

CUBANEWS

www.cubanews.com

In the News

Feature Q&A

CubaNews talks to Miguel Alvarez, chief adviser to Ricardo AlarcónPage 4

CCS: What next?

New York-based Center for Cuban Studies worries about its futurePage 6

Sugar restructuring

New study details massive downsizing of troubled sugar industryPage 7

Newsmakers

Sven Kühn von Burgsdorff has a tough job as the European Union's top diplomat in HavanaPage 8

Nickel rebounds

Higher world nickel prices can only mean good news for CubaPage 10

Art and politics

Havana Biennial goes ahead despite withdrawal of Dutch fundingPage 11

Business briefs

Port Manatee signs MOU with Alimport; Cimex racks up \$1b in salesPage 12

Mass media

A comprehensive look at Cuban newspapers, radio and TV outletsPage 14

Cruise-ship optimism

Cuban tourism officials hope for record cruise-ship arrivals in 2004Page 15

CubaNews (ISSN 1073-7715) is published monthly by Luxner News Inc. © 2004. All rights reserved. Subscriptions: \$429/year. For subscription or editorial inquiries, call toll-free (800) 365-1997, send a fax to (301) 365-1829 or e-mail us at larry@luxner.com.

Cuban economy grew by 2.6% in 2003; tourism, nickel, oil are all bright spots

BY DOMINGO AMUCHASTEGUI

Cuba's GDP grew by a healthy 2.6% in 2003 — far better than the Latin American and Caribbean average of 1.5% — thanks mainly to a strong recovery in the island's crucial tourist sector.

The jump in tourism revenue more than compensated for a 40% drop in sugar production and a 4.7% reduction in nickel output. At the same time, prices for nickel reached record levels (*see story, page 10*), while prices of other exports like cigars, citrus and seafood also rose significantly.

All of this pumped dollars into the economy at a time when most of Cuba's 11.2 million inhabitants are struggling just to make to ends meet, and grumbling is more widespread than ever — particularly among the estimated 60% of Cubans who don't have access to dollars.

Even so, the latest statistics were a boost to President Fidel Castro, who on New Year's Day celebrated his 45th anniversary in power.

"We have moved from a sugar-based economy to one based on tourism and other services," said Economy and Planning Minister José Luis Rodríguez in a Dec. 23 speech to the National Assembly. "Our economy continues to recover."

Rodríguez, forecasting similar results for 2004, noted that Cuba's budget deficit rose to 1.15 billion pesos, or 3.5% of GDP, compared to 3.2% in 2002 and under 3% in 2001.

The single most important factor in Cuba's current recovery is tourism. In 2003, the island received 1.9 million foreign visitors, a 12.7% jump over 2002 figures. Tourism income was up 16% over the previous year, with the tourism industry now generating over 40% of Cuba's total foreign-exchange earnings.

At present, Cuba has 41,600 hotel rooms, 68% of them in four- and five-star hotels. Of that total, 14,100 rooms are in Varadero, Cuba's top resort.

Some 735,000 foreigners visited Varadero last

See *Economy*, page 2

Cuba maintains trade links with Spain despite Fidel's angry tirade against EU

BY LARRY LUXNER

Seven months ago, the 15-nation European Union — outraged at Fidel Castro's dissident crackdown and executions of three ferry hijackers — moved to curtail official visits to Cuba, limit cultural exchanges and invite Cuban dissidents to National Day celebrations.

A furious Castro responded by leading half a million demonstrators past the Spanish and Italian embassies in Havana, screaming slogans and publicly calling Spain's prime minister, José María Aznar, a "little Führer."

Two days later, the Cuban government took control of Spain's cultural center in Old Havana, gave its personnel 90 days to vacate the elegant mansion and erected a huge "Anti-Fascist" billboard at the main entrance.

Yet business is business. Spain continues to be the top foreign investor in Cuba's tourism industry, and last month, Spanish hotel giant Sol Meliá inaugurated its 21st hotel on the island — the 260-room Meliá Cayo Santa María — along

the northern coast of Villa Clara province.

Meanwhile, Cuba has displaced Venezuela to become the No. 3 customer for Spanish exports in Latin America after Mexico and Brazil.

Despite the political tensions, Spain exported \$303 million worth of goods to Cuba during the first seven months of 2003, a 15.9% jump over the same period in 2002. Much of this was machinery, plastics, automobiles, tractors and spare parts, as well as iron and steel.

Spain's imports from Cuba, meanwhile, came to \$77 million from January to October 2003, a 4.5% rise from the year-ago period. Most of these imports consisted of cigars, seafood and rum.

"Long-term business prospects are completely detached from government," a European diplomat told *CubaNews* in Havana. "Of course, we from the official side are here to help people do business. It's a pity we cannot help them, but it's their decision to go into business. Some of them are doing well; some are facing difficulties."

See *Spain*, page 6

Economy — FROM PAGE 1

year, up from 650,000 in 2002, said Lester Felipe Oliva, a Tourism Ministry official in Matanzas province where Varadero is located.

"This year has been exceptional, the best in our history since the development of this sector," he said, attributing the increase to Varadero's "tranquility, good service, cultural level of the people, safety and security of the island, and its historic and human potential."

Equally important, he said, was the strengthening of the euro — which is the official currency of four out of the five countries that send the most tourists to Cuba: Canada, Germany, France, Italy and Spain.

The euro is now legal tender in Varadero, alongside the dollar; it's also accepted in Havana and in a few other tourist zones.

Tourism throughout the Caribbean had taken a dive in the aftermath of the Sept. 11 terrorist attacks. Like other islands, Cuba was affected by 9/11, though not as much, since — unlike the rest of the Caribbean — Cuba depends on Europe and Canada rather than the United States for the bulk of its tourism.

INFLATION DOWN, EXPORTS UP

Official figures indicate that in 2003, inflation dropped to 5% (from 7% the year before), while the unemployment rate fell to 3.5%.

Exports rose by 14.1% from \$1.4 billion in 2002, while imports climbed 13.4% from \$4.1 billion, according to official statistics.

Overall, the 2.6% increase in GDP follows growth of 1.1% in 2002, 3% in 2001 and over 6% in 1999 and 2000.

Recent reports by Jurgen Wellen, an expert at the UN's Economic Commission for Latin America and the Caribbean (ECLAC), underlined Cuba's successful efforts to reduce unemployment, while other ECLAC analyses

have stressed the existence of "growing dynamics" within the Cuban economy.

One of those is the biotechnology and pharmaceuticals sector, which increased by 13.4% from 2002, when exports of such products totaled \$150 million.

CUBA BOOSTS OIL, ELECTRICITY PRODUCTION

Likewise, Cuban oil production rose 2.5% in 2003 to 176.7 million barrels and is expected to top 260 million barrels in 2004, government officials predicted.

Average petroleum output in 2003 came to 71,000 barrels per day, while average consumption totaled 150,000 bpd. According to the latest estimates, Cuba will be able to supply 60% of its own energy needs by 2005, without including oil drilling operations in the Gulf of Mexico.

Foreign crude oil companies, including Canada's Sherritt International and Pebercan, which operate jointly with state-owned Cubapetroleo (Cupet), control 60% of oil and gas production in Cuba. Other companies including Brazil's Petrobras are working to find new oil deposits off the island's coasts.

Cuba's Ministry of Basic Industry, meanwhile, says it closed 2003 with a 17.9% growth in production compared to 2002.

The Communist Party daily, *Granma*, quoted Minister Marcos Portal as saying that electric power generation was up 3.2%, and that natural-gas extraction would reach 644 million cubic meters, up 10.2% over 2002 figures.

In addition, he said, profits would be 20% higher than planned, exceeding \$507 million. Productivity is up 14.7%, as is production of nickel, cement, acetylene and glass bottles.

Oswaldo Martinez, head of the National Assembly's economics committee, recalled that in December 1993 people around the world were predicting Cuba's imminent col-

lapse following the end of Soviet subsidies, as Cuba finished "its most difficult, most anguished year" economically.

"For traditional political and economic thinking, it was impossible that a small, underdeveloped nation that from one day to the other had lost 85% of its commercial trade could survive," he said. "From an economy traditionally structured around the production and exportation of sugar and some other basic products, we have gone in 10 years to a more modern and less vulnerable structure."

FOREIGN INVESTMENT REMAINS STAGNANT

Nevertheless, the dismal sugar industry was the biggest disappointment of the year.

Rodriguez said Cuba's 2002-03 sugar harvest came to just 2.2 million metric tons — one of the worst in memory, and dramatically lower than the 3.5 million tons produced in other recent harvests.

Last year's harvest was the first following a dramatic downsizing of the sugar industry that resulted in the closure of 71 of Cuba's 156 mills (*see related story and map, page 7*).

Reuters reported that Rodriguez said nothing about Cuba's foreign debt, which the government said was \$11 billion in 2002, nor about the 2003 balance of payments and current-account deficits. The government has yet to report the deficits for 2002.

According to ECLAC, the 2002 balance of payments deficit was \$513 million and the current-account deficit \$293 million, and that both increased slightly in 2003.

Rodriguez also didn't say a word about foreign investment, which has slowed dramatically, though Marta Lomas, Cuba's minister of foreign investment and economic cooperation, recently announced that Cuba was involved in 363 joint ventures, down from 403 at the beginning of 2003. □

Top U.S. business lobby welcomes Senate proposal to abolish Section 211

The National Foreign Trade Council is praising a new bill in the Senate that aims to help U.S. companies protect trademarks registered in Cuba, while preventing Cuba from becoming a haven for counterfeiting and trademark encroachment.

The bipartisan U.S.-Cuba Trademark Protection Act was introduced by Sen. Max Baucus (D-MT) and Sen. Larry Craig (R-ID). Similar legislation in the House has more than doubled its sponsorship to 19 members since its introduction six months ago.

"We commend Senators Baucus and Craig for introducing this comprehensive legislation aimed at protecting the more than 5,000 American trademarks registered in Cuba," said Bill Reinsch, president of NFTC, in a prepared statement.

Currently, he said, these trademarks are vulnerable to counterfeiting and infringement, thanks to a five-year-old special-interest law known as Section 211.

"This legislation, if enacted, will repeal Section 211, thereby removing any pretext for the Cuban government to deny the registration and renewal of U.S. trademarks. This is absolutely critical to protecting valuable U.S. trademarks and domain names in Cuba."

The NFTC and many other groups have long argued that Section 211 violates U.S. commitments under both the WTO's TRIPS agreement as well as the Inter-American Convention for Trademark and Commercial Protection. The bills also provide a mechanism for U.S.

companies to monitor the accuracy, reliability and stability of the Cuban government's trademark registration and renewal process.

Said Baucus: "This bill will bring the United States into compliance with the WTO, and will re-establish the United States as a credible leader in the global protection of intellectual property rights."

Among other things, the bill directs the Bush administration to initiate consultations with the Castro government to obtain assurances that Cuba will continue to comply with its obligations to protect and honor U.S. trademarks and trade names in Cuba under the Paris Convention, the Inter-American Convention, and the Madrid Agreement and Protocol; it also seeks to pressure Cuba to follow internationally recognized procedures for resolving disputes over Internet domain names.

Finally, the bill directs the U.S. Patent and Trademark Office to assist U.S. companies seeking to protect and enforce their rights in Cuba by establishing a registry of U.S. trademarks registered or submitted for registration in Cuba since Jan. 1, 1959, and a registry of U.S. trademarks in Cuba that meet the requirements for well-known marks as of Dec. 31, 1958.

Details: Jody Frisch, Director, US/Cuba Business Committee, National Foreign Trade Council, 1625 K St. NW, Suite #200, Washington, DC 20006. Tel: (202) 887-0278 x119. E-mail: jfrisch@nftc.org.

POLITICS

What's behind Free Cuba commission?

BY DOMINGO AMUCHASTEGUI

When President Bush announced the creation of a Commission for Assistance to a Free Cuba back in October, most experts and the media at large agreed that the real reason was his need for Cuban-American votes in the November 2004 presidential election.

The commission met for the second time on Dec. 5, declaring that its goal is to seek "means by which the United States can help the Cuban people bring about an expeditious end of the dictatorship."

It also announced that a special report will be issued May 20 — the 102nd anniversary of Cuba's independence in 1902 — with specific measures on how to bring about a free Cuba.

Yet there's a serious problem in the wording of these statements, and it isn't a coincidence. Since the beginning, the commission's stated purpose was to assist Cuba in its transition once the existing Castro regime disappears, whenever this may happen.

But the Dec. 5 statement takes a stronger and more short-term approach, hinting that the measures to be announced in May are not connected to a future transition but to an "expeditious end" to the dictatorship.

Again, experts and the media paid very little importance to this, arguing that the reasons for this new wording have nothing to do with a policy of "regime change for Cuba," but rather growing pressures from the Cuban-American lobby in South Florida, which now advocates — as it did during the Clinton administration following the invasion of Haiti — that the next in line after Iraq should be Cuba.

The real reason for the harsher rhetoric, especially in view of Bush's declining popularity in the Sunshine State, seems to be a sense of urgency by the White House to win Florida at all costs in November 2004.

A statewide poll conducted two months ago

(see *CubaNews*, Dec. 2003, page 13) showed that 64% of Floridians support the idea of letting Americans visit Cuba, 26% oppose lifting the travel ban, and 10% have no opinion.

Among Hispanic voters, however, the results were different: 55% oppose easing restrictions, while 43% favor an end to the ban.

Subsequently, what will be announced in May will probably be more of the same: measures in support of Cuba's dissidents and their representatives abroad; travel restrictions; additional propaganda initiatives; visa restrictions; further reduction of people-to-people exchanges, etc. All these will be announced with considerable pomp and fanfare, but little substance.

"An expeditious end of the dictatorship" will continue to be — as it has been for more than 40 years now — electoral rhetoric. And any comparative approach to Iraq proves precisely the opposite case.

A recent analysis by the BBC showed that when it comes to weapons of mass destruction, the Bush administration has a very weak case for "regime change" against Cuba, especially when compared to fellow "rogue" nations like Libya, Iran and North Korea.

At present, no less than 35 states — from Alabama to Wyoming — are already conducting more or less normal business relations with Cuba. Even more important, both houses of Congress have been pushing for four consecutive years in favor of legislation aiming at lifting the travel ban.

Finally, any U.S. policy vis-a-vis Cuba would have to take into consideration the existing political trends throughout Latin America and the Caribbean. Few of these countries would support an "expeditious end" to the Castro regime. This may not be relevant to the U.S. elections in November, but it does matter. After 45 years of Fidel Castro's revolution, the odds still favor Havana, not Miami. □

POLITICAL BRIEFS

NORTH-SOUTH CENTER'S DEMISE IRKS STAFFERS

The federal government has fired the staff of a prominent University of Miami think tank, leading its 12 employees to speculate that they had been let go for political reasons.

"I still don't really understand the reason why this happened," Ambler Moss, director of the Dante B. Fascell North-South Research Center, told the *Miami Herald*. "None of the official reasons make sense."

Created by Congress in 1984 and funded in 1991, the North-South Center had become a respected public policy think tank specializing in Latin American and Caribbean issues including trade and economic policy, migration, security, public corruption and the environment.

Privately, reported the *Herald*, observers speculate that the center received lukewarm support in the House because it didn't focus enough on Cuba, and to the extent it did, refused to conform to traditional Cuban exile positions like supporting the trade embargo.

One staffer told the *Herald*: "Our congressional delegation has never really supported us. Why not? The center is named after a Democrat, Ambler Moss is a Democrat, and Max Castro [a prominent Cuban-American commentator who opposes the embargo] is with us, way on the left."

REPORT: CUBA NO HAVEN FOR BELIEVERS

Cuba was once again singled out for harsh criticism — along with Burma, China, North Korea, Laos and Vietnam — in the State Department's latest International Religious Freedom Report.

The report, issued Dec. 18, said that in general, unregistered religious groups in Cuba suffered varying degrees of official interference, harassment, and repression in 2003.

"The government's policy of permitting apolitical religious activity to take place in government-approved sites remained unchanged; however, citizens worshipping in officially sanctioned churches often were subject to government surveillance by state security forces, and efforts to maintain a strong degree of control over religion continued," the State Department report charged.

FRENTE AMPLIO PROMISES URUGUAY-CUBA TIES

If victorious in next year's elections, Uruguay's left-wing Frente Amplio (FA) coalition would re-establish diplomatic ties with Cuba.

The decision came in a unanimous vote at a party gathering last month, during which FA announced that its candidates for elections to be held in late 2004 would be Tabaré Vasquez and Rodolfo Nin Novoa. The party also defined strategies for a possible progressive government starting in March 2005.

Uruguay broke ties with Cuba in April 2002 after Fidel Castro called President Jorge Batlle a "lackey of the United States" for having sponsored a UN vote criticizing Cuba's human-rights record. Batlle later warned that "the rupture will remain until it is clear that the Cuban people have peace and liberty."

MIAMI FIRM FINED \$900,000 FOR FAKING CUBAN CIGARS

Miami-based Tabacalera Cubana Corp. has admitted selling knock-off versions of Cuba's famous Montecristo, H. Upmann and Romeo y Julieta cigars, but said it can't pay "even 1/1000th" of the \$900,000 fine ordered by a Florida judge.

"We've been working over a year investigating these things," Connecticut lawyer Lora Herrmann told the *Miami Herald*. "It's really starting to pay off now."

Herrmann represents the U.S. subsidiary of Altadis S.A., a Spanish conglomerate that produces Cuban cigars in a joint venture with the Castro government.

Altadis USA, which reported \$426 million in 2002 revenues, claimed that Tabacalera sold \$60,000 worth of fake cigars in 2002. Altadis USA sells the U.S. versions of Mon-

tecristo, H. Upmann and Romeo y Julieta; a box of 25 Montecristos goes for about \$250.

In somewhat related news, three boxes of cigars autographed by Fidel Castro have been auctioned off for \$34,900, with the cash going to Cuba's public health system.

The first box was purchased for \$6,400 by Héctor Santana of Mexico; the second for \$13,500 by Roberto Diserio of Italy, and the third for \$15,000 by Frank Nisemboing of the United States.

The event, held at the Hotel Meliá Habana, attracted 300 foreigners and coincided with the 10th anniversary of Casa Partagás, one of Cuba's best-known cigar brands. It was hosted by Tourism Minister Ibrahim Ferradaz and Tiendas Universo S.A., the unit of Cubanacán that runs Casa Partagás.

US/CUBA RELATIONS

Q&A: *CubaNews* talks to top Alarcón adviser Miguel Alvarez

BY LARRY LUXNER

Miguel Alvarez is an adviser on international and political affairs to Ricardo Alarcón, president of Cuba's National Assembly. From 1977 to 1983, Alvarez served at Cuba's mission to the United Nations in New York; since then, he's held various posts within the Foreign Ministry.

Alvarez, 56, is often called Alarcón's "right-hand man" because of his encyclopedic knowledge of U.S. affairs. On Nov. 28, he granted a one-hour interview to *CubaNews* at his office in Havana. Here are excerpts from that meeting:

Q: How would you characterize the current state of relations between the United States and Cuba?

A: "In 1977, Jimmy Carter opened the interests section to have better relations between the Cuban and American peoples, but those relations are at their lowest point ever. The U.S. policy is to openly promote subversion in Cuba, and to look for a confrontation between the two governments."

Q: Is this because of Jim Cason [chief of the U.S. Interests Section in Havana]?

A: "He changed the rules of the game with his attitude toward Cuban domestic affairs. But I think he's doing his job. He's following the instructions of the State Department, so Cason is not the problem."

Q: U.S. diplomats in Havana complain they don't have access to any Cuban officials including your boss, Mr. Alarcón, and that their calls are routinely ignored. Why is that?

A: "Here in Cuba, Cason is not an ambassador, he's the chief of the U.S. Interests Section — the same as Dagoberto Rodríguez, who's also an ambassador, though in Washington he doesn't have the rank of ambassador.

"Dagoberto and our other *compañeros* in Washington have never, either now or before, been able to have a meeting with a government functionary on the level of Alarcón. The maximum level they've been able to access is Kevin Whitaker [chief of the State Department's Office of Cuban Affairs]."

Q: How do you explain the Bush administration's increasing hostility toward Cuba? Is it only a matter of currying favor with Cuban-American exiles in Miami, or is it much deeper than that?

A: "The policy of the U.S. toward Cuba has always been to create opposition in Cuba, and to finance that opposition. Now there's a law that says that what before was done covertly, can now be done openly. USAID has given dissident groups more than \$30 million since Helms-Burton was passed in 1996.

"Before coming to USAID, Adolfo Franco [assistant administrator for Latin America and the Caribbean] worked for Ileana [Ros-Lehtinen]. This is the only administration where

over 20 people of Cuban origin have positions of power that have to do with U.S.-Cuba relations, including Mel Martínez, Otto Reich, Adolfo Franco, Emilio González [chief of the Cuba portfolio at the National Security Council] and Mauricio Tamargo [chairman of the Foreign Claims Settlement Commission]."



Miguel Alvarez

Q: More than 40 years have passed since the Cuban Missile Crisis. Has anything fundamentally changed in Washington's approach to Havana since then?

A: "In 1962, we were living in a different world. It was the Cold War, and Cuba formed part of the socialist camp, and we could understand why the U.S. had a hostile approach to Cuba. But now, there's no Cold War, Cuba is not a threat to the U.S. or anyone else, and we have still very hostile relations.

"In the Bush administration are people who have a very extremist view of international relations. These are people like Wolfowitz, Rumsfeld and Cheney for whom the victory of the Cold War isn't total without Cuba."

Q: Do you really think the U.S. wants to launch a military invasion of Cuba?

A: "Since the beginning of the revolution, the U.S. has pushed for regime change. For Cuba, this is nothing new. But after 9/11, Bush said the U.S. could attack more than 60 countries around the world where there are terrorists. Of these 60, seven are on the terrorist list. But of these seven, the only one that's 90 miles from the United States is Cuba."

Q: Why has Cuba become so hostile towards the European Union?

A: "The Europeans assumed the position of the United States regarding Cuba. To invite dissidents to their national holidays was a real provocative action. We cannot accept it. But at the same time, we have excellent trade with European businessmen, and a lot of Europeans are coming to Cuba as tourists."

Q: What was the point of specifically targeting Spain and Italy with demonstra-

tions against their embassies in Havana?

A: "The position of the Spanish government has been very close to the U.S. from the very beginning. The Aznar government has a clear anti-Cuban position. Aznar's a very right-wing person. And Italy, which had the presidency of the EU, is not a left-leaning democracy."

Q: But did Fidel have to personally insult the leaders of those countries?

A: "Aren't they insulting the Cuban people by inviting dissidents and supporting the U.S. policy against Cuba?"

Q: Do you think the U.S. travel ban against Cuba will be lifted anytime soon?

A: "I hope so. Remember that Cuba is not an Eastern European country. Cuba receives almost 2 million tourists a year. If U.S. tourists came, the atmosphere between the two countries would change, even if a hostile administration is still in power [in Washington]."

Q: Cuban-American exile groups have long argued that presence of U.S. tourists and their dollars will do little to influence ordinary Cubans to overthrow their government.

A: "In a way, they are right. These groups have a lot of information about the Cuban people, and they know very well that most Cubans support the present government. So they realize that it doesn't matter how many tourists travel to Cuba."

Q: What, then, do you think motivates members of Congress to push for an end to the travel ban?

A: "Most of them want to have a better understanding between our two countries. This is important for regional stability. And they have to answer to their constituencies."

Q: What do you say about lawmakers like Rep. Jeff Flake (R-AZ), who hate your government but support an end to the travel ban because he thinks it'll hasten the end of communist rule in Cuba?

A: "He's defending the right of American citizens to travel anywhere in the world. We assume that challenge. But I think it is important for Cuba to receive American people.

"The mood in the United States is changing. Remember that Miami-Dade is not all of Florida. This year at FIHAV [the Havana International Fair], Florida was the best-represented state. Last October, 26 newspaper editorials across the U.S. supported the travel amendment. Now you have people reading about Cuba in Kentucky, Arkansas, Montana and Missouri for the first time."

Q: What do you think will happen after November 2004?

A: "It depends on who'll be the next president. Assuming Bush is re-elected, he will have the same position against the Senate and House year after year. But he cannot stop the movement in Congress, because this is not a Democrat issue, it's a bipartisan issue." □

AGRIBUSINESS BRIEFS

NEW STATE MARKETS TO OFFER LOWER PRICES

Cuban authorities announced Nov. 21 that a network of state farmers' markets will soon open, with the objective of offering food to the population at lower prices than what is available at private markets where price is determined by the laws of supply and demand.

State farmers' markets don't have intermediaries; rather, they follow price lists approved by the provincial assemblies.

Vice President Carlos Lage said the network would be established in coming months. He called on market administrators to maintain "continual vigilance, organization, control and a permanent system of public-opinion surveys, mainly among those people who live in the area of the markets, with the goal that the products sold there should be clean, hygienic and available in sufficient quantities."

The problem is that state farmers' markets generally don't have much to offer compared to their private competitors. On that subject, Lage promised that the government would maximize use of the 1.38 million hectares it's now converting from sugar cane to other crops.

CUBA DECIDES TO SUSPEND U.S. BEEF IMPORTS

Cuba has suspended purchases of live animals from the United States in the wake of the recent mad-cow scare.

"We have some outstanding contracts for sale, and we hope they can be executed after the epidemic is resolved," Pedro Alvarez, chairman of Cuban food purchasing agency Alimport, told Reuters. "Alimport is ready to put our technicians and scientists at the disposal of the investigation."

The suspension came after scientists discovered a cow infected with bovine spongiform encephalopathy in Washington state.

About 500 dairy cows already imported from U.S. farmers remain in quarantine on a ranch in Pinar del Río province, and contracts to import another 450 head of cattle early next year remain on hold until the mad-cow probe is concluded.

"It makes sense for them to look at the problem before going forward," said John Parke Wright of Wright & Co. Inc. of Naples, Fla., which has a pending order to ship 250 live cattle to Cuba from Florida's Port Manatee.

A DECADE LATER, UBPCs OFFER MIXED RESULTS

Ten years ago, Cuba restructured its agricultural production, breaking up state farms and creating smaller cooperatives known as UBPCs (Unidades Básicas de Producción Cooperativa).

Under this system, farmers received private plots for their own consumption, while all capital goods and financial obligations were transferred to coop members.

Ten years later, only 38% of UBPCs engaged in sugar production are making profits. Other UBPCs — the ones engaged in food production and cattle raising — are doing much better, with 60% of them making profits.

At present, UBPCs produce 72% of Cuba's sugar, 52% of its citrus, 36% of its cocoa, 24% of its milk, 20% of its coffee, and 21% of its tubers, grains and vegetables.

“ In their own words ...

"We do not want to break with the existing institutional order. We do not want to resort to violence. We do not want to see the process hijacked by mafias and vested interests."

— *Noted dissident Oswaldo Payá, who on Dec. 12 announced a plan calling on Cubans to draw up a program for a transitional government and new constitution for the post-Castro era.*

"As ever, we respect all proposals for a political dialogue, but once again repeat our stance that the priority should be dialogue concerning human rights in Cuba, which is what we are working to achieve."

— **Manuel Cuesta Morua**, of the moderate but illegal "Progressive Arch" group, commenting on Payá's proposal.

"When Americans can finally come to Cuba on vacation, they might want steak, and we hope that steak is sourced from Iowa."

— **Iowa Agriculture Secretary Patty Judge**, at a Havana press conference where she and 250 other U.S. farm representatives urged an end to the embargo.

"The IAPA campaign saved my life."

— **Bernardo Arévalo Padrón**, a Cuban journalist who was released Nov. 13 after six years in jail. He thanked the Inter-American Press Association for denouncing his imprisonment and for pressuring the Castro government to free him.

"Suite Habana speaks about the human capacity to survive, to struggle for a better life, and do it in an honest and clean way. It says that we Cubans can live in the most difficult conditions but have such a strong spirit we still have a purpose for life."

— **Ivan Giroud**, head of the Havana International Film Festival, commenting on the movie by director Fernando Pérez that won five awards at last month's event.

"It's amazing what a little violin was able to do. Three minutes of the national anthem changed my whole life. Who would have thought?"

— **Lizbet Martínez**, at her Florida International University commencement speech. In 1994, Lizbet — then 12 — played "The Star-Spangled Banner" on her violin for U.S. Coast Guard officers who had just rescued her family at sea.

"In this territory illegally occupied by the Guantánamo Naval Base, hundreds of foreign prisoners are subjected to indescribable abuses. Some of the few freed [prisoners] have spoken of the horrors of this concentration camp."

— **Cuba's National Assembly**, in a statement broadcast Dec. 26 by Radio Havana.

"The governor is open-minded on Cuba policy, but I appreciate his position that the policy should not be changed as long as Castro does not change."

— **Rep. Bob Menendez (D-NJ)**, the third highest-ranking Democrat in the House, who on Dec. 30 formally endorsed Vermont Gov. Howard Dean for president.

"We both have decided to work from top to bottom. When we see improvement and the level has risen, we'll think about a meeting between the leaders."

— **Miguel Hakim**, Mexico's vice-minister of foreign relations, commenting on a possible meeting next year between Castro and Mexican President Vicente Fox.

"Fidel Castro is not going. We do not want anything to do with this summit. I am telling you this in the nicest words possible."

— **Gustavo Velez**, spokesman at the Cuban Embassy in Mexico City, confirming Castro's absence at the Jan. 12-13 Summit of the Americas in Monterrey.

"If we wanted to classify 2003, we could say, without doubt, that it has been a year of repression — not only against dissidence and the independent press, but against the populace in general."

— **Claudia Marquez**, wife of imprisoned dissident Oswaldo Alfonso, writing in the Miami-based website Cubanet.

Spain — FROM PAGE 1

Officially, there are 103 Spanish companies in Cuba out of a total of 363 registered *asociaciones mixtas*, or mixed companies — but even that's a matter of debate.

"Some are the ones Cuba has created to operate abroad, others are UTAs (temporary unions for construction)," explained the diplomat, who asked not to be named. "Two companies get together for a specific construction project, and two years after, they finish. That's very typical. One hotel company may have 10 hotels. So they might be registered as one company or 10 companies. All these figures have to be evaluated. Of the 103, we'd have to do an analysis and see how many companies there really are. In some cases, the Cubans would count the same company twice."

SPANIARDS TAKE THE LEAD

Even so, Victor Moro, president of the Association of Spanish Executives in Cuba (AEEC), said that Spain occupies first place in investments — both in the volume of capital invested and in the number of joint ventures.

In all, 210 Spanish companies conduct business in Cuba; 57 of which have offices in Havana. Besides Sol Meliá, these include Altadis S.A. (cigars), Aguas de La Habana S.A. (water) and Repsol-YPF (oil exploration).

"In these moments, Spanish executives are the ones that, almost exclusively, are maintaining ties with Cuba," Moro told the Madrid newspaper *El País*. And all of this is taking place, Moro stressed, despite the Aznar government's systematic refusal to grant official support and guarantees to Spanish companies investing in and trading with Cuba.

Moro added that Spanish investors conduct commercial operations in Cuba "at their own risk." That's because the three official lines of credit — to buy food, capital goods and equipment and spare parts for the sugar industry,

which amounts to coverage of \$150 million — is blocked by arrears on the part of Cuba, whose debt to Spain exceeds \$1 billion.

Whether Castro's fiery rhetoric has had any effect on business is hard to tell.

"I wouldn't say that it's had a specific and direct impact on business," said the European diplomat. "But it's certain the business environment has continued to deteriorate, as it has due to other circumstances. The Cuban economy is not performing well, and tourism now seems to be picking up, but in the medium term it's stagnating. At most we are going back to the levels of 2001."

Antonio Medina del Río, manager of Iberia Airlines in Cuba, said that after Castro's march on the Spanish Embassy, representatives of Spanish companies were reassured during a meeting with officials of the Cuban Ministry of Foreign Affairs.

"When you see a big demonstration like that, you're afraid it's going to affect business, but things were very calm," he said, noting that Iberia has served Cuba for 54 years. "So far, there's been no tangible effect. This is a problem between governments, not people."

ENVOY: SPAIN AGREES WITH U.S. ON CUBA

Meanwhile, Spain under Aznar's leadership is finding that — except for its longtime opposition to the U.S. embargo — it has a lot in common with the Bush administration when it comes to Cuba policy.

"The two countries agree with the idea that Cubans should be able to return to the democratic family of nations, and eventually be able

to choose their own rulers and have their own freedoms, which is not the case now. That's one of the reasons we're not very much liked by the [Castro] regime," said Javier Ruperez, Spain's ambassador to the United States.

"But we do not see the point in keeping the embargo," Ruperez told *CubaNews* during an exclusive interview in Washington. "It has not produced any significant change in the Cuban population in terms of democracy. We feel that a more open approach would be better."

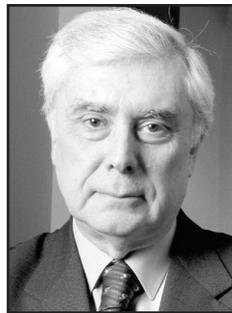
Other than that, said the ambassador, "we are in 100% agreement with the United States" that Castro's March 2003 arrest and jailing of 75 dissidents — and his government's subsequent execution of three men who tried to hijack a ferry to Florida — were outrageous acts worthy of international condemnation.

"The Cubans think we were behind the common position of the EU," Ruperez told us. "One thing we're not going to do is engage in name-calling. Absolutely not. That's just provocation. It doesn't help our relations with the Cubans or anyone else."

Last September, Aznar visited Florida — stopping in Miami, Tallahassee and Orlando — and met with the president's brother, Gov. Jeb Bush, and several Cuban exile groups.

Ruperez called the prime minister's visit with the Florida governor "a very positive and open meeting," and said it shows that while Spain opposes the embargo, it clearly sympathizes with Cuban exiles who dream of democracy for their long-suffering homeland.

"I think Spain will be called upon to play a significant role in the transition to democracy in Cuba, whenever Fidel Castro disappears," said Ruperez. "We've gone through the same experiences. We had a dictator, too, and we were able to become a democracy peacefully. I wouldn't say we're trying to export our own model of transition — you cannot transport those circumstances from one country to another — but we know it is possible." □



Spain's Javier Ruperez

New York's Center for Cuban Studies fears for its future

BY VITO ECHEVARRÍA

The Center for Cuban Studies (CCS), a New York-based think tank founded by a group of American liberals in 1972, says it'll have to find more creative ways of bringing U.S. citizens to Cuba, now that "people-to-people" travel licenses are quickly becoming a thing of the past.

Sandra Levinson, the group's executive director, said she's worried about the long-term impact the Bush administration's tougher stance toward legal U.S. travel to Cuba will have on her organization.

"I think everyone is concerned about how they'll continue normal cultural exchange [with Cuba], because the organizations that can no longer send people are primarily cultural organizations like the American Museum of Natural History and the Metropolitan Museum of Art," she told *CubaNews*.

Among CCS's members are actors Harry Belafonte and Danny Glover; scholars Noam Chomsky, William LeoGrande and Roger Wil-

kins; singers David Byrne and Pete Seeger; filmmakers Sydney Pollack, Sidney Lumet and Paul Mazursky, and writers Ariel Dorfman, Alice Walker and Norman Mailer.

The group's main priority over the years has been to educate Americans on various facets of life in Cuba, using its two main resources: the archive-rich Lourdes Casal Library and its array of travel programs.

In addition to giving Americans an opportunity to see the Cuban socialist system for themselves, these tours of Havana and other cities also included seminars on topics such as art, architecture, health-care, Afro-Cuban religion, ballet and classical music.

"We plan to set up a series of workshops with Cuban institutions, which are permitted under [OFAC] licensing categories, but you have to get a license for each workshop. It's not like the people-to-people licenses, which you could get for a full year for X number of itineraries. With these, you have to apply for a license every time, and that will make it very,

very difficult for a large number of people."

Levinson also worries that the tightening of the travel ban will hurt the CCS budget. "It'll be very difficult for us, because certainly in the last couple of years since people-to-people licenses became available, it has helped us survive financially."

One resource the CCS will try to take advantage of is its Cuban art gallery, which is currently showcasing the works of contemporary Havana-born artist Carlos Estévez.

"We have exhibits and we sell the art, and every so often we will have a charity auction. We have some available online also. We were to ones who sued the Treasury Department in 1991 to make it legal to bring in Cuban art to the U.S.," she said.

The CCS has also begun promoting Cuban artists from cities and towns outside Havana.

Details: Sandra Levinson, 124 W. 23rd St., New York, NY 10112. Tel: (212) 242-0559. Fax: (212) 242-1937. E-mail: slevinson@cubanartspace.net. URL: www.cubauupdate.org.

NEWSMAKERS

Sven Kühn von Burgsdorff: EU's top envoy in Havana

BY LARRY LUXNER

Last March, at the height of Cuba's honeymoon with the European Union, Foreign Minister Felipe Pérez Roque personally cut the ribbon at a ceremony to inaugurate the EU's new mission along Quinta Avenida in Havana's elegant Miramar district.

That same week, Fidel Castro hosted a three-hour lunch for his European friends, including EU Development Commissioner Poul Nielsen and the man named to head the new Havana mission, Sven Kühn von Burgsdorff.

The honeymoon didn't last very long.

"One week later, on Mar. 21, the first dissident arrests took place. It seemed like a slap in the face to the EU," von Burgsdorff recalled in a lengthy interview with *CubaNews*.

"Cuba certainly underestimated the damage done to EU-Cuba relations," he said. "We have a clear policy on human rights that civil and political liberties must be respected all over the world, and the arrest of 75 dissidents was simply not in line with our principles."

Since then, relations between Havana and Brussels have sunk to their lowest levels ever. And it's happening at a time when the EU is becoming an ever-more important player on the world stage.

At present, 380 million people live in the 15 nations that comprise the EU, which has a total GDP of \$8.6 trillion. On May 1, with the entry of 10 new members — Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia — the new 25-member EU will boast a population of 470 million and a GDP of over \$9.3 trillion.

EU NATIONS CRUCIAL TO CUBAN ECONOMY

It's hard to exaggerate the importance Europe plays in the Cuban economy. EU member nations are the source of 40% of the island's external trade, 50% of its tourism industry and over 55% of direct foreign investment in Cuba. Bilateral trade totals \$1.9 billion a year, with most of that consisting of EU exports to Cuba.

In fact, of all the current EU members, only Denmark, Finland, Ireland and Luxembourg don't have their own embassies in Havana.

"We had a very good relationship until the crackdown," said von Burgsdorff, noting that Cuba was on the verge of being admitted to the Cotonou Agreement, which offers trade benefits and economic assistance to 78 developing nations.

"Cuba withdrew its application to Cotonou in April 2000, as a protest after the Geneva vote on human rights," he said. "They reconsidered their position in 2001 and 2002, and President Castro made the announcement on Dec. 8, 2002, that Cuba would seek to join again. This was formalized on Jan. 8, 2003."

Less than a month later, von Burgsdorff arrived in Havana as *chargé d'affaires* of the mission, which was previously occupied by ECHO (the EU Humanitarian Aid Office). It

is part of the external relations network of the European Commission, and as such is fully funded out of the administrative budget. The European Commission has about 120 such missions worldwide.

"Originally, the setup was that the Havana delegation would work under the authority of the Santo Domingo delegation, where the head of the delegation there would also be accredited as a non-resident ambassador to Cuba," he explained. "This hasn't happened so far because of the diplomatic fallout."

NO RESPECT IN HAVANA

Von Burgsdorff, 45, is a German career diplomat previously posted in Brussels, where he was the EU's desk officer for Cuba and the Caribbean. Before that, von Burgsdorff was head of cooperation section for the EU delegation in Bratislava, Slovakia.

He's also worked in Togo and Mozambique, has five children and speaks six languages: German, English, Spanish, French, Portuguese and Slovak.

Unlike most European diplomats in Havana, who agree to talk to *CubaNews* and other publications only on background, von Burgsdorff doesn't mind being quoted by name.

In fact, he's considered quite outspoken in a country where foreign diplomats as well as journalists assume their conversations are routinely bugged.

"We are not invited to any government receptions," he complained. "We can only communicate in writing with Cuban officials through formal notes. Very often, we do not even receive a reply."

Von Burgsdorff added: "It's highly unsatisfactory not to be able to communicate directly with government officials, either on political or cooperation matters. We are seriously limited in our room to maneuver and our ability to conduct a policy of constructive engagement, which includes providing support and guidance to our partners. We will now have to concentrate more on those partners which still want to deal with us — business, the NGO sector and civil society."

CUBA RETALIATES FOR EU CRITICISM

The sudden rift between Cuba and the EU took many people by surprise.

On Jun. 5, in response to the imprisonment of the 75 dissidents as well as the execution of three men who had attempted to hijack a ferry in April, the EU announced it would cur-

tail official visits to the island, limit cultural exchange initiatives and begin inviting opposition figures to all National Day celebrations of EU members' embassies in Havana.

In retaliation, on Jul. 26, 2003 — in a speech marking the 50th anniversary of the Moncada attack in Santiago de Cuba — Castro declared that Cuba, "out of a basic sense of dignity, relinquishes any aid or remnant of humani-



Sven Kühn von Burgsdorff, chief of the new EU delegation in Havana.

tarian aid that may be offered by the European Commission and governments of the European Union."

He added that "our country will only accept this kind of aid, no matter how modest, from regional or local autonomous governments, NGOs and solidarity movements which do not impose political conditions on Cuba."

MISINTERPRETING THE SIGNALS

The hostility has even extended to the traditional exchanging of Christmas gifts.

Last month, reported the *South Florida Sun-Sentinel*, the Foreign Ministry told diplomats from EU member nations not to bother sending presents to Cuban officials.

"A present is a symbol of respect and friendship. Things between some European ambassadors, their governments and us here in Havana are not conducive to gift-giving," the paper quoted Pérez Roque as saying. "It's a moment of tension. We are offended by some of the European ambassadors here."

Yet von Burgsdorff says the Cuban government has chosen to deliberately misinterpret the EU's gestures.

"The Cuban authorities saw our sanctions of Jun. 5 as interfering in internal Cuban matters. For the EU, however, this was a justified reaction of expressing discontent with the decision of the Cuban authorities to arrest 75 dissidents who, in our view, have done nothing."

ing but voice in public a different political opinion," he told *CubaNews*.

"The measure to show a less visible profile in cultural events was unfortunately misunderstood by the media and the authorities to mean that the EU suggested reducing financing for cultural events. The EU has never taken such a decision. It was simply meant to be a symbolic expression of protest that 75 people were still in prison."

Von Burgsdorff said that from 1998 to 2001, the EU spent an average of 17 million euros a year in financial commitments to Cuba, and

many, France, Italy and Spain. These include:

- a project to help Cuba's Finance Ministry develop a national accounting system to better plan public revenues and expenditures. The project, valued at 3.4 million euros, also aimed to bring accountancy standards up to internationally accepted standards.

- DEADE, a 1.9 million-euro project benefiting Cuban middle managers through an executive MBA program offered by five prestigious European universities including the London School of Economics.

- a 2.8 million-euro project to promote joint

Asia and any other part of the world.

"We have consistently voted for the Cuba-sponsored resolution at the UN General Assembly [regarding the embargo] and against Cuba in the Human Rights Commission. It is not our policy to apply sanctions to a country as a way of promoting political objectives."

Von Burgsdorff contrasted Cuba's hostile attitude with that of China, which despite its communist government engages in a "structured human-rights dialogue" with the EU.

"We discuss issues like the death penalty, political prisoners, freedom of expression and religion in an open and frank manner," he said. "This in no way affects our investment or trade relations, nor does it prevent us from deepening our political dialogue."

STANDING UP FOR THE DISSIDENTS

What irks the Cuban government more than anything else is the EU's decision to invite dissidents like Oswaldo Payá and Vladimiro Roca to National Day receptions.

Von Burgsdorff defends the practice.

"Everybody who stands up for his own beliefs deserves full credit and full recognition because it's a very courageous thing to do," he said. "We believe the dissidents are part of civil society, and I make it a policy that the dissidents can always come to us. We see them regularly. In order to avoid any misunderstanding, we act in full transparency."

Von Burgsdorff stresses that even in the hostile atmosphere of EU-Cuba relations, Brussels "did not cut relations, we did not stop cooperation programs and we did not retaliate against the diplomatic sanctions imposed on European embassies in Havana.

"On the contrary, the European Commission is even making efforts to ensure a more visible presence in Cuba. I used to be the only employee until last summer. Now we're getting more staff, and by next summer, we should have 10 people working in the delegation, including civil servants and international experts. This is proof of our commitment toward a constructive engagement policy." □

"We are not invited to any government receptions. We can only communicate in writing with Cuban officials through formal notes. Very often, we do not even receive a reply."

— SVEN KÜHN VON BURGSDORFF

that between 1993 and 2002, the cumulative total reached 145 million euros.

"Up until 2001, around two-thirds of our assistance was humanitarian aid, which we phased out because we felt that Cuba was not in a state of emergency any longer," he said.

"It is too early to assess the effect of this decision. Our focus continues to be to help the Cuban people. We could have easily closed the door and said thank you, that's enough. Quite a number of people in Europe thought we should have done just that. But a clear majority said no, let's stay engaged and help the Cuban people prepare for meeting the challenges of the 21st century. We still believe we were justified in our decision."

PROJECTS CANCELLED IN WAKE OF SPEECH

Following Castro's tirade, the Cuban government cancelled six cooperative projects managed by the European Commission and 16 supported by EU states, principally Ger-

ventures and foreign direct investments.

Asked what impact the political impasse between Cuba and the EU might have on investment, von Burgsdorff said it's hard to say.

"Investors take decisions based on the merits of a given investment project, including the available support structure. Since the 'frozen' European embassies don't have access to authorities to facilitate the resolution of problems of investors who come here, they are limited in what they can do for investors."

Von Burgsdorff takes exception to Castro's charge that the EU is simply towing the American line when it comes to Cuba policy.

"Both the United States and the European Union agree that there are serious shortcomings in Cuba's civil and political rights, but we have a policy of constructive engagement," he said. "We want to use trade, cooperation, investment, tourism and people-to-people contact in all spheres to spread our countries' views, as we did in Eastern Europe, Central

Opposition leaders skeptical of Payá's plans for a post-Castro government

Opposition leaders reacted with cautious skepticism to a plan being promoted by noted dissident Oswaldo Payá calling on Cubans to help draw up a program for a transitional government and new constitution for the post-Castro era.

Manuel Cuesta Morua of the moderate but illegal Progressive Arch group, said that with government repression at unparalleled levels, the on-the-ground situation in Cuba was hardly propitious to the sort of "dialogue" Payá says he wants to foment.

"As ever, we respect all proposals for a political dialogue, but once again repeat our stance that the priority should be dialogue concerning human rights in Cuba, which is what we are working to achieve," Morua told Spanish news agency EFE. "Later, there will be time to draw up an agenda for the transition."

Payá, whom we interviewed last year (*see our exclusive report in the May 2003 issue of CubaNews, page 8*), has submitted over 25,000 signatures to the National Assembly in support of the Varela Project.

The petition, which demands free elections and a market economy, has received scant in the Cuban media, and many of Payá's associates have been sentenced to long prison terms.

In mid-December, Payá announced that he had prepared a series of draft proposals as the basis for discussions to allow "Cubans to design our own transition and have it to put to a referendum vote."

The 72-page draft calls for multiple political parties, amnesty for political prisoners, national reconciliation and private enterprise while preserving Cuba's free health care and educational systems.

Payá, 50, intends to distribute the manifesto through dissident-led committees across the island and to use it as a tool to spark a dialogue about what a transition to democracy should look like.

"This is an instrument to bring about a national dialogue where all citizens can give their opinions to come up with a program for transition," he said. "In Cuba there are many experiences, many opinions, but as a people we have a common future."

Western diplomats said the latest plan was comprehensive and well thought-out but had no chance of success.

"Payá will be lucky if the government simply ignores the project and he remains free," a European diplomat told Reuters, adding it would be impossible to widely publicize the project because of state control over the media.

COMMODITIES

Nickel prices jump sharply, boosting Cuba's bottom line

BY ARMANDO H. PORTELA

With growing world demand boosting nickel prices, the Cuban nickel industry — despite a 4.7% drop in output — enjoyed one of its best years ever in 2003.

Guided by the U.S.-led economic recovery and increasing consumption of the metal by stainless-steel producers in China, nickel prices have shot up by 132% over the last 12 months to hit a 14-year record in December. Supplies are growing at a higher pace than new production capacity, with little new capacity expected before 2006.

Prices at the London Metal Exchange peaked at \$15,800 per ton on Dec. 24, averaging \$13,841/ton for the month, compared to an average \$7,196/ton in December 2002 and \$5,267/ton in November 2002.

The upbeat perspective kept analysts and brokers revising up the forecast. Prices are expected to remain healthy, averaging \$10,428/ton in 2004 and \$10,913/ton in 2005, finally dropping to \$7,937/ton in 2006, according to Goldman Sachs. Macquaire Bank is more optimistic, predicting LME prices of \$13,228/ton in both 2004 and 2005.

Better nickel sales certainly help offset the poor sugar harvest. On Dec. 23, Economy Minister José Luis Rodríguez told the National Assembly that Cuba's unrefined nickel plus cobalt production had fallen 4.7%, from 75,116 tons in 2002 to 71,600 tons in 2003. That would make 2003 production worth \$686 million at average year-to-date market prices.

Deducting the share of Canada's Sherritt International, which jointly operates one of the three Cuban nickel plants, Cuban nickel earnings for 2003 are estimated at \$540 mil-

lion, twice the likely \$272 million generated by the year's sugar harvest.

Rodríguez, during a report on the economy to a year-end session of parliament, said nickel production would rebound by 7.7% in 2004.

According to Reuters, Cuba exports most of its nickel plus cobalt sulfides and oxides to Europe and Canada. The island has invested \$450 million in the industry since 1993, when production totaled only 30,000 tons.

Nickel is essential in the production of stainless steel and other corrosion-resistant alloys, while cobalt is key to the production of super alloys used in aircraft engines. Cuban nickel is considered to be Class II, with an average 90% nickel content.

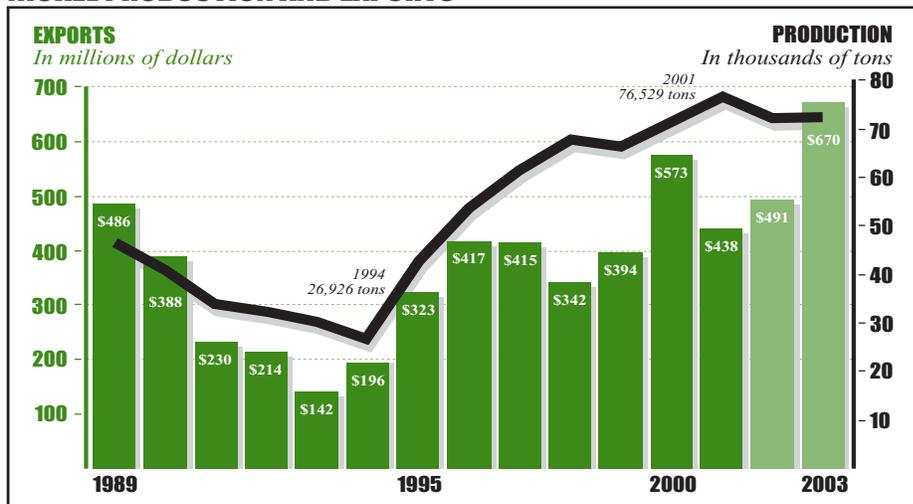
Cuba's National Minerals Resource Center

says that Holguín province, in eastern Cuba, contains 34% of the world's known reserves, or about 800 million tons of proven nickel plus cobalt, and another 2.2 billion tons of probable reserves, with lesser reserves in other parts of the country.

Marcos Portal León, Cuba's minister of basic industry, said the island is the world's fourth-largest nickel producer and supplies 10% of the world's cobalt.

He said new investments are likely to boost output by 40,000 tons within five years. This includes a \$30 million project at the 60-year-old Holguín plant to extend its productive life for another 15 years. The project envisions a 6-mile-long conveyor belt that will allow 2 million tons of nickel to be extracted annually. □

NICKEL PRODUCTION AND EXPORTS



U.S. rice producers see huge potential for sales to Cuba

If current restrictions on trade were lifted, Cuba would buy up to 300,000 tons of U.S. rice annually, says Pedro Alvarez, chief of Cuban food purchasing agency Alimport.

That would make the United States one of Cuba's top three suppliers of rice, along with Vietnam and China.

At a press conference during the recent Havana International Trade Fair, Alvarez said that if the embargo were lifted, Cuba would be ready to acquire more than 60% of its food and agricultural imports from the United States.

He noted that under current rules set up by the United States, Cuba must pay in cash with no right to credit and is also prohibited to use its ships to transport imported products from the United States to the island.

In 2002, the U.S. shipped 55,214 tons of rice to Cuba worth \$6.3 million; of that 37,578 tons was paddy rice to be processed in Cuba, and 17,636 tons was ready-to-eat milled rice.

During the first 10 months of 2003, U.S. rice exports to Cuba came to \$10.7 million,

making the island a more important rice market than either Jamaica (\$9.7 million during the January-October 2003 period) or the Dominican Republic (\$2.6 million).

Yet Cuba still lags far behind Haiti, which bought \$74.3 million worth of U.S. rice during the same period, and traditionally takes 65% of total U.S. rice exports to the Caribbean.

"Cuba is certainly a winner for U.S. rice. The potential is enormous," said Marvin Lehrer, director of the Latin America program at the USA Rice Federation. "It was the largest market for U.S. rice, buying 175,000 tons a year in the 1950s, then 43 years of zilch. If we had an open market with Cuba, given the logistics of being so close to the Gulf of Mexico, which is where our rice is shipped from, there's no reason we couldn't get half to three-fourths of that market very quickly."

Until now, said Lehrer, most U.S. rice sold to Alimport has gone to the peso markets, where people can buy as much as they want as long as they can afford it.

Lehrer said U.S. rice sells in those markets

for the equivalent of 15¢ a pound; that compares to Vietnamese rice, which is of poor quality and costs only 1¢/lb.

Recently, however, American rice has been appearing in dollar stores, in branded packaged form. Despite the huge cost differential, many Cubans appear willing to pay for U.S. rice because it tastes so much better.

In addition to quality, U.S. rice producers have another advantage in Cuba: much cheaper transportation costs.

"Rice prices out of Asia are so low that the big expense is the transportation, not the product," he explained. "Rice from Vietnam arrives in large vessels. Then they distribute it overland, and domestic transportation in Cuba is expensive. Because we're closer, we could have smaller vessels, oceangoing barges, visiting different ports all over the island on a frequent basis, and they wouldn't have to store the rice under tropical conditions."

Details: Marvin Lehrer, Latin America, USA Rice Federation, San Antonio, TX. Tel: (210) 479-2857. E-mail: mlehrer@usarice.com.

CULTURAL AFFAIRS

Biennial art show a success, despite Dutch funding pullout

BY VITO ECHEVARRÍA

The Cuban capital has lately witnessed a flurry of artistic activity, capped by the 8th Havana Biennial, which opened in November and runs through mid-January.

The event features works by more than 100 artists from 45 countries including the United States. Exhibits were held throughout Havana — from the Wifredo Lam Center in Old Havana to the San Carlos de la Cabaña fortress, as well as the Visual Arts Development Center, Pabellón Cuba, the National Museum of Fine Arts and various galleries.

Yet the government's crackdown on dissidents last year led two key Dutch sponsors of the Biennial — the Prince Claus Fund and the Humanist Institute for Cooperation With Developing Countries (HIVOS) — to pull out weeks before the show's opening, denying the Cuban government over \$100,000 in funding to run the show.

"As a result of the arrest of 75 Cuban cultural and social activists in recent months and their being sentenced to harsh terms of imprisonment of up to 28 years, the Prince Claus Fund has decided not to provide financial support to the 8th Havana Biennial," stated a press release sent to *CubaNews* by Marjolein Tummers, the fund's spokeswoman.

"All those sentenced were engaged in the critical Cuban cultural and social arenas. The convictions signal a significant deterioration of the situation for intellectuals and artists," said the fund. "The body responsible for organizing the 8th Havana Biennial, which is an internationally acclaimed platform for non-Western art, is associated with the government and has not distanced itself from the policy of persecution. As a result, the Prince Claus Fund is forced to withdraw its collaboration."

The Prince Claus Fund, which supports artistic initiatives in developing countries, was a key backer of the 7th Havana Biennial in 2000, contributing about \$100,000. Its decision not to fund this year's event forced the Cuban government to fund the event itself, which still went off without a hitch.

Rafael Acosta, president of the Visual Arts

Statue honors Compay Segundo

Havana's Hotel Nacional has a new attraction: a life-sized statue of beloved musician Compay Segundo, who died last July at the age of 95.

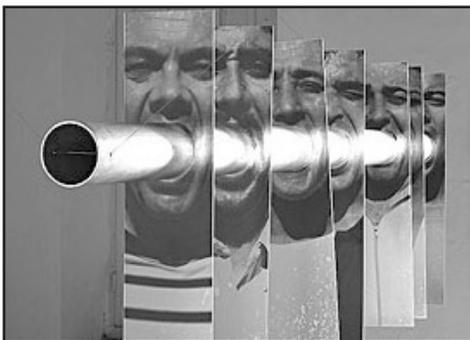
The statue, created by sculptor Alberto Lescay and unveiled in the presence of 100 government officials, musicians and relatives, shows the crooner with his trademark hat on his head, his guitar case at his side and a cigar in his slender fingers.

Born Maximo Francisco Repilado Muñoz, Compay skyrocketed to fame in 1997 with the Buena Vista Social Club, which performed often at the Hotel Nacional.

Council (coordinator of the Biennial), told the newspaper *Granma* that the cutoff adversely affected the arrival of artists from certain African and Asian countries. Even so, he noted that artists from nations as far-flung as Egypt, India, South Africa, Mozambique, Zimbabwe, Thailand, Nigeria, Benin, Cote d'Ivoire, Singapore and China were still able to participate.

Among Cuban artists exhibiting at the show: Agustín Bejarano, Roberto Diago, Manuel Mendive, Eduardo Roca Salazar, Tania Bruguera, René Francisco Rodríguez, Carlos Garaicoa, Luis Gómez and Esterio Segura.

One of the Biennial's more noteworthy



On exhibit: "The Scream" by artist Alain Pino.

exhibits was "4D" by the Los Angeles art group Rain. Located at the Pabellón Cuba facing Havana's La Rampa, the eye-catching, elaborate scaffolding structure ran through the vast open space connecting the street to the farthest point of the pavilion.

Within the scaffolding, there were small exhibition rooms, with the pavilion's main floor being left open for performances.

Apart from paintings and other forms of modern art, the Biennial also featured various inanimate objects, such as Los Carpinteros' "Fluido" exhibit — large black nylon shapes resembling drops of liquids — "Híbrido de Chrysler" by Esterio Segura (a 1950s Chrysler with wings) and "The Scream" by Camagüey artist Alain Pino (see photo at left).

The Biennial is becoming more lucrative for Cuban artists as more foreign art collectors, including Americans, come to purchase various works, which themselves have grown in demand in international art markets.

The Biennial was also well-timed for international collectors also hoping to visit the Art Basel Miami Beach show, which last month brought together 176 leading galleries of contemporary art from the Americas, Europe and Asia, showcasing works by 1,000 artists. □

Government seeks funding for the arts

Eleven state-owned companies affiliated with Cuba's Ministry of Culture generated 2002 revenues of \$33.8 million and profits of more than \$7 million. Income in national currency amounted to 216.5 million pesos, up from 89.1 million pesos in 1989.

Abel Prieto, Cuba's culture minister, said that figures for 2003 aren't yet available, but that the government places great importance on expanding the national budget for cultural activities. In 1997, such expenditures came to 102 million pesos; by fiscal 2003, they had jumped to 270 million pesos.

The Ministry of Culture has a system of 11 companies: Artex, Fondo Cubano de Bienes Culturales, Egrem, Juglar, Genesis, SIMAR, ESIC, ESEO, Caguayo, RECSA and Promusic. Of these, three are already applying the system of managerial improvement.

Where is all this money going? According to Prieto, the number of libraries in Cuba increased from 166 in 1979 to 375 by mid-2003. During that same period, the number of art galleries jumped from 22 to 122, while museums increased from 70 to 241.

Not so for movie theaters, however, which fell from 505 to 376, due to the lack of resources to import equipment and movies for the big screen. Those buildings are mostly now used as theatres and video halls.

There are houses of culture in all municipalities, as well as 46 music bands and six symphonic orchestras. A total of 17 art schools have been built throughout Cuba, besides

conservatories and the already famous ballet schools in Havana and Camagüey.

Yet Prieto, in comments to reporters, acknowledged that his ministry's hard-currency income isn't enough to cover rising costs.

One of the most expensive cultural items is music instruments. In 2003, Cuba began using a revolving credit of \$5 million to import low-cost instruments from China.

Despite the economic difficulties, Cuba's motion-picture industry managed to produce eight new films in 2003.

That's according to Omar González, president of the Cuban Institute of Arts and Film Industries (ICAIC), which organized the recent Latin American Film Festival in Havana.

"It is expensive to make films," González told *Prensa Latina*, though he said many steps are being taken to revitalize the industry.

Last month, "Suite Habana," by Fernando Pérez, was ranked the best of all films exhibited in Cuba during 2003 by the Cuban Cinematography Press Association.

Meanwhile, González announced the release of four new films in 2004: "Papeles de Mauricio" by Manuel Pérez; "Gente de Pueblo" by Humberto Solís; "El Mayor" by Rigoberto López, and "Benny Moré" by Jorge Luis Sánchez. Other projects have been approved and are awaiting financial support.

Details: Omar González, President, ICAIC, Calle Almendares 182, Ayestarán, Havana. Tel: +53 7 870-9523. Fax: +53 7 873-5906.

BUSINESS BRIEFS

CIMEX REPORTS 2003 REVENUES OF \$1 BILLION

Following a corruption scandal last October that resulted in the arrest of several of its top executives, state-run Corporación Cimex S.A. has closed 2003 with revenues of \$1 billion, up 3% over 2002 figures.

The announcement was made at a well-publicized press conference by CEO Eduardo Bencomo, who managed to survive all the official inquiries and emerge unscathed.

The huge entity was created 25 years ago and today employs around 22,000 people. Between 1998 and 2002, total investments in Cimex came to \$60 million.

According to Bencomo, the company's Havana municipal branch accounted for 24% of Cimex revenues. Its business portfolio includes marinas, real-estate, commerce and tourism, with emphasis on supply of goods and services.

The retail operations of Cimex include 1,007 stores and mini-malls throughout Cuba, which generate 54% of Cimex's earnings. They also include 140 gas stations, 23 video-rental outlets, 46 photo stores and 112 cafeterias.

In addition, Cimex owns Grupo Internacional Havanatur, a tour operator which has agencies in 60 cities in 40 countries, and controls 20% of Cuba's tourist traffic.

Cimex also runs Cuba's only electronic card processing center (for Visa, MasterCard and Cabal) as well as Havana In-Bond, a free-trade zone that's home to over 200 companies.

THYSSEN KRUPP INVESTS IN CEMENT FACTORIES

Germany's ThyssenKrupp AG is not only a customer for Cuban nickel exports, but is increasingly investing in the modernization of major cement factories across the island. These include a cement plant in Artemisa, in La Habana province, and the Karl Marx factory in Cienfuegos, where a new furnace is being installed with a capacity of 3,100 tons.

The conglomerate, which expects 2004 sales of 38 billion euros, is now negotiating to build a new cement plant in Santiago de Cuba.

Details: Jürgen Claassen, Corporate Communications, ThyssenKrupp, Düsseldorf. Tel: +49 211 824-36001. Fax: +49 211 824-36005. E-mail: claassen@tk.thyssenkrupp.com.

ALIMPORT DENIES OWING PARMALAT MONEY

Cuban food purchasing agency Alimport says a claim by Italian conglomerate Parmalat that Cuba owes it tens of millions of dollars for powdered milk is false.

"We do not have any debts outstanding with Parmalat," said Alimport President Pedro Alvarez, in a Dec. 29 report carried by Reuters.

Parmalat has been rocked by scandal since the discovery of a multibillion-euro hole in its accounts. Italian prosecutors have accused Parmalat founder Calisto Tanzi of misappropriating 800 million euros (\$1 billion) from the company over the past decade. They also accused Tanzi of working with six current or former Parmalat executives and two outside auditors to commit several offenses — includ-

ing false accounting and fraud — to hide the company's losses.

One case being probed involves millions of dollars worth of powdered milk that Parmalat subsidiary Bonlat claims to have sold Cuba through Singapore-based Camfield Pte. Ltd.

"We never signed any contract with a Singapore affiliate of Parmalat," said Alvarez, though he did say Alimport recently began importing around \$700,000 a month worth of food through one of Parmalat's Chilean operations, but was on time with payments.

Reuters said it had obtained part of transcript of an interrogation by Milan prosecutors of a Parmalat accountant, Gianfranco Bocchi, in which he admitted the milk sales to Cuba were phoney.

"We used to buy fictitiously from Camfield in Singapore (after a while I understood it was connected to Parmalat) ... to then sell fictitiously to the Cuban company," Bocchi told the prosecutors, according to Reuters.

DOCTORS HEADED FOR BOTSWANA, ZIMBABWE

Cuba's ambassador to Botswana, Ana Vilma Vallejera, said another contingent of Cuban doctors and medical personnel will be sent to that AIDS-stricken African nation.

Most of the new arrivals will work in the city of Francistown, near the border with

Zimbabwe. Vallejera told Prensa Latina that Cuba's collaboration could help reverse the AIDS epidemic in Botswana, where 39% of the population is infected with HIV.

Cuba also plans to send more doctors to Zimbabwe, in addition to the 187 already deployed at various hospitals.

This is expected to ease Zimbabwe's shortage of health professionals, especially in district hospitals, said the country's minister of health and child welfare, David Parirenyatwa.

The first batch of Cuban doctors arrived in Zimbabwe last February; these include urologists, dentists, gynecologists, pediatricians, pharmacists and radiologists.

CAJA MADRID OFFERS FINANCIAL DATA ON CFH

Corporación Financiera Habana S.A. (CFH) has chalked up pre-tax net earnings of \$9.35 million since its establishment in 1998 through a joint venture between Spain's Caja Madrid savings bank and Cuba's Banco Popular de Ahorro.

Caja Madrid said Dec. 15 that in the first 10 months of 2003, CFH's pre-tax earnings came to \$2.69 million. Since 1998, the entity has carried out 2,180 financing operations throughout the island worth roughly \$283 million.

CFH, the only venture of its kind in Cuba, provides special loans for Cuban-based compa-

Port Manatee-Alimport pact generates heat in Miami

Florida's Manatee County Port Authority has approved a memorandum of understanding between Port Manatee and Cuba — built only after port officials agreed to remove a 44-word sentence that encouraged the port to actively oppose the U.S. embargo against Cuba.

The *Bradenton Herald* reports that the authority, whose members are also county commissioners, approved the revised pact Dec. 18 by a vote of 5-1. Commissioner Jonathan Bruce, who opposed the port's Nov. 17-21 trade mission to Havana because of Cuba's human-rights record, dissented.

Steve Tyndal, Port Manatee's director of trade development and special projects, told *CubaNews* that the MOU — a nonbinding statement of intent — paves the way for more Cuba-bound shipments going through the port. So far, the port has handled just two shipments of an animal feed supplement totaling 6,000 tons.

"It's not a contract. It's a document which provides for mutual cooperation to attain improved trade relations," Tyndal told us in a telephone interview. "We routinely use MOUs as a framework for negotiation which we then take to the port authority for their consideration. In this case, the Port Authority chose to delete a sentence."

The controversial sentence stated: "The parties renewed their mutual interest and intention to work towards free and unrestricted travel and trade relations between Cuba and the U.S. in the benefit of enhanced American purchases by Alimport and consequently increased business for

the Port of Manatee and Tampa Bay."

But Bruce criticized the sentence as "inappropriate" and said port officials should not have signed the original version before getting the authority's approval.

Members of Florida's Hispanic Republican Caucus, calling the sentence "troubling," have discussed seeking legislation that would require Port Manatee and others who sign similar agreements to register as a lobbyist of a terrorist state.

"This indicates that the Port of Manatee has become a lobbyist for the Castro regime," Rep. David Rivera told the *Miami Herald* after the agreement was signed in November. "It means they've become an agent for the Castro dictatorship."

The sentence, along with more-explicit language in a similar agreement between Cuba and the Indiana Farm Bureau, also has led two House Democrats to file a retaliatory bill in Washington.

The proposed Anti-Communist Cooperation Act of 2003 would impose a 100% tax on sales "if the trading is conditioned explicitly or otherwise on lobbying Congress to lift trade or travel restrictions on Cuba."

Of Florida's 14 deep-water ports, Port Manatee is among the largest, handling 7 million tons of cargo in fiscal 2002. At only 301 nautical miles from Havana, it's also the closest U.S. Gulf of Mexico port to Cuba.

Details: Steve Tyndal, Director/Trade Development, Port Manatee, 300 Regal Cruise Way, Palmetto, FL 34221. Tel: (941) 722-6621. E-mail: styndal@portmanatee.com.

nies. It also finances production activities, foreign trade operations and real-estate projects. Of the 750 foreign companies registered in Cuba, 40% are Spanish or operate with capital from Spain. Currently, 332 of those companies are CFH clients. Its rate of loan defaults is only 0.55%.

Caja Madrid, which has a 60% stake in CFH, said the venture handles 2,100 money transfers a month valued at \$1.2 million from Caja Madrid branches in Spain to Cuba's Banco Popular de Ahorro. Most of those transfers are remittances from Cubans living in Spain.

Details: Manuel Nuñez Fernández, Director-General, CFH, Centro de Negocios Miramar, Edif. Jerusalén, Ofic. #305, Avenida 3ra y 78, Miramar, Havana. Tel: +53 7 204-3611. Fax: +53 7 204-3706. E-mail: mnf@cfh.cu.

CORAL REEFS WIN GOVERNMENT PROTECTION

Cuba may include its coral reefs in the National System of Protected Areas, reports Prensa Latina.

Cuba's coral reef barrier is located on 2,000 miles around its underwater platform, making it among the most extensive in the Caribbean.

Pedro M. Alcolado, a researcher at Cuba's Oceanology Institute, said measures would be adopted to protect Cuba's coral reef barrier from contamination and uncontrolled fishing, as well as other damage or risk factors.

Alcolado said Cuba is receiving help from various foreign institutions including some from the United States, such as the National Geographic Society and the Foundations for Sea Investigation and Education.

UNC-CHAPEL HILL TO SEND STUDENTS TO CUBA

The University of North Carolina has teamed up with the University of Havana to allow students to study abroad in Cuba.

Madge Hubbard, deputy director of UNC-Chapel Hill's Study Abroad Office, will send eight students to the island the last week of January to study Cuban history, culture and international relations, along with Spanish grammar and language. They will remain in Cuba until May 15.

The Associated Press reported that UNC has sent students to Cuba before, but that

they traveled under another university's government license, an OFAC requirement.

UNC's license was several years old and was awarded before new federal restrictions were in place. OFAC recently renewed UNC's license, allowing Carolina to send students and faculty to Cuba.

"I think what the program allows us to do, among many other things, is to place our students in a country that is intrinsically fascinating in terms of its history and culture," said Louis Pérez, a UNC history professor who specializes in Cuba.

Added Evelynne Huber, the outgoing director of UNC's Institute of Latin American Studies: "Cuba is right next door to us. Whether there is going to be a peaceful transition or a violent transition there is of great importance to us."

Details: Arturo Escobar, Director/ILAS, University of North Carolina, CB #3205, Chapel Hill, NC 27599-3205. Tel: (919) 962-6880. E-mail: aescobar@email.unc.edu.

CUBA SIGNS VARIOUS ACCORDS WITH SUDAN

The first Cuba-Sudan Joint Commission was concluded Nov. 14 with the signing of five bilateral agreements between the two nations.

Yousif Suleiman Takana, Sudan's minister for international cooperation, said the meeting was "the beginning of a new era in bilateral relations." During his visit to the island, the African diplomat held talks with Cuban Foreign Minister Felipe Pérez Roque and Marta Lomas, head of the Cuban Ministry of Foreign Investment and Cooperation.

Agreements were signed in education, agriculture, health, sports and cultural exchange.

Marketing of Cuban pharmaceuticals and biotech products to Sudan will likely rise, and a delegation of Sudanese specialists will visit Cuba in coming months to analyze the creation of joint ventures in the sugar industry.

Details: Sudanese Mission to the UN, 733 Third Avenue, 9th Floor, New York, NY 10017. Tel: (212) 573-6033. Fax: (212) 573-6160.

ETECSA CREATES SITE FOR TELECOM PRODUCTS

Cuba's state-run telephone monopoly, Etecsa, has established a new virtual site for online sales of products and services.

The site offers telecom products which can be bought from Cuba or abroad. These include different kinds of telephones, fax machines and prepaid cards for domestic and international calls, among other things.

Clients can pay for their transactions in U.S. dollars, using Visa or MasterCard. Users who decide to register as regular clients will receive other benefits, including the download of the Cuban telephone directory, software and recently published books.

Details: Etecsa. URL: www.telepunto.com.

ARGENTINE J-V TO MAKE MOTORCYCLES IN CUBA

Juki S.A., a company owned by Argentine businessman Arturo Scalise, has won a bid to assemble Mondial motorcycles in Cuba. The vehicles will be purchased by various Cuban state tourism entities and could soon be circulating in Havana, Varadero and Cayo Largo.

Juki, which defeated one Chinese, two

Japanese and two Italian firms in the bidding, have begun assembling the motorcycles in a joint venture with Rodar Motociclos, an affiliate of Cuba's Ministry of Steel, Mechanics and Recycling (SIME).

In November, the venture built the first 350 Mondial LD-110 bikes; three other models will also be produced, including the Jawa 350 and two Suzuki models.

Plans call for the production of 250 units a month for sale exclusively to state companies and tourist companies, though it's possible that Juki will eventually sell its motorcycles to the Cuban public and possibly export some bikes to other Caribbean islands.

Before the Argentine currency devaluation, Juki's parent firm, Grupo Scalise, had supplied the Cuban market with motorcycles made in Argentina, Uruguay and China.

TRAVEL AGENTS LOBBY TO PRESERVE EMBARGO

A group of travel agents who support the U.S. embargo against Cuba have banded together to form Travel Agents for Cuba's Liberation (TACL).

A "mission statement" on the group's website says TACL is composed of professional travel agents, some of whom operated their agencies in Cuba prior to the 1959 revolution that brought Fidel Castro to power.

"Early in the revolution, our travel businesses in Cuba, along with so many others, were confiscated without compensation — stolen is a better word — and after 44 years of despotic revolutionary government there are still no travel agents in Cuba," declares the group, which has organized a petition drive to convince members of Congress to keep the U.S. travel ban against Cuba in place.

TACL is sponsored by five Miami-area travel agencies owned by Cuban exiles, though no mailing addresses, phone or fax numbers appear on the website.

It is diametrically opposed to the goals of another group, ATRIP (Association of Travel Related Professionals), formed last summer to lobby Congress to lift the Cuba travel ban.

Details: TACL. E-mail: info@tacl-usa.com. URL: www.tacl-usa.com.

MELIÁ TO MANAGE CUBAN-BUILT HOTEL IN CHINA

Spain's Grupo Sol Meliá — which already has 21 hotels under management in Cuba — has agreed to manage a 685-room hotel being built in Shanghai by a binational venture called Cubana Shanghai S.A.

Construction officially began in December, at a ceremony attended by several top Cuban officials and the president of Sol Meliá, Gabriel Escarrer.

The 28-story hotel, situated in Shanghai's Pudong district, will open for business in late 2006. It'll have 612 standard rooms, 69 suites and four wheelchair-accessible rooms. It is located next to the 88-story Jingmao skyscraper, the tallest in China.

Cubana Shanghai S.A. is a venture between state-run Cubanacán, the majority partner, and Suntime International, headquartered in China's Xinjiang autonomous region. The consortium plans a similar hotel in Havana.

BUSINESS GUIDE TO CUBA

The *Business Guide to Cuba* is the most comprehensive research report on Cuban business and politics available today.

With more than 300 pages of exclusive information, data, charts and maps on all productive sectors of the economy — as well as a list of official contacts, business practices and even Cuban street slang — the *Business Guide to Cuba* is your No. 1 resource on potential investment opportunities and pitfalls in this emerging market.

Copies of the guide are available for only \$99 each, shipping and handling included.

To order your copy, call us toll-free today at (800) 365-1997, fax us at (301) 365-1829 or send an e-mail to larry@luxner.com. Visa, MasterCard and Amex accepted.

MEDIA

From propaganda to PR: A guide to Cuba's mass media

BY DOUGLASS G. NORVELL

Take a look at Cuba's changing mass media as it shifts from a traditional Soviet model to a more market-oriented approach. Cuba now has PR firms that help private companies advertise in both domestic and international markets. Magazines and journals serve niche markets, and radio stations advertise real-estate transactions.

Will this shift continue as the government relaxes controls?

In Cuba, the government owns all mass media, and foreign firms are prohibited from investing in radio and television. Along with ownership controls, in Cuba "collaboration with foreign journalists" is punishable by law.

Cuban media outlets are controlled in other, more subtle ways. A media job is a real prize in Cuba, with above-average salaries, invitations from foreign press, interesting work, salaries at least twice the national average, and a shot at working overseas — although these assignments are usually reserved for journalists who are members of the Communist Party.

Given these conditions, anyone working in Cuban media is extremely careful, even in providing information to potential advertisers.

A 1998 directory published by the Unión de Periodistas de Cuba (Cuban Journalists' Union) lists all media outlets, press agencies and accredited foreign correspondents, even down to freelance agents.

Here are some highlights from the directory that illustrate the changing nature of the industry:

PRESS BUREAUS

Cuba has two press bureaus, one for domestic operations and another to carry the Cuban message abroad.

The domestic operation is the Agencia para Información Nacional (AIN). With headquarters in Havana and correspondents in 14 regional offices, AIN — a sort of Associated Press of Cuba — feeds information to domestic media outlets.

The international operation is Havana-based Prensa Latina, with 15 correspondents in Latin America, Russia, Spain, Angola and Vietnam. It is Cuba's equivalent of the U.S. Information Agency, as it focuses on issues important to Cuba and detrimental to the United States. An assignment overseas is one of the perks held out to Cuban journalists, particularly in Mexico, where Cuban journalists are wooed and feted.

FOREIGN PRESS AGENCIES

At least 70 foreign news organizations have bureaus in Cuba. Mostly from other Latin American countries and Europe, these agencies report directly to their home countries under the watchful eye of their Cuban counterparts. All journalists must be accredited by the Centro de Prensa Internacional, which charges \$60 for the procedure; foreigners working as journalists without accreditation or on tourist visas risk arrest and/or deportation.

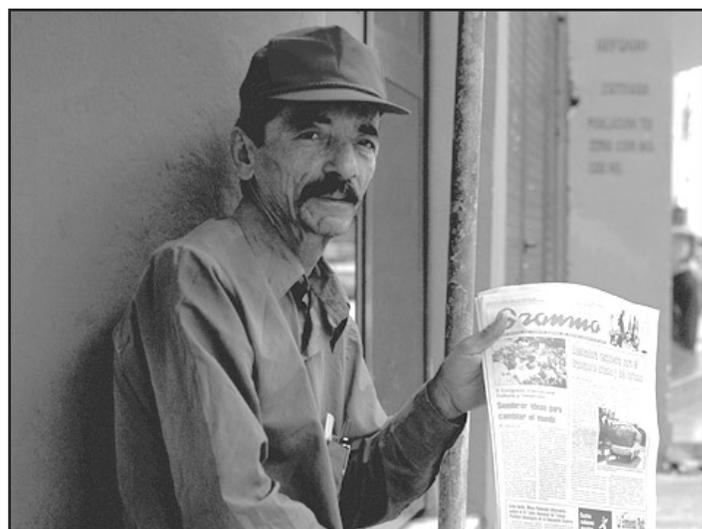
The Cuban government also accredits freelance journalists, who are also closely monitored; Fidel Castro has been known to make disapproving statements about individual correspondents, even mentioning them by name in speeches.

PRINT MEDIA

Cuba has 26 newspapers and 96 magazines supported by 24 printing companies. These publications aren't substantially different from print media in other countries, except in their ownership and advertising policy. The Cuban government owns all the newspapers, and advertisements are mostly public service. Cuban papers do not prepare media kits nor advertise rates, although they do publish circulation figures.

Cuba's print media enjoys wide readership. *Granma*, the official organ of the Communist Party, prints 400,000 copies a day (the international edition has 50,000); *Juventud Rebelde's* circulation is 250,000. Regional publications like *Escambray* (Sancti Spiritus) and *Sierra Maestra* (Santiago de Cuba) reach 20,000 and 42,000 readers respectively.

Cuba's smaller print media include weekly business-oriented publi-



LARRY LUXNER

Havana street vendor sells *Granma*, mouthpiece of the Communist Party.

cations read by smaller niche markets, such as *Negocios en Cuba* with 1,000 readers, and *Opciones*, with 5,000. Founded in 1994, *Opciones* is a commercial newspaper focusing on finance and tourism, the Cuban equivalent of the *Wall Street Journal*.

Academic journals comprise another segment of Cuba's media industry, covering hard sciences like biology and chemistry, and social sciences such as economics and anthropology. Given that Cuba is on the leading edge of research in biotechnology, a number of journals report on Cuban research for international readers.

Like most of the print media, many of the academic journals post information on various Cuban websites.

RADIO

Cuban radio tends to be less political and more entertaining than TV. Cuba has seven stations that broadcast nationally or internationally, and another 47 local stations, most of them broadcasting on both AM and FM frequencies. These are backed up by 31 radio studios.

The content of radio stations varies from political and self-help programs to music and some public-service advertising. These include ads by individuals offering their homes for trade under the *permuta* system (see *CubaNews*, October 2003, page 14).

Cuban radio stations rarely, if ever, advertise commercial products, though goods and services are widely advertised in print media.

TELEVISION

Cuba has two TV stations backed up by eight broadcast studios. The stations broadcast from the early evening until late at night, except on days when there's a government assembly, or *acto*, in which delegations are sent to demonstrate on a particular issue — almost always protesting some U.S. policy toward Cuba. There's actually an office in Old Havana whose purpose is to arrange *actos*; that is, schedule transportation for tens of thousands of people, set up microphones and generally manage the process, which makes for good TV footage to be aired on unscheduled broadcasts during the day.

Cuban evening TV barely beats looking out the window for entertainment value, except for the soap operas that come from Brazil and Mexico. Prime-time TV in Cuba usually consists of a self-help program on nutrition or health-care, followed by a *mesa redonda* or roundtable.

The roundtables almost always involve a discussion about some U.S. policy that Cubans view through a distorted lens. The roundtable is often a lead-in to the news, which follows immediately after.

One recent evening newscast covered the following subjects in turn:

— See *Media*, page 15

TOURISM

Cruise-ship arrivals to rebound in 2004

Cuban tourism officials hope their island will soon be attracting 100,000 cruise-ship passengers a year, which is how many came in 2000 — even without a lifting of the U.S. travel ban.

In 2003, about 60,000 cruise-ship passengers came to Cuba on 80 ship visits — mainly Europeans and Canadians — up from 45,000 passengers on 60 ship visits the year before.

Gianluca Suprani, managing director of Silares S.A., predicted that in 2004, Cuba will receive 94,000 cruise passengers on 123 ship visits, with vessels calling on the ports of Havana, Santiago de Cuba and Playa Punta Francés, in Isla de la Juventud.

Silares, an Italian company operating in a joint venture with the Cuban government, is expanding Havana's Sierra Maestra cruise-ship terminal to allow up to six ships to berth there simultaneously. The city's master plan calls for all cargo ships to be eventually diverted from Havana to the port of Mariel, so that only cruise ships will sail into Old Havana.

In November, Sundream, a vessel owned by Britain's Sun Cruises, arrived with 1,200 passengers. On Dec. 31, Silares announced the simultaneous arrival of the Caribe and the Princess Danae in Santiago de Cuba.

On Jan. 14, the European Vision will also call on Santiago de Cuba, located 534 miles east of Havana. The latter belongs to Festival Cruises and is the largest ship ever to visit a Cuban port.

Since 1995, more than 278,000 foreigners have visited Cuba by cruise ship.

But even that pales in comparison to the Caribbean's busiest ports of call. Last year, Key West received 1 million cruise visitors, San Juan 1.1 million, St. Thomas 1.9 million, Nassau 2 million and Cozumel 2.2 million.

Worldwide, more than 12 million passengers took cruises in 2003. Of that, the Caribbean region accounted for 3.3 million passengers, which was a 7.7% increase over the previous year.

Tourism Ministry officials say the average cruise-ship passenger spends \$158 a day while in Cuba, 60% of it on land. The average crew member spends \$72 per day.

Most of the lines that include Cuba in their itineraries select Havana for overnight stays and even two-day stays. But because of the 1996 Helms-Burton Act, any foreign ship that calls on a Cuban port is banned from U.S. ports for a period of six months.

Some 85% of all Caribbean cruises are controlled by U.S. companies such as Carnival and Royal Caribbean Cruise Lines. Studies show that if Washington lifts its travel ban against Cuba, the island would receive one million tourists and \$500 million in revenues during the first year alone.

"There's nothing we can do until the travel ban is lifted," said a Miami-based cruise executive who asked not to be named. "When something happens, then we'll gear up a plan."

Building the necessary infrastructure won't be easy. Five megacruisers arriving in Havana at the same time would mean 10,000 people demanding ground transportation, restaurants, nightlife and interesting places to visit.

But Philip Peters, vice-president of the Lexington Institute in Arlington, Va., thinks Cuba can handle it.

"As a destination, Old Havana is getting better and better. Its colonial area is larger than Old San Juan, and it blows Nassau out of the water," Peters told *CubaNews*. "When you bring American cruise-ship passengers to Old Havana, they'll think they're in Europe." □

American life, particularly films that deal with race relations in the Old South and show attack dogs and Ku Klux Klan rallies.

PR AGENCIES

A full complement of 13 public relations agencies rounds out Cuba's media industry. The PR firms profiled in the communications directory advertise themselves as being skilled in graphics, publicity campaigns, trade shows, design work and other activities.

Interestingly, they don't tout skills in developing media campaigns or ad placement, indicating they haven't evolved into full-service operations consistent with a market economy.

Haunted by the twin ghosts of Karl Marx and Adam Smith, Cuba's media industry is moving steadily toward becoming a market-oriented industry, albeit slowly.

While the basic infrastructure for both print and electronic media is solid and backed up by skilled PR agencies, tight government controls and the conservative polices of media managers restrict advertising possibilities. □

AVIATION BRIEFS

TIKAL JETS BEGINS GUATEMALA-CUBA SERVICE

Tikal Jets has inaugurated the first nonstop service between Guatemala and Cuba using DC-9 aircraft, reports the newspaper *Siglo 21*.

The Guatemala City-Havana flights, introduced Dec. 21, are being offered Mondays and Fridays at a promotional fare of \$275 round-trip by the airline, which also flies from Guatemala City to Petén (in northern Guatemala) and to the Mexican resort of Cancún.

Tikal Jets, with 80 employees, has also received government approval to begin direct flights to and from Mexico City as early as March 2004.

Cuba and Guatemala have improved their ties in general since the establishment of a pact under which Cuban doctors provide free medical services for Guatemalans living in remote areas of the Central American nation.

Juan Pablo Forno, Commercial Director, Tikal Jets, Aeropuerto Internacional La Aurora, Guatemala City. Tel: +502 361-0042. Fax: +502 361-3343. URL: www.tikaljets.com.

AFTER 40 YEARS, AEROFLOT ADDS SECOND FLIGHT

Russia's Aeroflot has added a second weekly Moscow-Havana flight in order to keep up with a growing number of Russian tourists and business executives visiting the island.

Until now, Aeroflot had flown only once a week between Moscow and Havana.

Alberto Pérez Aguilar, vice-president of Cubana de Aviación, said Aeroflot's Moscow-Havana service "has helped consolidate the friendship between the two nations" since 1963, when Aeroflot began flying to Cuba.

Aeroflot's local representative, Eugueniev Zherdev, noted that the new flight will help Moscow-based tour operators promote Cuba's attractions to potential Russian tourists.

The airline, which flies to 103 cities around the world, enjoys a 30% share of the Russian domestic market and a 75% share of all international flights to and from Russia.

Details: Eugueniev Zherdev, Aeroflot, Calle 23, #64, Vedado, Havana. Tel: +53 7 33-3200. Fax: +53 7 33-3288.

MALÉV TO SERVE VARADERO FROM BUDAPEST

Hungary's Malév Air Tours has added Cuba to its list of favored tourist destinations.

The company's maiden flight arrived in Varadero last month, bringing 180 vacationers. The airline will operate once-a-week Budapest-Varadero service until Feb. 13, with visitors able to choose from 7-day or 14-day packages.

Gabriela Almasi, Malév's Havana representative, said Hungarians already know quite a lot about Cuba's history, climate and culture, and that the airline is receiving promotional help from Havanatur.

Malév Air Tours handles over 51,000 clients a year, with direct flights to Kenya, Thailand, Spain, Turkey and across the Mediterranean.

Details: Malév Air Tours, Roosevelt tér 2, 1051 Budapest, Hungary. Tel: +36 1 235-3215. Fax: +36 1 235-3252. URL: www.airtours.hu.

Media — FROM PAGE 14

continuing political strife in North Ireland, mudslides in Italy, elections in Paraguay, homeless children in Mexico, how the Cuban government cares for Down's Syndrome kids, foreign visitors from Botswana, sports news and finally a piece on birdwatching in Cuba's Zapata Peninsula, followed by the weather.

After the news comes the *telenovelas*, or soap operas. In the evenings, Cuban TV sets often show pictures of Fidel Castro, normally angry and gesticulating, but with the sound off. Their owners are waiting for Castro to finish and for the *telenovelas* to begin.

When the soap operas come on, streets empty and dinner partners excuse themselves from the table to sit and stare slack-jawed at the screen while Brazilians and Mexicans tug at their heartstrings — providing an emotional relief from the day-to-day drudgery of Cuban life.

When U.S. movies are shown at all, they usually portray some negative aspect of

CALENDAR OF EVENTS

If your organization is sponsoring an upcoming event, please let our readers know!

Fax details to *CubaNews* at (301) 365-1829 or send an e-mail to larry@luxner.com.

Jan. 5-9, 12-16: "The Cuban Revolution: US-Cuban Relations." Course to be taught at the University of Miami by Dr. Andy Gómez, senior fellow at UM's Institute for Cuban & Cuban-American Studies, and Dennis Hays, ex-lobbyist for the Cuban American National Foundation. Cost: \$295. *Details: ICCAS, University of Miami, PO Box 248174, Coral Gables, FL 33124. Tel: (305) 284-2822. Fax: (305) 284-4875. E-mail: agomez@miami.edu.*

Jan. 9: Book signing by Carlos Eire, 2003 winner of National Book Award for Non-Fiction and author of "Waiting for Snow in Havana: Confessions of a Cuban Boy." Champagne reception sponsored by Miami's Downtown Book Center follows program. Free. *Details: Cuban Research Institute, Florida International University, Miami. Tel: (305) 348-1991.*

Jan. 16: "Humanitarian Aid for a Cuba in Transition." Seminar at Ronald Reagan Building and International Trade Center, Washington. *Details: Cuba Transition Project, ICCAS, University of Miami, PO Box 248174, Coral Gables, FL 33124-3010. Tel: (305) 284-2822. Fax: (305) 284-4875. E-mail: ctp.iccas@miami.edu. URL: <http://ctp.iccas.miami.edu>.*

Mar. 11-15: X Feria Internacional de la Información, Automatización y Comunicaciones Informatica 2004, Pabexpo, Havana. *Details: Melchor Gil Morell, Palacio de Convenciones, Havana. Tel: +53 7 57-4075. Fax: +53 7 57-4582. E-mail: melchor@mic.cu.*

Apr. 6-10: VII Feria Internacional de la Construcción/FECONS 2004. *Details: Ricardo Pérez, Palco, Havana. Tel: +53 7 881-8385. E-mail: ricardo@micons.netcons.com.cu.*

May 4-8: Expoagua 2004, Pabexpo, Havana. *Details: Minerva Ugalde Teyra, Palacio de Convenciones, Havana. Tel/Fax: +53 7 879-6786. E-mail: minerva@hidro.cu.*

Jun. 6-9: International Rum Festival 2004, Havana. Event, to coincide with 485th anniversary of Havana's founding, will feature nine rum brands: Havana Club, Legendario, Arecha, Santiago de Cuba, Mulata, Cubay, Bucanero, Varadero and Caney. *Details: Belkys Acosta, Dirección de Exportaciones y Ventas al Mercado Interior, Ministerio de la Industria Alimenticia, Ave. 41, #4455, Havana. Tel: +53 7 203-3518 x52. E-mail: belkys@minal.cu.*

IMAGES OF LATIN AMERICA

If your business needs high-quality photographs of Cuba — or anywhere else in the Americas — to illustrate annual reports, articles, brochures or presentations, you've come to the right place. Luxner News Inc. has nearly 15,000 color transparencies on file from South America, Central America, Mexico and the Caribbean, depicting a variety of topics from aerospace to zoology. We also have a growing selection of images from Europe, Africa and the Middle East. For more details, call **Luxner News Inc.** toll-free at (800) 365-1997 or search our website at:

www.luxner.com



CARIBBEAN UPDATE

You already know what's going in Cuba, thanks to *CubaNews*. Now find out what's happening in the rest of this diverse and fast-growing region.

Subscribe to **Caribbean UPDATE**, a monthly newsletter founded in 1985. Corporate and government executives, as well as scholars and journalists, depend on this publication for its insightful, timely coverage of the 30-plus nations and territories of the Caribbean and Central America.

When you receive your first issue, you have two options: (a) pay the accompanying invoice and your subscription will be processed; (b) if you're not satisfied, just write "cancel" on the invoice and return it. There is no further obligation on your part.

The cost of a subscription to **Caribbean UPDATE** is \$267 per year. A special rate of \$134 is available to academics, non-profit organizations and additional subscriptions mailed to the same address.

To order, contact **Caribbean UPDATE** at 116 Myrtle Ave., Millburn, NJ 07041, call us at (973) 376-2314, visit our new website at www.caribbeanupdate.org or send an e-mail to mexcarib@cs.com. We accept Visa, MasterCard and American Express.

CUBANEWS

Editor & Publisher
▪ LARRY LUXNER ▪

Washington correspondent
▪ ANA RADELAT ▪

Political analyst
▪ DOMINGO AMUCHASTEGUI ▪

Feature writers
▪ VITO ECHEVARRÍA ▪
▪ DOUGLASS G. NORVELL ▪

Cartographer
▪ ARMANDO H. PORTELA ▪

Graphic designer
▪ JESSICA MUDJITABA ▪

CUBANEWS (ISSN 1073-7715), founded in 1993, is published monthly by Luxner News Inc., 10454 Parthenon Court, Bethesda, MD 20817, USA.

Subscriptions: US\$429 per year (\$200 for individual scholars and non-profit groups only). Please view our website at www.cubanews.com to learn more about the newsletter.

From the U.S. mainland, Canada and Puerto Rico, call our toll-free customer service hotline at (800) 365-1997 to order a subscription.

From all other locations, call **CUBANEWS** collect at +1 301 365-1745, fax us at +1 301 365-1829 or send an e-mail to larry@luxner.com.

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

Luxner News Inc. 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, call CCC at (978) 750-8400.