

# *Economic Update September 03*

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## **U.S. Sanctions List Exempts Dozens of Companies With Links to Cuba**

The United States exempted dozens of foreign companies and individuals appearing on its sanctions list for having economic and financial relations with Cuba.

The U.S. Treasury Department's Office of Foreign Assets Control (OFAC) published the list of countries exempted on its website, which includes entities from Germany, Cyprus, Kuwait, Ecuador, Jamaica, Nicaragua, Panama and Venezuela.

Some companies on the list of sanctions were Nicaragua's Aerotaxi Ejectivo S.A.; Burgan International, from Kuwait; Cyprus' Senaque Shipping Co; International Petroleum, S.A; Commercial Muralla and Deprosa S.A., from Fenix International of Venezuela; and Gemex Aussenhandels GMBH, from Germany, among others, along with a group of individuals most of them based in Panama, according to the web page.

Cuba and the United States reestablished diplomatic relations on July 20th, and on August 14th U.S. Secretary of State John Kerry traveled to Havana to preside over the flag raising ceremony at the new U.S. embassy here.

On July 20th, Cuban Foreign Minister Bruno Rodriguez headed a similar flag-raising ceremony at the Cuban embassy in Washington D.C.

Cuban authorities say that the main obstacle on the road to normal US-Cuba relations is the over-50-year US economic, financial and commercial blockade of the island, which is still in force.

### **Cuba as a Destination: Ready for the Tsunami?**

As foreign tourists continue visiting Cuba at an impressive rate mainly encouraged by the reestablishment of diplomatic relations between the island and the US, many are asking themselves the question: Is the Cuban tourism industry ready to take on the wave of vacationers expected in the upcoming season?

On the topic, Alexander Sierra Bouza, General Director of Development of the Tourism Ministry said that after reaching the record 3 million mark in 2014 initial reports this year are encouraging. According to official reports, over 2 million vacationers arrived to Cuba from January to July representing a 15.9% increase and preliminary estimates indicate that the tendency will continue to increase and it is estimated that by the end of the year the figure will reach close to 4 million international vacationers taking into account the current hike where the influx is mainly from the US which has doubled compared to last year.

However, this tourism boom in the Caribbean island already considered among the most popular in Central America and the Caribbean has to share this overflow with the private sector, which is good for many experts.

The non-state sector are included in these projects and occupies an important role as a rich complement to the state offers as there are currently over 12 thousand homes that are attracted to tourists with rooms and excellent food, for instance.

Moreover, local rich and well conserved cultural, historic and natural heritage are what makes us different and unique in the area not to mention the continent since Cuba treasures 253 protected areas, 257 national monuments, 7 UNESCO World Heritage Sites, 7 Natural Biosphere Reserves and 13 Fauna Refuge among other non-tourist zones.

It is also connected by air to over 50 cities in the world on 36 international airlines that operate to the island's main tourism complexes among them Havana, Varadero, Cayo Santa Maria, Jardines del Rey, Holguin and Santiago de Cuba, and the island has 3 cruise terminals, 7 international marinas and 39 international diving centers and installations that are currently in an investment process to strengthen the nautical modality on the island.

Last but not least, Cuban people and its society are considered among one of the best educated and safest places in the world, said Jose Luis Perello, economist and Professor of the School of Tourism of the University of Havana.

### **Cuba and Russia Assess Economic-Commercial Relations**

Russian Deputy Foreign Minister Sergei Ryabkov and Cuba's Ambassador to that country, Emilio Lozada, recently assessed the progress of bilateral relations, especially economic and trade.

In a communiqué issued by the diplomatic mission accredited in Moscow to Prensa Latina news agency, the Cuban party described the meeting as cordial, where issues related to the fulfillment of the agreements adopted at the *13th Session (special) of the Cuban-Russian Intergovernmental Commission* were discussed.

Originally held on April 22nd in Kazan, Republic of Tatarstan Republic, and headed by Russian Deputy Prime Minister Dmitri Rogozin and the Vice-president of the Council of Ministers of Cuba, Ricardo

Cabrisas, the meeting gave a fresh impetus to the deepening of bilateral cooperation.

The meeting also considered that there is a number of regional companies that can find a niche in the areas of bilateral interaction, according to the text.

The regions of Tatarstan, Chuvashia, Mordovia and Orenburg offered to the Cuban ministerial delegation an overview of the leading economic sectors and expressed their readiness to participate in joint projects and in opportunities of the Mariel Development Zone in the northern part of Havana.

Russian and Cuban authorities also evaluated the current state and prospects of bilateral collaboration in the field of civil aviation during MAKS-2015 International Aerospace Fair, in Zhukovski city, some 30 km. from Moscow.

According to the Cuban embassy in Moscow, Russia deputy prime-minister and president of the Intergovernmental Commission, Dmitri Rogozin met with the president of Cuba's Aviation Corporation, Brigadier General Ramon Martinez, during the fair.

The Cuban official also met with Russian Trade and Industry deputy minister Andrei Boguinski and with the president of the Aircraft Construction Corporation Yuri Sliusar, as well as with local entrepreneurs.

The fair, considered one of the most important forums of its kind in the world, is being attended by 584 Russian companies and 156 foreign entities representing 30 nations. Commercial accords signed during the fair have been calculated at several billion dollars, according to the organizing committee.

### **Chilean Foreign Minister Heads Business Mission to Cuba**

Chile's foreign minister Heraldito Muñoz is heading a large business delegation to Cuba September 2nd-5th to explore new commercial opportunities and strengthen bilateral relations.

The mission, which is made up of representatives of 35 Chilean companies, was coordinated by the ProChile exports promotion agency, which affirms that the Chilean foreign minister is accompanied by the general director of international economic relations Andres Rebolledo and by the president of the Manufacture Development Society, Herman von Muhlenbrock.

Representatives of 15 Chilean companies visited Cuba in November 2014 and held nearly 50 business meetings. That year, Cuba-Chile commercial exchanged reached 42 million dollars, with 36 millions translated into imports from the South American nation.

### **Belgian Entrepreneurs Explore Business Opportunities in Cuba**

Entrepreneurs of the Belgian private sector explored in Cuba new business and investment opportunities in lines that are key for both markets, which contribute to diversify bilateral trade.

The mission, composed of representatives of 12 Belgian private companies, was the first of its kind to visit the island in search of boosting strategic partnerships with Cuban entities for the development of telecommunications, construction, logistics and agribusiness.

This was confirmed by Bultynck Guy, president of the Belgium-Luxembourg Chamber in a business forum recently held at Havana's Hotel Nacional de Cuba, where Cuban officials and businessmen interested in knowing the interests of the visiting delegation participated.

With this mission, in addition to boosting bilateral trade ties, we hope that Cuba becomes a bridge to get to other markets in Latin America and the Caribbean, in a very favorable context and when the Caribbean nation opens to the world, pointed out Mr. Bultynck.

The representative of the Belgium-Luxembourg business community conveyed the interest of his Chamber's associates in the opportunities opened to foreign investment as a result of Law 118, passed in March, 2014, to stimulate foreign capital flows in 11 key sectors for the Cuban economy.

Omar Fernandez, secretary general of the Chamber of Commerce of the Republic of Cuba, called on the parties to identify potentials existing in both markets, which have not been exploited to date, in order to diversify trade links.

After explaining the development of Cuban economy and the process of updating undertaken by the island, the Cuban official gave details of the business portfolio, which brings together 246 projects, valued at about 8.7 billion dollars.

With respect to bilateral exchanges, Fernandez said that Belgium ranks 6th among Cuba's main trading partners in Europe and 15th worldwide. From that nation, the island imports powder milk, lubricants and other chemicals, and exports mainly oils petroleum derivatives, coffee and honey.

The forum ended with bilateral meetings between companies (the so-called Be-to-be), but not before leaving an open invitation for the Belgian visitors to participate in the 33rd edition of Havana's International Trade Fair, to be held from November 2nd-8th.

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