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U.S.-Cuba Trade and Economic Council, Inc.

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ECONOMIC EYE ON CUBA©
21 October 1996 to 27 October 1996

EXCHANGE RATES STEADY- Ten days after hurricane Lili inflicted damage upon the Republic of Cuba, currency exchange rates remained unchanged. Government-operated Cajas de Cambio S.A. (CADECA) exchanged the U.S. Dollar for 18 Pesos (buy) and 20 Pesos (sell), as it has for more than one month. The U.S. Dollar traded on the Havana and tourism resort area of Varadero unofficial markets at 18 Pesos to 19 Pesos, and elsewhere in the country from 19 Pesos to 20 Pesos. The official international exchange rate of 1 Peso to the U.S. Dollar, in effect for more than thirty years, remained unchanged. The government maintains a fixed exchange rate for its international dealings and a more flexible rate for domestic use. The Peso and the U.S. Dollar circulate freely in Cuba.

VICE PRESIDENT CARLOS LAGE ON THE HURRICANE- H.E. Dr. Carlos Lage, Vice President of the Council of State and Secretary of the Executive Committee of the Council of Ministers, said that Gross Domestic Product (GDP) would increase more than 5% this year despite the damage caused by hurricane Lili and other factors. The Vice President said that the government would also meet all of its financial obligations on time. In the first official review of the damage caused by the hurricane on 18 October 1996, he said the 5,640 homes were destroyed and 78,855 were damaged. 66,700 acres of banana plantations were destroyed and 45,000 tons of bananas were left on the ground. 154,000 tons of citrus fruit were on the ground, one third of the year's expected harvest. 20,000 acres of roots and vegetables and as much as 18,000 tons of rice were lost. Food production was affected and the government would have to import products. There was considerable damage to the sugar industry, which, with the assistance of US$300 million in short term credits, had begun to recover from a five-year decline. Many sugar mill roofs were damaged and 1,688,500 acres of cane were flooded, flattened, or mangled. The government would insure that the sugar mills were repaired and that the harvest (November to June) begins as scheduled. The Vice President said that "damaged plantations may produce lower yields, but are not lost." There was also substantial damage to power plants and lines.

GOVERNMENT MOBILIZES TO OVERCOME DAMAGE- The government mobilized hundreds of thousands of citizens to clean-up after hurricane Lili. Priority has been given to restoring water and power, repairing hospitals, schools, and housing, salvaging tons of citrus, tons of coffee beans, and draining sugar and rice plantations. The government is using strategic reserves to send roofing materials, food, and other supplies to the hardest-hit areas of the country and announced that various factories would work 24-hour shifts to recover from the hurricane's damage. The government said that it would import additional material and food supplies. The provinces least affected by the hurricane sent workers, housing, and food supplies to those areas in need. Various national organizations, including the Central Organization of Cuban Trade Unions and the Women's Federation launched efforts to collect donations.

INTERNATIONAL ASSISTANCE INCREASES- Government, religious, and Red Cross representatives said that food, construction materials, medicines, and other materials had begun to arrive in the country. The government and various charitable organizations appealed for assistance early last week. The Government of Mexico sent 72 tons of supplies on 22 October 1996. United States-based Catholic Charities sent 32 tons of supplies. The United Nations reported that as of 25 October 1996, it had received more than US$2 million from various governments for relief efforts.

VICE PRESIDENT CARLOS LAGE ARRIVES IN CANADA- H.E. Carlos Lage, Vice President of the Council of State and Secretary of the Executive Committee of the Council of Ministers, arrived in Canada on 27 October 1996 for a four-day official visit. Vice President Lage is the highest-ranking official from the Republic of Cuba to visit Canada in more than ten years. His reported agenda includes meetings with numerous government and business leaders, including visits to the Bank of Canada, Sherritt International, and Toronto Stock Exchange. Canadian companies have emerged as a very important investor, trading partner, and source of tourism revenues for the Republic of Cuba during the last five years. H.E. Lloyd Axworthy, Minister of Foreign Affairs of Canada, said that discussions would include expanding trade, trade credits, and investment by Canadian companies. Minister Axworthy said that Canada-Cuba bilateral trade increased to US$330 million through August 1996, not including tourism.

SHERRITT INTERNATIONAL AND CUPET PLAN NATURAL GAS PLANT- Canada's Sherritt International and Cuba Petroleum (CUPET) will construct a natural gas plant near Matanzas' oil fields (100 kilometers east of Havana). The plant, to be completed by 1998, will process gas currently being burned-off at the expense of the environment. The plant will have the capacity to produce 180,000 cubic meters of methane gas and 15 tons of liquid gas.

INTERNATIONAL TRADE FAIR BEGINS THIS WEEKEND- Mr. Abrahim Maciques, organizer of the Havana International Trade Fair, said that preparations were almost completed for the 16th annual event, which begins on 3 November 1996 and concludes on 10 November 1996. Mr. Maciques said that a record 1,600 foreign companies from 56 countries had confirmed their attendance along with more than 300 Republic of Cuba-based companies. He said that a record 22,000 square meters of exhibition space was rented by companies for the event.

TOURISM INDUSTRY NEARING 1,000,000 VISITOR RECORD- H.E. Miguel Brugueras, Deputy Minister of Tourism of the Republic of Cuba, said that the leisure industry should achieve a record 1,000,000 visitors for this tourism season. He said that 715,800 tourists visited the island through August 1996, about equal to the 728,000 that visited the island in 1995. He said that the majority of tourists were from the following countries: Italy (136,000); Canada (125,000); Spain (82,137); Germany (54,564); France (43,457); Mexico (25,324); and Argentina (24,800).

ITALIAN TOURISM VENTURE ESTABLISHED- Italy's VALTUR and Cuba's Gaviota tourism corporation signed an agreement to construct two 250-room hotels, one in the tourism resort area of Varadero (140 kilometers east of Havana) and the other in Holguin (750 kilometers east of Havana). Mr. Lando Veratri, President of VALTUR, said that his company would also begin management of four Gaviota hotels in Varadero.

MINISTER OF FOREIGN TRADE VISITS VENEZUELA- H.E. Ricardo Cabrisas, Minister of Foreign Trade of the Republic of Cuba, spent last week visiting Venezuela meeting with senior government officials and business representatives. Minister Cabrisas discussed renewal of a triangular agreement between Russia, Venezuela, and Cuba whereby Venezuela shipped its oil to Cuba and Russia shipped its oil to a European-based Venezuelan refinery, thus saving all parties shipping costs. Minister Cabrisas also discussed the export of pharmaceuticals to Venezuela, with a percentage of the profits being used to reduce Cuba's US$47 million debt to Venezuela. Minister Cabrisas said that improving the trade balance was very important. He said that so far this year, bilateral trade was US$250 million (mainly oil and oil-related products), but only US$1 million was in the form of Cuban exports to Venezuela.

EUROPEAN UNION GRANTS US$10 MILLION IN ASSISTANCE- The European Union approved a US$10 million humanitarian assistance package to Cuba. The assistance, in the form of food and medicine, will be distributed by nongovernmental organizations throughout 1997.

GEOPHYSICIST EXPECTS NEW OIL FINDS- Mr. Manual Marrero Faz, one of Cuba's foremost geophysicists, said that important quantities of oil would be discovered during the next few years. Mr. Marrero, speaking to 200 specialists and business executives gathered in Havana for an international geophysics conference, said that 140,000 square kilometers of Cuban territory were designated for exploration. Mr. Marrero, who is a special advisor to H.E. Marcos Portal, Minister of Basic Industry of the Republic of Cuba, said that he expected the discovery of at least 3 new oil fields during the next few years. He said that the country had 25.6 million cubic meters of proven reserves, mainly extremely heavy crude oil, and projected reserves of 10 billion cubic meters. He said that companies from Canada, France, Britain, Sweden, and other countries were exploring 19 of 33 available blocks to date and had discovered 2 new oil fields. He said that Cuba would produce more than 1.5 million tons of oil this year, compared to 842,000 tons in 1992. Executives from various foreign companies have said that Cuba may have large deposits of light oil buried fairly deep underground and in surrounding waters. The France-based company, Geopetrolio, which found heavy crude oil one year ago less than 100 kilometers east of Havana, recently drilled an exploratory well in Pinar del Rio, just west of Havana. Geopetrolio sources said that there were positive indications of light crude oil more than 4,000 meters below ground. Canadian Northwest Energy, a subsidiary of Sherritt International, found heavy oil in Cardenas Bay (140 kilometers east of Havana) 18 months ago. The company is currently exploring the field's size.

MINERAL EXPLORATION INCREASES- Twelve foreign companies, the majority Canadian, are exploring Cuba for gold, silver, copper, lead, zinc, and other minerals. Ms. Nancy Garcia, President of the National Minerals Resources Center, said 42 contracts had been signed since the sector was made available to foreign capital three years ago. Ms. Garcia said that 37 blocks, covering 40,000 square kilometers, were being explored, a third of the national territory. Industry sources said that Canadian companies included Miramar Mining, Joutel Resources, CaribGold, Holmer Gold, Republic Goldfields, Matlock Delta, and MacDonald Mines. The sources said Australia's Rhodes Mining, Panama's MinAmerica and Venezuela's Mineria Siboney had also signed exploration agreements. Ms. Garcia said that most contracts were risk agreements, though a joint venture was established with Miramar Mining to develop a copper deposit in Pinar del Rio (150 kilometers west of Havana), and two ventures to service exploration activity. Ms. Garcia said that feasibility studies were underway to determine the cost of exploiting a zinc and lead deposit in Pinar del Rio and a gold deposit on the Isla de la Juventud (150 kilometers south of Havana). Industry sources said that Cuba's GeoMinera and Canada's Miramar Mining were negotiating the gold venture to exploit the Delta deposit on the Isla de la Juventud. GeoMinera sources said that the joint venture would produce 120,000 ounces annually by 1998. Ms. Garcia told delegates to the Geophysics conference that two joint ventures were established in the nickel industry, with additional joint ventures being negotiated. Ms. Garcia said that there were 800 million tons of proven nickel plus cobalt reserves and an additional 2.2 billion probable reserves in Holguin Province (750 kilometers east of Havana). Ms. Garcia said that there were lesser reserves in other parts of the country.

URUGUAYAN MEAT PROCESSING VENTURE- Cuba's CORALSA food company and Uruguayan business executives have established a venture valued at US$3 million which will operate in Uruguay as the Beef Jerky Company and in Cuba as MERCOSUR Meat Distributors. The venture plans to process 800 tons of salt beef annually. The joint venture was actively promoted by the government of Uruguay. The Cuban company will use 10% of its profits toward payment of Cuba's US$35 million debt to Uruguay. Mr. Ebelio Tieles, President CORALSA, said that long term plans included entering the Caribbean market and the processing of Cuban products for sale within MERCOSUR countries.

TANZANIAN COOPERATION AGREEMENT- H.E. Roberto Robaina, Minister of Foreign Affairs of the Republic of Cuba, and H.E. Jakaya Mrisho Kikwete, Minister of Foreign Affairs of Tanzania, signed a cooperation agreement in Havana covering the areas of health, higher education, construction, and tourism.

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28 October 1996

I thought that you might find value in receiving a photocopy of the attached first license issued by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury in Washington, D.C., which permits representatives of United States medical equipment, medical instrument, medical supply, and pharmaceutical companies who apply to and receive a license from the OFAC to travel to the Republic of Cuba for the purpose of exploring sales opportunities.

Sales of medical equipment, medical instruments, medical supplies, and pharmaceutical products to authorized enterprises are specifically permitted under United States law, including within provisions of the Cuban Democracy Act enacted in October 1992. Licenses for the actual export are obtained from the United States Department of Commerce.

The first license for the purpose of traveling to the Republic of Cuba to explore the above referenced sales opportunities was issued to a member of the U.S.-Cuba Trade and Economic Council, the largest nonpartisan business organization within the United States focusing upon the Republic of Cuba. A summary of the new sales visit licensing authority was contained in the 16 September 1996 issue of the ECONOMIC EYE ON CUBA© which is published each Monday for members of the U.S.-Cuba Trade and Economic Council.

According to executives at a number of United States medical equipment, medical instrument, medical supply, and pharmaceutical companies, the reasons that permitted sales have to date been limited are 1) the executives at the companies did not know that such sales were permitted and 2) without traveling to the country in order to visit with potential buyers, visit hospitals, show samples, etc., substantive sales opportunities would not be forthcoming.

Thanking you in advance, please do not hesitate to contact the U.S.-Cuba Trade and Economic Council for additional information. Warmest personal regards.

Sincerely,

John S. Kavulich II
President

attachment

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Cuban Assets Control Regulations **License No. C-**

LICENSE

(Granted under the authority of 50 U.S.C. App. 5(b), 22 U.S.C. 2370(a), 22 U.S.C. 6001 et. seq., Executive Order 9193, Executive Order 9989, Proclamation 3447, and 31 CFR Part 515)

To:

c/o John S. Kavulich II

1. Pursuant to your application of January 8, 1996, as supplemented August 27, 1996, the following transaction is hereby licensed:

* * * * * * * * **SEE REVERSE** * * * * * * * *

2. This license is granted upon the statements and representations made in your application, or otherwise filed with or made to the Treasury Department as a supplement to your application, and is subject to the conditions, among others, that you comply in all respects with all regulations, rulings, orders and instructions issued by the Secretary of the Treasury under the authority of Section 620(a), Public Law 87-195, or under the authority of section 5(b) of the Act of October 6, 1917, as amended, and the terms of this license.

3. The licensee shall furnish and make available for inspection any relevant information, records or reports requested by the Secretary of the Treasury or any duly authorized officer or agency of the Secretary.

4. This license expires on December 31, 1996, is not transferable, is subject to the provisions of Title 31, Part 515 of the Code of Federal Regulations, and any regulations and rulings issued pursuant thereto and may be revoked or modified at any time at the discretion of the Secretary of the Treasury acting directly or through the agency through which the license was issued, or any other agency designated by the Secretary of the Treasury. If this license was issued as a result of willful misrepresentation on the part of the applicant or his duly authorized agent, it may, in the discretion of the Secretary of the Treasury, be declared void from the date of its issuance, or from any other date.

5. This license does not excuse compliance with any law or regulation administered by the Office of Foreign Assets Control or another agency (including reporting requirement) applicable to the transaction(s) herein licensed, nor does it release the Licensee(s) or third parties from civil or criminal liability for violation of any law or regulation.

Issued by direction and on behalf of the Secretary of the Treasury:

OFFICE OF FOREIGN ASSETS CONTROL

By Richard Newcomb 9/19/96

R. Richard Newcomb, Director

[Attention is directed to 19 U.S.C. 1592 and 1595a, 18 U.S.C. 545, 18 U.S.C. 1001, 50 U.S.C. App. 16, and 31 CFR 515.701 et. seq. for provisions relating to penalties.]

License No. C-

Licensee:

SECTION I - AUTHORIZATIONS:

A. All necessary transactions incident to travel to, from and within Cuba for a period not to exceed one week in duration (excluding departure and arrival days), by <u>any two of the following</u> representatives, for the purpose of arranging for the exportation of medicines and medical supplies, as provided in § 6004 of the Cuban Democracy Act ("CDA"), 22 U.S.C. 6001 et seq., including expenses related to the transportation within Cuba of medical samples and equipment: , ,

B. Transactions related to the signing of an agreement or contract for the sale of medicines and medical supplies, the performance of which shall be contingent upon obtaining a license from the Department of Commerce authorizing exportation of the goods from the United States to Cuba, consistent with § 6004 (d)(2) of the CDA. Separate application shall be made to the Department of Commerce for the export license(s).

WARNING: It is a condition of this license that any exportation of medical samples or equipment during the travel authorized by paragraph (A) of Section I above conform to the Export Administration Regulations, 15 C.F.R. Part 730, et al., administered by the Department of Commerce.
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx

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28 October 1996

On 3 October 1996, the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury in Washington, D.C., issued license C-32929 (which expires on 31 March 1997) to a group of nine individuals subject to United States law to visit the Republic of Cuba pursuant to the application presented to the OFAC on 9 August 1996 by the U.S.-Cuba Trade and Economic Council on behalf of WSP S.A., a Republic of Cuba-based company.

This was the first such license issued by the OFAC to a group of representatives from the United States music industry to visit the Republic of Cuba. The Cuban Democracy Act signed into law in 1992 and other subsequent related and implemented regulations permit individuals subject to United States law to engage in licensed (general and specific) music product import and export activities.

Two of the United States companies who participated in the 10 October 1996 visit to the Republic of Cuba reached agreements with Republic of Cuba-based companies for the importation and exportation of music product.

The participants in the 10 October 1996 visit ***A)*** met with representatives of Artex, Egrem, and Caribe Productions, the principal record companies in the Republic of Cuba. ***B)*** visited a well-known musician during his session at a recording studio. ***C)*** listened to music groups and individual artists. ***D)*** visited MAXmusic and other retail stores selling music product for the purpose of reviewing and evaluating what product is being sold, how the product is being sold, and to discuss opportunities for additional product sales. A participant had one of their company's CD product played in a store which resulted in customer requests to purchase the product and an order for the product from the retail store. ***E)*** met with representatives of ACDAM to discuss intellectual property and royalty issues. ***F)*** met with representatives of RTV Comercial to discuss licensing opportunities within their extensive audio and video archive. ***G)*** met with a representative of the National Museum of Music. **H)** met with representatives of the Union of Writers and Artists in Cuba. ***I)*** visited Cuba's most popular radio station. ***J)*** visited a state-of-the-art recording studio complex under construction. ***K)*** visited a prominent musician's home. ***L)*** obtained music product samples and informational materials. ***M)*** met with a representative of the Ministry of Foreign Affairs.

Thanking you in advance, please do not hesitate to contact the U.S.-Cuba Trade and Economic Council for additional information. Warmest personal regards.

Sincerely,

John S. Kavulich II
President

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Cuban Assets Control Regulations **License No. C-32929**

LICENSE

Granted under the authority of 50 U.S.C. App. 5(b), 22 U.S.C. 2370(a), 22 U.S.C. 6001 et. seq., Executive Order 9193, Executive Order 9989, Proclamation 3447, and 31 CFR Part 515

To: John S. Kavulich, II
U.S.-Cuba Trade & Econ. Council, Inc., 30 Rockefeller Plaza, New York, NY 10112-0002

1. Pursuant to your application of 08/09/96, the following is hereby licensed: **All activities and transactions in connection with the travel to, presence in, and travel from Cuba of Mr. , Mr. , Mr. , Mr. , Mr. , Mr. , Mr. , Mr. , and Mr. for purposes related to the importation of informational materials from and the exportion of informational materials to Cuba, as described in your letter of 8/9/96 and 10/2/96 to the Office of Foreign Assets Control.**

2. This license is granted based on representations made by you to the Treasury Department. You must comply with all regulations, rulings, orders and instructions issued by the Secretary of the Treasury under the authority cited above and the terms of this license.

3. Your duty to keep records of transactions authorized by this license and to provide them on demand to the Secretary of the Treasury is described in 31 CFR 515.601 and 515.602.

4. This license expires on 03/31/97, is not transferable, and is subject to the provisions of 31 CFR Part 515 and any regulations and rulings issued pursuant thereto. This license may be revoked or modified at any time at the discretion of the Secretary of the Treasury or his designee. Willful misrepresentation by you or your agent to secure this license is grounds for declaring it void from the date of issuance or any other date, and may constitute a violation of law. 18 U.S.C. 1001. Violations of this license or other provisions of 31 CFR Part 515 may subject you to the penalties described in 31 CFR 515.701.

5. This license does not excuse compliance with any law or regulation administered by the Office of Foreign Assets Control or another agency (including reporting requirements) applicable to the transaction(s) herein licensed, nor does it release you or third parties from civil or criminal liability for violation of any law or regulation.

Issued by direction and on behalf of the Secretary of the Treasury:

OFFICE OF FOREIGN ASSETS CONTROL

By 10/3/96

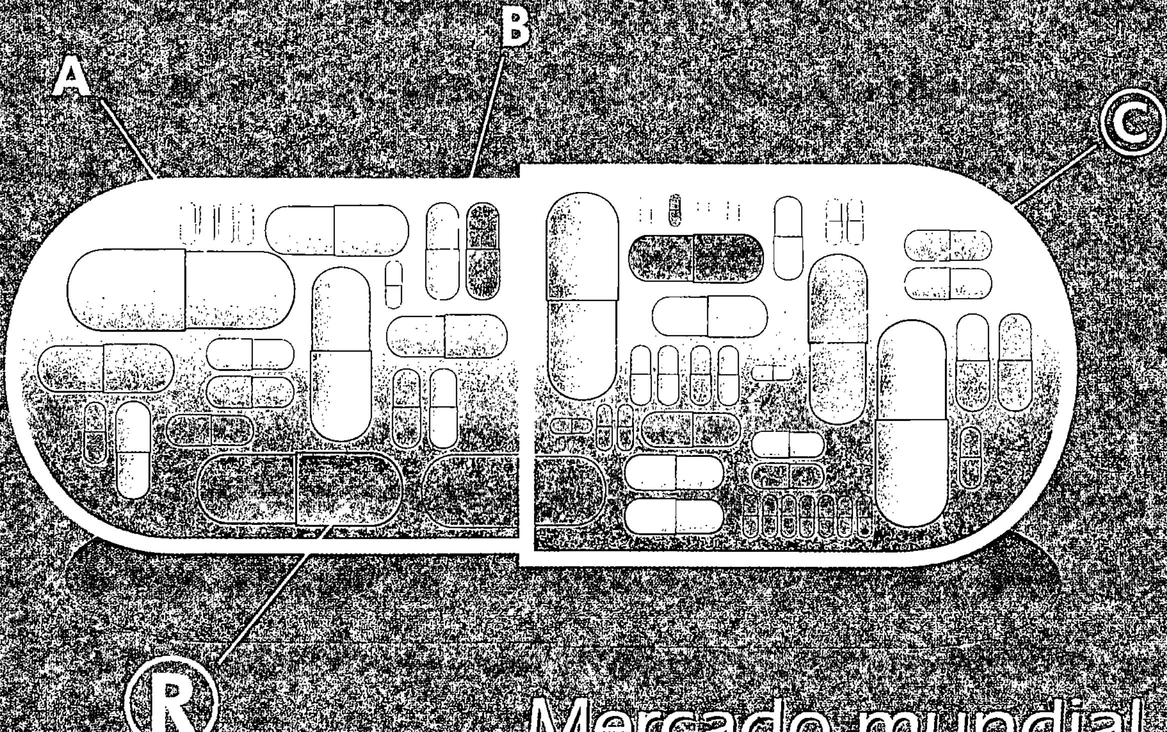
Steven I. Pinter, Chief of Licensing

Clinton Presidential Records
Digital Records Marker

Nº4 1996

Cuba

FOREIGN TRADE



Mercado mundial farmacéutico

World pharmaceutical market

Nuevo Decreto sobre sucursales y agentes
New Decree on Branch Offices and Agents

CUBANACAN por dentro
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Zonas francas: un atractivo a la inversión
Duty-free zones: an attraction for investments

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CONTACTOS de Negocios
Business Contacts inside

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ECONOMIC EYE ON CUBA©
28 October 1996 to 3 November 1996

Exchange Rates Steady
Success Magazine Co-Founded Institute Receives License For Seminars in Cuba
Vice President Carlos Lage Visits Canada
Havana International Trade Fair Begins
Foreign Officials And Business Delegations Arrive
Spain Has Most Havana International Trade Fair Participants
President Castro Expected At Iberioamerican Summit
Budget Revenues Reaching Targets
Record Nickel Plus Cobalt Production
Tourism Promotes Light Industry Recovery
French Tourism Accord
Steel, Machine Building, and Electronics Production Increases
South Africa To Co-Produce Pharmaceuticals
Hurricane Lili Damage Update
U.S.-Cuba Trade And Economic Council On The World Wide Web

EXCHANGE RATES STEADY- Government-operated Cajas de Cambio S.A. (CADECA) exchanged the U.S. Dollar for 18 Pesos (buy) and 20 Pesos (sell), as it has for six weeks. The U.S. Dollar traded on the Havana and tourism resort area of Varadero unofficial markets at 18 Pesos to 19 Pesos and elsewhere in the country from 19 Pesos to 20 Pesos. There were few customers at CADECA offices or on the street willing to exchange U.S. Dollars, indicating increased pressure on the Peso. The official international exchange rate of 1 Peso to the U.S. Dollar, in effect for more than 30 years, remained unchanged. The government maintains a fixed exchange rate for its international dealings and a more flexible rate for domestic use. The Peso and the U.S. Dollar circulate freely in Cuba.

SUCCESS MAGAZINE CO-FOUNDED INSTITUTE RECEIVES LICENSE FOR SEMINARS IN CUBA- The Institute for Entrepreneurship in Emerging Economies (IEEE), a not-for-profit corporation co-founded by Success Magazine and headquartered in Chicago, Illinois, has received a license (C-18210) from the United States Department of the Treasury's Office of Foreign Assets Control in Washington, D.C., to implement a two-year, US$240,000.00 seminar program.

As reflected in the agreement co-developed with the Ministry for Foreign Investment and Economic Cooperation of the Republic of Cuba, the 3 to 7 day seminars "provide for business executives, entrepreneurs, attorneys, and academics to share their views and assist in the training of individuals and organizations on all aspects of entrepreneurship, business management, and commercial law," according to Matthew Mark Horn, Esq., Executive Director and co-founder of the IEEE. United States financial institutions or any offshore branch or subsidiary of a United States financial institution are authorized to initiate banking transactions pursuant to the seminar program license. For further information, contact telephone (312) 587-9900 or facsimile (312) 587-0140.

VICE PRESIDENT CARLOS LAGE VISITS CANADA- H.E. Dr. Carlos Lage Davila, Vice President of the Council of State of the Republic of Cuba, met with H.E. Jean Chretien, Prime Minister of Canada, and other senior governmental officials during his 27 October 1996 to 31 October 1996 official visit to the country. Vice President Lage was the highest-ranking Cuban official to visit Canada in more than ten years. He also met with business executives. Canada has emerged as an important investor, trading partner, and source of tourism revenues for Cuba. Trade is expected to exceed US$300 million in 1996. Canadian companies have invested in the nickel, mineral, oil, tourism, agriculture, and food processing sectors. More than 130,000 Canadians are expected to visit Cuba in 1996.

HAVANA INTERNATIONAL TRADE FAIR BEGINS- Havana's 14th International Trade Fair opened in Havana on 3 November 1996 and continues through 10 November 1996. The Havana International Trade Fair is now the largest in the Caribbean Sea-area and Central America, and is the third largest in Latin America. H.E. Fidel Castro Ruz, President of the Republic of Cuba, surprised participants by attending the ribbon-cutting while H.E. Ricardo Cabrisas, Minister of Foreign Trade of the Republic of Cuba, delivered the opening remarks. Minister Cabrisas said that a record 1,500 foreign companies and 336 Cuban companies rented 21,000 square meters of space at the Havana International Trade Fair, compared with 1,462 foreign companies and 228 Cuban companies in 1995. He said that the companies came from a record 60 countries, compared with 49 in 1995. On the subject of the economy, he said that there would be an increase of more than 5% in the Gross Domestic Product (GDP), and that agriculture, fishing, mining, and manufacturing sectors would increase by more than 10%. He said that tourism was the most dynamic sector of the economy and would continue to be because of an ambitious investment program. The Minister said that a record nickel production and a 34% increase in sugar production also helped to overcome a series of negative factors, such as higher oil and food prices and effects from hurricane Lili. He said that the strong recovery would continue through 1997. In September 1996, Minister Cabrisas said that trade increased 40% during the first six months of 1996, with exports increasing 30% and imports increasing 50%. He said that Cuba traded with 108 countries, more than 3,000 companies, and that the country was a member of more than 15 international organizations. He said that 40% of trade last year was with Canada, Latin America, and the Caribbean Sea-area countries. 32% of trade last year was with members of the European Union. Canada was Cuba's most important trading partner

(10% of total trade), followed by Spain, Mexico, China, France, Russia, Venezuela, the Dutch Antilles, Italy, and Holland. The government reported trade as follows in billions of U.S. Dollars:

1989- 13.5	(exports 5.4, imports 8.1)
1990- 12.8	(exports 5.4, imports 7.4)
1991- 7.2	(exports 3.0, imports 4.2)
1992- 4.1	(exports 1.8, imports 2.3)
1993- 3.165	(exports 1.157, imports 2.008)
1994- 3.270	(exports 1.314, imports 1.956)
1995- 4.250.5	(exports 1.478.5, imports 2.2772)

FOREIGN OFFICIALS AND BUSINESS DELEGATIONS ARRIVE- Havana International Trade Fair representatives said that a record number of foreign dignitaries and business delegations were in Havana to discuss trade and investment. Two delegations from Germany, one headed by H.E. Gerhard Schoeder, Minister-President of the State of Lower Sajonia, and the other by H.E. Michael Pieper, Secretary of the Economy of the State of Brandenburg, arrived during this past weekend. H.E. Jean Jacques de Peretti, Minister of Overseas Territories of France, is expected on 5 November 1996. H.E. Alexey Propoplev, Vice Minister of Industry of Russia, also arrived during this past weekend as did a delegation led by H.E. Alexander Montiero, Secretary of Trade, Industry, and Tourism of Cape Verde. Other delegations in Havana include those from Canada, Spain, Mexico, Venezuela, Trinidad and Tobago, Mozambique, and other countries.

SPAIN HAS MOST HAVANA INTERNATIONAL TRADE FAIR PARTICIPANTS- Spanish companies rented the most space at the 14th Havana International Trade Fair- 5,000 square meters covering six pavilions. After Spain, the most prominently represented countries were Italy, Panama, Canada, Germany, Holland, and France. The number of Chinese, Russian, and Czech companies increased this year. First time participants included companies from South Korea, Egypt, Haiti, Indonesia, Monaco, Namibia, Barbados, Aruba, the Republic of San Marino, and Palestine. The following are statistics from previous Havana International Trade Fairs:

Year	Countries	Square Meters Rented	Foreign Companies	Cuban Companies
1985	12	4,100	312	4
1990	29	8,666	495	104
1991	24	7,810	621	126
1992	32	8,066	643	192
1993	45	14,122	919	229
1994	45	17,087	1,010	293
1995	49	20,753	1,447	228
1996	60	21,200	1,500	336

PRESIDENT CASTRO EXPECTED AT IBERIOAMERICAN SUMMIT- H.E. Fidel Castro Ruz, President of the Republic of Cuba, is expected to attend the 6th Iberioamerican Summit scheduled for 9 November 1996 to 11 November 1996 in Chile. President Castro has participated in the previous five gatherings. Cuba has restored diplomatic relations with all of the countries in South America, two of six countries in Central America, and all but on of the Caribbean Sea-area countries. Cuba has economic relations with the entire Latin American region. Trade with Latin American countries and Caribbean Sea-area countries has increased from less than 5% of global trade in 1989 to more than 30% in 1995. Joint venture and economic associations are active in tourism, communications, agriculture, mineral exploration, manufacturing, and food processing among others.

BUDGET REVENUES REACHING TARGETS- The National Tax Office (NTO) reported revenues of 9.2 billion Pesos through September, which is 78% of the 12.2 billion Pesos planned for 1996. The NTO did not release expenditures, nor did it comment on hurricane Lili's impact on plans to reduce the budget deficit to less than 3% of Gross Domestic Product (GDP). However, Republic of Cuba-based economists said that expenditures were as projected for the first six months of 1996 and that the budget included a 400 million Peso contingency fund that had not yet been used. The NTO reported that there remained resistance to the country's new comprehensive tax system which mostly went into effect this year. The NTO said that 1,346 audits completed through August 1996 uncovered 239.4 million Pesos due to the government. The government has made strengthening the Peso through economic growth and deficit reduction a priority since May 1994. The Peso's unofficial value decreased from 7 Pesos to the U.S. Dollar in 1989 to 150 Pesos to the U.S. Dollar in 1994. The U.S. Dollar is currently trading between 18 Pesos and 20 Pesos. The Ministry of Finances and Prices reported that budget deficits increased from 1.4 billion Pesos in 1989 to more than 4 billion Pesos in 1993; and that excess Pesos in circulation increased to 11.6 billion. Deficit reduction and inflation-fighting measures adopted to date include: **A)** Peso wage freeze **B)** establishment of a comprehensive tax system **C)** a budgeted 50% to 100% decrease in subsidies to government-controlled companies **D)** 100% to 500% price increases on government-controlled nonessential goods, services, and utilities **E)** elimination of various gratuities **F)** and increased government sales of products for sold for Pesos, and the reopening of produce and opening of light industrial goods markets where prices are substantially determined by supply and demand. The Gross Domestic Product (GDP) increased .7% in 1994, 2.5% in 1995, and is expected to increase by more than 5% in 1996. The government decreased the deficit to 750 million Pesos in 1995 and is expected to be less than 500 million Pesos in 1996. The government reported Pesos in circulation had decreased to less than 9 billion as of August 1996.

RECORD NICKEL PLUS COBALT PRODUCTION- The nickel industry surpassed its all-time production record of 46,600 tons of nickel plus cobalt. The production increase was led by the Moa Bay nickel plus cobalt sulfide concentrates plant, 800 kilometers east of Havana. Canada's Sherritt International, co-owner of the plant with the Cuban government, reported production of 19,884 tons through 30 September 1996, compared to 20,651 tons for all of 1995. Two other Cuban government-owned plants in the same area accounted for the remainder of the production. H.E. Marcos Portal, Minister of Basic Industry of the Republic of Cuba, said that the industry would produce more than 55,000 tons of nickel plus cobalt in 1996. Industry sources credited improved management introduced by Sherritt International, an aggressive investment program, and higher wages for the record production. The Cuban Nickel Union and the Ministry of Basic Industry reported nickel plus cobalt production (considered to be class II with an average 90% nickel content) was as follows in metric tons: 1989- 46,591; 1990- 41,099; 1991- 33,994; 1992- 32,447; 1993- 30,227; 1994- 26,772; 1995- 43,990.

TOURISM PROMOTES LIGHT INDUSTRY RECOVERY- An estimated 130 Republic of Cuba-based companies will sell more than US$180 million worth of their products to the tourism industry and in the country's U.S. Dollar retail stores this year. Mr. Pedro Fernandez, Vice President of FINATUR, said that the sales figures were 30% greater than in 1995. He said that FINATUR, which finances the local production for the tourism industry, would increase its available credits in 1997 with the aim at promoting import substitution. He said that the majority of the products came from agriculture, food processing, textiles, and other light industrial manufacturing.

FRENCH TOURISM ACCORD- The French tourism company Club Systems Vacances and Cubana Airlines have signed a two-year agreement to bring travelers from Guadalupe to the island. The agreement includes weekly flights with visitors then touring Havana, Cayo Largo, Colonial Trinidad, and other locations. Club Systems Vacances specializes in family tourism and has affiliates in a number of other European countries. Cuban sources said that additional agreements were being negotiated.

STEEL, MACHINE BUILDING, AND ELECTRONICS PRODUCTION INCREASES- The Ministry of Steel, Mechanical, and Electronic Industry reported that production increased 30% from January 1996 through September 1996, compared to the similar period in 1995. The Ministry reported that the growth was due exclusively to an increase in internal demand from the sugar, construction, tourism, agriculture, transportation, and communications sectors. The Ministry said that sales totaled 72% of this year's 567 million Peso plan.

SOUTH AFRICA TO CO-PRODUCE PHARMACEUTICALS- H.E. Carlos Dotres, Minister of Public Health of the Republic of Cuba, met with H.E. Nelson Mandela, President of South Africa and other officials during a recent visit to the African country. Minister Dotres signed a letter of intent with H.E. Nkosazana Zuma, Minister of Public Health of South Africa, to co-produce Cuban pharmaceuticals and to increase the number of Cuban doctors and support personal working in the country.

HURRICANE LILI DAMAGE UPDATE- H.E. Ricardo Cabrisas, Minister of Foreign Trade of the Republic of Cuba, said that the government had restored most power, communications, and running water to the Isla de la Juventud, and to the provinces of Havana, Matanzas, Villa Clara, Cienfeugos, Sancti Spiritus, and Ciego de Avila since hurricane Lili hit the island on 18 October 1996. The citrus industry reported that more than 20,000 tons out of 150,000 of felled fruit have been processed as juice, with an equal amount expected to be recovered in the next week. The coffee industry reported more than 1,000 tons of felled beans were collected, although damage remains extensive. The rice industry reported that damage was limited to less than 10,000 tons. Various provinces, for example Villa Clara, reported up to 9 pounds per capita of felled bananas and other produce were collected for distribution to the population. Sugar industry experts are divided as to the extent of damage to the 1996-1997 sugar cane harvest. Estimates are that production was effected by between 10% and 20% in the provinces damaged by the hurricane and that the result would be a harvest that is 300,000 tons short of the planned 5.2 to 5.3 million tons (the 1995-1996 harvest was 4.45 million tons). United Nations and International Red Cross representatives said that the main problems facing the effected areas and the entire country were building repairs, water quality, and an expected food shortage from late November 1996 through March 1997.

U.S.-CUBA TRADE AND ECONOMIC COUNCIL ON THE WORLD WIDE WEB- The U.S.-Cuba Trade and Economic Council, the largest nonpartisan business organization within the United States focusing upon the Republic of Cuba, now has information available at http://www.cubatrade.org the World Wide Web. Information available includes Purpose, Administration and Structure, Membership Profile, Member Services and Dues, Realities of "MarketCuba," Non-United States Companies and the Republic of Cuba, Foreign Investment in Cuba, Trademark and Patent Registration, Certified Claims, samples of the ECONOMIC EYE ON CUBA©, Congressional Testimony, Letters of Support/Endorsement, and Publications.

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Página 8

Visita de la Baronesa Young

Crece el intercambio comercial cubano-británico

Por Dihur Godefroid Tchamlesso

Gran Bretaña y Cuba identificaron áreas específicas para aumentar el nivel de su comercio bilateral, que durante la primera mitad de este año aumentó considerablemente, pero todavía está por debajo del potencial real en opinión de las partes.

La baronesa y parlamentaria británica, Janet Mary Young, en su tercera visita a este país, realizada del 6 al 9 de octubre, acompañada de una importante delegación empresarial, reconoció que las cifras del trato mercantil entre Londres y La Habana no reflejan adecuadamente las dimensiones de la participación y el compromiso del Reino Unido en la recuperación económica de Cuba.

Durante el primer semestre de 1996, las exportaciones británicas a la mayor isla del Caribe alcanzaron 29 millones de dólares, alza de 92 por ciento en comparación con el volumen en ese lapso del año anterior.

Por otro lado, las ventas cubanas al país europeo, fueron del orden de 23 millones de dólares, 159 por ciento más que lo registrado en la primera mitad de 1995.

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Ley Helms-Burton

Sherritt puede capear sola el temporal

Ian Delaney, Presidente de la compañía canadiense Sherritt International Inc. reafirmó su determinación de permanecer en Cuba, donde tiene inversiones en minería, turismo, agricultura, y aspira a expandirlas a otros sectores clave.

"Nuestra decisión de quedarnos aquí es absolutamente inamovible", dijo Delaney a un grupo de reporteros en el Hotel cinco estrellas Meliá-Las Américas, uno de los más lujosos de Varadero, célebre balneario cubano.

Página 7

A pesar de difícil coyuntura

Economía cubana cumplirá pronósticos afirma presidente Fidel Castro

La Habana. La economía cubana, a pesar de la difícil coyuntura actual, debe cumplir este año los pronósticos y crecer un cinco por ciento, confirmó el Presidente Fidel Castro.

En declaraciones a la prensa durante la recepción ofrecida por la embajada británica en honor de la visita de la Baronesa Janet Mary Young y un grupo de empresarios, el mandatario cubano advirtió que la Isla es un país bloqueado por Estados Unidos y bajo esta condición tiene que hacerlo todo con sus propios recursos.

"No se puede pedir un milagro, pero avanzamos", dijo y añadió que Cuba "ha hecho una gran proeza sólo con resistir y si es capaz de avanzar en las condiciones en que trabajamos hoy, nadie podrá negar el calificativo de proeza", afirmó Fidel.

Aún así, alertó que lo más relevante es que el crecimiento que Cuba debe alcanzar en este año se logre sobre una base sólida y que su tendencia sea continua.

En otro momento del encuentro, una periodista británica le preguntó su opinión acerca del primer debate televisivo realizado el 6 de octubre entre los candidatos a la presidencia de Estados Unidos, el actual mandatario demócrata, Bill Clinton y su adversario republicano, Bob Dole.

Al respecto, Fidel Castro expresó que "nada nuevo aportó, más bien fue algo aburrido, teatral y sin mucha sustancia".

En relación a la actitud asumida por Clinton hacia Cuba, el mandatario cubano dijo que el actual gobernante demócrata acostumbra hacer las cosas que más le convienen desde el punto de vista electoral, aunque tal vez este político norteamericano deje de ser candidato para desempeñar algún día el papel de estadista.

Respecto al fuerte rechazo y las medidas de antidoto tomadas por la Unión Europea contra la Helms-Burton, así como la decisión de emplazar a Washington ante un panel de la Organización Mundial de Comercio, el líder cubano consideró como "muy valiente y civilizada" la respuesta de la UE de condena a la legislación de pretensiones extraterritoriales.