

Economic Update June 25



Cuba: GDP to Exceed 4%

Economy and Planning Minister Marino Murillo confirmed that Cuba's Gross Domestic Product (GDP) will grow above 4% in the first half of 2015.

Murillo provided the information at a meeting of the Council of State of Cuba, headed over by President Raul Castro, to evaluate the country's economic performance, the *Granma* newspaper reported on Monday.

The report added that compared to last year, all activities are growing and the highest growths are concentrated on the sugar industry and manufacturing, construction and commerce while the sectors that did not fulfill the plans were transportation, storage and communications.

As the balance of trade has shown a positive trend so far this year, there is tension in foreign finances, that's why the Minister noted that the presence of some food items is unstable in the network of hard-currency shops, because national production plans and imports for that domestic market are not fulfilled.

That deficiency affects products like cheese, chicken, cold meat, sausages and ground meat, and to solve it, an additional 40 million dollars will be allocated to import those items.

The Cuban minister pointed out that the problems in cargo transportation affected the economy's performance. He also referred to the lack of parts in services workshops, the persistence of organizational problems and low technical availability of the railroad and motor sectors.

In terms of investments, Murillo reported that, like in previous years, the execution of the plan is focused on the 2nd semester, so by the end of 2015 they are estimated to be unfulfilled by 7.7%; however, regarding housing, he said that the state plan is expected to be fulfilled and some 6,000 houses will be completed in the semester and 17,000 in the whole year as a result of people's own efforts, which means 5,301 houses more than in 2014.

Regarding rehabilitation and preservation by people's own efforts, 109% fulfillment of the plan is expected this year, due to an increase in sales of construction materials.

Relating to labor occupation, it was known that it will be equivalent to the previous semester during the 1st semester of 2015, as the average wage increased due to pay raises, mainly in the health-care sector in the 2nd semester last year while labor productivity rose 5.3%.

Because of these figures, Murillo said the fiscal deficit will be lower than the one approved, i.e. 4.2% of the GDP compared to an approved deficit of 6.2% at the end of the year.

Finally, regarding the Cuban economy's projection for 2016, the Cuban minister said their objectives will depend on actions that must be executed now to create the proper infrastructure, increase construction and transportation capacities, and supply resources that will contribute to its development.

The New York Times: Applause for its Editorial

Last Sunday, the *New York Times* newspaper gave a hard punch to the blockade of U.S. citizens to travel to Cuba, saying that within the perspective of the current process of bilateral thaw, the tourists arrival to Cuba grew a 36%.

The article says the blockade must be lifted as part of the efforts aimed at normalizing relations between both countries.

Under the title "*Lift the Cuban Travel Ban*", it reminded that this affects their citizens who can travel to Syria, Iran or North Korea.

Making a compared assessment, the article highlighted the lack of meaning and a mistake in an era of broadening engagement between Washington and Havana.

The *Times* also mentioned an initiative presented to the Senate to stop the travel ban and work in harmony with President Obama's posture.

The influential newspaper said: The trajectory is unmistakable. Public opinion polls show that a majority of Cubans on the island and Americans favor engagement.

Then the New York Times sends a clear message impossible to hide: Congress should wait no longer to do its part... and what is their part? It's read on the title of the editorial without beating around the bush -- to lift the ban of traveling to Cuba.

Cuban Government Makes Havana Club Plea to US

The Cuban government has called on the United States to allow the Franco-Cuban Havana Club Holding to sell its product into America, claiming that the import ban continues to breach World Trade Organization (WTO) rules.

Speaking at a meeting of the WTO's disputes settlement body, Cuban diplomat ambassador Anayansi Rodríguez Camejo, Cuba permanent representative to the United Nations office in Geneva, argued that the restriction flouted a 2002 WTO ruling as the US supports the rights of *Bacardi* to sell Havana Club-branded drinks in America.

The long-running dispute is one issue requiring resolution for the recent US-Cuba rapprochement to deliver normal trading relations. But WTO speech indicates that the *Havana Club* dispute is far from over. "Cuba has made countless efforts..." demanding US concessions for the Pernod Ricard joint venture, said the diplomat, but the import block "remains intact and in force." Cuba could in theory apply for authorization to levy retaliatory duties on US imports, but given the paucity of US-Cuba trade that is unlikely.

Foreign Investment Plays Key Role in Cuba's Tourism

Foreign investment is playing an important role in the development of Cuba's tourism industry, a local senior Ministry of Tourism official said.

Tourism authorities hope to have 85,000 hotel rooms available by 2020, and 110,000 rooms by 2030, with most of the new investment centered in the areas of Cienfuegos-Trinidad, North Camaguey, Las Tunas and Holguin, said Jose Daniel Alonso, the ministry's business director.

As many as 18 international hotel chains are currently operating more than half of the rooms available in Cuba, some 13 more resort projects are in the works through 2020, including one with 463 million U.S. dollars of Chinese investment and a golf course with 360 million dollars of British investment, Alonso said.

In the first half of the year, the number of foreign travelers to Cuba grew 15% while more tourists are expected starting in September as China launches direct flights to Havana, he said.

In addition to its famed Caribbean beach resort of Varadero, Cuba also offers visitors eco-tourism, with 103 natural reserves and historic and cultural sites of interest.

Entrepreneurs from Aruba Satisfied with Visit to Cuba

President of the Chamber of Commerce of Aruba, Daphne Agius, expressed her satisfaction and that of 22 entrepreneurs from her country who accompanied her with their fruitful exchanges with Cuban peers.

In remarks to local *Prensa Latina* news agency, Mrs. Agius said they met for 2 days to identify common opportunities and interests, in view of potentials of Cuba's opening to foreign investment and joint ventures.

Cuban authorities updated the business delegation from Aruba about the characteristics of the Cuban market and the business opportunities portfolio, mainly in the sectors of tourism, construction and services.

The visitor commented that in the wake of the announcement of their resumption of relations by the governments of the United States and Cuba, they are very much interested in what that future may represent for regional economy and trade.

It is also important what is happening here, the ongoing economic and social transformations in Cuba about which we were very much updated.

In particular, we are interested in the regulating, legal framework accompanying the opening to foreign investment, the priority sectors and in what sectors we can establish bilateral links.

In this regard, she said that in tourism, construction and services they can pass on all the experience accumulated by Aruba, and at the same time they can learn from the Cubans in health care and education.

'We are two nations that can help each other, as we belong to the same region and share a common culture and history," she said.

Meanwhile, Minister of Transport, Tourism, Culture and Agriculture of Aruba, Otmar Oduber, also visited Cuba on a broad ranging agenda.

All these Aruba visitors arrived in Cuba on the 1st direct flight between the two countries by the *Caribbean Insel Air airline*, which will operate from now on 2 direct flights a week to connect the two islands.

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