

# CUBANEWS

www.cubanews.com

## In the News

### U.S. Chamber president visits Cuba

Tom Donohue receives a high-profile welcome in Havana .....Page 2

### Q&A: Dugald Wells

Canada's Cuba Cruise expects a full ship next season ....Page 4

### Domingo on Cuba

Old Havana's Eusebio Leal: Historian and entrepreneur .....Page 4

### Cuba's newest tourist attraction

U.S. travelers get to see the emerging private sector ...Page 7

### Visa service resumes in D.C.

The Cuban Interests Section finds an old-fashioned solution .....Page 7

### Food production lags

Despite reform efforts, Cuba's food import bill is still expensive .....Page 8

### U.S. medical exports still ailing

Exports are slightly up, but obstacles impede a major rise .....Page 10

### Pallí on Law

An analysis of Cuba's new real estate investor visa .....Page 12

### Russian oil companies coming

Two firms sign agreements ...Page 13

CubaNews (ISSN 1073-7715) is published monthly by CUBA MEDIA LLC. © 2014. All rights reserved. Annual subscription: \$398. Nonprofit organizations: \$198. Printed edition is \$100 extra. For editorial inquiries, please call (305) 393-8760, fax your request to (305) 722-4350, or email info@cubanews.com.

## Pressure rising on Obama to ease embargo by 2016

BY JOHANNES WERNER

Increasing the pressure to do something about Cuba in his last two years in office, President Barack Obama on May 19 received an open letter signed by 44 prominent business executives and former government officials, including some of his own administration, urging him to use his executive authority to further ease the embargo.

The signers include a mix of former Obama administration officials such as Ken Salazar, Obama's first Secretary of the Interior, and Arturo Valenzuela, his first State Department chief of western hemisphere affairs, as well as embargo backers such as Miami developer Jorge Pérez, former Director of National Intelligence John Negroponte, Michael Parmlly, chief of the U.S. Interests Section in Havana under George W. Bush, and Cuban-Venezuelan media tycoon Gus-

tavo Cisneros, who moved his business to Miami under Hugo Chávez.

"This is a moment to take action," Miami finance entrepreneur Carlos Saladrigas, one of the signers, told the *Diario de las Americas*. "Obama's liberalization policy has been very successful, and it has had more impact in Cuba than the restrictive policy of Bush, but it's time that the White House moves on to Phase Two."

"This is not a petition against the embargo," Saladrigas added. "It's about the possibility to make changes in Cuba policy in the fastest possible way, without depending on the decisions of a Congress that has been paralyzed for three years."

In a reaction of sorts by the White House, Vice President Joe Biden, in an interview that appeared a week after the open letter, said that the Obama Administration needs to "act creatively."

See Pressure on Obama, page 2

## Economist predicts 'Day Zero' date for Cuban currency reform

BY VITO ECHEVARRIA

A leading Cuban economist believes "Day Zero" of currency unification for businesses is just a few months away.

Pavel Vidal, a former Central Bank economist who currently teaches at the Pontificia Universidad Javeriana in Cali, Colombia, raised eyebrows at a recent conference in New York when he said he believes that one of Raúl Castro's most dramatic economic reforms — the unification of the Cuban peso — is approaching at the beginning of 2015.

The topic that stirred most interest during a May 27 conference on Cuba at the CUNY Graduate Center in New York was the future of the Cuban peso and its impact on living standards, as well as on foreign investment.

For more than 20 years, the country

has lived under a two-currency system, with local workers being paid in Cuban pesos (CUP) (worth about 24 pesos to the dollar), while many goods and services are available only in convertible Cuban pesos (CUC) (pegged more or less on par with the dollar). Foreign investors operate almost exclusively with the CUC.

Cuba's Ministry of Finance and Prices (MFP) published a series of resolutions on the future of the Cuban peso in the *Gaceta Oficial* last March, and mentioned a *Día Cero* as the time when the dual currency system will be eliminated. But it didn't provide a date.

"I believe that *Día Cero* will be in January 2015, given the annual cycle that the [Cuban government] plans the economy," Vidal told *CubaNews*. "By September 2014, [Cuban] enterprises must

See Day Zero, page 3

## PRESSURE ON OBAMA — FROM PAGE 1

“The question is how can we act creatively to promote positive tendencies and show our support to the Cuban people, without stopping to press for an improvement in human rights conditions,” Biden told *14 y Medio*, the new publication started by Cuban dissident blogger Yoani Sánchez.

Saladrigas aside, the petitioner list is a Who is Who of Cuban American business leaders. It includes Inktel CEO Ricky Arriola; former U.S. Ambassador Paul Cejas, now president and CEO of PLC Investments; Gustavo Cisneros of the Cisneros Group of Companies; Andrés Fanjul of Fanjul Group; Mike Fernandez, chairman of MBF Healthcare Partners; David Hernandez, CEO of Liberty Power; Marcelino Miyares, president of MM Communications; and Jorge Pérez, founder of The Related Group.

The letter comes on the heels of Charlie Crist, a former Florida governor and front runner in the race to become the state’s next governor, calling on Washington to lift the embargo altogether, and another former Florida governor, Bob Graham, urging Washington to allow sales of oil equipment to Cuba. One week after the letter, the U.S. Chamber of Commerce added to the full-court press for policy change with a visit by President and CEO Tom Donohue to Ha-

vana (see sidebar below).

Recent opinion polls show that there is growing consensus among both Cuban Americans and the overall U.S. population for direct interaction with Cuban civil society.

Reactions in Cuba were generally positive. The official media reported about the initiative, without providing much detail. Yoani Sánchez’ *14 y Medio* simply reproduced the document. Berta Soler, leader of the dissident *Damas de Blanco* group, rejected the document on a Miami TV talk show, asking for a reinforced embargo. But Miriam Leyva, second-in-command of the *Damas*, welcomed the initiative. Other dissident groups welcomed the document, while criticizing it needed to emphasize more the issue of human rights.

In their letter, the petitioners urge the president to “provide openings and opportunities to support the Cuban people in their day-to-day economic activities, and in their desire to connect openly with each other and the outside world.”

### Executive steps

Arguing that “little can be done legislatively” in the current political climate in Congress, the letter writers ask Obama to use his executive power to:

- Expand travel to Cuba for all U.S. citizens and residents, allowing professional organizations — such as in real estate, fi-

nance, law or tourism — as well as NGOs and academic institutions, to travel to Cuba application-free.

- Allow U.S. NGOs and academic institutions to open bank accounts in Cuba to support their educational programs.

- Authorize U.S. travelers to use U.S.-issued pre-paid cards and other financial services, including insurance, on the island.

- Allow unlimited remittances to non-family members, to support private business.

- Establish new licenses for U.S. professionals to provide services to Cuban entrepreneurs.

- Authorize import and export of goods and services to facilitate private business in Cuba.

- Allow U.S. NGOs to lend directly to small farmers, cooperatives, self-employed individuals, and micro-enterprises in Cuba.

- Permit family remittances to be used as credits or equity in Cuban micro-enterprises and small farms.

- Allow Cuban entrepreneurs to participate in internships in U.S. corporations and NGOs.

- Authorize the sale of telecommunications hardware in Cuba, including cell towers, satellite dishes, and handsets; and allow application-free travel for the research, marketing and sale of telecommunications equipment. □

## U.S. Chamber president gets high-profile welcome in Cuba

BY JOHANNES WERNER

The head of the powerful U.S. Chamber of Commerce received a statesman-like welcome during a three-day visit to Cuba in late May, meeting with government officials — including Raúl Castro — private entrepreneurs, academics and religious leaders, and touring the new port and trade zone at Mariel.

In a speech at the University of Havana, Tom Donohue urged Cuba to expand market reforms, and talked about the need to address both the U.S. embargo and human rights.

This was Donohue’s second visit after a trip in 1999, and it comes at a time of rising pressure on the Obama administration to ease the more than half a century old sanctions. The U.S. Chamber of Commerce, which claims to represent 3 million businesses, has been an outspoken critic of all U.S. trade sanctions, including the embargo against Cuba.

“This trip will provide us with a first-hand look at changes in Cuba’s economic policies and whether or not they are affecting the ability to do business there,” Donohue said in a Chamber



Donohue, speaking at the University of Havana

press release before the trip. “We want to learn more about these reforms, determine if they have brought about real and lasting changes, and find ways to encourage Cuba’s budding private sector. We will report our findings to lawmakers, our members, and the American business community.”

Donohue, who was accompanied by an 11-member delegation that included Chamber and Amway Corp. Chairman Steve Van Andel and Cargill Corp. CFO Marcel Smits, also a Chamber executive vice president, received highest-level attention. The Chamber delegation’s arrival at Havana International Airport was top-of-the fold, front-page news in the of-

ficial *Granma* newspaper. His first meeting Tuesday evening was with Foreign Minister Bruno Rodríguez and Foreign Trade and Investment Minister Rodrigo Malmierca.

On Wednesday, the delegation toured the Port of Mariel and a private auto repair cooperative in Havana. On Thursday evening, he met with President Raúl Castro, to talk about “first steps forward that might be taken by both countries” for better relations, according to CNN. Donohue said the meeting was “positive and we expect to talk again.”

The Chamber trip was attacked by hardliners in the U.S. Congress, such as Cuban American Sen. Bob Menendez (D-NJ), and in a couple reader comments on the *Granma* website targeting Yanqui imperialism.

But the majority of comments on both sides of the Florida Straits were vastly positive.

“Spectacular! Amway in Cuba — that will be the best for quality of life,” said a reader comment on the *Granma* website, alluding to the consumer products company led by Chamber Chairman Van Andel. □

**DAY ZERO** —FROM PAGE 1

submit to the Ministry of Economy and Planning (MEP) their plans for 2015, so that they are approved.”

“There is no total certainty, but it’s very probable,” he added.



Vidal

Vidal also predicts a 10:1 exchange rate for businesses in Cuba.

“It’s likely that these plans have already incorporated the exchange rate of 10 CUP:1CUC (10CUP:1USD). The resolutions are aiming to regulate pricing and accounting practices once the CUP is

re-established as the only currency for transactions in the business sector.”

Vidal feels that when *Día Cero* occurs, it will be swift, in order for the government to control the pace of such a dramatic change in the island’s economy.

“Certainly, one of the disadvantages of a step-by-step, anticipated currency reform is more uncertainty and opportunities for speculation,” he noted. “Cuba’s economic authorities count as a factor in their favor their control over capital flows.”

Vidal didn’t discard the possibility of currency speculation among segments of the island’s population.

“Even though the resolutions only refer directly to the business sector, they have triggered expectations and reactions among citizens,” he said. After the *Gaceta Oficial*’s March 2014 publication about *Día Cero*, a growing number of locals reportedly exchanged their CUCs for CUP at state-run CADECA currency-exchange shops.

**WORLD BANK SKEPTICISM**

Another participant at the CUNY event was critical of the Cuban government’s gradual approach to currency reform. Augusto de la Torre, chief economist (Office of Latin America and the Caribbean) at the World Bank in Washington, told attendees that Cuba’s “dual rate system is a fiscal scheme of large but implicit taxes and subsidies” (with the Financial Times calling this a “95% sales tax”), and mentioned that an exchange rate unification would require fundamental fiscal reform. He notes that the Cuban government’s best option is for swift implementation of the peso reunification.

De la Torre, an Ecuadorian who has worked with the World Bank since 1997 and previously headed the Central Bank of Ecuador, recommends a series of measures called the “fiscally-cushioned Big Bang” — unifying on Day One the

island’s two exchange rates at 24:1, in order to limit balance of payment pressures. “Replace on Day One the dual rate-based shadow taxes and subsidies with equivalent but efficient lump-sum taxes and subsidies for existing enterprises,” he urged. De la Torre said that such actions should adequately cushion the blow of a dramatic currency reform.

Noting that Cuba has perhaps the largest-ever known spread between exchange rates under its current dual currency system, de la Torre said that “this highlights the importance of tight monetary control [by the government] during and after unification”, and spotlights the dangers of taking a gradual path to achieve this goal.

He also said that Cuba’s “sector-by-sector gradualism” is problematic, because “much of the supply response would be postponed”. There is “policy uncertainty — discretionary adjustments with risk of incomplete reform,” he said. An “even greater multiplicity of exchange rates would segment markets, and so distort price signals as to impede efficient resource allocation across sectors.”

*The new  
Cuba Standard  
Economic Trend Report  
is out!*

*Stay ahead of the curve  
— follow the lead  
of economist  
Pavel Vidal.*

Write to [johanneswerner@cubastandard.com](mailto:johanneswerner@cubastandard.com)  
and ask about CubaNews subscriber discounts



De la Torre said that Cuba should also avoid a third currency reform option, called “economy-wide gradualism”. Under that scenario, the pain of currency reunification is spread out over time, but addresses the “pain/gain balance” insufficiently. “There is a clear risk of a self-fulfilling failure,” he said, impacting in particular foreign investment opportunities. “Investors wait, [this] raises transition costs, forces abandonment of [the] pre-announced path, and justifies waiting” for completion of currency reform.

De la Torre insists that the Cuban government must follow through on currency reunification, since the current system entails huge efficiency losses, and hurts the country’s attractiveness to badly-needed foreign investors. “It discourages employment, undermines quality of service, hinders new foreign direct investment, reduces tourism inflows, and promotes stealth employment,” he said. “The 2,300% [exchange rate] spread implies a heavy tax on local labor, hence high labor costs for the foreign-owned or managed tourism industry.”

De la Torre also commented that Cuba

stands out, since it is not a member of multilateral institutions like the IMF, the Inter-American Development Bank, or the World Bank, and is thus unable to turn to such institutions for support in its path toward currency reform. “Cuba’s limited access to international finance is an additional complication,” he said. “Concessional (international) finance could greatly facilitate unification.”

**VICIOUS CIRCLE OF LOW SALARIES**

One CUNY attendee who spoke on background said that the reunification of the Cuban peso could resolve what some called the “vicious circle” of low salaries and low productivity that has long existed on the island. “Productivity in Cuba can go up once workers are given salary-driven incentives,” he said. “The consumerism that would accompany more buying power can indeed help the local economy grow, driving the production of more locally-made goods and services.”

In the case of the Mariel Special Development Zone (ZEDM), the state agency employers must use for hiring only withholds 20% of the salary — much less than is currently the case — but pays workers in Cuban pesos (CUP). For the conversion of salaries to Cuban pesos, an exchange rate of 10CUP:1USD was established, closer to market rate. Despite withholding and pay in CUP — as well as high income taxes — this should make jobs at Mariel very attractive for Cuban workers.

“For the remainder of companies with foreign capital, there will be changes in salaries, but their magnitude has yet to be known,” Vidal said. “State companies will be able to decide their compensation system, and increase salary levels according to their financial capacity, as long as the relation of median salary/productivity doesn’t deteriorate.” □

**CORRECTION**

Our article ‘Entrepreneur hopes to revive Spanish claims’ in the May 2014 issue included an incorrect statement about the Fanjul family. The family did not file any property claim against the government of Cuba in Spain.

Also, 1898: *Compañía de Recuperaciones Patrimoniales en Cuba* is not a law firm, but rather a Cuba claims company that works with various professionals and consultants, including in-house and outside counsel.

Finally, 1898 would like to clarify that the Spanish Supreme Court has specifically held in three separate recent cases that Spanish citizens, including all property claimants that received “partial” compensation under the 1986 settlement, are by no means barred or estopped from seeking to be made whole in the future by the Cuban government.

# Cuba Cruise: 'We expect a full ship next season'

## Q&A

*There were a couple of intents by Canadian cruise entrepreneurs in Cuba. Cuba Cruise, it seems, is the first to come back for a second season. What's different?*

The difference is, we had a successful inaugural season and accomplished all our goals. It was our intention, when we set out, for this to be a continuing business, not a one-off.

*Let's talk numbers — how many trips were there this season?*

We operated a total of 15 cruises, each one a week of duration, from the middle of December until the end of March.

*And the total number of passengers?*

We did not have a full ship, but we were very happy with the passenger numbers we got. Those numbers significantly climbed on every single cruise. We finished the season at healthy occupancies.

Calgary-based travel industry veteran Dugald Wells is planning to bring back his ground-breaking around-the-island cruise program for a second season in 2014-15. Wells will charter again the 1,200-passenger *Louis Cristal* from Cyprus-based *Louis Cruises*, which owns an equity stake in *Cuba Cruise*. *CubaNews* editor Johannes Werner caught up with Wells in May.

*What kind of occupancy?*

Specific numbers and dollar figures, that's confidential. As I said, the numbers climbed throughout the season. Towards the end of the season, we had to have two dinner seatings and two shows. We actually expect to have a full ship next season, based on those numbers going up with every departure. Early sales for next year are already significantly ahead of our projections. We're feeling very confident about it.

*Any industry benchmarks you can talk about?*

It varies from case to case. The important thing to bear in mind is that this is a startup. This was a new product in a new class. There really hasn't been anything like this before, targeting these markets. We are really focused on Cuba as a destination. For us, Cuba is not one in a series of stops on an international itinerary. *Cuba Cruise* is really targeted to



Sunrise in Havana:  
Cuba Cruise's *Louis Cristal*

Photo: Cuba Cruise/Holly Varey

people who are interested in exploring in greater depth than the typical experience. You're not going into something like this expecting that you're going to have your door knocked down at the first departure. It takes time for the information to get out. We knew that going in, we had our eyes open.

See *Cuba Cruise*, page 6

## Eusebio Leal: Historian and entrepreneur

BY DOMINGO AMUCHASTEGUI

Reliable rumors in Havana are indicating that Eusebio Leal Spengler is facing a very serious illness that may lead to an early retirement, or worse. Recent activities and speeches at the inauguration of the fully restored Teatro Martí in January, and the 500th anniversary celebrations last February in Trinidad, seem to have been an homage to an ailing public figure. A renowned intellectual and Historian of the City of Havana for more than 40 years, he has been the soul, the genius, and the iron will behind Old Havana's impressive restoration, recognized and praised by UNESCO, which nominated the city as World Heritage Site (1982), and by statesmen such as former German chancellor Willy Brandt, former U.S. President

Jimmy Carter, and UN General Secretary Ban Ki Moon.

Coming from a very humble family in Havana (barrio de Cayo Hueso), raised a



Eusebio Leal

Photo: Néstor Martí

devout Catholic and later a member of Cuba's Communist Party, he is an excellent example of a self-made professional, Cuban style. In the 1960s he started working at the Old Havana museum, close to famous historian

Emilio Roig de Leuchsenring, his mentor in many ways. Graduated from the University of Havana in 1979, he went to Italy to study restoration. His dedication to the restoration of Old Havana became a beacon of creativity and ingenuity. Under his personal involvement and supervision, more than 300 landmarks were rebuilt and/or refurbished, and 200 more are currently being restored.

Leal has transformed Old Havana into a hub of education and cultural activi-

ties, which includes El Colegio Universitario de San Gerónimo for higher education related to

restoration, preservation and patrimony, together with numerous schools for hundreds of young artisans in a host of crafts. He actually did that not just in Havana, but in Santiago de Cuba, Cienfuegos, Camagüey and Trinidad. He was also the founder, in 1981, of the network of patrimonial cities of Cuba which includes the seven villas (Baracoa, Santiago de Cuba, Bayamo, Puerto Príncipe/Camagüey, Sancti Spiritus, Trinidad, and Havana) established by the Spaniards in the initial stage of colonization, 500 years back.

No other Cuban after 1959 has received such an amount of international recognition and awards: Honoris causae and emeritus professor by numerous universities in Europe, Latin America,



See *Eusebio Leal*, next page

## BRIEFS

## U.S. SEEKS \$10 BILLION FROM FRENCH BANK

Continuing a string of record U.S. fines against third-country banks, the U.S. Department of Justice is asking Paris-based BNP Paribas pay \$10 billion to settle allegations it violated U.S. sanctions against Cuba, Iran and Sudan from 2002 to 2009 by using U.S. dollars in trade transactions. Citing an anonymous source talking about ongoing negotiations, the *Wall Street Journal* reported the French bank is willing to pay less than \$8 billion. BNP Paribas is a leader in commodity finance, and a large share of the alleged transactions passed through BNP's commodity unit in Geneva, according to Swiss daily *Le Temps*. In a letter to Barack Obama, French President François Hollande complained about the "disproportion-



ate character" of the BNP sanctions. According to press reports, the U.S. has more French and German banks in its crosshairs.

"The U.S. administration is applying its laws in an aggressive way, giving them extraterritorial reach," said Christian Dargham, an attorney with Norton Rose Fulbright, according to French daily *Le Monde*. Dargham suggests select enforcement. "At year-end 2013, among the Top 10 most severely sanction companies, there was only one U.S. company, but three from France."

Independent of the outcome, BNP will likely reduce, or cease altogether, its business with Cuba, Iran and Sudan, a veteran banker told *Le Temps*. The BNP services likely included financing Cuban nickel shipments.

## U.S. INTERESTS SECTION GETS NEW CHIEF

The Obama administration designated Amb. Jeffrey DeLaurentis as new chief of the U.S. Interests Section in Havana.

He replaces John Caulfield, who held the post since September 2011.

DeLaurentis, who most recently was alternate U.S. representative for special political affairs before the United Nations, also served as Deputy Assistant Secretary of State for the Bureau of Western Hemisphere Affairs.

This is not his first time in Havana. In the 1990s, he served as Political/Economic Section Chief at the Interests Section.



DeLaurentis

## EUSEBIO LEAL —FROM PREVIOUS PAGE

and Asia, together with full membership at the Smithsonian Institution (U.S.), the National Trust of Preservation (UK), the Order of the Arts and Letters and of the Legion of Honor (France), UN Goodwill ambassador, among many others.

Outspoken and straightforward, his membership application with the Party in the 1970s was vetoed by important officials, due to his religious beliefs. But Celia Sánchez — who admired, respected, and supported Leal in every way — persuaded Fidel Castro to grant him the membership despite his well-known Catholic affiliation. Leal criticized wrong policies and extremists who — in the early 1990s — were mocked by him, labeling them as *talibanes*.

## THE UPS AND DOWNS OF 'LEAL'S COMPANY'

With the rise of the tourism industry and Old Havana becoming a major attraction, a crucial state company was set up in 1994: Habagüanex S.A. Ten years later, the company generated some \$70 million in revenues.

Another 10 years later, in 2013, Habagüanex and its executives and administrators were embroiled in a major corruption scandal. Although Leal was in no way tainted by this scandal, it was a serious blow to Old Havana's prestige; after all, those executives and administrators had been appointed and promoted by Leal. His words were, "I feel betrayed by those in which I trusted." Currently, he continues to outline, supervise and double-check crucial projects in and around Old Havana and the whole of the Havana Bay area.

It was then decided to separate Habagüanex from the Historian's Office. The

latter will continue to design policies and projects, and be in charge of their implementation, but all economic, financial, and business activities will remain in the hands of the former, while being completely transformed from the institutional and managerial point of view. Habagüanex became what is known as an Organización Superior de Dirección Empresarial (OSDE), representing a new model of key state enterprises under the direct subordination of the Council of Ministers.

## HABAGUANEX TODAY

Under a new leader — Luis Enrique Sotolongo Otero, a young economist with considerable experience in the field — Habagüanex continues to expand. In 2013, according to Sotolongo, the company reached revenues of \$170 million.

Old Havana is a must for tourists. More than 85% of visitors to Havana, stop in the old city. Habagüanex currently operates 587 rooms in 20 hotels, most of them boutique-size, allowing customized services and higher standards, and higher prices, of course. A recent example is El Terral, located on the seaside Malecón boulevard. El Terral was inaugurated in 2012 with 84% occupancy and much praise by TripAdvisor. Another recent opening is Residencia Habana 612, with just 13 rooms. But bigger hotels are also under construction, like the one at Prado and Malecón, as well as the old Packard, also on Prado (one of Havana's most famous promenades), which is being fully restored, and finally the famous Manzana de Gómez, an entire block that is being restored and rebuilt as one big hotel with 261 rooms. Most of the new hotels are 5-star.

Following the successful restoration of

Sloppy Joe's two years ago, similar bars and a micro brewery (*cervecera*) are being opened along Avenida del Puerto and Alameda de Paula, as are new restaurants, an artisans' market, and recreational options, all of them in the vicinity of the cruise terminal.

Habagüanex is today one of the most successful enterprises in Cuba's tourist industry, with results well beyond episodic cases of corruption or other faults.

Parallel to all these developments, one major, extremely complex and costly work of restoration is the Capitolio Nacional (a copy of the Capitol in Washington, built in the late 1920s), a project Leal supervises on a daily basis. Since 1960, it was the venue of Cuba's Academy of Sciences, of different museums, as well as specialized courses and conferences. Worn out and lacking maintenance, restoration demands not just a lot of resources and work, but considerable craftsmanship and artistic skills. Once the project is completed, it will regain its original function: being the venue of Cuba's legislative body, the National Assembly.

All of this also will be part of Leal's legacy, for which he will be praised and remembered. Almost a year back, at a meeting with employees, he made a blunt statement: "Whatever does not provide economic results has to be closed down, without compassion. Today, this is a matter of life or death; either we do things right, or we disappear." □



**CUBA CRUISE** — FROM PAGE 4***Did you make money?***

No, we did not make money in the first season. But you don't do something like this without expecting an investment.

***You went far and wide to spread the word; among others you hit the European travel show circuit. How did that work out?***

It worked out very well. About half of our passengers were from the Americas, and about half of them were from Europe.

***You surprised observers by working with a U.S. travel provider, Road Scholar.***

We're delighted to work with Road Scholar of the Elderhostel Group, which is a very well-known and highly respected non-profit. They run these people-to-people trips. It took a while to get the program going; Road Scholar had to look at details with their travel service provider, and the U.S. Treasury Department wanted to know how the program would work. But they eventually worked that out, and they began to promote the program really just before we launched the season. We wound up with good numbers, and we will be working again with them next year.



Cuba Cruise/Holly Varey

**'Walk off the pier, right into town': Louis Cristal cruise passengers in Cienfuegos**

***What share of your passengers were from the United States?***

It was a relatively small number. Again, they didn't really launch the program until shortly before the season. Our program is not premised on the U.S. market whatsoever; we look to the rest of the world, where people don't have any issues traveling to Cuba. There's a million Canadians who go to Cuba every year. These are the markets we're most interested in.

***Did you experience any red-tape issues with U.S. passengers?***

No, we didn't. Any red tape was handled by Road Scholar. Our cruise was part of a larger program they ran, on land

in Cuba, both before and after the cruise with us. So they organized all the transport to and from Cuba, they handled all the requirements. They always had a tour leader, and that group leader was responsible to organize the requirements of the people-to-people regulations.

***You provide quite high incentives for travel agents...***

We pay a 12% commission to travel agents — not out of the norm, but at the higher end of the scale. We also work on a wholesale basis with tour operators, who package the cruise with air and land.

***Every startup has its surprises. What were yours?***

It went remarkably smoothly. The biggest surprises were actually nice ones. During our very first cruise, our first port of call was Antilla, in the Bay of Nipe near Holguin, where the municipality declared a holiday. They closed the schools, the banks, and everything else. They had a festival in the streets with dancing. The entire town, it seems, turned out to line up along the shoreline as we came in. It was fabulous. In truth, the operations really went off without a hitch.

***Organizing travel in Cuba is different than, say, in the Dominican Republic or Mexico. What were the differences you experienced working with the Cuban government?***

The Cuban authorities were very helpful. I'm not just saying that; they were tremendous. The Ministry of Tourism has been very helpful all along, answering questions, sharing collaterals and information, talking us up at trade shows. We're very pleased with the support, also with the ship agents, the port authorities. We've been at this for a long time; we took three years to put this project together. Like a lot of businesses, what you do is based on relationships. We took the time to get to know people, to build trust and confidence. That paid off for us.

***What about the infrastructure?***

Compared to other destinations, the big difference is that — particularly outside of Havana — the places we visited are not very used to cruise ships. We were using terminal facilities and piers that have been around for a long time and not much used. Because of that, they're tremendously located, right in the center of town — in Havana, Santiago, Cienfuegos you can walk off the pier right into town. In a lot of countries, that's not the case. They build more modern piers for larger ships, and when they do that they typically locate them way out of town, and that requires buses and taxis. So being able to pull right into the middle of those

**Q&A****Dugald Wells**

historic cities was a big difference. The customs and immigration facilities and everything else was in place and worked smoothly. This is not to say there weren't days with small delays, but only what you would expect on any new program.

***Did the boss have to be there all the time, or were you able to direct things from Canada?***

I was there as often as I could be, which amounted to three trips. No, I wasn't there all the time. We have a wonderful crew who know what they're doing.

***Do you have someone on the ground in Cuba permanently?***

No we don't. Our shore excursion operator, Cubanacan, did a wonderful job of coordinating all our shoreside activities. The ship agents worked with the same professionalism you'd expect from any ship agents around the world, and we don't really need to be on the ground. That said, on board the ship we had some 340 crew, and we had operations teams, of course, on the ship, who were working closely with the Cubans on shore.

***What's your long-term plan?***

To build a strong and vibrant niche market business that maintains an authentic, destination-focused program. Cuba has a strong tourism industry. But beyond the beach resorts, options are limited and infrastructure is lacking. With our ship and our itinerary, we overcome both those obstacles and open up a whole new world for people who have tasted Cuba's charms, and are looking for more.

***What will you do if the U.S. government opens up, and you will have to compete with the Carnivals and Royal Caribbeans?***

I am sure that day will come. But it would not change our approach, nor our expectations for success. There are many examples around the world where destination-oriented, smaller ship cruise programs operate successfully alongside the very large ships favored by those operators. In the eastern Mediterranean, for example, our partners at Louis Cruises have been operating destination-oriented cruises successfully for many years. Not everybody wants the same experience, and there is always room for high-quality, niche market products that offer riches that can't be measured by gross tonnage. □

## TOURISM

## That's the spirit: Businesses are Cuba's newest travel attraction

BY DOREEN HEMLOCK

Come to Cuba to check out emerging business opportunities and meet local entrepreneurs, from artists to restaurant owners and members of cooperatives.

That's the idea behind new "people-to-people" tours from the United States launching in November through OnCuba, the media venture led by Cuba-born, Miami-based entrepreneur Hugo Cancio.

Cancio's group has partnered with long-time educational travel provider Road Scholar, the nonprofit formerly known as Elderhostel, to offer week-long visits focused on "Free Enterprise in Cuba."

*"You instantly feel the potential. We want to motivate that."*

The trips will feature talks with small-business owners and the self-employed in Havana, Varadero and other areas, plus a visit to the Mariel super-port and its new development zone, among other exchanges. Each tour aims to accommodate from about one dozen to two dozen U.S. visitors.

The tours build on Cancio's ample connections in the arts and business on the island and in Miami. He is the son of

noted Cuban musicians and long organized tours of Cuban musical groups in the United States. He has developed OnCuba to include an in-flight travel magazine, arts magazine, websites and other ventures with the island.

Inspired by Cuba's market opening, Cancio approached Road Scholar last year to develop the tours.

"We did not want to start our own infrastructure, so we looked for a prestigious international partner to help us," Cancio said. "Our goal is to bring interest to Cuba as a potential business site."

The trips come as the Cuban government opens to private business to speed economic growth on the island. Today, more than 400,000 Cubans are registered as self-employed, some with big restaurants and nightclubs that would have been unthinkable three years ago.

Yves Marceau, Road Scholar's director of program development, calls the changes "very exciting."

"I remember witnessing it in Vietnam and in Eastern Europe – to see people taking charge of their own financial destiny," said Marceau. "I think there is a desire by Americans to learn about this and see what is available to them as opportunities."

Boston-based Road Scholar has been taking U.S. "people-to-people" tours to Cuba since the 1990s. Last year, it took more than 2,800 travelers to the island on varied programs, most for one- or two-week stays.



Hugo Cancio

Those roots in Cuba and its nearly 40-year experience in tours worldwide are what attracted Cancio to Road Scholar. The partners considered launching their tours this spring but decided to wait until November, partly

to ensure Americans can obtain needed visas from Cuba.

By then, OnCuba plans to open new offices in Havana, where visitors on the tours will be able to share comfortably with Cuban writers, photographers and others, said Cancio.

To be sure, the U.S. embargo still restricts business Americans can do now with Cuba. Also, Cuba's reforms so far have been limited.

But Cancio and others see change in Cuba accelerating and U.S. domestic pressure on the embargo mounting. Havana's passage this spring of a new foreign-investment law has boosted U.S. business interest.

"Since the foreign-investment reform, the phone in my office doesn't stop ringing," said Cancio.

Cancio said he hopes the tours will attract top folks from Wall Street, hedge funds and big corporations to see "a Cuba moving forward." Owners of small businesses also are likely to sign up, said Marceau.

The trips don't come cheap. OnCuba's website lists the price for its itinerary with Road Scholar starting at \$3,995 per person. That includes eight nights lodging, 17 meals, flights between Cuba and Miami, most transport in Cuba and most outlays. It does cover flights between other U.S. cities and Miami.

Cancio said it's obvious that Cuba still needs to open more and boost investor protections to lure big money from overseas. "The foreign investment law awakens curiosity but doesn't yet stimulate investment," he said. And Americans in particular may be cautious about business in Cuba, given frosty relations between Havana and Washington for more than half a century.

But it's also clear, Cancio said, that visitors to Cuba today are easily swept up in the beauty, creativity and energy of the country, its people and the emerging business scene.

"You instantly feel the potential," said Cancio. "We want to motivate that."

For more on the OnCuba/Road Scholar tour, visit [www.oncubamagazine.com/travel](http://www.oncubamagazine.com/travel)

## Interests Section resumes visa service

BY DOREEN HEMLOCK

Cuba's diplomatic mission in the United States has resumed processing visas and passports required for U.S. travel to the island by switching to a time-honored system to collect payments: good ol' cash.

Since mid-May, U.S. travel companies have been sending representatives to Cuba's mission in Washington, D.C. with cash in hand to pay for visas and other consular services.

So far, the travel companies are not charging their customers extra to cover the added costs of flights, security or other basics needed for hand-delivery of payments.

But if the cash system persists for an extended time, the companies could opt to add a service fee, thereby increasing the cost of travel to the island, travel industry leaders say.

"We're trying to absorb this cost now,"

said Bill Hauf, president of Island Travel & Tours, which offers charter flights from Miami to Cuba and sends representatives to hand-deliver payments in Washington. "But if this continues, we'd have to charge a fee some times."

Tour operators say they're relieved that visas and passports are being processed again after a three-month hiatus. Yet they'd like to see a permanent solution to Cuba's payment woes.

"Hopefully, the cash situation will soon be remedied in Washington," said Peggy Goldman, president of Friendly Planet Travel, which sends "people-to-people" tours to Cuba. She suggested that Cuba might issue visas to U.S. travelers on arrival to the island to simplify the process.

But Cuba's Interests Section in Washington apparently needs direct payments to cover its U.S. expenses, travel

See Visa service, page 15

## AGRICULTURE

# Lagging food production keeps import bill high

BY ARMANDO PORTELA

Nearly eight years after Raúl Castro came to power with a plan of gradual economic reforms, the troubled farming sector still leaves more expectations than encouraging results, and Cuba's bill for imported food remains alarmingly high.

Agriculture — namely food production for the domestic market — has been an Achilles' heel of the Cuban economy, so weak and disappointing that it forced food imports of \$1.64 billion in 2012, or \$147.34 per capita, in a country where the average annual salary and retirement wages that year were \$233.04 and \$127.20 respectively.

### EXPENSIVE IMPORTS

In 2008, imports skyrocketed when the country spent 60¢ on food for every exported dollar. Food imports in that year amounted to \$2.21 billion, or \$195 spent overseas to feed each person in Cuba, while overall merchandise exports accounted to just \$324 per capita. The ratio caused alarm and prompted the government to speed up reforms in the economy.

Four years later, imports of food had been cut back by 25%, but farming did not produce the expected improvements and is yet very far — in volume, quality and diversity — from covering domestic demand. The savings seem to be attained by merely chopping the food import bill rather than improving the choice of locally produced food at the table. Not hard to guess, the result is a tougher — and pricey — supply at home.

### A RISE, THEN ANOTHER DROP

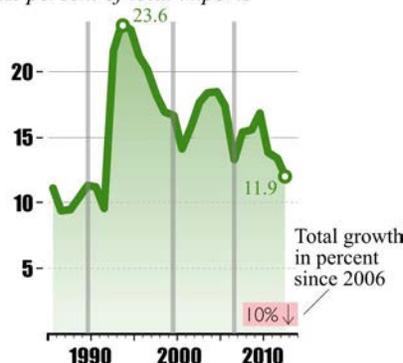
Two decades ago, in the mid-1990s, the rough adaptation to the collapse of the Soviet bloc forced reforms that succeeded in boosting some short-cycle key staples at the Cuban tables (rice, potatoes, vegetables, plantains). Other products remained depressed (sugarcane, citrus, milk, beef, chicken) and never achieved a much-needed comeback. Then, in the early to mid-2000s, improvements in farming lost stamina, possibly because of the comfort coming with hard currency available thanks to the special relation with Venezuela, along with record-high world nickel prices (by then the first export commodity in Cuba). A second fall in farming forced increased food imports.

It becomes apparent that products with the least private involvement show the worst performance of all. Sugarcane, grown in huge state farms or in

state-ruled cooperatives never ceased to decline over the past 23 years. The same is valid for citrus, beef and other products, as well as coffee, not shown in these graphics. What all have in common is that the state grip on cultivation, land ownership, hiring, wages and trade seems too tight to let changes happen.

### FOOD IMPORTS

As percent of total imports



Source: Oficina Nacional de Estadísticas yearbooks

Authorities are pushing to produce locally, but 12% of the country's import bill in 2012 was still for food. Since 2006, the ratio has improved slightly.

In contrast, private initiative — even if on tiny parcels leased from the state, with little equipment, zero credit, irrigation, fertilizers or fodder — helped to boost rice output to new heights, softened the fall of chicken meat output, was instrumental for the improvement in plantain and vegetable production, and helped keep world-class quality and a steady output in tobacco (not shown in graphics).

There are other factors that can't be underestimated in the evolution of farming, though. Climate is perhaps the most conspicuous. A dreadful chain of extreme droughts and fierce hurricanes swept the island's farming during the 2000s, momentarily knocking down entire sectors.

### CROP BY CROP

A glance at some crops shows the impact of recent reforms in farming:

Output of potato, a crop tightly controlled by the government, declined by two-thirds since 2006, when Raúl Castro replaced his ill brother Fidel as head of state, and more than 70% since the 368,000-ton record harvest of 2000. Currently 1 pound of potatoes costs the equivalent of 5% of the monthly average wage, or 1CUC per pound in Havana's black market (\$1.10 at the official exchange rate).

Paddy rice — the main staple at the Cuban table — shows a different picture. It grew a healthier 55% since 2006 and is approaching again the record of 716,000 tons set in 2003. Private farmers seem to be making a difference after the government released the state grip over cultivation and trade. Still, Cuba buys abroad 65 to 70% of all rice consumed at home.

Vegetables (tomato, onion, pepper, cabbage and others) rose dramatically in the early 2000s, but then in 2004 stalled and slid back after reaching 4.1 million tons. In 2013, veggie output was two-fifths lower than in 2004. Veggies arrive in markets in seasonal avalanches, and Cuba lacks capacities to preserve most of the surplus.

Banana and plantain output fell 24% since 2006 and 31% since 2004, a pattern closely resembled by vegetable output in the same period. The reasons for the decline are likely similar, but banana and plantain peaks and drops often reflect extreme weather changes.

Citrus, a crop badly affected by loss of markets, neglect, plagues and hurricanes, shrank 55% after 2006 and by 83% since the record 1.02 million tons set in 1990. In some traditional growing territories, as the Isle of Youth, citrus simply vanished. Today, the once powerful industry seems to be abandoned. With the only feasible market — the United States — closed to Cuban oranges and grapefruits, thinking of a rebirth is futile.

Low sugarcane output has been a hallmark since the collapse of the Soviet bloc and never came back to levels close to its heyday. Deprived of its markets, plagued by towering production costs and with a faulty derivatives industry, Cuba couldn't carve out a new niche in the international market of sugar. Sugarcane output epitomizes the failure of the large-scale state farming monopoly.

### MILK PRODUCTION STALLS

Production of fresh milk was the first staple mentioned by Raúl Castro in 2007 to illustrate the need of reforms in farming. Fresh-milk production performed better over the past eight years. From 2005 to 2009 output nearly doubled, apparently as a result of efforts to suppress odd bureaucratic instances between producers and consumers. After 2009, however, output stalled at an annual average of 585 million liters. Official statistics show in 2013 a milk output per capita of 51 liters, still a far cry from 96 liter per capita in 1989.

See Food production, next page

**FOOD PRODUCTION** —FROM PREVIOUS PAGE

A glance on Cuba's farming over the past 28 years (1985-2013) shows times of glory and failure corresponding to the milestones in recent history, namely the collapse of the Berlin Wall (1989), the ascent of Hugo Chávez to power in Venezuela a decade later and the sudden illness and retirement of Fidel Castro (2006).

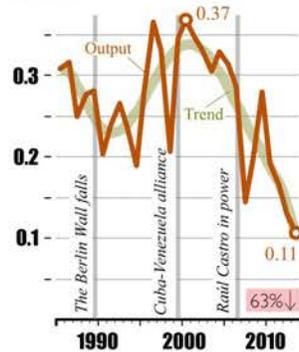
The answers to these political events are diverse. While some products got boosted others lost pace or languished to near-oblivion.

In first place these charts show the lack of efficiency of some traditional activities, such as sugarcane or citrus. They also reveal the Venezuelan influence over the farming recovery, as with the stagnation or decline of vegetables, potato or milk output after 2004 (better income from trade with Venezuela discouraged farm reforms and fueled food imports).

Last but not least, they show the benefits of unleashing private initiative to fill market needs where state behemoths fail, as with paddy rice output.

Note: All graphics are in millions of tons unless otherwise is shown 63%↓ 54%↑ Total growth in percent since 2006

**POTATO**



It is grown in large state-owned and cooperative farms demanding seeds, chemicals and irrigation. Output fell 71% since 2000 and 63% since Raúl Castro assumed power.

**BANANA AND PLANTAIN**



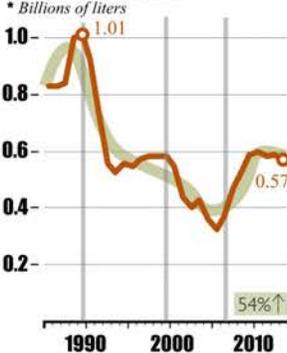
Banana and plantain average output tripled in the early 2000s from the late 1980s, but after peaking at 1.22 million tons in 2004, output fell 46% to 0.66 million tons in 2013.

**VEGETABLES**



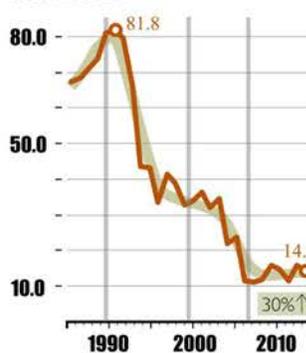
Relatively easy and rapid to grow vegetables (tomato, cabbage, pepper, lettuce and others) grew explosively since the mid-1990s, but after 2004 output dropped more than 40%.

**FRESH COW MILK\***



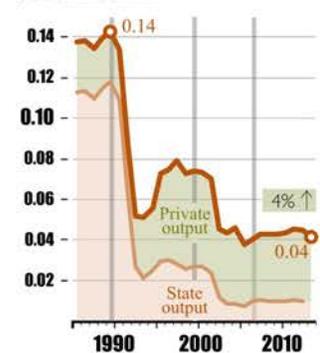
The demanding Cuban milking herd became unsustainable after 1990. Since 2005 the rapid decline was reverted, but the peak in the late 1980s still seems out of reach.

**SUGARCANE**



Poor sugarcane output is the main culprit for the collapse of the emblematic sector and its derivatives industries. All efforts to revert the decline seem so far futile.

**CHICKEN MEAT**



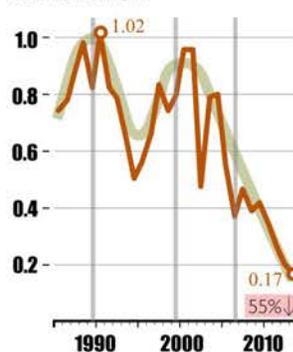
In the early 1990s, the government allowed private farmers to raise chicken. However, a rise in output takes more than allowing backyard producers to sell their chicks.

**PADDY RICE**



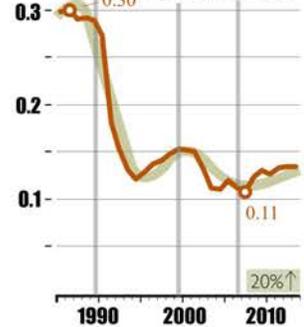
Early reforms released the state grip on the cultivation and trade of rice in costly state farms. Very soon, output exceeded pre-crisis levels. Even so, it is far from satisfying demand.

**CITRUS FRUIT**



Once a powerful industry with ever-thirsty markets accounting for 3% of export revenues, citrus languished over the past decade, with no recovery in sight.

**BEEF CATTLE** Slaughtered cattle liveweight



One of the biggest problems of Cuban farming, slaughterhouse activity is just 45% of what it was in the 1980s, and beef continues to be a rare sight on Cuban tables

## BIOTECH/MEDICINE

## Biotech: Cuba has come a long way

BY DOMINGO AMUCHASTEGUI

Some 30 years back, there was no biotech research in Cuba. There were no products, and there were no exports. In the early 1980s, the first steps were taken as the pressures and demands from an unexpected dengue epidemic led to the production of Interferon.

Cuba has come a long way. Biotech and its growing exports represent today the fastest-growing sector in the Cuban economy, and the most promising in the short term.

By the late 1990s, modest achievements allowed Cuba to put biotech exports on the radar. Official numbers are spotty about biotech exports, but National Statistics Office data and a recent statement by an industry executive suggest that exports have recently been rising at a fast pace to more than \$500 million per year, and they are expected to reach \$1 billion by 2018. That seems to be evidence of Cuba finding its own niche in international markets.

Since the turn of the century, two products have gained considerable space.

First, after 2002, Cuban scientists ob-



tained Nimotuzumab, a monoclonal antibody that controls growth of cancer cells. It is registered to treat head and neck cancer in advanced stages, as well as in the esophagus, and gliomas (types of cancer that start in the brain or spine). Nimotuzumab is especially effective in treating tumors in epithelium, a type of tissue throughout the body that forms many glands. Research is being conducted to extend this product for treatment of tumors in lungs, stomach, prostate, and other organs.

“Very effective and low toxicity compared to similar products in the world,” is how Cuban scientists describe this product. Annually, between 400 and 500 Cubans are treated successfully with Nimotuzumab; already, 47,000 patients have been treated throughout Latin America, Asia, and Africa.

Trying to reach markets in highly developed economies is a Number One priority. Clinical tests are being conducted

in Germany on pancreatic tumors and gliomas. Similar tests are taking place in Japan, the United States, Canada, Indonesia, and Brazil.

In the case of Brazil, 90% of its Cuban imports consist of biotech and pharmaceutical products, and several Brazilian companies are seeking to form associations and joint ventures with their Cuban counterparts, as China has been doing in recent years. During her recent visit to Havana, the French Secretary of State, Tourism, and Overseas French Citizens, Fleur Pellerin, praised Cuba’s “international recognition in the area of biotechnology,” in which she said France has a special interest.

Nimotuzumab has been one of the major scientific achievements by the Centro de Inmunología Molecular (CIM), whose founder and director is Dr. Agustín Lage Dávila. CIM has already registered no less than half a dozen products in international markets, in particular several types of therapeutic vaccines for the treatment of various tumors. Dr. Kaleb León, in charge of research and development at

See **Biotech**, next page

## U.S. medical exports to Cuba still ailing

BY VITO ECHEVARRIA

U.S. medical exports, permitted under an exemption to Washington’s trade sanctions, have been hovering in the low hundreds of thousands of dollars over the past few years. However, last year and the year before that, according to U.S. statistics, there were small spikes of around \$3 million each.

Given this modest sign of life, should we expect more medical exports?

Not really, experts in the trade suggest.

According to a U.S. Census Bureau spokesman, only some of the U.S. medical sales shipments were actually commercial transactions involving a manufacturer. Most of the small rise in shipments is owed to charitable donations, and even those had to overcome major bureaucratic hurdles.

A twin to U.S. agricultural sales, the medical sales exemption is also part of the TSRA law of 2000, which allowed such exports to Cuba. Hurricane-induced losses in local food stocks led the Cubans to purchase \$1.25 billion in U.S. agricultural items between December 2001 and April 2006 alone – with subsequent shipments totaling hundreds of millions of dollars more in annual sales.

In contrast, U.S. medical exports to

Cuba have been a far cry from the robust food trade between the two countries. Even though they set a record last year, shipments of U.S. medical equipment to Cuba totaled just \$1.7 million in 2013, while exports in U.S. pharmaceutical products were just \$1.5 million, according to U.S. Dept. of Commerce/Census Bureau statistics.

These minimal exports are not from a lack of demand by the island’s expansive medical sector. Most of it has to do with red tape in Washington.

Non-profit groups sending humanitarian shipments of medical supplies to Havana, such as New York-based Disarm/Global Health Partners (whose advisory board includes prominent anti-embargo figures like former U.S. Attorney General Ramsey Clark, and actors Ed Asner and Martin Sheen), and MEDICC Review (an Oakland, Cal.-based non-profit that fosters medical links between the United States and Cuba) observed first-hand the bureaucratic obstacles that prevent such exports from growing.

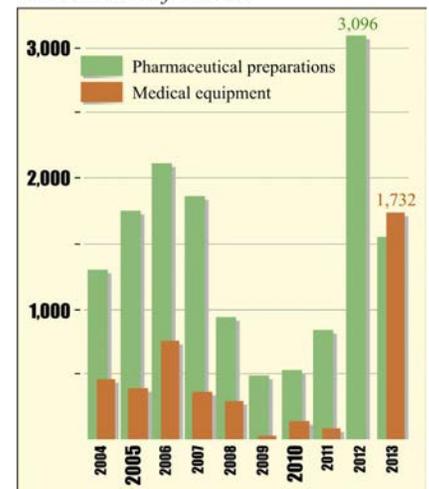
“While on paper, it is possible for Cuba to import some finished pharmaceutical and medical applications from the United States, in practice it is a complex, convoluted and costly process, which

is not always successful,” said Pierre La Ramee, MEDICC’s executive director. “Special licenses are required from the U.S. Treasury Department for Cuba to buy medicine and equipment from the United States. These can, and have

See **Medical exports**, next page

### U.S. MEDICAL/PHARMACEUTICAL EXPORTS TO CUBA

In thousands of dollars



Source: U.S. Census Bureau

**BIOTECH** —FROM PREVIOUS PAGE

CIM, highlights that Cuba is very much aware “of the high standards of production, technologies, and controls,” which is a permanent challenge for Cuba.

Heberprot-P is the second and most recent and successful product of Cuba’s biotech advances. In this case, it was the result of scientific research conducted by the Centro de Ingeniería Genética y Biotecnología (CIGB). Based on recombinant human growth factor, the product is meant for treatment of serious diabetes foot ulcers leading to amputations (foot amputations cost an estimated of \$68,000 and treatment some \$27,000). Heberprot-P is acknowledged as a unique product to fight back such foot ulcers. It has passed clinical tests in Spanish and other Western European health institutions.

This product is marketed in 20 countries, mostly in Latin America and the Caribbean. Since 2012, Praxis Pharmaceutical in Vitoria (Basque Country) has been producing small quantities for clinical testing in Europe. Cuba is now completing the filing and requisites demanded

by the European Agency for Medication to be able to market Heberprot-P in all of the European Union, where it is known as Epiprot.

Marketing the drug in the United States has caused controversy in Miami, where Democratic lawmaker Joe García publicly supported this possibility, trying to obtain an exception to the embargo, based on the benefits for the United States of having access to this new type of medication. Tests and registration in the United States will take time and have to overcome many obstacles, but the process has begun.

Heberprot-P is the most important achievement by the CIGB, an institution that has played a crucial role in Cuba’s development of biotech and genetics since the early 1990s. Ernesto López, CIGB’s business director, recently stated that its portfolio is being promoted throughout



the world, to find partners and investors. An international conference will be held in December of this year, in Varadero, aimed at promoting Heberprot-P. Hundreds of specialists and dozens of pharmaceutical companies are expected to attend. A similar conference on Nimotuzumab was held in Havana last March, where 200 specialists and 20 international pharmaceutical companies took part.

Already 140,000 patients have been successfully treated around the world, and amputations have been reduced to less than 5% among patients treated with Heberprot-P.

Despite formidable obstacles to meet international competition and quality standards, Cuba seems to be on the right track in building its niche in the field of biotechnology and pharmaceuticals.

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

**MEDICAL SALES** —FROM PREVIOUS PAGE

been, denied in the past. There have been instances, for example, where Cuba applied for – and received – the license to import X-ray machines from the United States, but then was denied the license for that machine’s replacement parts. This effectively renders the equipment inoperable.”

**THE U.S. CONTENT OBSTACLE**

La Ramee noted that a license from the Treasury Department’s Office of Foreign Assets Control (OFAC) is also required for foreign-made medical equipment that happens to have at least 10% U.S. parts or inputs, with such approval also being very difficult to get. “This presents a serious barrier to access as regards high tech medical equipment: Even if Cuba can source the equipment elsewhere – from Japan or Germany, for instance, [this] of course increases costs. An imaging machine shipped from the U.S. Gulf states would be a lot cheaper than that same machine coming from Hamburg. If the software and/or parts to make that machine work are patented in the U.S., another special license is required. This license can also be denied, effectively rendering that machine inoperable.”

Disarm/Global Health Partners, which has conducted humanitarian shipments of medical supplies to Cuba (such as \$300,000 worth of assorted medicines to Havana’s Juan Manuel Márquez Pediatric Hospital in both June and October 2011), and sponsored U.S. surgical team visits, detailed some of the items that

the Cuban medical establishment needs from U.S. sources.

“Sterilization units are needed in Cuba”, said Bob Schwartz., Disarm’s executive director. “There’s been a tightening of that [by OFAC]. Mid-size and large units cannot be shipped from U.S. to Cuba. Also, diagnostic equipment for detecting breast cancer.” Disarm’s website also mentions that Cuba needs pediatric cancer drugs and medical components for maxillofacial surgery.

**THE END-USER VERIFICATION OBSTACLE**

Schwartz added that the Torricelli Act (also known as Cuba Democracy Act, CDA), which requires “on-site verifications” that U.S. medical exports are going to the intended recipient in Cuba, is a major disincentive for U.S. pharmaceutical firms. “Cuba is a blip in global medical sales,” he said, explaining why no major lobbying effort on Capitol Hill has been bankrolled by such entities to loosen trade restrictions. “Do the pharmaceutical companies want to bother with this? No – it’s too costly.”

According to MEDICC’s La Ramee, the embargo’s bureaucratic barriers prevent not only a new wave of life-saving U.S. cancer drugs from being exported to Cuba, but also AIDS antiretroviral treatments. “Whereas other countries can purchase these medicines directly from [the] U.S. for distribution in their health systems, Cuba must source them elsewhere, which increases costs and limits the number of patients who can receive these potentially life-saving treatments,” he said. “Furthermore, although

Cuba has a robust generic drug industry, whereby it produces 67% of all essential medicines registered for domestic use, many U.S. pharmaceutical applications are under 20-year patents, blocking Cuba’s domestic manufacturing possibilities of these medicines. [Finally,] Cuba is prohibited from purchasing any [U.S.] inputs for its domestic biotech industry.”

Schwartz also mentions the embargo in explaining why Cuba has turned to allies for fulfilling the needs of local hospitals. “We see a lot of Chinese equipment these days” in Cuban hospitals, he said. I believe they have a supply line from China and Latin America.”

Both MEDICC and Disarm/Global Health Partners assert that the Obama administration has done nothing to ease restrictions on U.S. medical supply shipments to Cuba, and at the minimum should make humanitarian medical donations and commercial exports permissible under an application-free ‘general’ license. In addition, these groups would like to see more U.S.-Cuban medical collaborations. “Ironically, the Obama administration actually tightened restrictions on such collaborations”, said Schwartz. “We expected Obama to reverse them. He has been a tremendous disappointment. He can open travel for all Americans, and those medical collaborations can happen again.”

Schwartz said that one positive side benefit to such American medical trips to Cuba would be that U.S. doctors can get a Department of Commerce license to bring along urgently-needed U.S. drugs.

□

## REAL ESTATE

## Analysis: Cuba's new real estate visa

BY JOSÉ MANUEL PALLÍ, ESQ.

The Cuban Interior Ministry (MININT) chose May 20, Cuba's independence day, to publish *Resolución No. 4/14*, which lays out the procedure for foreign real estate owners to obtain a visa.

Foreign individuals (*personas naturales extranjeras*) who want to invest in "owning" or renting houses in Cuba can obtain a special visa that makes them a Cuban resident for such purposes, since only Cuban residents can hold title to housing in Cuba under the present state of Cuban law. The status lasts one year, but can be renewed yearly, without a limited number of renewals. This MININT resolution also sets the conditions affecting the visa holder's residence in Cuba.

### INVESTOR VISA, MADE IN USA

Before we begin hollering and casting stones at this latest example of moral turpitude on the part of the Cuban authorities (how dare they sell to wealthy foreigners the 'right' to live in Cuba!?!?), we may want to take note of the fact that this is precisely what the United States has been doing under its investor-type visas for many years.

At about the same time *Resolución No. 4/14* showed up in the *Gaceta Oficial*, our local authorities in Miami were celebrating our Magic City's designation as an "EB-5 regional center."

When U.S. laws created this Immigrant Investor Pilot Program back in 1992, regional centers were meant to be in areas that were among the poorest and in need of more assistance in the country. Miami, where real estate prices are way beyond the reach of the average Miamian's income, proudly claims to be the first city in Florida and in the Southeastern United States to be so designated.

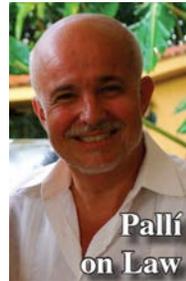
In the smallest of nutshells (since this column isn't about U.S. laws), an EB-5 visa gives green cards to foreign investors and their family members under 21 years of age who invest a minimum of \$500,000 into a project that, within two years, creates at least 10 jobs in the United States. If those 10 jobs are not created within two years, the investor may lose his investment and must go back home.

The Cuban visa for real estate investors requires, just as many of our visa types do, a petitioner: Cuba's Tourism Ministry (article 2 of *Resolución No. 4/14*). Together with the other elements you usually present to obtain a visa anywhere (passport, pictures etc.), you need to provide a letter from the ministry, asking the MININT to issue you one of these real

estate-related resident visas.

### NOT FOR VEDADO MANSIONS

The migratory category Cuba assigns to the holder of this visa type is called *Residente de Inmobiliaria* (article 3), which, at first glance, seems to suggest that the 'real estate resident investor' needs to be housed at, say, the offices of Pedro Realty or some other realtor's headquarters. And the reference found in the first of the 'whereas' clauses at the beginning of *Resolución 4/14* to houses



in *complejos inmobiliarios*, or real estate developments, suggests the petitioner may not be likely to petition you for one of these visas if what you want to buy or rent is one of these beautiful Vedado mansions in Havana.

During your stay in Cuba under this migratory status, you will be able to engage in pre-authorized touristic and/or business activities of the kind Cuba's law allows (article 14), and travel anywhere in the island (wow...) in pursuit of such activities (article 15).

You lose your real estate resident investor migratory status (a) when you are no longer an owner or tenant of a house in Cuba, (b) when you stay away from Cuba beyond the time prescribed in article 6, mentioned above, or (c) if your behavior is found contrary to Cuba's constitution, its laws, or the conditions the visa places upon your stay (article 17).

### REAL ESTATE MANAGERS' VISA POWER

In the same edition of the *Gaceta Oficial* (No. 25 *Extraordinaria de 20 de mayo de 2014*), you can read another resolution, this one from the Ministry of Tourism. In *Resolución 47/14*, you will find your bearings as to how you get this dependency of the Cuban government to become your petitioner for one of these visas. This resolution also describes what happens when a visa holder in this category does something (any of the three situations listed in article 17 of the MININT resolution) that leads to his losing his status as a *Residente de Inmobiliaria*. Article 11 of the Tourism Ministry resolution tells us that it is the responsibility of the head of the entity that administers the real estate development where the house or apartment in question is situated to report to the Ministry of Tourism the circumstances affecting the status of

the visa holder who occupies that dwelling. The Tourism Ministry then must, within three working days, report the situation to the MININT explaining why the reasons behind the issuance of that particular visa do not hold water any longer under those new circumstances (article 12). After that, it looks like *sayonara* could be just around the corner.

This Tourism Ministry Resolution also contains, in my personal opinion, a strong indication that these visas will only be used for those who buy or rent housing in a certain type of real estate development (and not for isolated pieces of real property); the recurrent reference in the two resolutions commented here to "*el complejo inmobiliario donde está ubicada la vivienda*" strengthens my perception that this visa may not be suitable for those foreigners who want to simply buy an old apartment in a pre-1959 building in Old Havana: They will still have to buy it under someone else's name, if they themselves are not permanent residents. Article 1 of *Resolución 47/14* defines *complejos inmobiliarios* as "those built by authorized Cuban entities, with the goal of the sale or lease of dwellings".

### MANY UNANSWERED QUESTIONS

There are too many questions left unanswered, in my humble view.

For instance, are the foreign investors who hold this kind of visa limited to be rent-paying tenants when they opt not to buy a house in Cuba, or can they rent out a house they bought as an investment? I assume the latter, since it would be senseless for a law to force investors to keep their houses vacant during the time they are abroad.

If *Residentes de Inmobiliaria* can buy a dwelling and then rent it, is there any limit to how many such dwellings they can buy? My guess here would be that he can buy only one, despite the fact that this presumed ability to own and rent seems to skirt the provision under Cuba's housing laws, according to which only those who are permanent residents in Cuba can own a house there, and only if they live in it.

But the thing I regret most is that neither of these two resolutions shed any new light on the nature and extent of the rights those foreigners who buy real property in Cuba will get; what I wrote in a previous column almost exactly a year ago still is, to the best of my knowledge, all we know about that important topic.

José Manuel Pallí is president of Miami-based World Wide Title. He can be reached at [jpalli@wwti.net](mailto:jpalli@wwti.net)

## ENERGY

# Russian oil companies sign agreements with Cuba

BY JOHANNES WERNER

Amid rising tensions between Russia on one side and the United States and the European Union on the other, President Vladimir Putin and Cuban Deputy Minister of Energy and Mines Rubén Cid on May 24 watched over the signing of two oil cooperation agreements with Cuba at a business summit in Russia.

The agreements of state companies Rosneft and Zarubezhneft with Cuba-Petróleo, signed at the St. Petersburg International Economic Forum, include cooperation over more exploration, as well as construction of an oil logistics base at the Mariel Economic Development Zone (ZEDM), according to Prensa Latina.

No details were available.

The oil agreements came a week after Cuba and Russia signed an agreement on security cooperation.

Separately, Rosneft, Cupet and Gubkin State University of Oil and Gas in Moscow signed an agreement for training of Cuban oil engineers in Russia. Funded by Rosneft, the program at Gubkin begins in September, involving master's programs in petroleum and chemical en-



Russian companies to be first?  
Planned offshore oil logistics base at Mariel

gineering.

Rosneft, Russia's second-largest energy company, has little recent history in Cuba; Zarubezhneft in summer 2013 pulled out from near-shore exploratory drilling, earlier than expected, saying it may return in 2014.

Rosneft is reviving interest in a component of the Mariel Zone that didn't seem to have any future since the pullout of an offshore oil platform from Cuba in 2012. Without providing details, Rosneft said in a press release that it signed a memorandum of cooperation with Cupet, and that the partners "created a working group composed of field-oriented representa-

tives."

Rosneft President Igor Sechin, and Zarubezhneft President Sergei Kudriachov signed the respective agreements for the Russian side; General Director Juan Torres Naranjo signed for Cupet.

One of the persons Washington recently put on a sanctions list of "designated persons" is Igor Sechin.

On a discussion panel at the St. Petersburg Forum May 22, the Cuban ambassador to Moscow, Emilio Lozada, said Russia should not only be interested in economic relations, but in political relations as well with Cuba and the ALBA bloc. He also condemned western efforts to isolate Russia with sanctions.

Sechin was in Havana in November, to meet with President Raúl Castro and other Cuban officials. During the visit, Cuban officials prodded Sechin to have Rosneft open shop at the Mariel export development zone.

In other news from the Economic Forum, the governor of St. Petersburg urged Cuba to reopen a permanent office in the Russian city, and proposed to create a working group to identify cooperation opportunities. □

## BRIEFS

## FLORIDA POLITICIAN SEEKS OIL EXEMPTION

Former Florida Gov. and U.S. Senator Bob Graham is urging the White House allow Cuba to buy state-of-the-art oil safety equipment from the United States, the *Broward Bulldog* first reported. Graham says such a move would help protect the environment in Florida. Graham told the *Bulldog* he talked to a White House official about the issue.

The Council on Foreign Relations, the think tank that sponsored Graham's Havana trip, will hold a private, invitation-only event to alert South Florida business interests about the pollution threat a large spill would pose.

## CUBA EXTENDS SHERRITT OIL AGREEMENT

Sherritt International Corp. announced that the Cuban government extended an existing oil and gas production-sharing contract in the on-shore Puerto Escondido/Yumuri oil field by 10 years. The production-sharing agreement for the Puerto Escondido/Yumuri oil field will now sunset in March 2028. During the new 10-year term, Sherritt must drill a minimum of seven additional wells within an initial two-year period following the effective date in 2018.

## LANDMARK TURNS INTO LUXURY HOTEL



Manzana de Gómez

State company Habaguanex is partnering with Gaviota S.A. to turn an early-20th century landmark building in Old Havana into a 246-room luxury hotel. The new hotel, going up in a gutted Manzana de Gómez, is located on the western margin of Old Havana, just east of the Paseo de Martí, across the Parque Central from the luxury hotel of the same name, and near the landmark Floridita Bar. In what would be the chain's first footprint in the western hemisphere, Swiss luxury brand Kempinski signed a letter of intent to operate the five-star hotel. The Geneva-based company with roots in Germany focuses mainly on central and eastern Europe, the Middle East, China and Africa. The Manzana de Gómez hotel is scheduled to open in 2016.

## VISITOR NUMBERS ON TRACK FOR RECORD

Cuba welcomed 1.28 million visitors in the first four months of this year, 60,804 or 5% more than in the same period in

2013, according to the National Statistics Office. The numbers confirm a recovery from the stagnation of last year, and puts Cuba on track to break the 3-million visitor mark for the first time this year.

## TRAVEL PROVIDER DROPS TAMPA FLIGHTS

Leaving Tampa International Airport with just five weekly flights to Cuba, Island Travel & Tours Ltd. dropped its three-times-a-week service from Tampa. Bill Hauf, owner of the Miami-based travel provider, blamed a price war. Hauf's departure leaves two travel providers offering Cuba flights from Tampa, California-based Cuba Travel Services and Miami-based ABC Charters. From October to April, there were 34,358 Tampa-to-Cuba travelers, up 45% from the same time period a year earlier.

## OFAC FINES ARGENTINEAN TRAVEL PROVIDER

Decolar.com Inc., a company that operates from Buenos Aires but incorporated in Delaware, agreed to pay a \$2.8 million fine to the U.S. government for selling travel services to Cuba without authorization from Washington, the Office of Foreign Assets Control (OFAC) announced. Decolar provided flight and hotel reservations to 17,836 non-U.S. Cuba travelers from 2009 to 2012.

# How much independent information can Cubans get?

BY DOMINGO AMUCHASTEGUI

April was the month of a Cuba scandal in Washington, known as the ZunZuneo affair. ZunZuneo, a mobile phone-based social media app, was a typical “regime change” program conducted by USAID aimed at Cuba’s stability — among many others such as Piramideo and Commotion. After the *Associated Press* broke the story, the scandal rocked through several hearings at the House and Senate foreign affairs committees.

Several experts provided in-depth analyses on the matter, such as Fulton Armstrong — former advisor on Cuban affairs to the Clinton administration (interview with *Newsweek*) — or detailed stories, such as Larry Luxner’s in *The Washington Diplomat*. To no one’s surprise, Cuban-American lawmakers stood by the program, arguing the need to provide information to the uninformed and manipulated Cuban people.

The ensuing debate focused on whether this was just a discreet program aimed at breaking the Cuban government’s tight grip over information, or a covert operation aimed at regime change. The overwhelming consensus was that it was a well-planned covert operation aimed at regime change, where, once again, USAID was imitating the CIA. In early May, Secretary of State John Kerry and Roberta Jacobson, assistant secretary for the Western Hemisphere, at the recent annual conference of the Council of the Americas, defended such programs as “useful and productive” and stated that it was “simply incorrect” to describe them as covert operations. Criticism against USAID followed inside the U.S. and abroad.

## HOW MUCH INFORMATION CAN A CUBAN GET?

The assumption that average Cuban can get very little independent information seems to be the favorite excuse for such programs.

From the Cuban government perspective, whatever information they provide is the “official version,” aired by TV news or shows such as *Mesa Redonda*, or printed in the official press in Havana, like *Granma* and the provincial journals; they don’t claim to be independent newspapers, but are explicitly “official organs”.

This has been the status quo for up to 40 years. But in recent years, things have been changing in many different ways.

Even though President Raúl Castro has criticized the prevailing atmosphere of *secretismo*, still many things are kept out of reach of the official media, and an atmosphere of hush-hush and rumors continues to prevail among bureaucrats and many top officials. First Vice President



Miguel Díaz-Canel has insisted publicly on the need for a more open journalism, saying that in the cyberspace

era it’s a chimera when officials believe they can hide or withhold information of any sort.

Local opponents are not prevented from sending information via Internet and mobile phones to Miami, Washington, or any other destination. A growing number of independent journals from state institutions have been available for quite some time now in PDF format, without any interference or police action. *14ymedio* — Yoani Sánchez’ newspaper — is not the first independent publication. It was preceded by *Convivencia*, *Primavera Digital*, *Vicallo*, *Hablemos Press*, *Voces*, *Nacón*, *Cuadernos de Transición*, and more recently *Cuaderno de Pensamiento Plural*. Some of these have been able to publish printed versions occasionally.

## PENDING: MORE OPEN OFFICIAL MEDIA

Regardless of apparently encouraging appeals from Cuban leaders to speak out, many media directors, journalists, and government sources continue to play it safe, still under the influence of the past, and refuse or hesitate to take any risks that may jeopardize their professional standing, unless they have a clear green light from the top. Many refuse to follow the positive examples of innovative publications such as *Temas* and blogs such as *Segunda Cita* and *Joven Cuba*, excellent examples of what can be done to improve access to critical information from within the ranks of the revolution.

A more open official press remains a pending issue in Cuban reforms, as well as independent media from various sections of civil society supportive of the Cuban authorities.

So, how much information can an average Cuban get today? If you check the official press in early May you will find considerable publicity and reviews on the French Film Festival in Havana, something that has been going on for the last 17 years, along with several other major festivals involving films from European and Latin American countries.

## INFORMATION VIA FILM

On a regular basis, 80% or more of films that Cubans watch in movie theaters and on TV — and that wasn’t any different in the 1960s or 1980s — are from the United States. Official TV systematically shows the best U.S. films, including all the Os-

car winners, comedy sit-coms such as *Friends*, *Big Bang Theory*, *Monk*, and action series such as *CSI*, *Person of Interest*, and *The Mentalist* along with *ER*, *Grey’s Anatomy*, and History Channel documentaries. These movies and TV series not only show a multitude of angles of “the American Way of Life,” values, attitudes, culture and consumption, but do represent the strongest competition to Cuban baseball or Brazilian novelas and films shown in Cuba.

Cuban ratings are lopsided. The 70% or 80% who watch some of these shows compare to the political news and analysis program *Mesa Redonda* (the only one of its kind in Cuban media), which often draws an audience of less than 20%.

If the accepted notion is that films and TV are among the most influential and informative media, and this is what Cubans get, then how much freedom of information is there? What levels of censorship, control or manipulation do we see here?

## INFORMATION VIA RADIO

In the past and today, any Cuban citizen with a small radio could and can turn it on and have unlimited access to *Radio Martí* and most of the other stations in Miami, not to mention the VOA transmissions in the 1960s and 1970. Then and now, average Cubans may choose to listen to hundreds of hours every week, with most programs advocating to — one way or the other — undermine and/or overthrow the Cuban government.

Average Cubans with limited means can have easy access to West European radio stations from Spain, France, the Netherlands, UK, and others, including their many informative Spanish transmissions to the Caribbean and Latin America. All these transmissions have been there for decades without any interference from the Cuban government.

If you add the Internet, Cubans have access to plenty of views, appeals, videos from the local opponents. The USINT in Havana provides the latter with ample support and resources, as part of their public diplomacy, plus daily access to Internet and political information specially manufactured for distribution in Cuba; and they do it without any restrictions from the Cuban authorities or reprisals against the beneficiaries of such services.

True, the majority of Cubans do not have access to Internet in their homes, but tens of thousands with access to e-mail accounts or surfing the Web at work or school receive plenty of information from abroad, on a daily basis, without any “filters” or interference from government. More recently, any Cuban with financial means can establish an e-mail

See *Information*, next page

**INFORMATION** — FROM PREVIOUS PAGE

account with state telecom ETECSA and access its Nauta network.

In addition, there are more than 2,000 blogs in Cuba. Anyone who knows them will have to acknowledge that the majority do not reflect, at all, the “official versions” or political rhetoric from government and Party sources; they provide all sorts of views, opinions and information that may, or may not, coincide with the “official” line. But outside observers pay attention, and publicize, mostly those who are openly anti-government.

**OTHER LEVELS OF ACCESS**

Critics highlight the reluctance of the Cuban government to allow people free access to Internet, high-speed connectivity, cable services, mobile/smart phones, and the like. How much truth is behind all this? Having access to such means of communication is not just a matter of willingness or good or bad intentions. The indispensable infrastructure for Internet access also involves a considerable financial cost.

Cuba’s technological and financial limitations are well-known, and U.S. hostile policies and actions limit even further any real possibility for better and cheap-



er access. Many times Cuba’s top officials have challenged the U.S. to grant them access to their cables and many other services, something that Washington is not prepared to do thus far.

But there are some facts commonly overlooked or silenced. Cuba tried to make its own computer hardware and software in the early 1970s, but for obvious reasons failed to develop such a project. Against all odds, by the mid-1980s the government undertook a huge and costly effort to train tens of thousands of teenagers by way of the *Joven Club* — especially designed facilities for that purpose in every municipality.

Despite the hardships and scarcities of the early 1990s, a growing number of Cubans were granted access to computers and Internet services free of charge. Tens of thousands of doctors and public health technicians, scientists and researchers, artists and writers, journalists, university professors and students, as well as a host of employees at state institutions, were trained and granted access to cyberspace.

Soon enough, many of the tens of thousands of beneficiaries of government-provided Internet access started to “subcontract” or rent hours of access through their accounts — to be paid in convertible currency — to relatives, friends, and well-off clients, resulting in a considerable multiplying effect. How many then have access today to the Internet? Hard to say, but certainly not the insignificant numbers suggested by various outside observers. In a recent debate

in *Cubaencuentro* — not precisely a pro-Castro publication — some argued that the current numbers are 2.6 million, a considerable leap compared to 10 years back. More recently, government policies are aimed at expanding paid Internet access, while tens of thousands of computers and other hardware every year keep flowing into Cuba, unrestricted, from abroad. Slow connectivity has been improving — as reported by *Reuters* — after the much-delayed connection to the undersea cable from Venezuela.

Are such developments consistent or not with a pattern of “freedom of information”?

Nevertheless, access to information in Cuba has many different angles. Cuba is not a normal country; since 1959 it has been under siege by the policies and actions of the United States, including the area of information. Proximity to the United States makes it impossible — with the exception of *TV Martí* — for the Cuban authorities to try to stop or interfere with U.S. transmissions from radio stations in Florida and other states.

Discussing some of these issues many years ago, one *histórico* Cuban leader argued in support of the “official” line, saying, more or less, that they couldn’t prevent their citizens from listening and paying attention to every transmission coming from Washington and Miami and that, in fair reciprocity, they would go on publishing their own “official versions.” And he concluded that it was up to the people to draw their own conclusions.

*Former Cuban intelligence officer Domingo Amuchastegui has lived in Miami since 1994. He writes regularly for CubaNews on the Communist Party, Cuba’s internal politics, economic reform, and South Florida’s Cuban community*

**BOOKSHELF**

Emily Parker

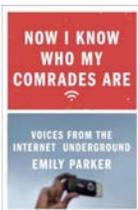
***Now I Know Who My Comrades Are***

*Voices from the Internet underground*

*Farar, Straus and Giroux*

*New York, 2014, 306 pages*

In *Comrades*, Emily Parker, a former opinion editor of *The New York Times* and *Wall Street Journal*, ex-Internet policy adviser to Secretary of State Hillary Clinton, and now a think-tanker with the



New America Foundation, visits the rarefied sphere of activist bloggers in China, Cuba, Russia and Egypt. The financial success of some Chinese and Russian bloggers in their countries’ booming Internet industry is a fascinating story, and her portrait of Cuban dissidents Laritza Diversent and Miriam Celaya sheds a harsh spotlight on some Cuban realities. But Parker’s account leaves one gigantic blind spot: the role of the U.S. government and its not-always-altruistic proper interests regarding the Internet. In the age of Edward Snowden revelations, Alan Gross controversies and ZunZuneo scandals, I would love to see a next book about U.S. government Internet activities, and Parker’s own role in it.

—Johannes Werner

**VISA SERVICE** — FROM PAGE 7

executives say.

Central to the problem is that Cuba’s U.S. mission can’t find a bank to handle its U.S. accounts.

Last year, M&T Bank said it was exiting the business of diplomatic accounts and would stop handling Cuba’s U.S. business. It accepted Cuba’s deposits through Feb. 17. Cuba has yet to find a replacement.

Many banks in the United States don’t want the headaches of navigating strict rules under the five-decade-old U.S. embargo against communist-led Cuba. Violations could lead to hefty fines.

U.S. travel firms say they felt no measurable impact on their Cuba business during the three-month halt in consular services, because they stocked up on visas and other paperwork in advance.

Yet by late April, some Cuban-Ameri-

can travelers reported being stopped at Miami and Havana airports for not having their Cuban passports updated by the Washington office.

A protracted suspension in the consular services could affect more than 400,000 travelers yearly. At least 100,000 Americans now visit Cuba on “people-to-people” tours and at least 350,000 Cuban-Americans take U.S. charters to the island yearly, executives estimate. Both numbers have been rising in recent years.

Travelers from the United States rank as the No. 2 source of visitors to Cuba after Canadians, according to The Havana Consulting Group.

*Doreen Hemlock, former Havana bureau chief and now business writer at the South Florida Sun-Sentinel, is a regular contributor to CubaNews*

## CALENDAR OF EVENTS

**If your organization is sponsoring an upcoming event, please let our readers know! Send details to CubaNews at johanneswerner@cubastandard.com.**

June 4: **Foreign Investment Law in Cuba — another milestone for the economic transformation?** (in German) 1pm. Presentations by Rodolfo López Miranda, Univ. of Havana; Frank Seifert, president of Deutsch-Kubanische Juristenvereinigung; and Bert Hoffmann, director GIGA Institut für Lateinamerikastudien, Hamburg. Brunswick European Law School, Braunschweig. RSVP please. Contact: Sabine Anton, sa.anton@ostfalia.de.

June 3-6: **8th Cuban Cardiology Congress — Cardiovascular Disease: Our Challenge in the 21st Century.** Palacio de Convenciones, Havana. Contact: Dr. Eduardo Rivas Estany, moval@icccv.sld.cu.

June 19: **Center for Democracy in the Americas — 8th anniversary party.** Stewart R. Mott House, Washington. www.democracyinamericas.org; Vivian Ramos, vivian@democracyinamericas.org.

June 23-27: **International Convention of Cuban Industry (Cubaindustria) —** first edition of what is planned to become a bi-annual convention and fair for Cuban manufacturers and their foreign partners. Palacio de Convenciones and PABEXPO, Havana. <http://www.cubaindustria.cu/index.php/evento-cubaindustria>.

June 23-27: **7th International Conference of Electrical Engineering (FIE 2014) —** electrical engineering conference in Santiago de Cuba. Contact: Dunia Barrero Formigo, dunia@fie.uo.edu.cu.

June 25-27: **9th International Congress of Refrigeration, Climatization and Renewable Energies (RECLIEN 2014),** PALCO, Havana. rojo@irc.cu.

Sept. 11-21: **Habanarte 2014 —** Dance, music, theater, cinema, visual arts, crafts — the first-ever combination in this all-in-one festival, the biggest of its kind in Cuba. [www.habanarte.cult.cu](http://www.habanarte.cult.cu).

Sept. 22-25: **International LABIOFAM Congress 2014 —** event that focuses on Cuba's pharmaceutical products, held in conjunction with the 3rd International Symposium of Cancer Therapy Products. Palacio de Convenciones, Havana. Contact: Lirka Rodríguez Pérez, labiofamcte@infomed.sld.cu.

Sept. 22-27: **Ortopedia 2014 —** 25th Cuban congress on orthopedics and traumatology. Hotel Ancón, Trinidad. Contact: congreso@fpais.sld.cu; <http://promociondeeventos.sld.cu/ortopedia2014>.

Nov. 3-9: **32nd International Havana Fair (FIHAV 2014) —** Cuba's largest trade fair with major presence of Cuba's foreign partners. PABEXPO, Havana.

Nov. 20-21: **Cuba 2014 — What the U.S. Legal and Business Communities Need to Know.** Conference. Loew's Portofino Hotel, Orlando.

December 4-14: **Festival Internacional del Nuevo Cine Latinoamericano —** one of the largest film festivals in Latin America. Contact: estival@festival.icaic.cu; [www.habanafilmfestival.com](http://www.habanafilmfestival.com)

Kathy Castor • Jorge Piñón • Phil Peters • Hugo Cancio • Tessie Aral • Tony Zamora • Parke Wright • Johannes Werner • Richard Feinberg • Paolo Spadoni • José Gabilondo • Carlos Loumiet • Gregory Biniowsky

## Conference CUBA 2014

### What the U.S. Legal and Business Communities Need to Know

**Keynote by Rep. Kathy Castor**  
Seven discussion panels  
with dozens of Cuba experts

Nov. 20-21, Orlando, FL,  
Loews Portofino Bay Hotel  
Contact: [arzlaw@att.net](mailto:arzlaw@att.net)

Sponsored by



Florida Bar  
Association  
International  
Section

Cuba Media LLC



## CUBA NEWS

*Editor*

**JOHANNES WERNER**

*Washington correspondent*

**ANA RADELAT**

*Political analyst*

**DOMINGO AMUCHASTEGUI**

*Feature writers*

**VITO ECHEVARRIA  
DOREEN HEMLOCK**

*Cartographer*

**ARMANDO H. PORTELA**

CubaNews (ISSN 1073-7715), founded in 1993, is published monthly by Cuba Media LLC, PO Box 566346, Miami, FL 33256-6346.

Annual subscription via PDF delivery: \$398.

Academic, nonprofit organizations: \$198. Delivery via PDF and print: \$100 extra per year.

Please visit [www.cubanews.com](http://www.cubanews.com) to learn more about our newsletter.

To order a subscription, call CubaNews at (305) 393-8760, fax us at (305) 722-4350, or send an e-mail to [info@cubanews.com](mailto:info@cubanews.com).

Contents may not be distributed by any means without prior written permission of the publisher.

Cuba Media LLC grants authorization to photocopy items for internal or personal use, provided the appropriate fee is paid directly to Copyright Clearance Center, 222 Rosewood Drive, Danvers, MA 01923. For details, visit [www.copyright.com](http://www.copyright.com).