all built before the 1959 revolution. Some of the closed mills and parts were sold to Venezuela.

#### **CUBAN SUGAR MINISTER SAYS NO NEED TO IMPORT WHITES**

Source: Marc Frank, Reuters; May 4, 2009

- \* Sugar minister says no need to import whites this year
- \* Raw sugar output at 1.25 million tonnes - estimate
- \* Thirty-seven mills grinding as summer rains hold off

Cuba's sugar minister said the country would not import sugar this year as added refining capacity will meet domestic demand, local media said on Monday. Sugar Minister Luis Manuel Avila said in central Camaguey province that increased refining would "substitute the 78,000 tonnes of sugar imported last year," the province's official Adelante newspaper said. In 2006 and 2007 Cuba imported 200,000 to 300,000 tonnes of low grade whites, mainly from Colombia and Brazil. Cuba began adding refining capacity in 2007 as part of a general effort to substitute food imports. Refined sugar output was 110,000 tonnes in 2007 and just over 200,000 tonnes in 2008, the government reported. Raw sugar output increased in 2008 to 1.4 million tonnes from 1.2 million tonnes in 2007, with plans this year calling for a similar output.

As of the weekend, production had reached 1.25 million tonnes, Reuters estimated, with 37 mills open. The sugar minister said continued grinding would depend on summer rains which begin in May but have been minimal so far this month. Cuba harvested 330,000 hectares (815,448 acres) of cane during the 2007-2008 harvest. There are 700,000 hectares (1,729,737 acres) 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, in addition to whatever other contracts it signs.

### **CUBA BUILDING SIX SUGAR MILLS UNDER ALBA PLAN**

Source: Marc Frank, Reuters; May 4, 2009

Cuba is building six sugar mills for countries participating in a Venezuelan-led cooperation program called the Bolivarian Alternative for the Americas (ALBA), the official trade union weekly Trabajadores said on Monday. Reporting from the heart of the country's machine-building industry in Villa Clara province, the paper said some of the mills would be fitted to produce ethanol and the industry was also supplying spare parts for ALBA countries. "Six mills are being built, and some will be fitted with technology to convert them to ethanol producers," the paper said.

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### **HABLEMOS DE AZUCAR**

Source: Pablo Alfonso, diariolasamericas; 10 de mayo de 2009

El pasado lunes el ministro cubano del Azúcar Luis Manuel Avila hizo una afirmación que motivó mi curiosidad periodística. Este año, dijo el funcionario, la producción de azúcar refinado va a cubrir la demanda doméstica. "Es algo que sustituye 78.000 toneladas de azúcar importadas el año pasado", enfatizó rotundo Avila, según publicó el diario camagüeyano Adelante. Nada que reprochar; incluso diría que me congratula que la otrora llamada "azucarera del mundo" comience a recuperar una agroindustria en la que trabajaban casi medio millón de obreros cubanos. Cuba reconoce que en los años 2006 y 2007 importó desde 200,000 hasta 300,000 toneladas de azúcar refinada de bajo grado, principalmente de Colombia y Brasil. Lo que no reconoce es que, también, ha importado azúcar y sus derivados desde Estados Unidos. Hay algo que parece que se le ha escapado al flamante ministro cubano del Azúcar. Se le ha escapado o no quiere ofrecer a los cubanos esa información, porque puede tener implicaciones o consideraciones políticas. Revisando las estadísticas del Departamento de Comercio de Estados Unidos encuentro que Cuba realizó en este país las siguientes compras de azúcar y productos derivados: En el 2004, un total de \$334 mil dólares; en el 2005, otros \$304 mil dólares; en el 2006 disminuyó la compra a \$68 mil dólares; aumentó de nuevo en el 2007 a \$125 mil dólares y en el 2008, sólo compró \$20 mil dólares. En los primeros dos meses de este año 2009, las cifras disponibles muestran que Cuba ha comprado ya unos \$34,000 dólares del mismo rubro. Las probables consideraciones políticas tienen que ver con el origen de ese azúcar comprada en Estados Unidos. Una cuestión de implicaciones ideológicas. ¿Cuáles? Pienso, por ejemplo, en la dificultad de los ideólogos del castrismo para explicar las razones por las cuales, Cuba tiene que recurrir a una país importador de azúcar, como Estados Unidos, para abastecerse de un producto que tradicionalmente exportaba la isla, casi desde el momento mismo en que hace cinco siglos se

incorporó al mundo comercial de aquél entonces. Por algo se acuñó aquella frase de “sin azúcar no hay país”. Imagino que no será muy fácil para la propaganda oficial tratar de que el imaginario popular no asocie esas importaciones de azúcar con la Florida, principal región azucarera de Estados Unidos, donde florecen plantaciones e industrias, desarrolladas por empresarios cuyas industrias y plantaciones en Cuba fueron “nacionalizadas” por la revolución marxista-leninista, para ponerlas “al servicio del pueblo” y hacerlas “más eficientes y productivas”. Un cuento que el tiempo se ha encargado de desarrollar con un epílogo muy diferente al prólogo. Hablando de cifras habría que decir que la Florida es el mayor productor de azúcar de caña de Estados Unidos, seguido de Louisiana, Hawai y Texas, en ese orden. Aquí se produce aproximadamente el 52 por ciento del azúcar de caña de Estados Unidos y el 22 por ciento del azúcar total que se produce en este país, incluido el azúcar de remolacha. Las estadísticas oficiales de Cuba indican que la isla dispone de unas 700 mil hectáreas dedicadas a la caña de azúcar. En la zafra 2007-2008 cosechó unas 330.000 hectáreas de caña y produjo 1,4 millones de toneladas de azúcar crudo; el año anterior produjo 1,2 millones de toneladas. La zafra de este año se estima en 1.25 millones de toneladas con 37 ingenios participando en la molienda. En la Florida existen unas 190 mil hectáreas cultivadas de caña de azúcar y seis centrales azucareros; cinco propiedad de empresas corporativas y uno propiedad de una cooperativa de cosecheros de caña. La producción de azúcar crudo para la pasada cosecha fue de 2.0 millones de toneladas de azúcar. Son algunas cifras para pensar.

### **CUBA SAYS JUST TWO OF 54 SUGAR MILLS REMAIN OPEN**

Source: Marc Frank, Reuters; June 2,2009

\*Cuban harvest all but over at 1.3 million tonnes

\*Two remaining mills expected to add little tonnage

Two weeks of rainfall have all but ended Cuba's sugar harvest with just two of 54 mills still grinding, official media reported Tuesday, with an estimated 1.3 million tonnes of raw sugar produced according to local sources and media. "Only the Loynaz Hechavarria mill in Holguin and Jesus Rabi in Matanzas remain open in the country," state-run television reported during its morning newscast. Neither mill was expected to produce more than a few hundred to a thousand tonnes before shutting down. Just six of 13 sugar-producing provinces reported meeting their plans before the summer rainy season set in, and Cuba 's top sugar reporter Juan Varela reported the country had met 93 percent of the plan. The Sugar Ministry announced when the harvest began it would equal last year's output despite serious damage caused to infrastructure by Hurricane Ike in September. Cuba produced 1.42 million tonnes of sugar last year, of which around 800,000 tonnes were exported, according to industry sources, and the island imported 78,000 tonnes of low-grade whites. The country has added refining capacity and announced last month it would not import whites this year. Cuba delays for months reporting on harvest results, but local media often publish provincial plans. Based on the local media reports and sources, Reuters estimates final raw sugar output this year at 1.3 million tonnes. The industry hoped to end the harvest by May before hot and humid weather makes milling more costly and yields drop, but late start-ups, machine and parts shortages and other problems kept milling at below 70 percent of capacity. These problems have plagued the state-run industry for a number of years. The Cuban harvest is more than 80 percent mechanized and rains hamper cutting machines and trucks entering plantations. Cuba harvested 330,000 hectares (815,448 acres) of cane during the 2007-2008 harvest. There are 700,000 hectares (1,729,737 acres) 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 , in addition to whatever other contracts it signs.

## CUBA SE OFRECE COMO 'DESTINO COMPLETO' PARA EL TURISMO

Source: [www.americanthinker.com](http://www.americanthinker.com); 30 de abril de 2009

El ministro de Turismo de Cuba, Manuel Marrero, destacó este lunes las cualidades de la isla como "destino completo" en un año que está siendo "difícil" para el sector, durante la inauguración de la Feria de Turismo de Cuba FITCUBA-2009.

Marrero y el primer vicepresidente cubano, José Ramón Machado Ventura, encabezaron la apertura del evento, que reunirá hasta el próximo 8 de mayo a cerca de 900 profesionales del turismo de 58 países, está dedicado a las ciudades patrimoniales Cuba y tiene a Alemania como invitado de honor. "Tenemos la fortaleza de ser un destino completo", indicó Marrero en la inauguración, al destacar que Cuba ofrece "seguridad, algo que cada vez escasea más en el mundo", así como elementos como la calidad de vida, la diversidad cultural, el turismo de naturaleza, el de eventos, el de salud y el relacionado con actividades náuticas. "Arribamos a esta feria luego de concluir el mejor año de la historia del turismo cubano con crecimientos de visitantes superiores al nueve por ciento y un incremento de los ingresos por concepto de turismo en un 12 por ciento", agregó el ministro. Reconoció que 2009 "está siendo un año difícil" como resultado de la crisis internacional, aunque destacó el incremento del dos por ciento en la recepción de turistas (cerca de 810.000) experimentado por el sector durante este invierno, uno de los periodos de mayor afluencia de visitantes a la isla.

El programa de la feria prevé presentaciones y debates, además de negociaciones y un recorrido por varias ciudades patrimoniales cubanas como Remedios, Cienfuegos, Trinidad, Santiago de Cuba y Bayamo. De acuerdo a datos oficiales, Canadá se ha mantenido como principal origen de los visitantes de Cuba (cerca de 820.000 en 2008), seguido de Inglaterra, Italia, España y Alemania. Los 2.3 millones de turistas que visitaron la isla durante 2008, con un aumento del 9.7 por ciento respecto a 2007, dejaron ingresos por unos \$2,700 millones. Cuba dispone actualmente de 46,500 habitaciones y las autoridades del sector esperan finalizar este año con la visita de 2.5 millones de turistas.

## CUBA HOPES FOR GROWING INFLUX OF RUSSIAN TOURISTS

Source: DATELINE, HAVANA; May 6, 2009

Cuba hopes for further growing influx of tourists despite the global economic crisis, Cuban Tourism Minister Manuel Marrero told Itar-Tass on Tuesday.

He stressed that Russia is one of the most promising countries for boosting ties in the tourism industry. "We place stake on the development of cooperation in tourism with Russia," he said adding that stronger bilateral relations in all areas help to deepen cooperation in the tourism industry. Last year the influx of Russian tourists to the Caribbean country increased by 40 percent and reached a record high of over 40,000. "Since the beginning of the year amid the economic crisis a slight slide is registered. But we are confident that the situation will normalize and by the end of the year we will manage to surpass last year's rates," the minister said. Marrero also noted that Russia companies and tour operators are taking an active part in the ongoing International Tourism Fair in Havana that brought together representatives of 54 countries. He expressed confidence that during the fair new mutually advantageous contracts with Russian partners will be signed. He noted that some republics of the former Soviet Union are also interested in stepping up cooperation with Cuba in this sphere, but Russia is still in the lead. Tourism is one of the main sources to fill up Cuba's foreign currency reserves. According to official estimates, last year 2.35 million foreign tourists visited Cuba and brought 2.74 billion U.S. dollars in revenues. Canada ranks first by the number of tourists visiting the island. Britain, Italy, Spain and Germany come next. The tourist industry employs around 300,000 Cuban citizens.

## **CUBAN AMERICAN TRAVEL TO CUBA ON THE RISE**

Source: Marc Frank, Reuters; May 6, 2009

The number of Cuban Americans visiting Cuba is up 20 percent so far this year and will likely keep rising as Washington eases travel restrictions, the Cuban tour operator for U.S. traffic said on Wednesday. Antonio Diaz Medina, vice president of Havanatur, said arrivals picked up after the U.S. Congress in March eased a Bush administration measure that restricted Cuban American visits to once every three years. "The flights from the United States carried about 85,000 last year and so far this year arrivals have been about 40,000," Diaz said in an interview. Diaz said an additional increase in visitors was expected during the summer after President Barack Obama signed an executive order last month lifting all restrictions on Cuban Americans visiting relatives. Diaz spoke as Cuba's annual tourism convention unfolded at the colonial-era Morro Cabanas fortress overlooking Havana Bay, where talk among officials and tour operators centered on whether the gathering would be the last without a large American presence. Legislation lifting all travel restrictions on U.S. citizens traveling to Cuba was introduced in Congress just over a month ago, and with a slight thaw in U.S.-Cuba relations under way, is given a good chance of passing. Cuba has been mostly off-limits to Americans since the U.S. imposed a trade embargo against the communist-led island three years after Fidel Castro took power in a 1959 revolution. Tour operators from more than 50 countries at the convention dubbed the prospect of open travel from the United States "the American Tsunami" and said it was just a matter of time. "You know what, I love Americans. Go Obama. Cuba will still be Cuba, the same place with a few Americans added. It's just like adding another spice to the stew," said Richard, a Canadian tour operator who did not want to give his full name. Cuban officials appeared relaxed about the prospect of the Americans arriving, with one saying "there is no reason to make it a big deal now. They could come in three months or three years." "I do not expect any tsunami. What's certain is that there will be a convention in 2010, with or without the Americans," Diaz said. "If they come, too, that's fine. It will simply mean we are going back to normal where all markets are open," he said, adding inquiries from U.S. tour operators had increased significantly. The Obama administration denied licenses to U.S. tour operators seeking to attend this year's convention, according to John McAuliff of the New York-based Fund for Reconciliation and Development. "We could have brought 100 operators here," he said. "Next year we will, and if all restrictions are lifted there will be hundreds, maybe even a special event."

## **CUBA NO ESTA PREPARADA PARA 'BOOM' TURISTICO**

Source: Nestor Ikeda, AP, Canada; 8 de mayo de 2009

Con el levantamiento del embargo, unos 3 millones de turistas solamente de Estados Unidos visitarían Cuba, pero el país no está preparado en infraestructura ni culturalmente para recibirlos, según expertos que analizaron los retos nacionales y oportunidades internacionales para el desarrollo económico cubano. Expresaron también su preocupación ante la eventualidad de que la "falta de preparación cultural" de la comunidad cubana para aceptar el desarrollo turístico pudiera ser un factor que presione negativamente la explotación de esa industria. "Este es un aspecto sumamente negativo", declaró Edgar Goell, del Centro para la Investigación del Futuro, en El Cairo. "Los cubanos ven cómo grupos de jóvenes occidentales pueden pagar su viaje, vienen y se alojan en hoteles y llegan a conocer la isla más de lo que ellos mismos la conocen". "Por ahora son, por ejemplo, muy escépticos en cuanto a los campos de golf, a donde llegarían 10 o 12 estadounidenses o canadienses a jugar: Nadie les ve mucho sentido para el desarrollo general de Cuba". En la actualidad unos 2,3 millones de turistas visitan Cuba, cuyo gobierno ha estado trabajando activamente en la ampliación del número de habitaciones hoteleras, mayormente en las áreas de La Habana y Varadero. En 2005 había unas 53.000 habitaciones; en 2007 aumentaron a 70.000 y se espera un nuevo aumento a 90.000 en 2010, según datos recopilados por Hilary Becker, profesor de Carleton University, en Canadá. "Hay un número cada vez mayor de habitaciones", dijo en una conferencia que está desarrollando Queen's University (la Universidad de la Reina) con motivo de los 50 años de la revolución cubana. "El gran problema que veo es que se puede esperar hasta 3 millones de turistas solamente de Estados Unidos, y Cuba con su actual infraestructura no está preparada para recibirlos". Ese volumen de visitantes sería 15 veces mayor de los menos de 200.000 que viajan actualmente a la isla procedentes de Estados Unidos. "La única forma de acomodar el enorme incremento de turistas sería mediante los alojamientos particulares", afirmó Becker en una disertación sobre las barreras para el crecimiento turístico cubano, en la que también participó Goell. "Eso significaría permitir a los particulares abrir sus casas para alojar a los visitantes". Pero, según Becker, aún así subsisten los obstáculos: el sistema tributario en algunas áreas alejadas requiere a quienes

den hospedaje un impuesto de 200 dólares al mes, al margen del número de personas alojadas o de que tengan o no utilidades, y para muchos no es aceptable.

"Se necesita un cambio en el sistema impositivo también, una coordinación entre hospederías particulares, que por ahora no existe en Cuba", declaró. Marta Rosa Muñoz Campos, de la Facultad Latinoamericana de Ciencias Sociales (FLACSO), de La Habana, dijo que aun cuando el gobierno ha estado trabajando en años recientes en el delineamiento de políticas burocráticas, uno de los grandes desafíos para el desarrollo sostenido en Cuba era el deterioro del medio ambiente. "Hay una insuficiente implementación de las políticas medioambientales", dijo en el mismo panel, indicando que se estaban agudizando problemas como la degradación de las tierras, deforestación, contaminación de las aguas insulares y pérdida de biodiversidad.

## **FERIA TURISTICA DE CUBA ATRAE A TUOPERADORES DE ESTADOS UNIDOS**

Source: Anett Rios, EFE; 8 de mayo de 2009

La Feria de Turismo de Cuba ha comenzado a atraer a turoperadores estadounidenses en un año difícil para el sector por la crisis, pero en el que la isla se ha topado con el levantamiento de las restricciones de viajes a los cubano-americanos en Estados Unidos y la incidencia de la gripe A en México. Profesionales y turoperadores señalaron que la medida adoptada a mediados de abril por el presidente estadounidense Barack Obama ha abierto expectativas de que ese país pueda llegar a permitir a todos sus ciudadanos viajar a la isla. Por otra lado, la epidemia en México ha hecho que los hoteles de la isla reciban a parte de los viajeros que tenían previsto ir a la Riviera Maya en un mes tradicionalmente bajo para el turismo en Cuba.

La Feria de Turismo FITCUBA-2009, que comenzó el lunes pasado en La Habana y se extenderá hasta el próximo sábado, ya ha visto llegar a turoperadores de EEUU como Andrea Holbrook, para quien es tiempo de adelantar el trabajo y ganar "contactos" mientras espera que su Gobierno realice una mayor apertura en los viajes a la isla. "Yo quiero estar primero en la fila, quiero ya tener mis contactos y mis contratos cuando abran, para poder estar entre los primeros con ofertas", explicó a Efe Holbrook, quien se especializa en viajes de historia natural y educativos. En su opinión, entre las agencias turísticas estadounidenses "hay interés, pero tienden a ser bastante pasivas". "Políticamente ha sido difícil y eso hace que económicamente sea difícil hacer las inversiones para traer turismo acá sin saber si se va a poder ofrecer. Pero el público de EE.UU. está extremadamente interesado en venir a Cuba", indicó. John McAuliff, director ejecutivo de la ONG Fundación para la Reconciliación y el Desarrollo, con base en Nueva York, dijo a Efe que lo importante es "abrir la puerta de visita en cualquier nivel, sea turístico o no". "Tenemos ahora un presidente que puede abrir cualquier día la puerta de los viajes no turísticos. (...) I tiene el poder de hacerlo mañana", explicó McAuliff, quien trabaja para favorecer la normalización de las relaciones bilaterales en todos los ámbitos, incluido el de los viajes. Ante la nueva situación, el director de la compañía española Marsans en Argentina, Luis Magariños, opina que el futuro de Cuba "es muy promisorio" porque el ingreso de la comunidad cubanoamericana traerá una "afluencia de turistas importante". Magariños indicó a Efe que "cualquier incremento de turistas en Cuba siempre va a venir bien" dada la importancia que tiene esa industria en la economía local, y subrayó que el aumento de los viajes de cubanos del otro lado del estrecho de Florida va a llevar a un cambio en el operar turístico de la isla. En su opinión, la incidencia de la epidemia de gripe A en México y el consiguiente desvío de turistas que debían viajar inicialmente a ese país también "va a ayudar bien" a la isla, porque Cuba es un producto "seguro" y, además, ha cerrado las fronteras con México. Para algunos grupos hoteleros en Cuba la "mala publicidad" que podría haber recibido el Caribe con el tema de la gripe en México, en realidad les ha ayudado en uno de los meses más difíciles dentro la temporada de baja turística. Fuentes del sector en Cuba indicaron a Efe que el desvío de turistas provenientes de México está beneficiando fundamentalmente a la República Dominicana, aunque en la isla el balneario de Varadero ha visto incrementos parciales de entre el 10 y el 15 por ciento en algunas plazas hoteleras. "Es un extra para nosotros en mayo, para salvar un poco un mes que siempre es complicado en el Caribe y en Cuba en particular", explicó a Efe Frederic Lavabre, subdirector comercial de Hoteles C, una empresa española que opera en la isla en conjunto con el grupo cubano Gran Caribe. Para Lavabre, las cosas en Cuba "han ido muy bien este año", las perspectivas son "sólidas" y el próximo verano no debe funcionar "ni peor ni mejor" que en 2008. "Pero hay que saber que en Cuba el 50 por ciento del mercado es canadiense, y Canadá empieza a sufrir la crisis solo ahora. Quizás en 2010 habría que hacer la misma pregunta de qué tal va el turismo en Cuba", dijo.



## **BARCELO ABRIRA ESTE OTONO SU PRIMER HOTEL EN LA HABANA**

Source: Europa Press, Leyre Guijo; 8 de mayo de 2009

La compañía hotelera española Barceló abrirá el próximo otoño el que será su primer hotel en la ciudad de La Habana, mientras que en Cuba cuenta ya con otros cuatro establecimientos y prevé abrir otro en el mes de noviembre dentro de lo que es el macroproyecto Cayo Santa María Beach, en el que habrá cinco hoteles. Según explicó a Europa Press Yolexis Torres, subdirectora comercial de Barceló en Cuba, la apertura de Barceló Habana Ciudad está prevista "hacia finales de verano o principios de invierno". El hotel, el primero en la capital cubana, contará con 186 habitaciones y será un cinco estrellas. Sin embargo, el "proyecto más grande" en el que está embarcado Barceló en Cuba es el Cayo 'Santa María Beach Resort', que contará con hasta cinco hoteles, aunque "de momento hay sólo uno abierto", el Santa María Beach, y "para noviembre" se prevé que se abra el segundo, el Santa María Colonial, explicó Torres. La entrega de los otros tres hoteles de este conjunto, en medio del cual habrá un "pueblo turístico", se producirá "entre 2010 y 2011", precisó la responsable de Barceló. En total, este gran 'resort' que estará en la costa este de la isla, estará dotado con 2.734 habitaciones. Por otra parte, en cuanto a los efectos de la crisis mundial en el número de llegadas a los hoteles Barceló en Cuba, ésta no parece estar afectando. Según Yolexis Torres, la cadena registró "un invierno espectacular" en cuanto a ocupación y, desde el 1 de mayo, los niveles están siendo "muy buenos". Barceló es una de las empresas españolas que están presentes esta semana en la Feria Internacional de Cuba, FITCuba 2009, que se celebra en La Habana. La XXIX edición tiene como tema central la promoción de las ciudades patrimoniales de la isla, algunas de ellas, como la Ciudad Vieja de La Habana, o Camagüey y Trinidad, reconocidas por la UNESCO.

## **CHARTER COMPANIES FLYING TO CUBA THRIVE**

Source: Damien Cave, New York Times; May 20, 2009

The crowd of Cuban-Americans pressing against the airport ticket counter scorned those on the other side. Only a handful of American charter companies have landing rights in Cuba, and with the new White House policy letting Cuban-Americans visit relatives there as often as they want, ticket prices have become political. "I paid \$600 for a 45-minute flight," said Carelis Sabatela, in loud Spanish, before checking in with a cart of heavy luggage. "It's very high, super excessive." Like many in line, she called for more competition, but as the current boom in reservations shows, this is not a normal business. Who flies and how much they charge is intimately tied to the 50-year feud between Cuba and the United States. Experts describe these charter companies as byproducts of a dysfunctional back-and-forth that has not ended - and that now promises to provide millions of dollars in profit to a politically savvy few. "The system exists solely because the relationship between Cuba and the United States doesn't exist in its normal form," said John S. Kavulich II, a senior policy adviser for the U.S.-Cuba Trade and Economic Council, a nonpartisan group that tracks trade activity in Cuba. "You have an abnormal service environment directly because of abnormal relations." Today's charter companies began in the late 1970s during a period of warming relations, and most owners figured that their role would be temporary. The companies survived not just because Fidel Castro and the American embargo kept larger carriers out; many of the owners have also played both sides, deploying money and favors under the cover of dual identities that let them connect with Cuban leaders one minute, Americans the next. John Cabanas, of C&T Charters, is perhaps the least known but the most powerful owner in a group that includes Vivian Mannerud, who followed her father into the business after he was convicted in the 1980s of "trading with the enemy," in part for taking four Pepsi machines to Cuba; and Francisco Aruca, owner of Marazul Charters, who sneaked out of a Castro-run prison dressed as a child, but now praises Cuba on his Miami radio show. A large man, quick to laugh and partial to linen Guayaberas with a gold plane pinned to the collar, Mr. Cabanas, 66, grew up in Key West, Fla., but spent 28 years in Cuba. He says his company is the largest of the seven or eight that fly there regularly. Certainly since the new White House policy was announced last month, business is booming. "We used to send 15,000, 16,000 people a year," Mr. Cabanas said. "Now I'll probably handle 40,000 or 50,000." He insists that his prices - though at least double the cost of flying to the Bahamas - are fair when seen in context. In his view, customers like Ms. Sabatela, who was traveling on a C&T flight to Camagüey, fail to appreciate the industry's challenges. The past decade has been especially tough. The cost of fuel and jet rentals have increased while the Bush administration's tighter travel restrictions in 2004 halved the number of legal American visitors from a peak of 135,000 in

2000, according to the U.S.-Cuba Trade and Economic Council. The government has also demanded reams of paperwork from the charter operators, proving that they have complied with various rules - which led in part to a \$125,000 penalty settlement that C&T paid in 1999.

The Cuban government has demands as well: it prohibits the charters from hiring in Cuba, and charges \$100 to \$133 per passenger for landing rights, baggage claim and other services. Mr. Cabanas admits that the industry is "very controlled." "My business is business," he said. "But it depends on politics." His office illustrates the point. In a back conference room, photographs on the walls show him with four very different leaders: Barack Obama, George W. Bush, Fidel Castro and Álvaro Uribe, the president of Colombia.

Since returning to Florida in the late '90s, Mr. Cabanas has also spread more than \$145,000 in campaign donations across the political spectrum. "Right now, I support Barack Obama," he said, "even though I'm a Republican." Mr. Cabanas had just come from a Cinco de Mayo party at the White House, but his connections and charm have done nothing to alter the controversial basics of his business. The industry "is in essence a protected monopoly," Mr. Kavulich said. "There are a finite number of people in the marketplace, and you have to have the Cuban government's authorization." Cuban officials, he said, want as few companies as possible, and "if they can't Google you and find you've opposed the commercial, economic or political position of the United States, you're not likely to do any business." That means approved operators earn a lot during open moments. A recent poll by Bendixen and Associates found that about 240,000 Cuban-Americans plan to travel to Cuba by the end of 2010. If round-trip tickets continue to hover around \$500, with a 10 percent markup, that would be around \$12 million in profit. In interviews, several charter operators described their flights as humanitarian and insisted that politics did not enter into conversations with Cuban officials. They all oppose the embargo, which puts them squarely in line with the stated desire of Cuban officials, but also with a growing swath of the 1.2 million Cuban-Americans in the United States. And yet, many here see the companies' owners as relics of a past they would like to get beyond. For Cubans, the charters' prices and profits are pinpricks in a wound that has not healed. Conservatives still accuse the charters of being collaborators. "They are a virtual cartel that control the travel sector from the U.S. to Cuba, charging egregious fees in collusion with Cuban authorities," said Mauricio Claver Carone, director of the U.S.-Cuba Democracy PAC in Washington. More moderate Cuban-Americans are only slightly kinder. "Do they charge more than they should? They do," said Andy S. Gomez, a senior fellow at the Institute for Cuban and Cuban-American Studies at the University of Miami. "Are there any other alternatives? None." Well, not yet, but momentum for broader changes in Cuba policy has been building. Last week, Orbitz, the online travel company, began offering a \$100 coupon for a vacation in Cuba to everyone who signed an online petition urging leaders in the United States to give all Americans the freedom to visit. Jose Fernandez, one of the dozens waiting here to board a C&T flight to Cuba, said he would welcome new alternatives. "The prices," Mr. Fernandez said, "are out of balance with the moment."

#### **CUBA SAYS TOURIST ARRIVALS UP 2.1%**

Source: EFE; June 19, 2009

Cuba received 1.2 million foreign visitors during the first five months of the year, up 2.1 percent from the same period in 2008, the government's ONE statistics office said Friday. Tourism is holding up despite the global recession, the communist government's media outlets have been saying this week. Cuban tourism authorities say a record 2.3 million visitors came to the island last year, a gain of 9.3 percent over 2007, and they predict a total of 2.5 million tourist arrivals in 2009. Most of Cuba's tourists come from Canada, Germany, Britain, Italy, Spain, France and Mexico. The island's economy is currently struggling and tourism is looming ever larger as a vital source of hard currency.