



Cuba Trade & Investment News

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Embargo Update

HAVANA FAIR TURNS INTO U.S. AFFAIR

Thanks to the recent prohibition of a U.S. agricultural fair in Havana by the Bush administration, American companies flocked to the 21st International Havana Fair (FIHAV), capturing \$57.96 million of \$164.9 million worth of contracts and letters of intent signed during the week-long event.

In contrast, last year's Havana Fair saw only \$62.1 million worth of closings, with no U.S. company signing a deal. To be sure, the 2002 U.S. agricultural fair in Havana attracted 238 U.S. companies for a whopping \$92 million worth of closings. Still, given the short notice for the Havana Fair this year, the result can be considered a major success.

Only 71 U.S. companies were among the 640 foreign companies represented at this year's event, but 36 of the 47 firms that signed deals at the fair were American.

Largest U.S. deals closed at FIHAV 2003

Company	Based in	Products	Value (mln.\$)
ADM	Decatur, Ill.	soy prod. corn	18.6
Kaehler Farms	Minnesota	livestock dairy prod.	12
Lanahan Lumber	Jacksonville	pine timber	5.5
Cargill Inc.	Minneapolis	wheat	4.7
Louis Dreyfus	Tennessee	chicken	4
FC Stone LLC	Iowa	soybeans	4
Tyson Foods Inc.	Arkansas	chicken	3.1
PS International	Chapel Hill, N.C.	dicalc. phosph.	1.4
AJC Intl.	Atlanta	chicken	1.3

Cuban officials tried to hammer across that the politically motivated reduction of European engagement at the fair was of advantage to U.S. businesses. "This is a market the United States has turned over to Europe. Today we see with happiness that they want to recover it," said Pedro Alvarez, head of Cuban food import agency Alimport S.A.

The largest sales contract for a U.S. company at the fair were \$18.6 million for soybeans, soy oil, soy flour and corn from Archer-Daniels-Midland Co. (see also Sales Department, page 5). Other big contracts included a \$28 million sale of milk powder by New Zealand's Fonterra Co-operative Group Ltd., \$16.2 million worth of grain from Chinese company CEM International Trading Corp., and \$14.3 million for milk powder from Parmalat Chile S.A., the Chilean subsidiary of Italian dairy giant Parmalat S.p.A.

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Economy

MERCOSUR DEBATES CUBA INCLUSION

MERCOSUR



Argentina wants Cuba to join the trade bloc...

Posing another potential challenge to George W. Bush's attempts of isolating Cuba, negotiations regarding Cuba's inclusion in Mercosur are set to begin in January, when Argentina assumes the temporary presidency of the trade bloc.

Argentina is favoring a "4 + 1" arrangement that would include Cuba; Brazil and Paraguay are not opposed. Uruguay's President Jorge Batlle has resisted the plan, referring

to a clause in the Ushuaia agreement that stipulates Mercosur members must have a democratic form of government. However, Batlle's concerns seem to be more technical than political. He has argued for Cuba's inclusion in the U.S.-led Free Trade Area of the Americas (FTAA), even without a change in governance. Uruguay would have to reinstate diplomatic ties that were severed last year.

The economic benefits of a Cuban membership in Mercosur are probably minor. But on a political level, it would boost Cuba's weight in the hemisphere.



...but Batlle says No

More economy news on page 2

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A Havana hotel manager pleases American tourists
— and the Cuban state

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GOP LEADERS KILL TRAVEL AMENDMENT

Although a wide majority in both chambers of Congress voted in favor of an identically-worded amendment that would have suspended the travel ban against Cuba, the Republican leadership behind closed doors cut the provision from the Treasury appropriations bill. Critics likened the unusual move in a conference committee to politburo methods. President George W. Bush had threatened to veto the \$88.9 billion bill if the Cuba wording remained.

In conference, Sen. Byron Dorgan (D-N.D.) tried to settle for a narrower provision allowing travel by farm groups promoting agricultural sales. But House bargainers rejected the narrowed-down version as well.

Congressional efforts to lift the travel ban are continuing. In February, the Senate is expected to vote on a standalone bill that would lift the travel ban. In November, the Senate Foreign Relations Committee voted 13-5 to scrap the ban altogether (see "Cuba on the Hill" column, next page). An identical bill pending in the House is unlikely to make it to the House floor, but the law shows the increasing gap between Congress and the administration over Cuba.

STANDALONE BILL INTRODUCED IN HOUSE

In yet another challenge to the Bush administration, Reps. Jim Leach (R-Ia.) and José Serrano (D-N.Y.) on Oct. 30 introduced a House bill that would lift most restrictions on trade and travel with Cuba.

While not repealing the embargo altogether, the "Bridges to the Cuban People Act of 2003" (H.R. 3422) would lift the travel ban; terminate limits on remittances; allow Cuban medical sales in the United States; lift financing restrictions for U.S. sales in Cuba, and open up the possibility of including U.S. food sales in export promotion and financing programs; include farm machinery and equipment in the embargo-exempted list of goods; allow ships that bring exempted goods to Cuba to immediately return to U.S. ports; permit business trips to Cuba for the sale of exempted goods; and lift proof-of-use regulations that make the sale of drugs and medical supplies to Cuba nearly impossible.

The bill would also create scholarships at U.S. universities for Cuban nationals. *More embargo news on page 5*

POLITBURO APPOINTS NEW MINISTER



Domínguez Ariosa

Continuing the personnel change in Cuba's economic team, the Communist Party's politburo appointed mechanical engineer Estela Martha Domínguez Ariosa, 54, as new minister for light industry. Domínguez, who got her engineering degree in 1972, is replacing Jesús Pérez Othón, 61, who had occupied the post since 1994. The party neither provided

an explanation, nor did it release details about Pérez' new tasks. Since 1999, Domínguez had served as vice minister for the steel and mechanical industry.

ECONOMIC GROWTH IN '03 TO TOP FORECAST

Cuba's economy is expected to grow at a rate of up to half a percentage point more than the initially predicted 1.5 percent this year, said Osvaldo Martínez, president of the Cuban parliament's economic commission. The growth revision came thanks to a 14-year high in nickel prices, the quick recovery of tourism after 9-11, and good weather conditions.

Cuba reported growth of 1.1 percent last year, after an increase of 2.5 percent in 2001 and 5.3 percent in 2000.

NUMBER OF FOREIGN JVS SHRINKING

In a reversal of the growth trend of foreign joint ventures in Cuba since the early 1990s, the number of foreign joint ventures in November was down to 355 from 400 last year, according to Foreign Investment Minister Marta Lomas. University of Florida analyst Paolo Spadoni predicted this trend last year, partially as a result of Cuba's increasing selectiveness. Since 2002, more foreign joint ventures have been dissolved — most of them small and midsize undertakings with low profitability — than created. Only six new joint ventures were approved this year. Meanwhile, the number of cooperative production agreements, a new "light" joint venture version, has climbed to 290, from 211 in mid-2002. Most foreign partners in those agreements are small and midsize companies. *More economy news on page 6*

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Cuba on the Hill



By Dan Waltz

November saw the temporary resolution of a legislative battle that has, in recent years, become an annual tradition – the effort to prohibit the use of appropriated funds to enforce the travel ban to Cuba. Even though both houses of Congress had voted decisively to prohibit continued funding, the Bush administration, which has allied itself with a small faction of pro-embargo Cuban Americans, succeeded in stripping the provision in a closed-door conference committee meeting.

2004 may be an election year, but how long can this keep going on?

The dynamic this year was shaped by two developments that strengthened the push to lift the travel ban. One was the formation of the Cuba Working Group in the Senate. Like the Cuba Working Group in the House, the Senate group is made up of equal numbers of Democrats and Republicans. It presently includes 12 senators who are united and willing to go “on the record” in their desire to change U.S. policy toward Cuba. Second, members of the U.S. travel industry formed a group, the Association of Travel Related Industry Professionals (ATRIP), to give the industry a voice on Capitol Hill. ATRIP focuses on the freedom to travel generally, and the lifting of the ban on travel to Cuba more

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q&a: Tourism

Parque Central: How to please tourists — and the Cuban state

Victor Dönmez, general manager of the NH Parque Central hotel, is a crucial man in the American tour operator business in Cuba: His hotel in Old Havana hosts more than one-third of all U.S. package travelers on the island. Parque Central is owned by state company Cubanacán S.A. and operated by NH Hoteles S.A., a Spanish-Dutch hotel chain. Dönmez, who was born and grew up in Turkey, studied hotel management and had his first industry stints in the Netherlands. Cuba Trade & Investment News talked with Dönmez about the everyday experiences of managing a high-profile hotel in Havana.

Your hotel hosts 38 percent of all U.S. package visitors to Cuba. How did you get to that point?

It didn't happen from one year to another. The Parque Central has been open since 1998 in Havana. It started first with about 5 percent of all American groups. The main reason for Americans to come to Cuba is culture. They come to Havana because of the universities, religion, the music, and for the conferences. Since we are in Old Havana, we are close to all the museums, the historical monuments, El Capitolio, you name it. We have international sales offices in the United States. So [the hotel's operators] got in contact with the Americans. The first contact happened [before a Spanish company merged with with] Golden Tulip [to form NH Hoteles]. From there, we just increased the number of American travelers. They were demanding Parque Central because of the location, because of the service, because of the quality. I'm sure if there was more diversity in American tourism, other hotels would get a bigger share. The main reason we have that large market share is because of the kind of Americans that visit Cuba.

Do you adapt to American needs?

Adaptation happens until a certain level. The Americans are Number One in our hotel. But at the same time we

have British, French and German guests, all with different expectations.

Could you give us a few examples for American needs?

In Europe, when you finish your meal, you can stay at the table, you can talk and talk, no one is going to bring the bill. With Americans, it's very annoying if you finish your meal, and no one brings you the bill. Americans always want a smile. In the morning, when they see you, they say, 'Hi, how are you doing today?' Europeans



Dönmez: 'Americans don't give you a second chance'

don't do that. Our staff is well-trained to see the difference. Our staff is getting a briefing every morning in each department about what kind of guests we're having, and what kind of activities they do. They're very interested in different cultures and different people, and in good communication. When we started, we made a lot of mistakes, we got complaints. But we've learned from our mistakes. Americans want everything correct. You have to treat them very well. When they're not happy, they will not come back. They don't give you a second chance. This is the big difference.

NH Hoteles is managing Parque Central, but Cubanacán, a state company, owns it. On a day-to-day basis, how often do you deal with Cuban executives or officials?

Not at all, that's what you have shareholders for — shareholder meetings, actually. On a daily basis, we are working like any other hotel. You

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make marketing plans, you make budgets, you make everything before next year starts. That's what you present at the shareholder meeting, and everybody gives their opinion. They say if it's OK or not OK. They have their representatives, and if there is something — at the end of every month they get the final figures and discuss operational cases, investments, and other topics — they give their opinion. But they don't get very much into day-to-day operations.

Is your hotel meeting your shareholders' financial expectations?

We have surpassed all expectations. They're happy, I think.



Parque Central: Happy shareholders

The Cuban government has been trying to convince hotel operators to buy more products and services domestically. How did this message reach you? Did you receive mail with government letterhead?

No. It's not that way. First of all, I've always been interested to look for products within the country. Why? Because you don't have to do all the paperwork necessary for imports. When we started first, we agreed to a certain quality level of products. If we can find those within the local market, we prefer to buy them locally. If we don't find any product fitting to our five-star level, we'll buy it abroad. The Cuban officials would say, that's all right, but we have a local product or service that is exactly how you want it. We're actually getting more information than what we need.

Continued on next page

Cuba on the Hill (contd.)

particularly. The group's combined strength and ATRIP's specific focus on Americans' freedom to travel has already begun to shift the terms of the Cuba travel debate.

On the other hand, Cuba's crackdown on dissidents in April and May reduced the momentum that had been building to lift the ban on Cuban travel. Even so, Congressional opponents of the travel ban continued their push.

Both the House and Senate produced clear majority votes to de-fund the travel ban. On Sept. 9, the House of Representatives voted 227-188 for an amendment to the Treasury/Transportation Appropriations Bill. This was a solid majority but, reflecting heavy lobbying by the House leadership on behalf of the administration, less than had voted to lift the ban on travel a year earlier. In the Senate, a virtually identical amendment was offered by Senators Byron Dorgan (D-N.D.) and Larry Craig (R-Id.) while the Transportation-Treasury Departments Appropriations Bill was being considered by the full Senate. Efforts to kill the amendment on Oct. 23 were rejected by a 59-36 vote, a surprisingly strong margin.

Differences between the House and Senate versions of the appropriations bill then had to be reconciled in a House-Senate conference committee. Because the travel ban provision was virtually identical in both versions, House and Senate sponsors argued that it should not be "stripped" in conference. The administration threatened to veto the bill if the provision remained, however. Secretary of State Colin Powell and Secretary of Treasury John Snow wrote in a letter that they would personally urge the president to veto the bill if the Cuba provision was not removed.

The House-Senate conference started late in the evening of Nov. 12. The base text used by the conferees to "mark

up" a final bill did not contain the Cuba provision. The senator leading the delegation began the discussion by noting that Treasury Secretary Snow had threatened a veto, and therefore he and House colleagues had decided to drop the provision "by consensus." After other members had had a chance to be heard, Sen. Dorgan offered a reduced version of his amendment that would have permitted agricultural trade associations to visit Cuba for sales purposes. The Senate conferees accepted the amendment, and then offered it to the House. Reflecting the views of the White House, the House leadership said that the amendment was "too broad" and therefore unacceptable. The House conferees then refused the Senate offer. With that, the amendment died.

This year's fight was remarkable in that the full Senate voted on the issue for the first time in several years, and clearly demonstrated the will of the majority of its members to lift the travel ban. Just a few days later, a separate "standalone" bill (S. 950) that would lift the ban on Cuba travel permanently was voted favorably out of the Senate Foreign Relations Committee 13-5. Negotiations are reportedly underway with Senate leadership to assure that the bill will be presented to the full Senate before the end of next February. Assuming another strong vote in the Senate on the separate bill, the stage will be set next year for an even fiercer battle.

Stay tuned.

Dan Waltz is a partner at the Washington DC-based law firm Patton Boggs LLP. He practices in the area of international trade with a focus on imports and exports generally, and embargoed countries such as Cuba more particularly.

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They listen to us a lot. In that sense, they're helping us. And so far, as a hotel operator, I never got any information that said I have to buy from locals.

Did you face any challenges with Cuban products?

There's been a lot of improvement within Cuba. They've been working hard to improve all the products. Ten years ago, there were no uniforms. Now we have uniforms. Three to four years ago, we couldn't find a single cheese. Now we have a half dozen different types of Cuban cheeses. Today, I can make a selection of Cuban products, instead of having to import Gouda cheese. Also, we have very strong communications with the providers. They often ask us, 'How's my product?' And we say, honestly, 'You have to do it in this and that way.'

And those providers react?

Well, yes. In the end, we are the persons that are going to buy it. We're not only a hotel operator, but we're customers. They improve. Sometimes it's taking time, but they improve.

How much of your purchasing is now done domestically? Does it match the 68-percent margin recently touted by Cuban officials?

So far, an accumulated 70 percent of our purchases are done domestically. For about a year now, we've been buying American products. Most of these products have already been

imported by someone else. I don't know how that figures in the 68-percent margin. I buy at a store locally, but often I don't know if the product is domestic or imported. All the fruit, vegetables and all the cheese we buy is Cuban. A lot of the meat and fish products we buy in Cuba; whether it originally comes from Cuba, I don't know. Our cold cuts are made in Cuba.

What about other challenges of operating in Cuba? How about blackouts?

We have a backup generator. Every hotel has a backup generator because we're in a hurricane area. But blackouts don't happen as often anymore. We had some because of technical problems in our area. But they fix things very quickly, and they give all the priority to the tourism industry.

And how about telecommunications?

Works perfectly fine. The telephone company, ETECSA, gives a good service.

Given your previous experiences abroad, what would you describe as the major difference operating a hotel in Cuba?

If you operate a hotel in Amsterdam, you're competing more with other hotels. In Cuba, you have to compete internationally, as a destination. You're competing with Cancún, you're competing with the Dominican Republic. •

More embargo news

PUERTO RICO MAY GET CUBA CHARTERS

U.S. airline sources said they are hopeful the United States Treasury Department will grant them licenses allowing direct flights from Puerto Rico to Cuba, according to German newswire dpa. American Eagle, Continental Airlines and other airlines whose aircraft are used by U.S. charter companies for Cuba flights, have filed separate applications with the U.S.

Treasury Department to offer direct Cuba flights from San Juan. According to dpa, the airlines believe it's possible the first flights could start next year. An estimated 200,000 Cuban exiles live in Puerto Rico. The only U.S. airports licensed for Cuba flights are Miami, New York and Los Angeles.



San Juan, P.R. airport

PORT MANATEE SECURES CATTLE SHIPMENT

Port Manatee officials said that Naples, Fla.-based J.P. Wright & Co. selected the small Florida port just south of Tampa for the first Florida cattle shipment to Cuba in more than four decades. The port officials made the announcement Nov. 19 during a four-day visit to Cuba. The five-man delegation held talks with officials of Alimport S.A. and Cuban port operator Asport S.A., and signed a goodwill agreement, the first such agreement for any Florida port. Port Manatee, the geographically closest U.S. port to Havana, was the point of

embarkment for two shipments of animal feed to Cuba earlier this year. The cattle deal, for 250 Florida cows and bulls, was brokered by Naples, Fla.-based J.P. Wright & Co., a company controlled by John Parke Wright III, an heir to the Lykes fortune. Tampa-based Lykes companies shipped thousands of heads of cattle to Cuba before 1959.

TAMPA DUO SEEKS MONTHLY CUBA ROUTE

Two Tampa businessmen, lawyer Daniel J. Fernandez and produce broker Michael Mauricio, said Nov. 14 they hope to help establish regular monthly food shipping service from the west Florida port to Cuba. Fernandez, who recently founded U.S.-Cuba Trade Consultants, and Mauricio, owner of Florida Produce Inc., didn't offer any specifics.

The duo made the announcement at a Port of Tampa pier during the loading of 1.5 million pounds of frozen chicken.

The cargo aboard Carib Services Ltd.-operated 225-foot freighter H.F. Sahlman was the first direct shipment from the Florida port to Cuba in more than four decades. Carib Services is a Tampa-based one-ship operation. Its dry cargo carrier, registered on St. Vincent and Grenadines, usually does runs from Tampa to Haiti, Dominican Republic, Guyana and back.

Tampa was the leading U.S. port for Cuba trade before the revolution, but recent shipments of Florida goods to Cuba have mainly originated at Port Everglades, Jacksonville and Gulfport, Miss., where Crowley Liner operates six ships that deliver food to Havana every month.

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More on the Embargo

CALIFORNIA BIOTECH FIRM SEEKS CUBAN DRUG

CancerVax Corp., a Carlsbad, Ca.-based biotech company, has applied for a license with the U.S. Treasury Department to do research on a cancer drug developed in Cuba, the company said in a press release. CancerVax would like to do joint research with the Havana-based Centro de Ingeniería Genética y Biotecnología (CIGB) on antibodies aimed at a cancer growth factor known as HER-1. The antibodies have been tested in Canada on head and throat cancer patients with positive results. Tests are also underway in China and India.

The United States only conceded one similar license for research on a Cuban drug before. In 1999, U.S.-British pharma company SmithKline Beecham received a U.S. license to test a Cuban drug against meningitis B in its labs.

CUBA CORRECTS OFFICIAL'S COMMENT

Apparently trying to maintain a low profile about its impact on U.S. domestic policy, the Cuban government officially "corrected" a statement by foreign ministry official Ángel Dalmau that had been reported earlier by French news agency *afp*. *Afp* quoted the Foreign Ministry's No. 2 as saying that each of Cuba's purchases from U.S. companies aims at defeating the embargo.

Analysts and Castro critics say that Cuba's purchases are designed for maximum political impact to weaken the embargo. Although Cuba's Alimport has purchased the bulk of goods from ag business giants ADM and Cargill, the remainder is spread over 110 smaller companies in 35 states, most of whose political representatives have voted in Congress to lift or ease the embargo.

In a statement published on the Web site of Communist Party daily *Granma*, the government called Dalmau's interpretation incorrect, and said that while he did so with good intentions, he isn't authorized to speak about the topic. Referring to the damages caused by Hurricane Michelle that preceded Cuba's first U.S. purchases in late 2001, the note describes the deals as rather temporary and humanitarian in character. "These purchases really came up from an unforeseen situation, and limited and precarious capacities," the statement said.



Dalmau: 'Not authorized'

ALIMPORT MAY BUY U.S. SUGAR

Cuba, the world's eighth-largest sugar producer, announced it would like to buy U.S. sugar for internal consumption. Cuba has bought Brazilian sugar before for local use, because most of its crop is contracted for export. This year's sugar harvest in Cuba had the lowest yield since the 1930s, due to a restructuring and closing of inefficient mills.

According to PS International, a Chapel Hill, N.C.-based brokerage, Cuba's Alimport S.A. is negotiating the purchase of 5,000 to 15,000 tons of sugar. A deal couldn't be signed during the Havana Fair, due to political pressure from Florida sugar producers, said a PS International executive.

The U.S. sugar industry is regulated by government-set import and export quota. The nation's largest sugarcane grower, West Palm Beach-based Florida Crystals Corp., is controlled by the Fanjuls, an influential Cuban exile family.

"We're ready to sign," Alimport head Pedro Álvarez said. "We are just waiting on the American companies."

PS International said it can sign a contract by December.

More on the Economy

EU: CONFLICT AFFECTS BUSINESS

The European Union, under Italian presidency, is preparing a message to Cuban authorities condemning Cuba's refusal to receive diplomats of EU member nations at its ministries. "Because of this refusal, European citizens, both tourists and businesspeople, are running the risk of not receiving timely consular access," the message says. Brussels is also complaining that the commercial functions of European embassies are "enormously restricted."

The Cuban government told European businesspeople on the island recently that its spat with the EU is purely political and will not affect business. Cuba and the European bloc have been at odds since the EU announced a series of low-level measures to protest against Cuba's crackdown against dissidents and hijackers this spring. In return, Fidel Castro verbally attacked Italy's and Spain's prime ministers and organized mass protests in front of those countries' embassies.

Neither the EU nor Cuba have announced an annual political dialog meeting that Havana should have hosted in December.

SPANISH EXECS CRITICIZE AZNAR

A Spanish business leader representing 145 companies with investments on the island asked the government of Prime Minister José María Aznar for more support and loans to "consolidate" Spain's economic presence in Cuba. Aznar has engaged in a low-level political conflict with Fidel Castro's government. Following a Cuban crackdown against dissidents and hijackers, Spain and Italy led the political charge in the European Union against Cuba. Italy and the European Union canceled their planned pavilions at the Havana International Fair.



Aznar

In spite of an economic slowdown, the island has become Spain's third-largest export market in Latin America. During the first half of the year, Spanish companies sold \$303 million worth of goods to Cuba, up 15.9 percent from the previous year. Spain's imports from Cuba rose 4.5 percent in the same period, to \$77 million.

CONFERENCES & EVENTS

- Latin American Film Festival, Havana, Dec. 2-12
- SubastaHabana art auction, Havana, Dec. 8-10
- US-Cuba Legal Forum workshop, Havana, January, dates TBA
- Havanabel International Beauty Fair, Havana, March 2-6
- Nación y Emigración Conference, Havana, May 27-29
- Gregorio Fuentes International Fishing Tournament, Hicacos Peninsula (near Varadero), July 22-28
- 3rd Intl. Conference of the Society of Orthopaedic and Traumatological Surgery, Havana, Sept. 23-29

Call (941) 330-0303 or send an e-mail to huitzi@aol.com for more information on events

More on the Economy

FILM FESTIVAL, CUBAN FILM PRODUCTION UP

The 25th Latin American Film Festival will return to Cuba Dec. 2-12, with a record number of 879 participating films. The official competition will include 40 major productions, 24 smaller films, 33 animated movies, 33 documentaries, and



The official festival poster

97 movie scripts. Cuba will present eight major movies, including “Aunque estés lejos” by Juan Carlos Tabío, “Entre ciclones” by Enrique Colina, “Roble de Olor” by Rigoberto López, and the runaway hit “Suite Habana” by Fernando Pérez. The works will be shown mainly in Havana, but some provincial towns will also offer their big screens to parts of the festival.

This year’s festival will honor Cuban director Nelson Rodríguez (“Lucia”) and Greek director Constantin Costa-Gavras.

The Cuban film industry, which hasn’t been able to generate more than three movies a year during the “Special Period,” has produced eight new films in 2003, said Omar González, president of the Cuban Institute of Arts and Film Industries (ICAIC), according to Prensa Latina. The films include “Roble de Olor” by Rigoberto López; “Entre Ciclones” by Enrique Colina; “Suite Habana” by Fernando Pérez; “Más Vampiros en La Habana” by Juan Padrón, and “Bailando Cha Cha Cha” by Manuel Herrera.

Four new films will be released next year. They are “Papeles de Mauricio” by Manuel Pérez, “Gente de Pueblo” by Humberto Solás, “El Mayor” by Rigoberto López, and “Benny Moré” by Jorge Luis Sánchez.

Other projects have been approved and are awaiting financial support.

News from the Sales Department

++Here are some of the smaller contracts U.S. companies garnered at the **21st International Havana Fair**. **Goldkist** of Georgia sold \$597,000 worth of chicken; **Splash Tropical Drinks** of Fort Lauderdale sold \$500,000 worth of drink mixes; **Adams** of New Jersey sold \$163,300 of chewing gum; **Dean Foods** of Dallas sold \$162,470 worth of coffee creamer; **Sysco Foods** of Alabama sold \$160,000 of tomato paste; **Langdale International Trading** of Valdosta, Ga. sold \$135,000 of wood; **ConAgra Foods** of Illinois sold \$76,200 in meat products; and **Purity Products** of Miami sold \$70,000 worth of tomato paste and spice mixes.++

++Stuttgart, Ark.-based **Riceland Foods** said that **Alimport S.A.** for the first time bought rice in bags instead of bulk. The company didn’t specify the amount.++

++Separately from the Havana fair, Jim Stinehagen, owner of Billings, Mont.-based **Yellowstone Bean Co.**, said **Alimport S.A.** agreed to buy 6.6 million pounds of dry beans. The beans will be on a barge for Cuba by Dec. 15. The contract resulted from a September congressional trade visit to Cuba. The \$1.5 million contract resulted after less than three hours of telephone negotiations in early November.++

++After a six-day visit in November to Cuba with a delegation from his state, Kansas Agriculture Secretary **Adrian Polansky** said he would like to return to the island to pursue trade agreements covering grain and other products. The 35-member delegation of Kansas wheat growers toured farms and a cigar factory, and met with **Alimport S.A.** officials.++

++Members of the 11-month-old **Texas Cuba Trade Alliance**, a coalition of state agriculture promoters and businesses, were in Havana in November, hoping to sign the first deal for Texas producers with **Alimport S.A.** Dallas-based **Dean Foods** closed a contract at the International Havana Fair, but no major deal was closed by an agricultural producer. So far, only agricultural goods from other states have been shipped through Texan ports to Cuba. Texas representatives in Congress have not been prominently engaged in the cause of easing the embargo.++

++South Carolina Lt. Gov. **Andre Bauer** said he wants to go on a trade mission to Cuba. He also said he would pay for the trip out of his own political account. Bauer, who has no firm plans for the trip yet, has been talking with Charleston shipper **Jack Maybank** whose barges recently became the first U.S.-flagged cargo ships in more than four decades to enter a Cuban port.++

++Idaho and Washington state farmers expect to sell a total of about 10,000 metric tons of lentils, and a smaller amount of dry peas and chickpeas, to Cuba this year. That represents \$2 million in sales, about the same amount as last year.

Meanwhile, Rep. **Butch Otter** and Sen. **Larry Craig**, both Republicans of Idaho, are planning a trip to Cuba, possibly in March, to encourage diplomacy and trade.++

Company Briefs

Nutec Centrê for Safety Ltd., a British risk management company based in Aberdeen, signed a contract with the Cuban government to train 100 Cuban engineers in operational skills and safety in the management of offshore oil rigs. The move is in anticipation for the day when light crude oil starts to flow in the Cuban zone of the Gulf of Mexico. The first 10 Cubans have started the



Fire training at Nutec

training course in Aberdeen, Scotland.

Habanos S.A., a Cuban joint venture with Spanish-French tobacco giant **Altadis S.A.**, opened the first two **Casa del Habano** outlets in China. The cigar store in the southern city of Guangzhou is located inside the White Swan luxury hotel. Another store opened in Shenzhen, and more stores are set to open in Shanghai and Beijing within the “coming months.”

Responding to multi-destination tourism and business travel demand, Cuban airline **Aerogaviota** has begun offering twice-weekly direct flights from the Yucatán capital **Mérida** to **Havana**. Aerogaviota is using 42-passenger **ATR-500** aircraft on the route.



Aerogaviota ATR-500

Cubana de Aviación is adding three weekly charter flights to its weekly scheduled flight from Buenos Aires to Havana. The charters will fly to Cayo Coco, Varadero and Santa Lucía. The flag carrier is responding to peak demand during Argentina’s summer vacations in January and February.

Spain’s **Grupo Barceló** will open the new **Cayo Largo Beach Resort Hotel** in December. The 306-room hotel is owned by **Gran Caribe S.A.** Classified as four-star, the hotel will boost the southern key’s total capacity from 817 rooms to 1,123.

Cuba’s second cell phone operator, **C-Com**, has begun negotiating with GSM operators in the United States, including **AT&T Wireless**, **Cingular** and **Sprint Wireless**, to offer shared services. C-Com executives hope negotiations with one of the candidates will come to a successful conclusion in 2004.

Cuban-Spanish wine making joint venture **Bodegas del Caribe S.A.** is adding three vineyards to its operations. The new properties are in Banao (Central Cuba), and Batabano and Wajay, both in Havana Province. Beginning next year, Bodegas del Caribe plans to plant seven species of white grapes and 10 different red grapes for wine production, as well as four varieties of table grapes on the new properties.

The company currently produces 200,000 bottles of red wine and 65,000 bottles of white wine per year. It is currently building new facilities.

Cuban scientists have developed a synthetic antigen for a new vaccine against haemophilus influenzae type b, or Hib. The scientists at the **University of Havana’s Synthetic Antigens Laboratory** hope the synthetic production will make the vaccine cheaper than existing ones. Doubts remain over how effective it is and how much it will cost. The **World Health Organisation** estimates Hib kills up to 700,000 children each year from pneumonia and meningitis. In cooperation with the **Gates Foundation** and companies in India, the WHO is trying to bring the price of existing vaccines down from around \$3 per shot to 40 cents per shot.

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