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CUBAN BUSINESS AND ECONOMIC NEWS

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Companies

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Could this be a major U.S.-Cuba breakthrough?

| by **DOREEN HEMLOCK**

Saul Berenthal is poised to become the first business owner from the United States to set up a manufacturing operation in Cuba's Mariel development zone, but his path to success won't be easy to replicate.

The 71-year-old was born in Havana and raised there. He's been visiting his homeland for more than a decade, developed ties with Cuban universities and has been helping organize U.S. academic and cultural missions to Cuba from universities in North Carolina, where he lives.

His familiarity with the island and its culture offered a strong foundation for future business when President Barack Obama in December 2014 announced a new, more open U.S. policy to Cuba.

Berenthal and his long-time business partner Horace Clemmons of Alabama immediately looked to what they knew Cuba needed: appropriate technology to increase food production and reduce food imports.

They've since updated the design for a small 1940s tractor – slightly larger



Based on a barebones 1940s design: Cleber LLC's Oggún tractor.

Photo: Courtesy Cleber LLC

Tractor (1)

than a lawn mower – that can be used on the small parcels now worked by private farmers and cooperatives with mules and oxen. In a show of sensitivity to Cuban culture, they call the tractor “Oggun,” named for the Afro-Cuban orisha or deity known as the spirit of metal and a warrior who defends his people against injustice.

Cuban authorities this spring gave the green light for the tractor assembly project, the first to a U.S. firm in Mariel, and the first manufacturing venture of any U.S. company in the island in more than half a century. The venture now awaits ap-

proval from U.S. authorities, Berenthal told *Cuba Standard*.

Plans call for first assembling the Oggun tractor in Cuba from imported parts, next adding machinery to manufacture some parts in Cuba using Cuban steel, and later, adapting the gas- or diesel-fueled tractor to run instead on batteries and solar panels, Berenthal said in an interview.

While the tractor likely would sell in the United States for about \$10,000, Berenthal hopes to

—Continued on page 3—

Politics

Chugging along through two regulatory mazes

With their tractor assembly project at Mariel, Saul Berenthal and Horace Clemmons are navigating two bureaucracies, one of which is set up specifically to harm the other side. Here are the regulations and expectations they have to face:

On the Cuban side, the authorities are seeking companies for Mariel that provide know-how and jobs; also, they are promoting food and agricultural production by the island's growing private farming sector. The green light Cleber received from the *ventanilla única* system for applicants at the Mariel Special Development Zone suggests the entrepreneurs have approval from the highest levels of the Cuban government. Which, in turn, signals that Cuban authorities are willing to cope with the unpredictable nature of U.S. sanctions and their enforcement in this particular case.

That was the easy part.

Coping with U.S. sanctions is trickier, and this is where the process is held up. In January, the Obama administration eased some regulations, encouraging interactions with Cuba's private

sector. This means Berenthal and Clemmons could sell their tractors to Cuba's more than 100,000 private farmers and member-owned agricultural cooperatives — but not to state farms and other entities reporting to the agriculture ministry or state sugar holding Azcuba. The tricky part is compliance with U.S. end-use regulations. In order to come up with a manageable way to prove no tractor ends up in state hands, the lawyers of Cleber and sanctions bureaucrats at the Office of Foreign Assets Control and the Department of Commerce's BIS will have to show imagination and flexibility.

Impossible end-use regulations have deterred U.S. pharmaceutical and medical companies from making any serious sales to Cuba, even though U.S. laws theoretically have allowed medical sales for the past one-and-a-half decades.

The proposal to establish an assembly plant at Mariel aims at a regulatory easing in September under



Oggún tractor arriving at Mariel for the International Havana Fair.

which the Obama administration allowed U.S. institutions to “establish a physical presence” in Cuba, employ Cuban nationals and open bank accounts in Cuba.

That said, the regulatory openings and cooperation of U.S. authorities could disappear as soon as 2017.

Congress does not seem inclined to lift even parts of U.S. sanctions embedded in law, and the regulatory environment in Washington could become more restrictive after the next presidential elections.

—Johannes Werner

Tractor (2)

—Continued from page 2—

get the price lower in Cuba — possibly in the \$8,000 range - to make it more affordable for farmers in his homeland.

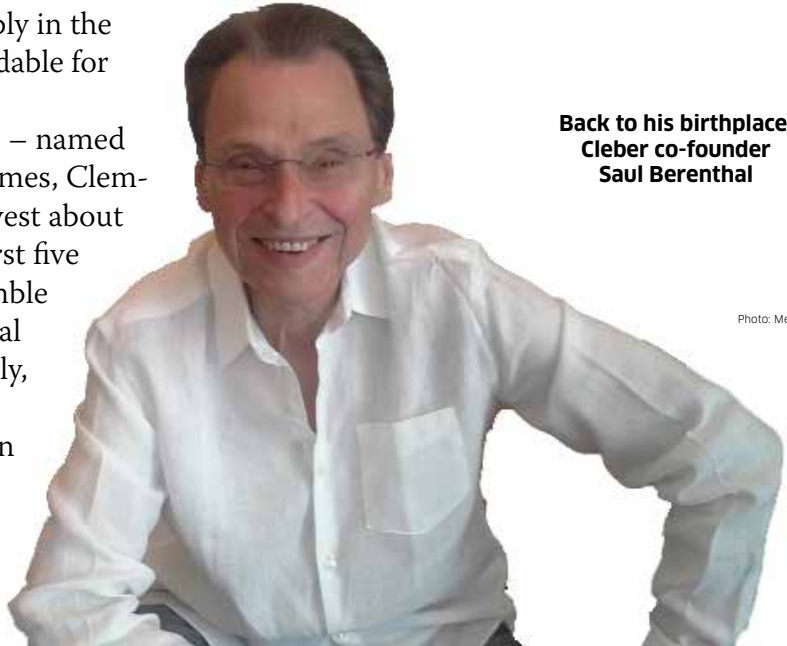
To fund the business, Cleber LLC – named for a mash-up of the two owners’ names, Clemmons and Berenthal – expects to invest about \$5 million in private capital in the first five years. The factory likely would assemble 200 to 300 tractors yearly in the initial stage, but could ramp up to 700 yearly, if needed, said Berenthal.

Any big increase would depend on experience in early production and feedback from Cuban farmers, plus the availability of U.S. credit to help finance sales or leases on the island, said Berenthal.

“If we got American financial institutions to give credit to the end users, it would be a tremendous boon,” he said. U.S. banks can’t lend in Cuba now, due to the embargo.

Berenthal said Cleber decided to set up in the Mariel Special Development Zone because of its ample incentives for business, including tax breaks. It initially planned a joint venture with a Cuban entity.

But Cuban authorities suggested instead that the U.S. firm seek 100% foreign ownership, possibly seeking to offer a model for other U.S. companies to follow. Cleber took that advice.



**Back to his birthplace:
Cleber co-founder
Saul Berenthal**

Photo: Melissa Marchand

“If we got American financial institutions to give credit to the end users, it would be a tremendous boon.”

The firm then submitted required paperwork to Mariel’s “one-stop shop,” or *ventanilla única*, which forwards its recommendations to the Cu-

ban Council of Ministers for approval by consensus. The Cubans gave preliminary approval within 65 days – and will act further after U.S. approvals, said Berenthal.

Now, Cleber is seeking a U.S. license to start up in Cuba. But that’s likely to take time, because U.S. officials want to ensure the goods made on the island will be sold to independent producers there and not to the government or state companies – in keeping with current U.S. rules and waivers to the embargo, he said.

Berenthal said Cleber filed its paperwork with the U.S. Treasury Department’s Office of Foreign Asset Controls (OFAC) in late June. Within weeks, it received specific questions from OFAC related mainly to “how much benefit will the Cuban government get from the project,” he said.

Berenthal is confident that OFAC will give the go-ahead. With most land in Cuba worked by independent farmers, “the percentage of dollars the [Cuban] government gets is so infinitesimal that it’s really not a concern,” he said. Still, OFAC approval will set a precedent, so “they’re taking their time to get it right.”

Robert Muse, a U.S. lawyer active



Tractor (3)

on Cuban issues, also finds approval likely. He expects the agency will judge the project based on the Obama administration's objective of "normalized relations," or what Muse calls "regularized trade relations." What's more, U.S. exports of food and agriculture-related products already are allowed to the island.

"Mr. Berenthal's business plan is an investment, in production in Cuba, in support of export sales (trade) of his tractors to that country," Muse wrote in an email. "Looked at in that way, how can't it be approved?"

Berenthal's business tips

For U.S. businesses looking to start up in Cuba, Berenthal said his experience offers some key lessons. While U.S. entrepreneurs may not be born in Cuba or have long-standing ties there, they can:

- Look first at what Cuba needs. The Foreign Trade and Investment Ministry publishes an annual portfolio of proposed projects, and Cuban laws and rules spell out what the country wants from foreign investments: technology, managerial skills, capital, jobs, ventures that replace imports, and a shift toward renewable energy. "Read the investment law," he said.
- Take time to visit, develop relationships and appreciate Cuban culture, including the gains in education and health, often called the logros or "achievements" of the Cuban Revolution. Said Berenthal, "You have to establish credibility and consistency. You have to fit into the logros. You have to be socially conscious of what you do."
- Recognize that Cuba can't purchase lots more without additional sources of income. That means businesses that help Cuba boost exports including tourism or reduce imports will find strong opportunities. To make sure you get paid, said Berenthal, "you have to go there and build their economy."



Robert Muse:
'How can't it be approved?'

Still, big U.S. multinationals may need to wait longer than others to do business in Cuba, Berenthal said. The Cuban government is taking a gradual approach to its transition from a centrally-planned to a mixed economy. And for now, it's working in Mariel with smaller firms like Cleber, not U.S. giants.

All that's a stretch from Berenthal's roots. He was born in 1944 in Havana to Holocaust immigrant parents from Poland and Romania who met in Cuba. He left the island in 1960, earned a math and physics degree at Long Island University in New York and made his career in computing and software at IBM and then working independently for decades with IBM colleague and engineer Clemmons.

The two partners sold their tech firm to Japan's Fujitsu in 1995 and retired in 1998 — before Berenthal started visiting his Cuban homeland and Clemmons took to farming in Paint Rock, Ala.

Cleber looks forward to more open U.S.-Cuba business benefiting both countries once Washington lifts its embargo on the island. "There's nowhere cheaper and more efficient for Cuban trade than the U.S.," he said. With the embargo in place, U.S. competitors in Cuba instead "are eating our lunch." ■

More information:
www.cleberllc.com

U.S. agriculture secretary visits Cuba, proposes two-way trade

| by JOHANNES WERNER



U.S. Agriculture Secretary Tom Vilsack, touring a farmers' market in Havana

Photo: USDA

As U.S. food sales to Cuba are hitting lows this year despite normalization talks, U.S. Agriculture Secretary Tom Vilsack was in Cuba for a three-day visit, in part to explore opportunities for two-way trade.

An end of the embargo is “vital”, Vilsack said during a press conference at the U.S. embassy in Havana. He also said that he will be seeking more ways to eliminate barriers and that agricultural trade should go both ways.

“It is not just the United States exporting agricultural products to Cuba, but the Cubans must also be able to ship their goods to the U.S. territory,” he said.

The Obama administration eased some sanctions early this year, allowing U.S. companies to

directly interact with private businesses in Cuba. The Cuban government has not indicated whether it will allow private entities such as farmers or cooperatives to buy directly from, or sell to, U.S. companies. U.S. sanctions prohibit food purchases from Cuban state companies.

Under one-way trade allowed since 2001, Cuban state agency Alimport has purchased \$5 billion in U.S. agricultural goods. However, Cuban purchases in 2014 dropped to \$291 million from a record \$685 million in 2008. This year, Cuba reduced its U.S. purchases even further, down 40% from year-ago levels during the first half of the year. In September — the latest period available for U.S. export figures — Cuban purchases spiked 42% compared to the year-ago month, according to the

U.S. agriculture secretary (1)

U.S. Department of Commerce, but U.S. exports are still down 38% year-to-date.

During his visit Nov. 11-14, Vilsack met with government officials and executives of state food purchasing agency Alimport. The U.S. agriculture and congressional delegation also visited the Port of Mariel, a farmers' market in the Havana neighborhood of Vedados and agricultural cooperatives in Havana and Artemisa province.

On the first day of his visit, Vilsack met with Vice President Ricardo Cabrisas, Cuba's point man for key trade and investment relations. In an unusual aspect of the meeting, Cabrisas agreed to join Vilsack at the residence of the U.S. ambassador in Havana.

On Nov. 12, Vilsack was welcomed by Agriculture Minister Gustavo Rodríguez Rollero.

"We're anxious about establishing a positive working relationship with Cuba," Vilsack told Rodríguez. "There's an opportunity for us to work together in a cooperative way on a whole series of issues."

Vilsack said Cuba's expertise in organic agriculture and biotechnology are of special interest for the United States, as is cooperation on battling pests and diseases, and methods to adapt to climate change. He added that he expected to jointly examine post-embargo opportunities at the meeting.

Early this year, the Obama administration eased a cash-in-advance provision, allowing Cuba to pay cash against documents as a product arrives in a Cuban port; even so, Cuba is still forced to pay cash for U.S. goods. Washington also allowed direct correspondent banking relationships; however, fearful of compliance and liability issues, no U.S. bank has offered U.S. exporters direct transactions with Cuban banks yet.



Vilsack meets a Cuban delegation led by Vice President Ricardo Cabrisas at the residence of the U.S. ambassador in Havana

Photo: USDA

But more than anything, U.S. agricultural sales are still hampered by the U.S. prohibition to provide credit. A major U.S. poultry exporter told *Cuba Standard* he had not sent any chicken to Alimport, the Cuban state agency that buys food abroad, between June and October.

"There's nothing going on," he said. "We went from 180 containers a month to zero. They're not buying a lot in the U.S. — no apples, no butter, no milk, just a little bit of corn and soybean. That's it."

He attributes the sales drought to a cash shortage and lack of credit, explaining that Alimport recently bought 300 containers of chicken in Brazil, at a higher price than U.S. exporters'; the Brazilians do offer credit.

An embargo-easing bill pending in Congress would allow U.S. agriculture companies to grant Cuba credit, and to invest in private agriculture in Cuba.

Vilsack was accompanied by farm state legislators, including Sen. Jeff Merkley (D-Or.), and Reps. Terri Sewell (D-Al.), Kurt Schrader (D-Or.), and Suzan DelBene (D-Wash.). ■



See article on U.S. food exporters at FIHAV

next page

Politics/Economy

U.S. presence at Havana Fair shrinks as Alimport reduces its role and purchases

by VITO ECHEVARRIA



HAVANA — U.S. food manufacturers and exporters may have to wait longer to expand into Cuba, despite the much-heralded normalization now underway between the two countries.

While some new non-food U.S. companies displayed their logos at the recent Havana International Trade Fair (FIHAV), fewer U.S. food and agricultural companies and trade groups were trying to peddle their goods to the country’s sole buyer, state agency Alimport, in comparison to previous years.

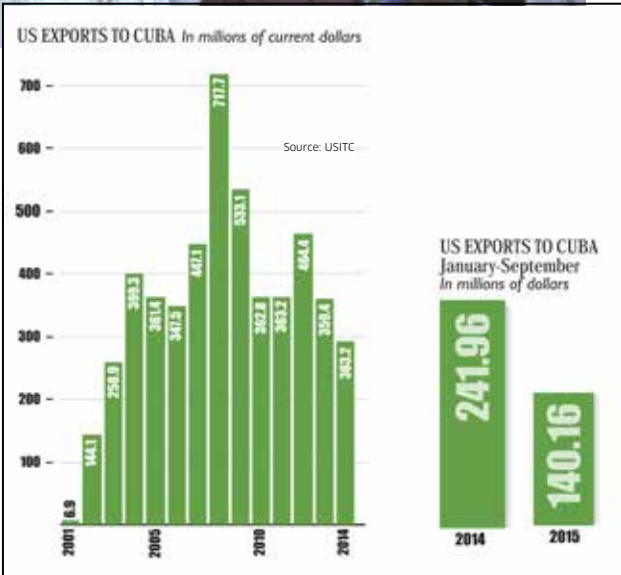
Of the 27 U.S. firms that were registered by FIHAV before the show — many of them first-time participants — only a dozen actually had a presence with a stand. Among the newcomers at Pavilion 7 on the northern fringe of the ExpoCuba fairgrounds outside Havana — the sole location where U.S. companies have been showing their goods during fairs past — were Napa Auto Parts (which is unable to sell to Cuba under current U.S. restrictions), Cleber LLC (see story on page 1), Baja Ferries USA (one of the ferry companies that is seeking Cuban authorization to provide passenger service from Florida to Cuba), Long Island, NY-based construction materials firm Abcon Sales LLC, and charter service Havana Air.

But food and agricultural companies, the bulk of U.S. participation at Pavilion 7 in years past, had a much-reduced presence this year, with only four

stands.

Part of this reduced footprint has to do with the changed role of Alimport at this year’s FIHAV. In previous years, U.S. food exporters had to register with Alimport to participate in the fair. In fact, presence at FIHAV was an unspoken requirement, as Alimport executives negotiated actual purchases with U.S. fair participants. This year, U.S. participants dealt directly with Palco, the fair’s organizers, which sold space at half the price Alimport took in previous years.

“There was a time when those U.S. firms that wanted to do business with Alimport had to be there,” said Michael Brazill, president of Manzana Exports, a Queens, NY-based liquor distributor. “That’s no longer the case.”



Havana Fair (2)

“In the years Alimport was buying from USA, many more mainland U.S. companies participated because Alimport would actually negotiate and make commitments for the following year,” adds Larry Nussbaum of Miami-based IPC Consultancy. “This has not happened over the last three years, and as a result, U.S. suppliers have not taken booths at the show.”

Asked by *Cuba Standard* at FIHAV about this issue, as well as prospects of U.S. trade with Cuba, the head of Alimport, Alejandro Mustelier, only said, “we have no comment at this time.”

Pepsico had by far the largest exhibition space at Pavilion 7. Pepsico’s Guatemala division is already supplying Cuban supermarkets with Pepsi Cola and other beverages bottled and canned in Central America.

The only other U.S. food company visibly present at this year’s FIHAV was liquor distributor Manzana Exports. Along with Pepsico and Manzana, trade groups USA Rice Federation, U.S. Poultry and Egg Association and the Volusia Hispanic Chamber of Commerce rented exhibition space, sending a skeletal staff that at times was hard to find.

Paul Johnson, owner of Chicago Foods and co-chair of the U.S. Agriculture Coalition for Cuba (USACC), a recently founded anti-embargo lobbying group that maintains a high profile both in Washington and Havana, was seen at FIHAV being interviewed by Chinese television, but neither Chicago Foods nor USACC reserved exhibition space this time around.

“I didn’t see any of the people from back then,” said Manzana Exports’ Brazill, a FIHAV regular.

To be sure, one FIHAV attendee says that some U.S. companies were shut out.

“The fair did not give enough space to the American companies,” said Nussbaum, who participated in this year’s FIHAV as an individual attendee, but was unable to get booth space for either his trade consulting firm, nor for his company that provides shipping services between South Florida and Cuba.

“Many more companies wanted to have a booth, but were closed out, including my company, IPC.”

The lowly U.S. presence may be explained in

Shrinking footprint

U.S. companies registered at FIHAV: 27
Actually there: 12

- Abcon Sales
- American Natural Foods*
- APA Cargo Express*
- Atlantis Exporters*
- Baja Ferries USA
- Biehl T Co.*
- Bill Crider
- Cleber LLC
- Commonweath Packaging Co.*
- Crowley Maritime*
- Cogi Media*
- Gardner-Gibson Inc.
- Havana Air Charter
- Las Americas TCC*
- Manzana Exports
- Mi Global Group USA*
- NAPA Auto Parts
- Pepsico
- Smithfield Farmland Sales*
- Southern Wine & Spirits*
- Steel Construction Headguat*
- U.S. Cava Export*
- USA Egg & Poultry Export Assn.
- USA Rice
- Volusia Hispanic Chamber
- Westar Seeds*

*Registered, but no stand

Source: Palco, Cuba Standard

part by the current downturn in sales. After the U.S. Congress passed a law in 2000 known as TS-RA, which exempted U.S. food exports to Cuba from the ongoing U.S. embargo, Alimport’s U.S. purchases peaked in 2008 at \$710 million. In those peak years, traders and even state governors put in “face time” with Alimport at FIHAV – which often resulted in lucrative deals.

After 2008, according to the U.S. International Trade Commission database, sales had dwindled to less than half by 2014 — \$300 million, half of which consisted of poultry exports – and things have gotten even worse in the current year. With Alimport halting purchases of U.S. chicken last summer, due to the bird flu virus, U.S. food exports to Cuba for 2015 are expected to be considerably below 2014 levels (despite the resumption of U.S. poultry shipments to Cuba in October). According to the USITC, Jan.-Sept. 2015 U.S. food exports to Cuba were just \$127.7 million. ▶

Havana Fair (3)

In September — the latest period available for U.S. export figures — Cuban purchases spiked 42% compared to the year-ago month, but U.S. exports are still down 38% year-to-date.

Some, like John Kavulich of the U.S.-Cuba Trade and Economic Council in New York, as well as others who would only speak on background, attribute the decline to the Cuban government playing hardball with U.S. food suppliers, reducing Alimport purchases to get them to urge Congress to lift the embargo.

Others believe there are more practical reasons.

“The real problem is that they don’t have any money,” said Jack McGannon of Philadelphia-based International Trade Group, Inc., “They are off by about \$2 billion (in oil refining revenues). The tourism is not enough to offset that.”

McGannon, whose trading company shipped mostly poultry to Cuba over the years, said that Alimport is currently buying chicken in Brazil — at a higher price than in the United States — due to one important difference.

“They went to Brazil because they get credit,” he said — a reminder that even now, under ▶

Companies

Brazilian food sales get boost at Havana Fair

The subdued mood among U.S. firms in Pavilion 7 contrasted with the bustling pavilions reserved by Cuba’s major trading partners: Brazil, China, Spain, Venezuela, and Canada — along with France, Germany, Mexico, Chile, South Africa and even Turkey.

The Brazilians have been particularly successful competing for Cuba’s food import market, using credit to help secure purchase orders from Alimport.

While FIHAV was in progress, *Cuba Standard* conducted an informal tour of Havana’s supermarkets, and found freezers loaded with Frangosul and other Brazilian brands of frozen chicken. In fact, more shelf space at Cuban supermarkets is now stocked with a variety of Brazilian grocery items — from Bauducco brand cookies and sweets to Brahma brand beer, and Oderich brand canned foods. The limited U.S. presence at Cuba’s supermarket shelves included Hunt’s canned foods and Kraft mayonnaise (bottled in Mexico). Even Coca-Cola (bottled in Mexico as well) was only seen at a few Havana supermarkets, as well as in certain hotels and restaurants.

To observers of the Cuban market, this is no surprise.

“Unless there’s trade finance, Cuba will find it impossible to come up with funding to buy from U.S.,” said David Lewis, vice president of Washington-based consultancy Manchester Trade Ltd.,

The Brazilians, through export promotion agency Apex Brasil, have made strides in recent years to replace U.S. food exports to Cuba with their goods. Among the top items of the \$507.8 million worth of goods Brazil exported to Cuba last year were refined soy oil, rice, frozen chicken, and beef, said David Barioni Neto, president of Apex-



\$150 million worth of deals: The Apex-Brasil pavilion at the Havana Fair.

Photo: Echevarria

Brasil, in an email to *Cuba Standard*.

Apex-Brasil is not shy about its sales efforts in Cuba. It started participating at FIHAV in 2003, at a time when U.S. food traders had far more reason to be optimistic about Cuba. Nowadays, the Brazilians have a much larger physical presence at FIHAV, complete with their own pavilion and even a VIP section for its trade executives.

Brazil’s VIP section saw quite some action: there were 727 meetings between 45 Brazilian companies and Cuban buyers, which resulted in \$149 million in sales of goods from construction and home improvement supplies, to food and beverages, hygiene and cosmetic products, to machinery within the next 12 months, according to Barioni Neto. That’s 24% more business than after last year’s FIHAV fair, he added.

—Vito Echevarria ■

Havana Fair (4)

the terms of TSRA, the Cubans must pay for U.S. products in cash.

Some believe the slump will continue for a while. IPC's Nussbaum, for that matter, is pessimistic about the near future of U.S. food exports to Cuba.

"Alimport was very uncommunicative and unusually distant from U.S. suppliers," he said about the agency's recent attitude. "In addition, Alimport was non-committal about future purchases from the U.S." ■

Politics

Still missing: A trade attaché at the U.S. embassy

There was much fanfare when the U.S. embassy opened in Havana last summer — the first full U.S. diplomatic presence there since the early years of the Cuban revolution.

The U.S. trade embargo against Cuba still limits U.S. business activity to food and agricultural exports. However, the Obama administration recently exempted sales of goods and services to private entities, as well as telecommunications ventures. Most recently, President Barack Obama also allowed U.S. firms to open offices in the country, and even have a retail presence there, all of course subject to approval by Cuban authorities.



Cuba's trade attaché in Washington: Ruben Ramos Arrieta

Arrieta as minister counselor for economic and trade affairs in Washington.

To some observers, the lack of trade promotion is one of the most conspicuous signs that normalization between Washington and Havana is still a work in progress.

"For whatever reason yet to be stated by (the departments of) Commerce and State, there is no FCS officer in Havana," said attorney Tony Martinez, of the New York-based trade consultancy Cuban Strategic Partnerships, referring to the U.S. Foreign Commercial

Service program at the embassy. "There is a logical reason for this, though. We do not have normal trade relations with Cuba, and FCS is prioritized with countries that we do have robust trade with."

Martinez, who attended a reception held at the chargé d'affaires' residence in Havana in early November, suggests that firms interested in Cuba get proactive.

"U.S. firms and businesses must let the Commerce Department and the State Department know they assign FCS officers to Havana," he said. "Write to them and visit with them in Washington, DC."

The scant \$300 million in U.S. food exports to Cuba, with a variety of factors likely to reduce that figure for 2015, contrasts with U.S. food exports to nearby Dominican Republic, which in 2014 reached \$1.3 billion.

U.S. exporters to the Dominican Republic are assisted by the U.S. Dept. of Commerce's trade promotion arm, U.S. Commercial Service, whose trade professionals provide counseling, market research, product promotion, meetings with distributors and agents, assistance with overcoming foreign trade barriers, and more.

—Vito Echevarría ■



Dominican Republic yes, Cuba no.

Companies

The 'other wing' gets warm welcome

| by DOREEN HEMLOCK

Puerto Rico and Cuba are known as two wings of a bird, and Waleska Rivera wants to start those wings flying.

Rivera owns Bayamon-based Danosa, a factory that makes waterproofing materials for roofs.

Two years ago, as president of the Puerto Rico Manufacturers Association, she spearheaded a mission to Cuba for some 25 business leaders.

This fall, her company became the first from Puerto Rico to set up a booth at the Havana International Fair, offering its products designed specifically for tropical climate.

That came after she'd helped organize a larger Puerto Rican mission to Cuba in October, this time featuring 40 entrepreneurs and representatives from the government of Puerto Rico.

Cuba seems to appreciate that outreach.

After rounds of interviews and judging, Danosa's rolls of roofing material received a gold medal for product quality at the Havana fair. And Cuba's Minister of Foreign Trade and Investment made special mention of Puerto Rico making its first appearance in the show's 33-year history.

Rivera is hot on business with Cuba, partly because Puerto Rico's economy has been shrinking, and U.S. relations with Cuba are warming. As



Rivera

a U.S. territory, her island nation of 3.7 million people abides by U.S. rules for international trade.

Yet beyond markets, there's a deeper, shared history between the Caribbean islands both ruled by Spain for some 400 years — or what Puerto Rican poet Lola Rodríguez de Tío has called “two wings of a bird.”

“No one is as similar to Puerto Rico as Cuba. There's an emotional tie that unites us, and part of doing business is emotional,” said Rivera. “Trust is a feeling, and trust is what you use in business.”

Danosa now has more than \$15 million in sales yearly. It exports about 10% of its production to markets from the U.S. to Chile. It employs 60 people directly, plus hundreds more indirectly who install its products on roofs, she said.

In Havana this fall, Rivera began talks with possible importers. She intends to return this winter to continue that ground work, as U.S.-Cuba talks advance.

“We're starting small but moving forward,” said Rivera, who continues to lead the international committee at the Puerto Rico Manufacturers Association. ■

More information:

<http://portal.danosa.com>

Briefs Briefs Briefs Briefs Briefs Briefs Briefs Briefs Briefs Briefs Briefs Briefs Briefs Briefs Briefs Briefs

Iberia announces sixth weekly flight to Havana

Just six months after restarting service to Cuba, Spanish flag carrier Iberia announced it will raise the number of weekly Madrid-Havana flights to six.

Using its newest A330/300 aircraft for 278 passengers, the flights offer particularly comfort-

able seating in business class, including 2-meter folding bed-seats.

Air France-KLM sees growth in Cuba

Air France-KLM, the major European carrier in Cuba with 15 weekly flights, expects 15% pas-

senger growth this year.

The consortium is considering adding eight weekly flights in 2016, said Antoine Cros, general manager for Cuba and the Dominican Republic.

That includes three additional Air France flights from Paris and five additional KLM flights, he said.



Former Cuban intelligence officer Domingo Amuchastegui has lived in Miami since 1994. He writes regularly on Cuba's internal politics, economic reform, and South Florida's Cuban community

Foreign investment: Not exactly an explosion

It's a long story. Since the early 1980s, as the alliance with the former Soviet Union and Eastern Europe collapsed, the Cuban leadership began wrangling with the idea of opening up to foreign investment. The first decree-law was passed and legal arrangements were made in those days, but it wasn't until 1995 that the first foreign investment law was finally adopted.

That law even contemplated the possibility of 100% foreign-owned enterprises, something President Fidel Castro objected to adamantly, privately and publicly, underlining that full foreign control should only be granted under very exceptional circumstances. The message was clear: No foreign control; instead, foreign direct investment should be channeled through 51-49% joint ventures. At the same time, the government emphasized that foreign investment would be only a complementary element in Cuba's economy — despite its urgent needs of capital, technology, access to foreign markets, and jobs.

In 20 years under this limited and red-tape mired arrangement, Cuba received, according to official records, somewhere between \$4.2 billion and \$5 billion, with at best 3% of Cuba's workforce engaged in foreign joint ventures (tourism, nickel and smaller undertakings) — far from Cuba's real investment needs.

Another figure suggesting the need for more investments concerns tourism, which generated a gross total of \$41 billion between 1990 and 2014,

most of which flowed back abroad for spending on light industry items, technology and food the Cuban economy was in no position to produce. The same approach continued as recently as 2011 when the Party Guidelines reiterated that foreign investment would remain a “complementary” element.

But soon, the hard facts of life would force the Cuban leadership to introduce two major changes: The Mariel Special Development Zone (ZEDM), late in 2013, and a new investment law in March 2014. Both signal that the Cuban leadership was finally ready for a very different approach to foreign investment, declaring it a key component of Cuba's economic redesign, allowing foreign capital to go beyond the 51-49% formula, and granting land leases for 99 years with surface rights, among others. Some of the old restrictions are still there — such as forcing foreign investors to hire through state agencies — but the bulk of changes was there and meant to be attractive to investors. To top it out, the government has made an indirect incentive very visible: that it is normalizing its huge foreign debt with key creditors and with the Paris Club. ▶

Foreign investment (1)

From Cuban economists to top government and Party officials, there was an explicit consensus, as recently described by economist and former Minister of Economy and Planning José Luis Rodríguez (JLR): If Cuba's economy wants to achieve an average growth above 5%, no less than \$2.5 billion in investment per year is needed. The government presented a Portfolio of Opportunities (246 projects with a total value of \$8.7 billion) to potential investors in 2014, and an updated portfolio was publicized recently, adding more than 40 projects. Normalization with Washington provided a crucial incentive. Very promising developments seemed to be just around the corner.

But JLR cautioned: "This favorable panorama should not lead to the idea that foreign investment expansion will be an explosive and short-term process..." In his most recent analysis in *Cuba Contemporánea* (Valoraciones externas sobre la inversión extranjera en Cuba), he points at several factors limiting a potential expansion of investments in Cuba:

- A serious contraction of the flow of foreign investments throughout the Western Hemisphere — as acknowledged by the United Nations' ECLAC — of which Cuba would not be an exception.
- Current prices of Cuba's most important exports, nickel in the first place, will remain at a low level.
- Three of Cuba's most important partners (Venezuela, China, and Brazil) are facing economic contraction or slowdown, affecting Cuba in various ways.
- Several positive assessments on Cuba's economic growth for the next five years (*The Economist Intelligence Unit*, U.S. expert Fulton Armstrong, and European trade credit insurance provider Euler Hermes) are based on the assumption that Cuba will recognize and overcome its many domestic problems (from a dual currency system to widespread corruption) and the lifting of the U.S. embargo. JLR stresses that regardless "of the many problems that may be solved by our country", this will not be enough if the "biggest obstacle", the embargo, is not lifted.

So what are the current facts of foreign investment in Cuba?

- Major investment projects from the United

States, the European Union or Japan are nowhere in sight, with the exception of Brazilian loans for Mariel and Russian loans for Cuba's power infrastructure. All foreign investments so far established here — to use JLR's terms — are "empresas de pequeña dimension" (small-size enterprises), very different from what was expected. Comparing Mariel to similar projects elsewhere, JLR assumes it may take no less than five years for the special development zone to reach an effective take-off, and much longer if the United States keeps the embargo in place.

- So what about the U.S. embargo? Paraphrasing the old Johnnie Walker commercial: Born

Foreign investment expansion will not be an explosive and short-term process.

in 1959 and still going strong. Soon we'll see President Barack Obama adopt a few measures to bypass minor obstacles of the embargo. But that'll be chicken fee, according to those opposing the embargo. There is ample consensus that the latter will remain very much in place. And while Obama may take some positive steps, Congress could decide to make things worse with new additions promoted by Cuban-American lawmakers. There is

nothing suggesting Congress, after a final debate, will do away with the embargo.

- Cuba's negotiations with Brussels — although promising — still have a long way to go.
- While more than 400 foreign companies have shown interest in the Mariel Zone, only seven companies have committed to starting to operate. Fewer than 30 of the 246 projects in Cuba's first Portfolio of Opportunities have found takers, none of them big projects. Cuba's current rate of gross capital formation has shrunk — JLR's numbers — from 10.9% of GDP to 7.6% over the past five years. Many high-level business delegations have visited Cuba recently, held talks, and made promises. Actual results? None, except for a few small and

Foreign investment (2)

Many high-level
 business delegations
 have visited. Actual
 results? None.

midsize projects. On the Cuban side, the promised 60-day term to provide an answer to investment applications is — all too frequently — not met; delays are the norm. Many projects from reliable European and Arab companies have been turned down. And U.S. companies usually cannot do more than “test the waters.”

Granted, bureaucratic obstacles, state regulations, delays, refusals, the slow pace of decision-making stand in the way of investments. And yes, the Cu-

ban leadership needs to display a new style, creativity, audacity, and a sense of urgency as never before. But looming over all these Cuban shortcomings, the embargo and its illegal extraterritorial application continue to be the “big problem.” If you can’t move money freely and if you risk all kinds of sanctions, anyone will think twice or three times before committing to any major project in Cuba. The readiness of a Sherritt, Meliá or Odebrecht to take all the risks involved is not predominant among potential investors.

Putting aside the tourist industry, the prevailing pattern seems to be “explore” and “wait-and-see”. Explore the potentials of the Cuban market, become familiar with its characteristics, institutions and tricks; move in on small scale, build connections and trust, while the old Cuban leadership heads for retirement, and then gauge the patterns, inclinations and style of the new leadership.

The Helms-Burton law conditions its disappearance on that of the name “Castro”. Not surprisingly, the much experienced JLR ventures to place the date of the lifting of the embargo sometime after 2018 — the year President Raúl Castro said he will retire. ■

Economy

Cuba updates foreign investment wish list

| by JOHANNES WERNER

The Foreign Trade and Investment Ministry updated its investment wish list, adding another 36 projects.

Among the new items in the “Foreign Investment Opportunity Portfolio 2015”, presented by Minister Rodrigo Malmierca at the Havana International Fair, are three wholesale trade enterprises to supply the growing private sector, expansion and operation of cruise terminals, operation of marinas, one new golf real estate project, a multimodal facility at the Port of Havana, two facilities for health tourism, as well as health services related to sports.

The multimodal project at the Port of Havana — apparently related to establishing ferry services to Florida — is receiving “special attention” from the government, Malmierca said. That project was not detailed in the 2015 investment portfolio.

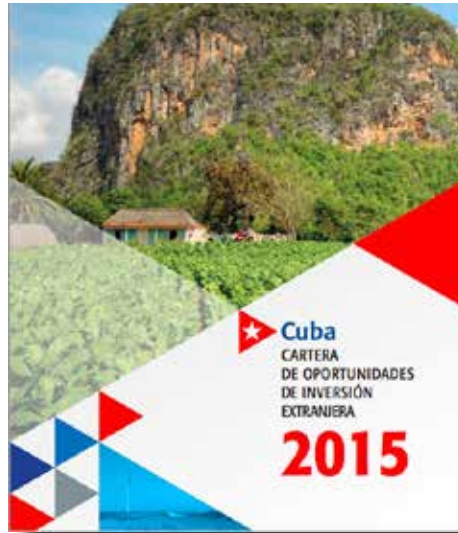
The largest number of projects — 94 — are related to tourism, followed by 86 oil and gas opportunities, and 40 agribusiness and food opportunities.

Food-related projects includes the domestic and international marketing of two Cuban rum brands, Cubay and Perla del Norte.

Malmierca emphasized Cuba’s desire to raise the share of renewable energy in Cuba’s energy mix from 3% today to 24% by 2030. The portfolio includes 100% ownership opportunities to build wind farms throughout the island, and solar farms in the western provinces and at the Mariel Special Development Zone.

Diversification is the main guideline behind Cuba’s foreign investment policy, according to the ministry.

“We do not want to depend on one sole market again,” Malmierca said at the opening ceremony.



The portfolio will be updated annually, he said.

The new projects

Details about some of the new projects in the investment portfolio:

- Cubagolf SA, a division of state-owned Grupo Extrahotelero Palmares, is seeking a joint venture partner to develop a **\$570 million golf resort at Chorrera Ancón, near Trinidad** on Cuba’s south coast. The project would include two 18-hole golf courses,

a practice course, a clubhouse, a five-star hotel, and 2,850 residential units.

- The state companies that serve as general contractors for the construction of the **Carbonera Golf & Country Club**, a \$350 million project with 1,000 residential units to be built near Varadero, and for the 1,100-unit **Bellomonte golf real estate project** just east of Havana, are searching for **foreign construction partners**. ▶



Plan of the expanded Marina Tarará, in east Havana

Wish list (1)

- State company Marlin SA is looking for **administrators and funders of seven new and expanded marinas**. The marina Tarará in eastern Havana will expand from 20 to 236 slips; a new marina on the Ancón peninsula near Trinidad will feature 200 slips; a new marina at Guardalavaca is planned for 100 slips; the Dársena marina at Varadero will be expanded from 112 to 512 slips; the Cayo Guillermo marina at Jardines del Rey will grow from 20 to 100 slips; the Santa Lucía marina is planned to grow to 50 slips; the Siguaneya marina on Isla de Juventud will expand from 20 to 100 slips.

- State utility Unión Eléctrica is seeking foreign investors to **build and operate 10 photovoltaic parks** for a total of 100 mw in Cuba’s western provinces under a BOO contract, for an initial investment of \$200 million. The company would be a subsidiary of Unión Eléctrica, but 100% foreign-owned.

- Unión Eléctrica is also seeking **builder-operators for wind parks** at Maisí, near Guantánamo (174 mw, \$286.5 million), Banes (102 mw, \$197.5 million), and Gibara (51 mw, \$120.1 million). Again, the companies would be a subsidiary, but 100% foreign-owned.



Wind park at Gibara

- State company Aries Terminales Cruceros SA is looking for **joint venture partners for the renovation and operation of five cruise terminals**, including Havana (\$30 million), Cienfuegos (\$15 million), Santiago (\$12 million), Casilda (\$7 million), and Antillas (\$10 million).

- State company Caribbean Drydock Co. SA is looking for a **joint venture partner to operate the Astilleros Casa Blanca** facility in Havana Bay. Estimated investment: \$102 million.

- State railroad company Empresa Occidente de Ferrocarriles is searching for an **operator-funder of the run-down electric train con-**

necting Havana and Matanzas, once known as the “Hershey train.” The investor would acquire new rolling stock and update tracks, signaling, and the electric system, for an estimated investment of \$6 million. The renovated train would appeal to tourists.

- The public transportation authority of Havana, Empresa Provincial de Transporte de La Habana, is looking for an **operator of the capital’s urban bus system**; estimated investment: \$4.8 million.

- State company Gran Comercial is looking for foreign joint venture partners to **set up and operate a three-store wholesale hardware and construction supplies chain**, with an expected investment of \$11.8 million; a wholesale store for textile supplies (\$5.2 million); and a wholesale auto parts store (\$17.1 million).

- Comercializadora de Servicios Médicos Cubanos would like investors to **build a \$30 million “life quality center” at one of the tourism centers**, for foreigners seeking medical treatment in Cuba.

- Comercializadora de Servicios Médicos Cubanos is seeking a **funder to build one dialysis center each in Havana and Varadero**, to be used by tourists with chronic kidney insufficiency; investment: \$1.5 million.

- The Instituto de Medicina de Deporte needs a **foreign partner to build an \$11 million clinic at Boyeros** in suburban Havana, offering medical services to foreign athletes, as well as anti-doping testing services. ■

More information:

<http://www.cepec.cu/sites/default/files/CarteradeOportunidadesdelInversionExtranjera2015.pdf>

Companies

Cuba announces first round of Mariel investors

Six foreign investors and two Cuban companies have so far committed to beginning construction at the Mariel Special Development Zone, out of 400 applications the Zone's administrators have received, Foreign Trade and Investment Minister Rodrigo Malmierca announced at the opening of the Havana International Fair.

Malmierca said that of the 400 applications, only a few have been rejected, and most "are being processed."

The most advanced projects are those of:

- **Richmeat SA de CV:** a Mexican company that is building a 3,000-square meter pork, beef and turkey meatpacking plant with up to 45 employees. At full capacity, it should produce 1,000 tons of meat per year. Animals to be slaughtered will first be shipped from Mexico, but the plant will eventually shift to domestic suppliers.
- **Profood Service:** The Spanish company, a subsidiary of Mallorca-based Hotelsa Alimentación, supplies hotels on the island and the wider region with food products. The company is investing an estimated \$5 million at Mariel, according to a Spanish banker.
- **BDC-Log and BDC-Tec:** The two companies belong to Belgian entrepreneur Benoit Croonenberghs, who has a long track record in Cuba's sugar trade. One will provide container and dry-goods logistics services from a 15,000-square meter facility at Mariel to companies in Cuba and at Mariel, and is scheduled to begin operations before the end of the year, with buildout expected for early 2016. The other company, which will manufacture electrical cabinets, water treatment systems and temperature sensors for industrial clients in Cuba and the wider Caribbean, is expected to start operations in mid-2016. Eventually, each of the companies could eventually create more than 100 jobs.
- **Devox Caribe:** The subsidiary of General Paint S.A. de C.V., a company whose home base is in Lerma near Mexico City, will build a highly automatized plant to manufacture industrial anti-corrosives and paint for residential use, both for the Cuban market and export.
- **Brascuba:** Grupo Souza Cruz, the Brazilian subsidiary of British American Tobacco, is opening a tobacco manufacturing plant at Mariel, tripling the size of the



Rendering of future expansion at the Mariel Special Development Zone.

Courtesy ZEDM

Brascuba joint venture. The plant, expected to be ready by 2018, will produce 10 million cigarillos a year for the domestic market and export.

All of these Mariel ventures except Brascuba are 100% foreign-owned.

Malmierca also listed two Cuban state companies among the zone's investors — the **Mariel container terminal** and **Servicios Logísticos Mariel**, a subsidiary of **Almacenes Universales**.

He did not mention a major logistics center proposed by French shipping giant **CMA-CGM**. Nor did he mention Germany's **Otto Bock GmbH**, which is planning to manufacture prostheses at Mariel.

Finally, **Cleber LLC**, a company recently created by two Alabama entrepreneurs (see story on Page 1), said it received approval from Cuban authorities to assemble U.S.-designed tractors at Mariel. The pair hasn't received U.S. authorization yet.

Mariel Special Development Zone General Director Ana Teresa Igarza told U.S. Secretary of Commerce Penny Pritzker in October that many potential investors are taking a wait-and-see attitude because of continuing U.S. sanctions.

Finance

U.S. bank launches Cuba debit card

by VITO ECHEVARRIA AND JOHANNES WERNER

Dashing ahead of bigger banks, Stonegate Bank surprised observers in May when it became the first U.S. bank to conduct business with Cuba.

As it established a correspondent relationship with Cuba's Banco Internacional de Comercio in July, the regional bank in Florida began to provide banking services for Cuba's embassy in the United States.

Now, Stonegate is reaching out to a wider clientele, offering a Cuba-specific debit card — a first for U.S. visitors used to traveling to the island with wads of cash. Stonegate's debit MasterCard can be used at 10,000 hotels, restaurants and other merchants in Cuba, but it will not work at any of the island's ATM's, for now. The bank said it hopes to include ATM's by 2016.

Just a day before Stonegate's announcement, state company Financiera CIMEX S.A. said it would install point-of-sale (POS) credit card processing equipment in all state-owned stores and other retail outlets in Cuba by 2016. According to FINCIMEX, there are 10,800 credit card POS in Cuba today, 2,300 of which were installed this year.



Fincimex is installing thousands of POS throughout Cuba

To speed up slow payment processing caused by spotty landline phone service, the new POS work with GSM mobile telephony connections.

"This is the first step in relieving the burden of U.S. travelers carrying cash, and another step in normalizing relations between the two countries," said David Seleski, president and CEO of the Pompano-based bank, about the new debit card. "Hopefully more issuing banks will help this process by approving credit and debit cards as well."

In March, MasterCard became the first major credit card company to remove its network block



on U.S.-issued cards in Cuba. However, as federal rules left the final decision to each bank whether to offer card use in Cuba, banks are still reluctant to wade into the compliance minefield of U.S. sanctions.

Seleski explained at a Knowledge@Wharton conference in New York a month ago possible liabilities faced by banks if users violate U.S. regulations.

"The cards can be used for one of these 12 (categories of travel authorized by the U.S. government). But it doesn't really say if someone were to go down there on Spring Break or buy 50 bottles of rum, you get into trouble, the bank is responsible," he said. "A lot of U.S. banks are saying, 'Look, there is not enough volume here for the risk'. I think that's been the big hesitancy by U.S. banks and issuers. With 4,000 points of sale (in Cuba), there's not enough for a Bank of America to say, 'This is worth the risk'."

During a q&a at the Wharton event, Seleski said that despite Obama's liberalization, the U.S. Treasury's Office of Foreign Assets Control (OFAC) has shown no sign of reducing its prosecution of U.S. and foreign businesses on alleged violations of the embargo.

In a more recent interview with the *South Florida Business Journal*, he said that the burden of proof is on the traveler, not the bank, apparently based on clarification by OFAC.

As a fast-rising number of U.S. visi- ▶

Debit card (1)

tors flock to the island, Seleski feels that the major credit card companies will have to invest in Cuba, in order to serve that future market.

“American Express, Master Card, Visa, or someone who is doing the processing, is going to put a significant hardware investment in Cuba,” he said during the Wharton conference. “So, instead of 4,000 points of sale, you’re going to have 10,000 to 20,000 points of sale. I think that will be the first step. The other thing is Internet. You got to have an Internet connection. It’s expanding, but not at the speed to make it really accessible.”

Seleski also said that Cuba’s credit card processing infrastructure will have to expand beyond the island’s traditional tourism hot spots like Havana and Varadero, and include provincial towns like Camagüey, Holguín, Santiago, and elsewhere. Credit card use should also be promoted among Cuban consumers, he suggested.

“They need more ATMs, more points of sale for credit cards,” he said. “In the short run, there’s probably not much there, but with more points of sale in the country, the future down the road will

be very bright,” he added.

During the Wharton event, Seleski was also asked if his bank would actively facilitate Cuban payments for U.S. agricultural goods. He said that will not be the case, and that U.S. exporters will still have to rely on third-country banks to receive such payments.

“The Cubans want to operate in dollars,” said Seleski. “In order for American companies to work well down there, they need to operate in dollars. They need to get paid in dollars, they need to transfer money in dollars. Until the embargo is lifted, there will never be a Cuban bank that will have a correspondent banking relationship with the USA.”

Stonegate Bank, with \$2.27 billion in assets and \$1.93 billion in deposits, has 21 offices in South and Southwest Florida. ■

More information:

www.stonegatebank.com

<https://www.stonegatebank.com/files/PressReleaseCubanDebitCard111915.pdf>

Finance

Panama bank seeks to open office in Cuba



Joining a half-dozen foreign banks, Multibank Panamá is seeking to open a representative office in Cuba, *Prensa Latina* reported.

Multibank, Panama’s third-largest financial institution with 40 branches in three countries and \$3.1 billion in assets, is following Panamanian businesses that are establishing themselves in the island and also seeks to “support Cuban financial institutions,” CEO Isaac Btsh told the official news service.

Multibank is the only bank in Panama with correspondent relationships in Cuba, supporting clients that do business from the Colón Free Trade Zone. Transactions are made in Panamanian balboas not dollars,

Btsh said, avoiding the risk of violating U.S. sanctions.

The bank has subsidiaries in Colombia and Costa Rica.

Cuban regulations do not allow foreign banks to offer services, but a few, such as Spain’s BBVA and Bankia, Canada’s Scotiabank and National Bank of Canada, as well as Lebanon-based Fransabank and Trinidad & Tobago’s Republic Bank, are maintaining representative offices in Havana that provide limited support to investors and importers on the island. Earlier this year, Madrid-based Grupo Banco Popular applied with Cuban authorities to open a representative office in Havana.

Spain’s Banco Sabadell has probably the biggest involvement of any foreign bank in Cuba, controlling 50% of Financiera Iberoamericana S.A., a non-bank financial entity registered with the Banco Central de Cuba. The other half is controlled by state-owned Banco Internacional de Comercio. Financiera Iberoamericana offers trade and longer-term credit to clients in Cuba, as well as project financing for infrastructure, industrial, agricultural, and real estate projects. ■

Finance

Spain restructures short-term credit

| by JOHANNES WERNER

In an effort to boost exports and investments in Cuba before U.S. companies arrive, Spanish officials signed agreements to restructure Cuba's short-term debt, establish an economic agenda, and provide funding to technology projects.

Spain's Economy Minister Luis de Guindos, together with Industry, Energy and Tourism Minister Juan Manuel Soria, took part in the official opening of the Spanish pavilion at the Havana International Fair, the largest at this year's annual event with .

Under the debt restructuring agreement signed by de Guindos and Cuban Vice President Ricardo Cabrisas at the Council of State building in Havana, Spain refinances €201.5 million (\$215.7 million) in short-term debt Cuba owes Spanish export guarantee program CESCE, forgiving all accumulated interest and penalties for late payments, and stretching payments over 10 years, with a three-year grace period for principal payments. One part of the pardoning is covered by a debt conversion program, another part through an exchange value fund in Cuban pesos to finance prioritized projects agreed upon by both governments.

Cuba's short-term debt with Spain totals €535.6 million (\$574.8 million). According to its 2013 annual report, 7% of the risk loans in CESCE's portfolio were related to Cuba, ranking the island as No. 4 in its risk portfolio. This was "due to the high rate of non-refinanced defaults and delays in refi-



**Vice President
Cabrisas, I.,
Economy
Minister de
Guindos**

Photo: Ministerio
Economía/

nanced loans," the report said.

In August, CESCE resumed export coverage in Cuba, after a 15-year hiatus, providing a relatively modest €25 million (\$26.8 million) in non-rotating credit. Coverage is limited to short-term export transactions — not in US dollars — for up to one year. The maximum coverage is 80% of the value of the transaction.

Spanish exports to the island rose 40% from January through August this year.

The Spanish debt rescheduling is part of a bigger effort by the Cuban government to put order in its financial affairs. Cuba is headed towards renegotiating its old debt with Paris Club lender nations, estimated at \$15 billion (€13.7 billion).

On the heels of the debt restructuring agreement, de Guindos and Cuban Foreign Trade and Investment Minister Rodrigo Malmierca signed a memorandum of understanding to create a framework for economic cooperation, including a working group on trade and investment. De Guindos also signed an agreement with Cuban Science, Technology and Environment Minister Elba Rosa Pérez Montoya, setting up a "Cuba-Spain Innovation Program" that will fund technology projects in the island.

Cuba's short-term debt with Spain

Ranking as No. 4 in CESCE's risk portfolio

- Total: €535.6 million
- Refinanced: €201.5 million
- All accumulated interest and penalties forgiven
- Payments stretched over 10 years
- Three-year grace period for principal payments
- Pardoning covered by debt conversion program and an exchange value fund in Cuban pesos

Source: Ministerio de Economía

Companies

Russian helicopter maker seeks regional maintenance base in Cuba

| by JOHANNES WERNER

Three hundred twenty of Russian Helicopters' workhorse Mi-8/17 are flying in Latin America

Photo: Russian Helicopters

Russian Helicopters announced it wants to establish a base in Cuba for aftersales service and upgrading of helicopters in Latin America and the Caribbean.

The Russians say they are in talks about expanding the existing Yuri A. Gagarin Aircraft Repair Plant southwest of Havana, which is run by Cuba's armed forces.

The Moscow-based company, which is a part of state corporation Rostec, says that more than 400 Russian-made helicopters operate in Latin America, 320 of them workhorse Mi-8/17 models. Cuba is one of the biggest market in the hemisphere, with 60 Soviet and Russian-made helicopters, about 50 of them Mi-8/17s. The most modern version is being used in offshore oil operations in Cuba.

According to Avia Solutions Group, some 20% of military rotorcraft in Latin America are Russian-made; users include the armed forces of Cuba, Nicaragua, Mexico, Venezuela and Peru. The biggest growth potential, though, is in the civil market, where the company has only captured 2% in the region. Lately, Russian Helicopters has focused its attention on key markets in Brazil, Argentina and Mexico, landing a \$200 million deal with Brazil's Atlas Taxi Aereo for up to 14 Kamov-62 helicopters for use in offshore oil drilling.

The Yuri A. Gagarin Aircraft Repair Plant southwest of Havana is the oldest armed-forces



operated plant in Cuba opened by the Soviets in the 1960s. The plant currently provides equipment and aviation repair services for both Cuba's armed forces and civilian organizations. It also began producing the multi-use AC-001 Comas aircraft.

Russian Helicopters said it is "in talks with their Cuban counterparts on formulating the proposal for retooling the plant and authorizing it as an entity that is empowered to carry out aftersales service and maintenance on Soviet-made and Russian-made military and commercial helicopters."

Strong military component

The Russian company is showcasing its Mi-17 models at the Havana International Fair, together with its light Ansat and medium Mi-38, as well as a comprehensive modernization kit for Mi-8/17/171. Commercial helicopters will be offered new digital avionics systems and additional equipment, enabling them to be used in search-and-rescue and passenger transport operations. ▶

Russian Helicopters (1)

A large component of the base’s business in Cuba would be military. Russian Helicopters says it has a Russian government license allowing it to export components and auxiliary equipment, and provide special training and technical documentation for military helicopters already delivered.

Founded in 2007, Russian Helicopters includes five production facilities, two design bureaus, a spare parts production and repair facility, as well as an aftersale service branch responsible for maintenance and repair in Russia and all over the world. ■



Transportation

More Russian plans

Russian companies are planning to sell Cuba rail cars, and invest in a rail car maintenance facility during the rest of this year and in 2016, according to an action plan signed by the co-presidents of the Cuba-Russia business committee at the Havana International Fair.

Cuba’s rail car purchases will be funded with a five-year, €24 million export credit from Russia’s export guaranty agency.

Meanwhile, Russian automakers have plans to export vehicles to Cuba — including Kamaz trucks — and establish maintenance networks, as well as vehicle assembly in Cuba, Russian officials said.

In the presence of Vice President Ricardo Cabrisas and Deputy Industry Minister Giorgi Kalamano, the committee co-presidents also signed six cooperation agreements in the areas of energy, finance, metalmaking, and pharmaceuticals. ■

Telecommunications

Etecsa picks Chinese company to bring smartphone service to Cuba

| by JOHANNES WERNER

Cuban state telecom Etecsa signed an agreement with a Chinese company to distribute smartphones and improve voice and data service in the island, official media reported.

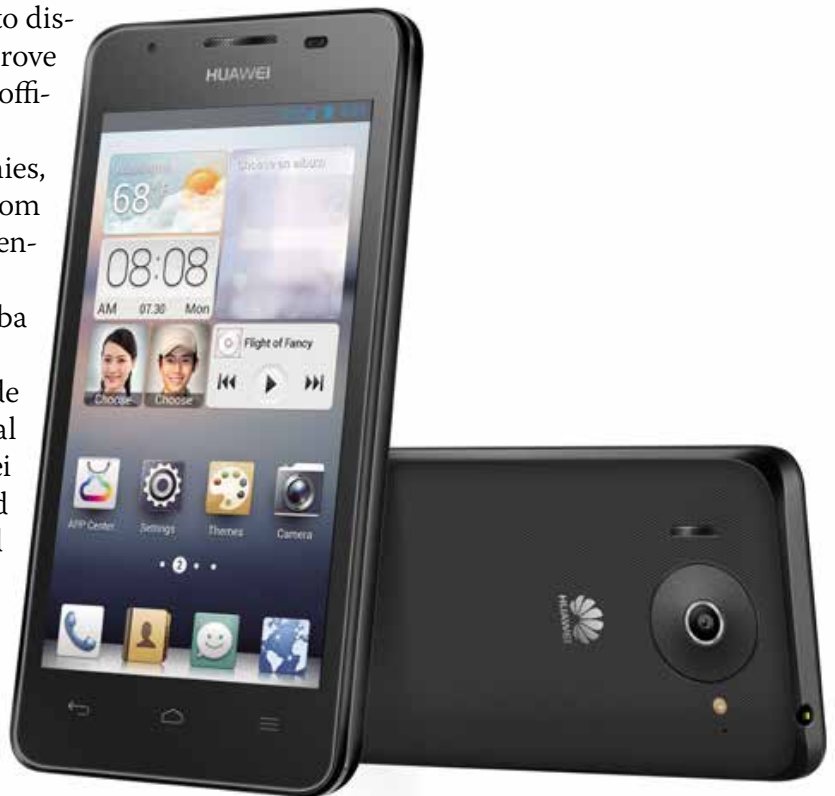
The deal comes as U.S. companies, working under a recent exemption from Washington's embargo, are eager to enter the Cuban market.

Due to lack of infrastructure, Cuba does not offer smartphone service.

Shenzen-based Huawei will provide smartphones, parts, and technical training. The agreement with Huawei will "improve the quality of voice and data services offered by Etecsa and foresees supporting future benefits," Javier Villariño, Huawei sales director in Cuba, told reporters at the Havana International Fair.

Huawei was one of the most prominent of more than 40 Chinese companies at the fair.

Villariño said that for 15 years Huawei has supported mobile and fixed-line telephony and data transmission in Cuba, and was in charge of the recent introduction of public wifi hotspots throughout the country.



Huawei, a privately owned company with close ties to the Chinese government, competes with Apple and Samsung in the smartphone sector, and it has risen to the global No. 2 spot as an equipment supplier for telephone and data networks. ■

Mexican hotel chain expands to Cuba



The chain focuses on boutique hotels in historic cities: Misión Catedral in Morelia, Mexico

Hoteles Misión is planning to expand to Cuba, opening at least five hotels with 800 rooms, Mexican daily *El Economista* reports.

Gerardo Cárdenas, director of finance for the Mexico City-based hotel chain, said in a press conference that the plan is to focus on existing hotels in Havana, Varadero and Pinar del Río province, investing up to \$6 million in each property.

Hoteles Misión is focusing on the Caribbean and Cuba as part of a plan to more than double the number of hotels under its management by 2020. The company is currently managing 45 hotels in Mexico and one in Texas, with a particular focus on boutique properties in historical cities.

"The expansion to Cuba is very important," he said. "We intended to be in the island since the 1990s, but U.S. laws complicated things. Now that the blockade is unraveling, we have the blessing of the American friends to openly do business. There are many things that can be done; we Mexicans know what to do, it's part of our DNA. What really interests the Cubans is tourism know how."

Cárdenas said that his company's negotiations with Cu-

ban state hotel companies were helped by Cuba's Foreign Trade and Investment Ministry and the Mexican tourism ministry, which organized trade delegations to Cuba.

California group raises funds for co-op guide

In a joint U.S.-Cuban grassroots effort, a private group from California is raising funds to publish a guide for the fast-growing cooperative sector in Cuba.

As part of its economic reforms, the Cuban government is planning to transfer most state-owned retail assets to cooperatives. More than 5,000 coops are currently operating on the island, and hundreds more will be added in the next couple of years, particularly in cities.

"Right now, a crucial experiment is underway to see whether urban cooperatives can fill a widening employment gap, whether they can expand vital customer services, and whether they will help distribute wealth equitably, while decentralizing enterprise management and control," the group behind the effort says.

"Over time, cooperatives will become a backbone of Cuba's emerging, increasingly decentralized economy," said Eric Leenson, president of California-based Sol Economics and one of the

promoters of the project. "I can think of no better way for 'people-to-people collaboration' to bolster the likelihood of its success than by contributing to grassroots, educational formation."

The Introductory Guide to Cooperatives in Cuba is written by Cubans for Cubans. On 62 pages, the manual provides information for establishing, operating and managing cooperatives in Cuba. Its authors are recognized as leading coop advocates, some of whom advise the Cuban government in this area.

Donations for printing and dissemination of the guide can be made at www.venturesfoundation.org; mark "Latin American Social Justice Fund".

Texas governor tours Mariel Special Zone

Texas companies would like to invest in the Mariel Special Development Zone, Gov. Greg Abbott said while touring the area west of Havana.

The Republican governor also told Mariel Zone General Director Ana Teresa Igarza that Texas would like to export more rice and grains, to which she replied that U.S. sanctions still stand in the way of more food sales, and that the Mariel Zone would be well-suited to build a rice mill.

Abbott's 24-member delegation included First Lady Cecilia Abbot, as well as executives with the Houston Airport System and the ports of Houston, Beaumont and Corpus Christi.

During his 52-hour visit, Abbott navigated Old Havana in his wheelchair, and met with



» Briefs



**Greg Abbott:
Navigating Old
Havana in a
wheelchair**

Vice President Ricardo Cabrisas, Foreign Trade and Investment Minister Rodrigo Malmierca, and officials with the Tourism Ministry, Communications Ministry, and state food

importer Alimport, as well as with Héctor Oroza, president of Corporación CIMEX, Cuba's largest holding company.

"While we are waiting for that decision from the federal government, Texas wants to begin the process of building relationships with business leaders like CIMEX so that we will be well prepared to act swiftly to the mutual benefit of CIMEX and Texas," Abbott told Oroza, referring to the lifting of the U.S. embargo.

EU, Cuba conclude round of talks on trade

In a sixth round of negotiations in Brussels Dec. 1-2, European Union and Cuban officials finalized the trade and investment part of a cooperation agreement.

At a background briefing in Brussels, European officials said they hoped to conclude talks early next year, but refused to provide a schedule.

"On this occasion, the conciliation of the item on trade and trade cooperation of the Agreement was concluded, and the negotiation of the item related to cooperation and dialogue on sectoral policies was almost finished," said

a communiqué by Cuba foreign ministry. "Regarding the chapter on political dialogue, an in-depth exchange of views was held that made possible to bring numerous positions closer together."

"Progress has been made in the negotiation, although a divergence of approaches still persists that will demand further work by the parties," the Cuban communiqué concluded.

"Obviously, the political dialogue part is the most complex one, in which we agree on several topics, we 'agree to disagree' on others, and maintain sometimes distant perspectives, but with mutual respect and searching to open ways for future change," Herman Portocarero, EU ambassador in Havana, told business weekly *Opciones* at the Havana International Fair, before the latest round of talks.

Portocarero added that EU negotiators hope to conclude talks on the cooperation agreement in 2016.

European cruise company plans to add second ship

MSC Cruises plans to homeport a second ship in Havana next winter season.

The Geneva-based company, which deployed the 2,600-passenger MSC Opera this winter, announced it will also send the similar-sized MSC Armonia to Havana in 2016/17, thanks to high levels of demand from European customers.



MSC Armonia

"The idea is to grow more and that'll depend a lot on the level of growth in the infrastructure that can receive the ships," Gianni Onorato, chief executive of MSC Cruises, told the *Financial Times*. "Our commitment in Cuba we hope will encourage authorities to invest in ports."

Onorato told the British daily that conversations with the Cuban authorities began in January and plans for the second ship received a boost when Matteo Renzi, Italy's prime minister, visited Cuba in October.

Docking space in Cuba will be tight, as Miami-based Carnival will begin Cuba cruises in May; competitor Norwegian Cruise Lines announced its intent to offer Cuba cruises as well, without providing details.

MSC Armonia is part of a €5.3bn investment plan to increase MSC's fleet by seven ships to a total of 19 by 2021.

Cuba limits doctors' ability for personal travel

To limit the island's brain drain, Cuban doctors will once again have to ask for government permits if they plan to travel abroad.

Since easing exit controls in 2013, Cuban health services have been "seriously affected," an article in official daily *Granma* explained, adding that a U.S. government program continues to encourage Cuban doctors to defect.

"It must be recalled that the U.S. government has historically used its migratory policy as a weapon against the Revolution, and has, for political reasons, encouraged emigration from Cuba," the

» Briefs

Granma article quoted a government statement.

The crackdown follows the rising tide of Cubans trying to reach the United States via Ecuador and Costa Rica, fearful of ending immigration privileges in the United States as relations with Cuba are thawing.

The *Granma* article quoted an official statement saying these fears were based on “totally unfounded rumors.”

Meanwhile, Washington and Havana held another round of immigration talks. The Cuban government has consistently criticized Washington’s “Wet foot dry foot” policy, which essentially

grants Cubans a road to citizenship if they manage to set foot on U.S. soil.

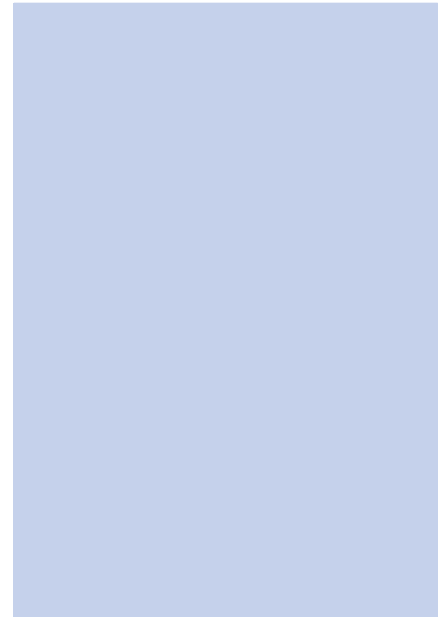
Minor League baseball trying to return to Cuba

A U.S. entrepreneur has secured exclusive rights from Minor League Baseball to pursue establishing a franchise in Havana, the *New York Times* reported. Lou Schwechheimer’s Caribbean Baseball Initiative also obtained licensing approval from the Office of Foreign Assets Control (OFAC).

Schwechheimer owns controlling interests in the Triple-A New Orleans Zephyrs and Single-A Port Charlotte (Fla.) Stone Crabs, as well as a minority interest in the Double-A club in Scranton Wilkes-Barre.

ton Wilkes-Barre.

The Havana Sugar Kings played in the Triple-A International League as an affiliate of the Cincinnati Reds from 1954-60.



Cuban all-star team to play in pro league

The Cuban national baseball team will play a regular-season schedule of games in the U.S.-Canadian Can-Am League in 2016, league officials announced.

The Cuban team joins six regular club teams, including the Québec Capitales, which had four Cuban players on its roster in the 2015 season, plus an all-star team of Japan’s Shikoku Island League.

Two years ago, for the first time the Cuban Baseball Federation allowed Cuban athletes to join professional club teams abroad, as long as they honor their commitments to the national team and the national series. Seven players — the Federation’s website keeps track of their performance — are on the rosters of teams in Japan and Canada this season.

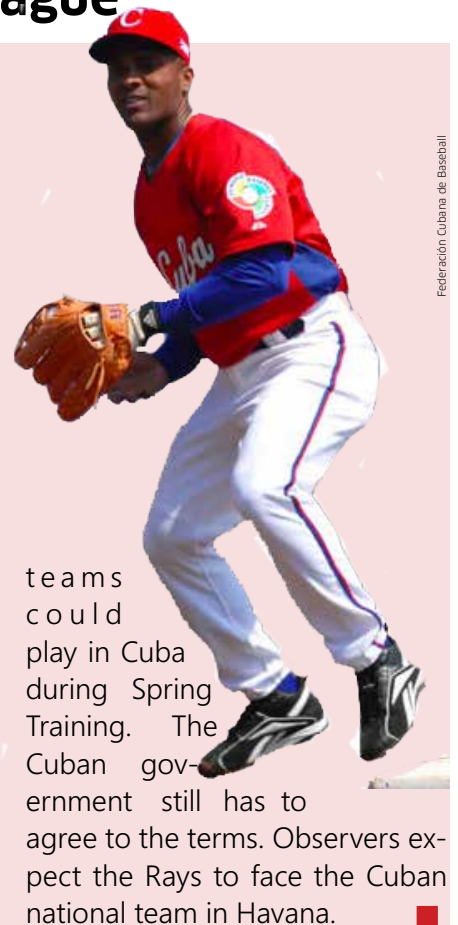
The Cuban team, which is available because there are no

international tournaments next summer, will face off in three or four games with each of the Can-Am teams in June 2016.

“The fact that both teams will be part of our regular season schedule is unique,” Can-Am League Commissioner Miles Wolff said from headquarters in Durham, N.C. “We are honored that the Cuban national team respects the Can-Am League and will send their best team.”

Cuban Yunieski Gourriel, playing for the Québec Capitales, was the Can-Am League’s top batter this season.

In other baseball news, Major League Baseball will send the Tampa Bay Rays to Cuba for a Spring Training exhibition game next year. MLB officials reportedly have checked facilities on the island to determine whether big-league



Federación Cubana de Baseball

teams could play in Cuba during Spring Training. The Cuban government still has to agree to the terms. Observers expect the Rays to face the Cuban national team in Havana.

Politics

U.S. Chamber tries to succeed where administration officials have failed

| by JOHANNES WERNER



Leading the U.S. Chamber of Commerce delegation, Executive Vice President Myron Brilliant, l., met at the Cuban Chamber in Vedado with Chamber officials and Foreign Trade and Investment Minister Rodrigo Malmierca, r.

Photo: U.S. Chamber

Trying to succeed where the U.S. secretaries of commerce and agriculture have failed, the U.S. Chamber of Commerce brought a high-power corporate delegation to Havana, to seek hands-on opportunities for U.S. companies and link up with Cuban officials.

More than 20 delegation participants, including executives from Amway, Boeing, Caterpillar, Sprint, and American Airlines, according to the Chamber, attended the International Havana Fair, toured the Port of Mariel, met Cuban officials, and held the first board meeting of the Chamber's recently launched U.S.-Cuba Council.

The Chamber said in a press release that the delegation was "discussing ways to build on the warming relationship between the two nations, exploring potential business opportunities and

continuing to lay the groundwork for more entrepreneurship and accelerated economic growth in the country."

Visits by U.S. Secretary of Commerce Penny Pritzker to Havana in October and Secretary of Agriculture Tom Vilsack in November did not elicit the kind of response from Cuban officials the Obama administration had hoped. The United States is seeking openings for U.S. companies in telecommunications and direct interaction with non-state businesses in Cuba. Cuban officials have responded that U.S. sanctions still stand in the way of such day-to-day business relations.

Presided by Jodi Bond, the U.S. Chamber's vice president Americas, the board of the U.S.-Cuba Business Council gathered in Havana. Chris Hoyer, a spokesman for the Chamber, told *Cu-* ▶

U.S. Chamber (1)

ba Standard he couldn't reveal the names of board members yet, but that the Council's membership "mirrors that of the U.S. Chamber, in that serving on the Council is a myriad of companies of all sizes and sectors."

"We're facing a historic opportunity to support a vital and growing Cuban private sector, one that is defined by entrepreneurs whose expanding efforts show the spirit of free enterprise is already taking hold in the country," U.S. Chamber President and CEO Tom Donohue said last month when the group was announced. "This council will work tirelessly to ensure that both countries can take advantage of the new avenues for trade, investment and economic cooperation in the bilateral relationship."

The U.S. Chamber delegation, led by Executive Vice President Myron Brilliant, met with their counterparts at the Cuban Chamber of Commerce and Foreign Trade and Investment Minister Rodrigo Malmierca. During the meeting, Brilliant said the Chamber is lobbying Congress to lift the embargo, and seeks improved relationships in technology, communications, airlines, tourism, finance and other areas.

"Cuba is an important potential buyer of U.S. products and a supplier of traditional and non-tra-

Telecommunications

Score one for the Chamber: Roaming for Sprint users

As part of the Chamber visit, and underlining U.S. efforts to establish more telecommunications services in Cuba, Sprint CEO Marcelo Claure signed the first roaming agreement of a U.S. wireless carrier with Cuban state telecom Etecsa.

Overland Park, Ks.-based Sprint said in a press release that it is banking on fast growth of travel to Cuba. Sprint will announce details and launch date of the Cuba roaming services "soon," the company said. Due to the embargo, Sprint will make payments to Etecsa through a third-country bank and not in dollars, Claure told *USA Today*.

Competitor Verizon has been offering roaming in Cuba since September, but through a third-country provider. ■

ditional products, specially in the pharmaceutical industry and technology," Cuban Chamber President Orlando Hernández Guillen said at the meeting.

A dozen U.S. companies, including PepsiCo and Napa Auto Parts, participated in this year's International Havana Fair. ■

Politics

Steering committee meets in Washington

The U.S.-Cuba bilateral commission met for the second time Nov. 10 in Washington.

The commission, a steering committee in charge of the normalization process, met for the first time Sept. 11 in Havana, setting a preliminary agenda of talks through the end of the year.

The issues of the commission, led by Department of State and foreign ministry officials, range from an aviation agreement, to mutual claims, to protection of trademarks and patents.

The two sides agreed on three stages, beginning talks with "issues of mutual benefit", including environmental protection, natural disaster response and prevention, health, civil aviation, and law enforcement cooperation against drug trade, human trafficking, international crime. telecommunications and the internet, and direct mail.

A second stage of the talks will begin a dialogue on human rights, and law enforcement regarding fugitives.

A Cuban communiqué said that there will be talks about both "compensation for human and economic damages to the Cuban people caused" by the U.S. embargo, as well as "for U.S. property nationalized in Cuba." The topic of protection of trademarks and patents was also discussed at the first steering committee meeting.

A third stage will tackle the most difficult issues, such as the U.S. embargo and the return of the U.S. base at Guantánamo Bay.

The Cuban delegation was headed by Josefina Vidal, general director of U.S. affairs at the Ministry of Foreign Relations. The U.S. delegation was led by Deputy Assistant Secretary for South America and Cuba Edward Alex Lee. Lee took over from Roberta Jacobson, who was nominated by President Obama as ambassador to Mexico.

Obama is reportedly planning to visit to Cuba early next year. ■

Politics

U.S., Cuba sign cross-border marine protection agreement

| by JOHANNES WERNER

Cuba’s Ministry of Science, Technology, and Environment (CITMA) signed a memorandum of understanding with the National Oceanic and Atmospheric Administration (NOAA) and the U.S. National Park Service to cooperate in marine protected areas on both sides of the maritime border.

The agreement also provides for creation of programs to foster conservation and understanding of natural marine resources, sharing technical and scientific data, and promoting education and outreach initiatives.

“We recognize we all share the same ocean and face the same challenges of understanding, managing, and conserving critical marine resources for future generations,” said NOAA Administrator Dr. Kathryn Sullivan, who was in Cuba for the signing.

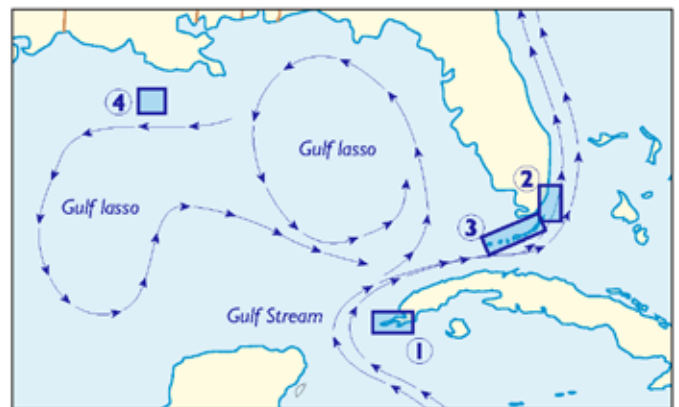
The protected areas in the agreement are the Guanahacabibes National Park in Cuba, including its offshore Bank of San Antonio, and the Flower Garden Banks, Florida Keys National Marine Sanctuaries, and the Dry Tortugas and Biscayne national parks on the U.S. side.



Created in 2005, the Guanahacabibes peninsula protected area has 385,983 acres of wilderness under special management with limited economic activity. Two-thirds of this sanctuary correspond to dry lands and wetlands, the rest to a little disturbed marine environment. In this Landsat composite image the light green color shows semi-deciduous hard-wood forests, while the smooth dark-green hues correspond to a dense mangrove belt and swamps. Cultivated and deforested lands to the right are shown in magenta. Remoteness and inaccessibility kept these landscapes largely untouched. Today they are a sanctuary for birds, crocs and sea-life. Conservation is critical to preserve the circum-Caribbean low-land environs very disturbed in other places.

The Bank of San Antonio marine park protects the flat-top of an underwater marine mountain that rises abruptly from the Gulf of Mexico bottom to 60-100 feet depth.

Graphics: Armando Portela/CS



- ① Guanahacabibes National Park and Bank of San Antonio
- ② Biscayne Bay Park
- ③ Florida Keys and Dry Tortuga parks
- ④ Flower Garden banks

Companies

As Castro visits Mexico, corporations signal interest

by JOHANNES WERNER



During the summit in Mérida, Foreign Ministers Bruno Rodríguez and Claudia Ruíz Massieu signed six agreements. Looking on are Presidents Castro and Enrique Peña Nieto.

Photo: Secretaría de Relaciones Exteriores

As the Mexican and Cuban governments are rushing towards a honeymoon, Mexico's largest corporations are expressing their interest in engaging as well.

Fearful of jeopardizing their strong U.S. ties, Mexican companies have long abstained from establishing formal connections with Cuba. But amid U.S.-Cuba normalization and the first state visit of Raúl Castro to Mexico Nov. 6-7, they are now investing in the neighboring country or at least sending strong public signals about their intentions to do so.

In the context of Raúl Castro's first state visit to Mexico in November, the chief executives of cement multinational Cemex and of Femsá, the world's largest Coca-Cola bottler, both said they would like to export to, or invest in Cuba.

"The Caribbean is an attractive region for us.

We have sought to do business in that zone for many years, and we continue to be interested," said Fernando González Olivieri, chief executive of Monterrey-based Cemex, answering a reporter's question during a press conference in Mexico City. "The case of Cuba is not an exception. Yes, we are interested."

González said Cemex would both like to export cement to Cuba and build a factory there. Cemex operates cement plants in Florida, the Dominican Republic, Trinidad & Tobago and in Haiti, among others.

"We will see whether we fit, if we can be a solution," he said about the Cuban government's plans. "Obviously, we do believe so. Our presence in the whole region is very broad, and for us it would be a natural decision to be able to also participate in that market." ▶

Mexican corporations (1)



Cemex CEO Fernando González Olivieri

A few weeks earlier, Femsa President José Antonio Fernández Carbajal announced that his company was interested in expanding Coca-Cola's presence in Cuba.

"We will go to Cuba with Coca-Cola – Cuba's Coca-Cola will be from FEMSA," company President José Antonio

Fernández Carbajal said in an email sent to various media outlets in September, announcing plans to expand into Cuba as well as other Latin American markets in the near future.

More than 150 Mexican companies have sought advice and support regarding Cuba since Mexican government export promotion agency ProMéxico opened an office in Havana one-and-half years ago, ProMéxico General Director Francisco González told an *efe* reporter. The companies are varied in size and scope, ranging from manufacturers to distributors of consumer goods, González said on the sidelines of Raúl Castro's state visit in the city of Mérida, Yucatán.

During Raúl Castro's visit, Cuba's Foreign Minister Bruno Rodríguez signed five agreements with his Mexican peer Claudia Ruiz Massieu, including

More than 150 companies have sought advice and support since ProMéxico opened an office in Havana.

two memoranda of understanding about migration and academic cooperation, two cooperation agreements in tourism and in fisheries and aquaculture, and a letter of intent promoting basic education in Mexico.

The talks between the two presidents focused on the reforms in both countries, and particularly on Cuban efforts to attract foreign investment and the Mariel Special Development Zone.

"Today, there are growing opportunities to in-

crease the closeness of the business community by way of investments by Mexican companies in the island," Ruiz Massieu said in a speech in Mexico City before the visit.

Mexico-Cuba relations are better than anytime since the early 1990s, particularly in the economic realm. In late 2013, the government of Mexico pardoned most of Cuba's \$487 million debt, agreeing to waive 70% of the total. Cuba, in turn, agreed to pay the remainder within 10 years. Mexico also expanded a line of



Femsa President José Antonio Fernández Carbajal

Agriculture

Mexican agribusiness delegation tours Cuba

In the wake of the presidential summit in Mérida, Mexico's agriculture minister and a delegation of Mexican agribusinesses were in Cuba Nov. 22-24 to stake out opportunities and create new cooperation programs.

With his visit, José Calzada Roviroso is following up on a fisheries and aquaculture agreement signed during Raúl Castro's visit to Mexico.

Mexico exported \$74 million worth of agricultural and food products to Cuba last year, and there is "important potential" to diversify and increase sales, Mexico's agriculture ministry said in a statement. Mexico is a major exporter of avocados, lemon, vegetables and meat.

During his visit, Calzada met with the Cuban food industry and agriculture ministers, visited a tilapia aquaculture project, toured a Cuban company that makes biotechnology products for agriculture, and sought ways to expand a cattle development project in the island with Mexican cattle hygiene know-how.

Calzada also said that Mexican companies are interested in investments in Cuba. The delegation included corn producers, food processing companies, fishery businesses, and aquaculture companies, he told Prensa Latina in an interview.

A Mexican meatpacking company is among the first foreign investors at the Mariel Special Development Zone. For many years, a Mexican joint venture has been running a flour mill in Cuba that supplies all state-owned bakeries. ■

Mexican corporations (2)

credit for exports to Cuba.

Trade and investments have revived since. According to Mexico's foreign minister, 30 new investment projects were launched in Cuba during the past two years, and two midsize companies from Mexico — General Paint SA de CV and Richmeat SA de CV — are among the first to establish themselves at the Mariel Special Development Zone. Forty-eight Mexican companies, a record number, participated in this year's Havana International Fair, 15 of them for the first time.

Businesses and political leaders in Yucatán would like to turn Puerto Progreso near Mérida into a major supply base for Cuba. During the fair, Yucatán-based Diques Peninsulares (Dipensa)

Leaders in Yucatán would like to turn Puerto Progreso into a major supply base for Cuba.

signed a letter of intent with Cuban state company Astilleros del Caribe to jointly operate shipyards in both countries. As part of a \$60 million expansion at Puerto Progreso, Astilleros del Caribe will build and install two floating docks that will be made in Havana. Dipensa is a joint venture of two Mexican companies, Gestión y Servicios Portuarios, S.A. de C.V., and Minera Campechana, S.A. de C.V.

Both governments agreed "to continue providing the right conditions for more Mexican entrepreneurs and investors put their money in Cuba," Peña Nieto said. "In Mexico, we appreciate the new opportunities emerging in Cuba, and we want to be an ally in this process of change and opening." ■



Former Cuban intelligence officer Domingo Amuchastegui has lived in Miami since 1994. He writes regularly on Cuba's internal politics, economic reform, and South Florida's Cuban community

Washington's two-track policy, the slow-moving Party Congress, an important resignation, and how to deal with 'daddy's kids'

After weeks of rumors and hints suggesting that Washington would go for abstention instead of voting in the UN General Assembly against Cuba's annual resolution condemning the embargo, the outcome was anti-climactic. Again, the United States voted against the resolution, followed only by Israel, while 191 UN members voted with Cuba.

The U.S. representative argued that Cuba's resolution stuck to conventional rhetoric, ignoring the new context and positive developments.

Not quite! In its initial paragraphs, the Cuban text expressed recognition and praise for President Barack Obama's new Cuba policy. At the same time, it highlighted the limitations of normalization and the continuation of the embargo, mentioning several recent examples of hostile actions against U.S. companies and European banks trying to conduct business, and emphasizing that "only the lifting of the blockade" will allow bilateral relations to, effectively, become normal. Besides, if the resolution was pure outdated rhetoric, why did 191 nations — more than ever before — vote in

favor of this text?

After 11 months of talks, it is more than evident that President Obama's Cuba policy follows a two-track pattern. One, presumably aimed at normalizing relations (the Dec. 17 announcement, meeting in Panama with President Raúl Castro, restoring diplomatic relations, Secretary John Kerry's visit to Havana, the creation of a bilateral commission to coordinate the talks, some executive initiatives to bypass minor obstacles of the embargo, followed by visits to Cuba by cabinet members such as the secretaries of commerce and agriculture, and of various delegations exploring areas of potential agreements and cooperation.

The other track — repeatedly pointed out by Cuban officials and several foreign experts — consists in: a. Failing to resort to the many executive powers to declass embargo laws; b. Failing to risk a serious initiative in Congress, regardless of the many lawmakers on both sides of the aisle inclined to do away with this obstructing piece of legislation; c. Failing to seek putting an end to open hostile legislation and actions such as the Cu- ▶

Two-track policy (1)

ban Adjustment Act, a desertion program aimed at Cuban doctors, the funding of various programs through USAID to promote and support political opposition in Cuba, and Radio and TV Martí transmissions directed to Cuba; d. Failing to negotiate U.S. withdrawal from the useless naval base in Guantánamo. All of these (non-)actions are in open contradiction to the very notion of normalization; all of these programs and laws are inspired by the idea of “regime change,” regardless of President Obama’s denial of such a goal during the Americas’ Summit in Panama.

In this context, how should we judge the U.S. vote at the United Nations? *BBC World* correspondent Will Grant opined that “the disagreement is not likely to derail the rapprochement process”, and pointed out that Obama remains very much attached to the idea of “lifting the embargo,” and that the Castro government welcomes his support on this issue. I am not too sure about this optimistic approach. In casting their vote, the U.S. sent a very negative message not just to the Cuban authorities but to the international community at large, and especially to those who are seriously interested in engaging Cuba. The two-track policy seems to be suffering from very serious imbalances.

And the Cuban leadership will answer in kind; being respectful, professional, and constructive when U.S. officials deliver along the first track — such as the recent meetings with Assistant Secretary of Homeland Security Alejandro Mayorkis, with Undersecretary of State Edward Alex Lee, and with Secretary of Agriculture Thomas Vilsack — while firmly rejecting second-track hostility and practices that have nothing to do with normalization, such as the U.S. vote in New York.

In casting
 their UN
 vote, the
 U.S. sent
 a very
 negative
 message.

Meanwhile, at the level of the U.S. Congress, the initiative remains in the hands of the most aggressive lawmakers who favor keeping the embargo in full force and adding new legislation that makes sanction more difficult to bypass or downplay its implementation.

As a vivid example of Cuba’s reaction, a few days back Foreign Ministry Undersecretary General Gustavo Machín made very clear at a press conference in Havana that “Cuba will not make any internal changes to please anybody.” And clarified that the Cuban government has not extended any official invitation to President Obama to visit Cuba, adding that, “if he wants to travel to Cuba, he will be welcomed as we usually do with other foreign dignitaries.” Such a wording cannot be disconnected from what happened at UN.



Congress in April? After a significant delay in public preparations for the coming VII Congress of the Communist Party of Cuba, a few provincial assemblies have been held lately in what could be interpreted as some of the initial steps in the long and complicated preparation for this rank-and-file meeting.

The provincial assemblies — known as *asambleas de balance*, where an overall discussion of the Party’s performance over the last five years takes place — held so far have taken place in Pinar del Río, Artemisa, Villa Clara, Cienfuegos, Ciego de Avila and Camagüey; nine more are still pending. With one exception — Artemisa — the assemblies were, according to public reports, entirely focused on issues connected to the local economies in their respective territories (tobacco, rice, sugar, cattle, produce, cooperatives, manufacturing, services, examples of corruption, and deviation of goods into the private sector). Beginning with the first assembly, José Ramón Machado Ventura, second secretary general of the Party, insisted on the old restrictive approach of limiting discussions to problems of the respective territories and their concrete and practical issues; no national issues should be debated. The reports from each



Party Congress (2)

province were made public to the population, as were the names and merits of the candidates to leadership position in each province, so people could express their opinions on any candidate. All the first secretaries in each of these provinces were re-elected.

The only problem outside the economic realm that was raised was the importance of the Party's relating and interacting closely with the younger generations. In Cienfuegos, a statement was made that not worrying about the younger generations would mean "to put at risk the future," a concern that indicates how serious this challenge has become.

But even more symptomatic was the fact that in these assemblies — again, according to official press reports — absolute silence prevailed on a host of issues that are major concerns for most people, such as the currency unification, how much or little has been achieved in the implementation of the *Lineamientos* (Guidelines) from the VI Congress, the theoretical model for the socialist experience in Cuba, the programmatic documents

In these assemblies,
 absolute silence prevailed
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 people.

for the coming congress, the retirement of most of the *generación histórica*, and the challenges that this will imply. The crucial experiences of Artemisa with institutional and economic decentralization and its interaction with the Mariel special zone were completely absent from the discussions and press reports. Even the phrase "holding the VII Congress" was not uttered and if it was, it was "overlooked" by the official reporters. Not a very attractive beginning, to say the least.

The meeting in Artemisa was also exceptional due to ideas put forth by Miguel Díaz-Canel. The

First Vice President said that:

- "The enemies of the Revolution are trying to promote a platform of neoliberal capitalist restoration."
- "This implies a challenge in the education of the new generations where we cannot lose our historical memory; promote values such as love for what we built, responsibility and solidarity."
- "We are looking for growth and development to provide us with prosperity and support for the great social undertakings we have developed. However, if in the future we have economic wealth but are unable to distribute with fairness, then we will not be any different from the neoliberal paradigm."
- "Thus, the spirituality, the feelings, the principles, are fundamental. We aspire our people to distinguish themselves not by their material possessions, but by their values."

Díaz-Canel's ideas have nothing to do with sugar, rice or cattle, and they are not local. They deal with national challenges knocking at the doors of Cuba, and they hint at how the coming leadership will tackle key issues that go well beyond the usually dominant topics in these Party assemblies. It's about creating values and a dedicated citizenry not obsessed with leaving the country. Perhaps this is one of the reasons why President Raúl Castro in the past heaped repeated praise on Díaz-Canel — something really unusual on his part — and finally chose him as first vice president.

Another interesting perspective emerged after the Matanzas assembly. Different from previous Party assemblies, this time there was public feedback in the shape of letters to the editor in the online version of official daily *Granma*. Four *comentarios* criticized the assembly, two of them strongly. The first one stated that "for decades we have been using the same wording and the same methods with the worst, inefficient results. Until when will this go on?" The other comment was short but to the point, concluding that "in the end, it was more of the same."



Historic change (3)

One important resignation: Precedent or isolated case? On Oct. 27, official daily *Granma* published a communiqué from the Council of State, announcing the resignation of the Minister of Interior and Politburo member Abelardo Colomé Ibarra (nickname “Furry”), 76. Very few people have been so close to Raúl Castro since 1957. His resignation — beyond his illness and growing physical limitations — is inconceivable without the latter’s approval. It is the first example (separate from Fidel’s), and sets a precedent for an aging leadership soon to be retired for simple biological reasons.

The letter of resignation says that Colomé’s “health is not the same” and that he feels it is his “duty to turn in his formal resignation.” That’s a precedent for Cuban standards. Top Cuban officials becoming seriously ill and passing away had not resigned previously; not one. Is this an isolated case or an unfolding pattern to follow by the *históricos* of the old guard? After all, Raúl Castro has set a 10-year term limit for every incumbent, and the majority of Politburo members and others in key Party and government positions have already passed this limit. If so, we should be witnessing in the course of the next two years a wave of retirement, a farewell to the *históricos*. This opens a new era of the *Generación Intermedia*, those who were in their mid-30s or early 40s in the 1990s. Which, in turn, means we must be paying special attention to who the new leaders will be and understand their generational background.

Thus far, the high-ranking officers appointed to replace Furry do not represent that *Generación Intermedia*. They still are Old Guard, as is the case

with many other top generals at the General Staff, the Western and Central armies, as well as in the Ministry of Interior. But no one in their right mind can picture them remaining in their current positions for too long. What I’m saying is that for very obvious reasons — as pointed out by Colomé’s resignation — in a couple of years from now, or shortly after, many of them will be retired or will resign, as Furry did. Just look at the names of the generals participating in the trial against Gen. Arnaldo Ochoa in 1989, and you will notice that the overwhelming majority are no longer in active duty or have passed away.

Meanwhile, *Granma* published more than 50 letters to the editor online. Most of them praise Colomé’s dedication to the Revolution and his many merits, but some point out how his resignation is an example worthy of following in order to avoid — as one comentario stated — life-long incumbency (*cargos vitalicios*).

The new minister is Division General Carlos Fernández Gondín, same age as Colomé, member of the Central Committee since 1980, with a very similar historical background as his predecessor: Underground fighter and member of the Second Front under Raúl Castro, holding different positions in the Eastern Army in the 1960s, then moving to Military Counter-Intelligence (CIM) in 1968. He served in Angola together with Colomé (1975-1977) in charge of the Eastern Front. After heading CIM, in 1989 he was appointed first vice minister to Colomé as Minister of the Interior, in charge of the most important and sensitive issues connected to State Security. Fernández Gondín was recently awarded with the highest decorations granted by Cuban authorities.

The new first vice minister of Interior is Vice Admiral Julio Gandarilla Bermejo, 75, not a participant in guerrilla warfare, but a militia man from the early 1960s who completed two tours in Angola. He was in charge of CIM from 1989 until now and has been a member of the Central Committee since 1991. For 17 years he specialized in seguridad personal (secret service duties), taking part in 11 international missions. ■

We must
 be paying
 special
 attention
 to who the
 new leaders
 will be.

Guest column



Richard E. Feinberg is professor of international political economy at UC San Diego and Senior Fellow (non-resident) at the Brookings Institution.

U.S.-Cuba claims talks: A two-tier strategy

Lump-sum payments for individuals, investment opportunities for corporations

In the week of Dec. 7, the Brookings Institution will release a policy paper written by Professor Richard E. Feinberg about upcoming U.S.-Cuba claims talks. As with these talks, Feinberg's paper deals with certified claims of U.S. citizens and corporations, not with Cuban-American claims. In the 56-page paper — titled "Reconciling U.S. Property Claims in Cuba: Transforming Trauma into Opportunity" — Feinberg suggests a two-tier settlement strategy that includes lump-sum settlements for the bulk of smaller, individual claims and a menu of options for corporate claimants that will allow for U.S. investments, ranging from debt-equity swap vouchers, to "rights to operate", final project authorizations at the Mariel Special Development Zone, "preferred acquisition rights", and payment through sovereign bonds, rather than actual restitution of seized property. He also suggests a variety of sources for compensation funds that could be used in the settlement process. Following is Feinberg's discussion of lump-sum settlements, which he believes are likely to form the foundation of a U.S. accord with Cuba.

Since World War II, lump-sum settlements have been the preferred mechanism — for the United States and other developed nations — to settle bulk nationalizations of alien properties. In a lump-sum settlement, the two governments negotiate a total amount of financial compensation that is transferred in a lump-sum or global indemnity to the plaintiff government which in turn assumes the responsibility to distribute the transferred monies among its national claimants.

For the demandeur, such arrangements commend themselves for several weighty reasons: greater efficiency in coping with large numbers of claims; enhanced consistency in the administration and adjudication of claims; promoting fairness among claimants in setting criteria for evaluating claims and distributing awards; and upholding professionalism and integrity in the national claims commission (in the case of the United States, the Foreign Claims Settlement Commission, ►

Claims (1)

FCSC). National commissions and the associated lump-sum settlements may also provide the demandeur with greater leverage over the defendant, and make it more difficult for the defendant government to adopt a “divide and conquer” strategy. Perhaps even more importantly if sometimes less visibly, lump-sum negotiations allow the two governments to address other matters, such as broader investment and trade relations; in some cases, the lump-sum settlement may even be wrapped into a strategic deal, such as the normalization of bilateral relations.

Morally, lump-sum settlements avoid any admission of wrong-doing. Neither state is called upon to admit, at least not explicitly, the validity of the accusations of the other state, nor to make politically painful apologies. The final accord is published, but the internal calculations, the trade-offs across claims and counter-claims, are not revealed to the public, and may not even be fully apparent to the negotiators themselves.

As a rule, lump-sum settlements have found that “adequate” payment, as called for in the formula enunciated by FDR’s Secretary of State, Cordell Hull, amounted to less-than-full compensation. A seminal study of 69 lump-sum settlement agreements among nations found that partial payment of principal has been the rule, often without interest (In their book *International Claims*, Weston Burns, Richard Lillich and David Bederman cautioned, however, that lump sum settlements have often been linked together with quid pro quos “which are well-nigh impossible to assess.”). The Commission’s standard policy of adding interest charges derives not from Congressional authority but rather from its own judgment, as the Commission noted in its report on its Cuba Claims Program: “Although Title V of the (Foreign Claims Settlement) Act did not expressly provide for the inclusion of interest on the amount allowed, the Commission concluded that interest should be

added in a certifiable loss in conformity with principles of international law, justice and equity, and should be computed from the date of loss to the date of any future settlement.”

Precedent cases

The FCSC has adjudicated a wide variety of claims that can be broken into four broad categories: Eastern Europe, the Communist Giants (the Soviet Union, China), oil exporters, and select others (Vietnam, Germany). After World War II, and drawing upon blocked financial assets, funds were established to compensate claimants for losses in Eastern Europe; for claims in Poland, Bulgaria, Hungary and Romania, pro rata payments covered an (un-weighted) average of 45% of the FCSC-adjudicated claims awards, without interest, according to FCSC

Morally, lump-sum settlements avoid any admission of wrong-doing.

annual reports.

From the perspective of the claimants, settlements with the two Communist giants, the Soviet Union and China, were even less successful, as broader geopolitical interests seemingly outweighed the interests of individual property claimants: frozen assets of the Soviet Union allowed for pro rata payments of merely 9.7%; in 1979 the People’s Republic of China agreed to pay \$80.5 million into a China Claims Fund (with an initial payment followed by five annual payments) which allowed for pro rata payments to U.S. claimants of 39% of the value of their claims as certified by the FCSC. In contrast, settlements with oil exporters Iran and Libya have allowed for full payment of principal and some interest.

In the *sui generis* cases of Vietnam and Germany, Vietnam in 1995 agreed to apply its assets frozen by the U.S. government to pay claimants 100% of principal and 80% of interest. As fortune would have it, the Vietnamese financial assets in the custody of the U.S. government were sufficient to fully cover those payments, so from the Viet- ▶

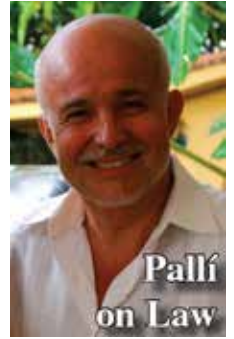
Claims (2)

From the claimant perspective, recent U.S. settlements are more heartening.

name perspective the transaction was a wash. The German agreement in 1992, to pay up to \$190 million, which covered 100% of principal and approximately 50% of interest, was pertinent in two respects. First, U.S. negotiators accepted less than the full 6% interest, as the German negotiators balked at adding interest charges to compensation, just as the German government had refused to do in resolving property claims in East Germany fol-

lowing reunification. As an official of the German government told the author, “we avoided the ‘fictional calculations’ of what properties might have earned, had there been no World War II, no German Democratic Republic.” Also of note, in determining its interest awards on German claims, the FCSC made explicit that interest was to be simple, not compound interest, in accordance with previous Commission decisions.

A common criticism of lump sum settlements negotiated by the State Department is that they give too much weight to diplomatic interests, resulting in the claimants receiving considerably less than the values of their lost properties. However, from the claimant perspective, the recent settlements with Vietnam and Germany and with the oil exporters are more heartening. These more favorable settlements reflect the debtor nation’s capacities to pay (in the Vietnam case, the existence of frozen assets), and certainly in the Vietnam and German cases, favorable diplomatic contexts. ■



José Manuel Pallí is president of Miami-based World Wide Title. He can be reached at jpalli@wwti.net.

Stepping down from Miami's 'anti' tribune

I recently attended the *Abogacia 2015* conference in Cuba with 700 other lawyers, 150 of them foreigners. This was my sixth trip to Cuba since early May 2002 (the same week Osvaldo Payá took his Proyecto Varela before Cuba's national legislature), the first time I returned to the island I left when I was eight years old.

From the very first one of those trips, I have established contacts and have had direct interaction with my Cuban colleagues. Through those contacts, I have been able to follow, as closely as I can from afar, the development of Cuban laws (the same laws Payá's Varela Project wisely and boldly compelled the Cuban government to enforce and/or adjust for the benefit of all Cubans). It's now close to 15 years since even before that first trip, in 2001, I've been part of a small group of Cuban-American lawyers behind something we called the "US-Cuba Legal Forum". We created it for precisely those same purposes: interacting and developing relationships between legal professionals from both sides of the Florida Strait, to better understand our respective legal systems.

I have made great friendships in this process, especially in Cuba, where I have the honor and the privilege of calling several brilliant lawyers my friends — many of them among the best I have dealt with anywhere in the world in over 40 years

as a lawyer.

I have also generated some controversies in the process, and even lost some other dear friends among my colleagues in Miami, since many here consider it absurd to study a Cuban legal system which, from their very particular perspective, does not even exist: they claim there is no law in Cuba, and no lawyers as a result (*en Cuba no hay derecho, ni abogados...*).

The laws that affect regular Cubans

My interest in Cuban law has never been like that of other lawyers who focus on foreign investment opportunities in Cuba. For years I have heard announcements regarding the imminent building of golf courses, marinas, resort developments for retirees, etc., etc., which are perennially waiting for the Cuban authorities' green light and never pan out. That is not the part of the Cuban legal system I am interested in. My focus is on the part of the legal system that directly affects the daily

Pallí on Law (2)

life of the *cubano de a pie* — the average Cuban — the quality of life of those who live and toil in Cuba, their children and, eventually, their grandchildren.

Most of *Abogacia 2015* had to do with that nuts-and-bolts side of the Cuban legal system that governs (and often frustrates) the daily life of Cubans. Beyond the high quality of the papers presented by my Cuban colleagues — some of them very young — and the spirited debate they generated at the conference, I was impressed by the subtle and intelligent way in which my Cuban colleagues work to promote and facilitate the changes the island is undergoing, since those changes need to support themselves on a constant and continuous evolution of the Cuban legal system.

Of particular interest in view of the path chosen by the Cuban authorities in order to expand the incipient private sector of the Cuban economy was a prize winning paper written by Jorge Luis Dueñas Bejerano and Roberto Luis Martínez Piñer on the topic of tax incentives for cooperatives in Cuba. I plan to be writing extensively on the role of cooperatives in the expansion of Cuba's private sector.

The Spanish transition

As a youngster, I followed closely — although only from the perspective of the proverbial fly on the wall — what was known as the Spanish Transition. My father, Juan Manuel Pallí, was one of the founders of OTI (Organización de Televisoras Iberoamericanas) and its First Secretary General. Many of his friends in RTVE (Spain's public radio & TV system) who where players at OTI ended up being key players in the process that allowed Spain to transition from the Franco era to what it presently is.

This Spanish transition towards democracy was accomplished on the backs of two formidable jurists, Landelino Lavilla and Torcuato Fernández Miranda, and the key to its success was the idea that it was necessary to keep the process on a rail

of legal continuity, an idea don Torcuato brilliantly crafted in his phrase, *de la ley a la ley, a través de la Ley* (from the — old — law, to the — new — law, through the laws). The transition was also anchored in the role of a king whose youth virtually forced the transfer of the reins of power to a younger generation of Spaniards, all of them in the king's same age group.

Which is why I have always seen the direct contact with Cuba, with its youth, and with my fellow lawyers in the island, as an essential part of the road I should travel. That's without any assurances, of course, that the road we Cubans have ahead of us will be the same the Spaniards took, but in the hope it will be similar.

But where can we find in Cuba, or in “the other Cuba”, someone like don Torcuato Fernández Miranda, or those who can properly visualize his legal bridge between the past and the future, and are willing to build it? There will certainly be some Cubans up to the task, even in the midst of such a dense atmosphere that weighs down on so many Cubans, some of them convinced that, inevitably, “one of the two Cubas is bound to freeze his or her heart”. The key, in my humble opinion, is in defeating that negative attitude.

Within Cuba, there is a slow, perhaps, but perceptible change of attitude and mentality from the one incarnated in the Tribuna Anti-Imperialista. This literal stage facing what is now the U.S. embassy on Havana's Malecón, set the boundaries to Cuba's Battle of Ideas or *Batalla de las Ideas*. There is still a long road ahead, though, winding between prudence and gradualism on one side, and impatience and frustration on the other. Many Cubans see no other way out for that frustration than migration (when I told a friend from Santa Clara about the purpose of my visit, he said he could visualize all the lawyers attending the conference holding hands while singing

I was
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 by the
 subtle and
 intelligent
 way in which
 my Cuban
 colleagues
 work to
 promote and
 facilitate
 change.



Pallí on Law (3)

together “It is great to be poor”...).

Talking to foreign businessmen also visiting the island, it seemed obvious to me that many still felt uncomfortable with the imagery of Fidel, of Ché, and slogans around them. Cuban authorities need to listen to these businessmen so they can adjust the Cuban model in a way that facilitates the interaction with foreign markets.

Stepping down from the Anti-Tribune

Returning to Miami after a week in Cuba felt like returning to the past. The message and the view from our several “Anti-Tribunes” (anti-communist, anti-Castroist, anti-Chavist, anti-Kirchnerist) only emphasizes what is negative, a message in which the world is a place where nothing changes and everything is conditioned by Manichaeism: if your views are different from mine it can only be because you are the incarnation of that which I am fervently against (upon my return to Miami I faced another worried friend’s question regarding my alleged preference for the Cuban system over his own confused and diffused ideas as to what a “liberal” should stand for).

But what should be more worrying for all of us in Miami is our affinity for a series of ineffectual “Anti Tribunes”, our inability to overcome the cloud of intolerance, polarization and pessimism that hangs over us like the medieval plague. It is that polarized and paralyzing atmosphere what distances us from Spain’s transitional model.

Miami can and deserves to be not just the main door for the rest of the Americas when it comes to doing business in the United States, but also the epicenter of cultural and ideological diversity, of dialogue and understanding among all in the Americas (the northern, the central and the southern), and not just what it looks like today, a tribune for agitprop activities by the exiles of a series of nations against those who rule them.

Miami can also contribute to the corps of

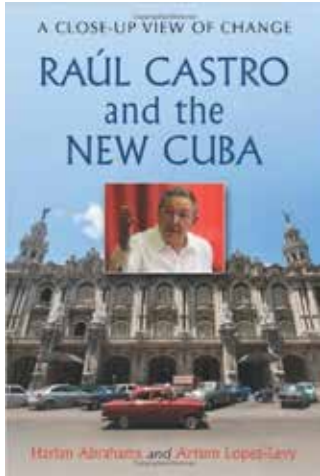
engineers called upon to build the bridge between the Cuba of today and that of the future, but following always a plan or map that only the 11 million Cubans in the island can draw. If Miami is to contribute something to that process it is vital for all of us in Miami to be able to understand and properly interpret what the Cubans in the island feel and want, and

that can only be accomplished by getting close to them and interacting directly with them. I don’t think anyone from the Miami side can effectively contribute to that process without first getting close to and interacting directly with the legal system presently in place in the island.

And to properly understand the need to get closer, without prejudice, to the people in the island and to their legal system and become the lynchpin between Cuba’s present and its future, we Miamians must first adjust our individual and collective attitude and our mentality, without resorting to the childish argument that says it is “the other side” that must first adjust its discourse, its attitude and its mentality. It is we Miamians who can and should lead the way towards an eventual reconciliation, between Cubans, Venezuelans and all other nationalities in Miami’s multinational exile community. We must step down from the “Anti – Tribune” and become “Anti – Anti”. ■

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 all of us in
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 interpret
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Bookshelf



Harlan Abrahams and Arturo López-Levy

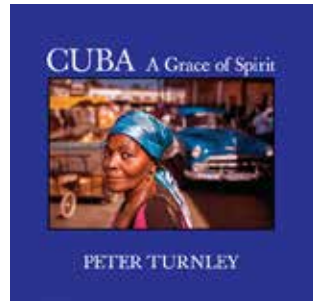
Raúl Castro and the New Cuba. A Close-Up View of Change

McFarland Publishers, Jefferson, N.C. and London
Paperback, 242 pages
\$45

→ Harlan Abrahams, a law professor emeritus at the University of Denver, and political scientist Arturo López-Levy, now a visiting lecturer at Mills College, provide unusual insights into a changing Cuba. Even though López-Levy left Cuba, via Israel, in 2001, his personal experiences with Raúl Castro and the nomenclatura that is overseeing the reform process make his views of the current changes

valuable. Two of the highlights of the book are López-Levy's account of his years as a student of the elite Higher Institute for International Relations, and his descriptions of life as a Jewish Cuban.

—JOHANNES WERNER



Peter Turnley

Cuba – A Grace of Spirit

www.peterturnley.com
hardcover, 140 photographs, 141 pages
\$69 plus shipping

→ Photographer Peter Turnley can say it best himself: "I have a deep love for the people of Cuba. Throughout a lifetime of



world travel, rarely have I been to a place where I've witnessed so much grace, spirit, dignity, and wonderful humanity. The people of Cuba have taught and demonstrated to me so many beautiful lessons of how life can be lived well. This book is a visual tribute with love to the grace of spirit of the people of Cuba."

The focus of Turnley's lens is on faces and bodies, and the beauty of regular people. Even though they are "just" photos, the spirit coming across those pictures is captivating.

—JOHANNES WERNER



CALENDAR OF EVENTS

Dec. 3

Cuba Summit — Business conference at the Four Seasons Hotel in Washington. <http://www.economist.com/events-conferences>, event-tickets@economist.com

Dec. 1-15

34th International Festival of New Latin American Cinema — The hemisphere's largest film festival, in theaters throughout Havana. <http://www.habanafilmfestival.com>

Dec. 7

U.S.-Cuba Engagement: What's in it for Tennessee? — Luncheon-conference hosted by The Atlantic Council in Nashville. www.atlanticcouncil.org/events/upcoming-events/detail/beyond-washington-tennessee-supports-uscuba-engagement

Dec. 11

Ohio launch of the Heartland Poll — Engage Cuba will present in Cleveland the results of its survey of U.S. public opinion on Cuba. www.atlanticcouncil.org/cuba-poll/#event-2

Feb. 11-12, 2016

Feria Internacional del Libro — The annual book fair in Havana is the hemisphere's largest. www.ccl.cult.cu; email: feria@ccl.cult.cu

Feb. 28-March 4, 2016

18th International Habanos Festival — The one and only festival about Cuban cigars, with events all over Havana. <http://www.habanos.com/en/category/festival-habano/>

March 13-18, 2016

Feria internacional Informática La Habana

If your organization is sponsoring an upcoming event, please let our readers know!

Send details to **Cuba Standard Monthly** at johanneswerner@cubastandard.com

2016 — Pabexpo, Havana.

Cuba's largest fair and convention for IT and telecommunications. www.informaticahabana.cu, informaticahabana@mincom.gob.cu

March 15, 2016

3rd U.S.-Cuba Corporate Counsel Summit — Knowledge@Wharton conference in New York City. <http://knowledge.whartonevents.com/cuba-counsel/>

May 2016 (dates TBA)

International Tourism Fair (FitCuba 2016) — Annual tourism industry fair, this year in Havana; guest of honor: Canada. www.fitcuba.com

June 20-24, 2016

CubaIndustria 2016 — The second annual edition of what is designed to Cuba's largest fair with a focus on manufacturing. Palacio de Convenciones, Havana. www.cubaindustria.cu, cubaindustria@industrias.cu

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