

Economic Update January 22



U.S. Agriculture Coalition Calls Lifting of US Blockade of Cuba

The *U.S. Agriculture Coalition for Cuba, USACC*, founded a year ago and grouping 25 agricultural organizations, recently held a press conference in Washington D.C. to explain the importance of lifting the US blockade of Cuba and reestablishing full bilateral trade relations.

An article posted on US media echoed by *The Cuban Handshake* web page explains that coalition members affirmed that "U.S. trade sanctions against Cuba have failed and have harmed not only agricultural and other business opportunities in the island country but the 11 million people of Cuba."

Devry Boughner Vorwerk, vice president of corporate affairs for *Cargill and USACC chairman*, said the coalition re-energizes the U.S. agriculture community's long history of support to change the *status quo* of U.S.-Cuba policy and offer high-quality, affordable, safe food to the Cuban people, the article reads.

"What we believe is that through greater openness and normalization of relations, that allows not only U.S. agriculture but other U.S. businesses in manufacturing, medical technology, etc., to take advantage of that opportunity in the market and to also help the Cuban people begin to grow their incomes and enhance their standards of living," she said.

The article also quotes Paul Johnson, owner of *Chicago Foods* and executive director of *Illinois Cuba Working Group*, as saying that "the 54-year-old embargo hasn't served the interests of the United States or those of the Cuban people."

Johnson, whose company exports food products to Cuba, said that to be competitive, the U.S. must extend to Cuba the same credit and other financial terms given to other trading partners, and to open U.S. markets to Cuban goods.

Current restrictions require the Cubans pay in cash for agricultural products before their delivery through a third-party bank, and the lack of return shipments of Cuban goods, increases transportation costs, among others, reads the article.

Today, the round of talks at the highest level in the past decades between Cuba and the United States to restore diplomatic relations started in Havana, headed by Josefina Vidal, director-general of the US department at the Cuban Ministry of Foreign Affairs, and Roberta Jacobson, Assistant Secretary of State for Western Hemisphere Affairs.

Canadian Cruise Liner Begins Second Tourist Trip around Cuba

More than 14,000 passengers will travel until March 30th on board of the *Louis Cristal* cruiser ship, which entered the Havana port over the weekend to begin the 2nd season of tourist trips around Cuba.

This was the estimate of representatives of the *Viajes Cubanacan Agency*, the exclusive operator for trips of this cruiser ship to the island, during a meeting in this capital with tour operators, agents and specialized press to present the period's offers.

After a successful 2013-2014 season, the Canadian-Cuba Cruise company returns with the *Louis Cristal*, and the circuit scheduled for the 2nd season includes 7 nights and calls at 6 ports, among them those of Santiago de Cuba, Montego Bay (Jamaica) and Cienfuegos. In addition, it will make stopovers in French Point, the Isle of Youth, and the eastern city of Holguin.

In order to support this tourist proposal, the Canadian company will operate a direct flight between the *Toronto Pearson International Airport* and Cuban capital's *Jose Marti International Airport*, with passenger transfers to the pier of the Havana port.

Cuba Launches Two Limited Edition New Line of Cigars

The strategies developed by *Habanos SA* to meet the high demand for what are widely known as the best cigars in the world include the limited editions as it happened with the recently launching to the international market of a new line of aged cigars belonging to two brands of the most recognized *Habanos* in the world: *Montecristo Churchill* and *Romeo y Julieta Pirámides*.

Another product with great success in sales is *Hoyo de San Juan*, belonging to the line *Hoyo de Monterrey*, a cigar that allows smokers to enrich the range in larger sized calibers, poorly represented in the brand so far.

Javier Terres Ercilla, Vice President of Development of the organization, said the introduction of new brands on the market, with high added value, will raise sales and consolidate the global prestige of the Cuban offer.

He added that despite the impact of the international financial crisis and the anti-smoking campaign in trade, preference by Cuban cigars remains among smokers worldwide.

Currently the world market is in the order of 400 million units, with the US as the largest consumer with 260-270 million, representing nearly 70% of the total, according to *Habanos SA* executives.

Today, that Cuban entity sells in over 150 nations the famous brands *Cohiba*, *Romeo y Julieta*, *Montecristo*, *Partagas*, *H. Upmann* and *Hoyo de Monterrey*, among others.

Cuba's Central Bank Prints New Bills of High Denomination

Cuba's Central Bank (CCB) reported about the printing of bills of 200, 500 and 1,000 Cuban pesos (CUP) that will begin to circulate in the country on February 1st. The goal of this measure is to facilitate operations with CUP which right now are carried out at stores that sell in CUC.

Regarding the details of this new decision, supported by Resolution No. 4 of January 15th, 2015 and published in the *Extraordinary Official Gazette No. 3*.

Granma newspaper talked to Francisco Mayobre Lence, and Ariel Torres Collazo, vice-president and director of Mint and Worth at the CCB, respectively, also Bárbara Soto Sánchez, commercial vice-president of CIMEX, said that in the last months the use of CUP has extended at stores that previously operated only with CUC, settling prices after applying the exchange rate at CADECA. That, of course, implies the manipulation of greater amount of money, not just for people, but also for stores, means of transportation, among others.

"Thus, the circulation of bills of high denomination helps the gradual elimination of that problem, because when people need to pay large amounts they will be able to resort to these bills," the specialists argued.

Japan Hosts First Seminar to Promote Cuba Destination 2015

The first seminar to promote in Japan *Cuba Destination 2015* project was organized by the *Nihonbashi Travellers Club* travel agency and the Cuban embassy in Tokyo.

About 20 customers from this famous local club attended the workshop, where economic-commercial counselor, Maylem Rivero, revealed some aspects of interest linked to tourism of nature and historic interest in Cuba.

Participants from the travel agency graphically exposed the sites of interests for the visitors that are included in this tour, covering the city of Santa Clara, the old town of Trinidad, and the eastern provinces of Camaguey and Santiago de Cuba.

The seminar was held at the headquarters of the Cuban embassy in the Japanese capital.

Cuba Shows Positive Results in the Sugarcane Harvest

The *Azcuba* sugar group recently reported that positive results are being achieved in the present sugarcane harvest so far, in terms of industrial performance and the volume produced of that sweetener. A report by the *Office of Institutional Communication* of that entity also said that what has been achieved in these indicators is similar to the plan, and quantitatively superior to the same period last year.

Regarding industrial performance -the amount of sugar obtained per 100 tons of cane milled- is exceeded by 0.67% from the previous harvest and by 0.91% the amount predicted for this season.

Currently, 46 sugar mills in 13 provinces are operating, and 'Hector Molina' factory, in the western province of Mayabeque, 'América Libre' and 'Julio Antonio Mella', both in Santiago de Cuba, eastern part of the country, should start operating later this week. By the end of the month, another factory will join the production and another one in February, with the aim to complete the 51 sugar mills planned for this

harvest.

Azcuba considered that the encouraging results in efficiency have allowed to reach the sugar plan set for this stage, with 88% of the amount of sugarcane planned.

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