

Economic Update November 14



Closure of FIHAV 2014 in the Palace of Conventions

After 6 days of fruitful exchange between entrepreneurs and officials from more than 60 nations, the *32th International Fair of Havana* closed at the *Palace of Conventions* last Friday.

On that day, the jury awarded prizes in different categories and the convening of the 2015 edition was announced.

Business rounds, signing of agreements and conventions, business meetings, as well as the promotion of Cuba's exports of goods and services accounted for the event program.

FIHAV 2014 was dedicated to promote foreign investment in Cuba, in order to encourage the development of important sectors such as agriculture, industry, tourism, biotechnology and renewable energy.

Rated as the highest in the past 12 years, the most important trade fair in the Caribbean and one of the most recognized in Latin America, brought together nearly 5 thousand exhibitors from 62 nations.

European Union Says Cuba Offers Important Attraction to Foreign Investment

The European Union recently stressed the advantages that Cuba offers foreign investors given the high preparation of its labor, its key geographical situation, international recognition and image and its growing regional integration.

European Union ambassador in Havana Hernan Portocarero told reporters during a press conference at the concluded *Havana's International Trade Fair* that the bloc is ready to back the island in its move to attract foreign investment as part of the update of its economic model.

Referring to the Cuban portfolio of projects for foreign investment, ambassador Portocarero said that this activity is very competitive in the Caribbean area, which poses significant challenges to Cuba, and in this regards, European companies could play their role.

He added the offer is attractive as to infrastructure, energy and other projects, which will depend on the potential of big companies, so it will require waiting for the decision and interest of European entrepreneurs.

However, he said that foreign investment would not stand for more exports or an increase of the commercial balance, but in the increase of the Cuban presence in foreign markets, the creation of jobs, technology transfer and the diversification of the offer of productions with added value.

Portocarero recalled that the European Union is the major investor in Latin America and any investment in Cuba would be environment friendly and abide by labor and legal standards.

Cuba Opens Sugar Factories to Foreign Investors

The Cuban portfolio of foreign investment offers entrepreneurs their participation in the management of sugar mills as a modality aimed at increasing sugar production quality and efficiency.

The introduction of new production and management technology is also included in the announced modality for the Cuban sugar sector which provides foreign investors advantages such as highly skilled labor, technical support, a 5-century tradition in making sugar, the possibility to use deactivated facilities, among others.

Any contract in the field would come under the modality known as international economic association for production management, which may include several sugar mills in the provinces of Matanzas and Artemisa in the west; Camaguey, Las Tunas and Granma in the eastern part of the country.

Each one of these projects would require a 40-million dollar investment, according to officials with *Azcuba*, the entity in charge of the Cuban sugar sector.

Iberostar Used for the First Time Olé Hotels Brand in Cuba

The Playa Blanca Cayo Largo, on Isla de la Juventud, is the first facility in the Caribbean for *Olé* hotels brand, property of the Spanish international chain *Iberostar*.

Its executive, Juan Diego Fortin Abascal, said Ole Playa Blanca, category 4 stars, is opened to the world market since November first with attractive offers for those who prefer to spend their family vacation at affordable prices in the modality of all inclusive.

Fortin said the re-branding will enable them to achieve higher levels of employment and access to other markets such as Russia, Argentina and Germany as main source today is Canada.

He also said that was an appeal to the *Iberostar group Olé* excellent beaches of the island, two of them *Paradise* and *Mermaid* are among the 10 most beautiful in the world, and the natural environment and the quiet.

Cuba and Panama Sign First Protocol for Bilateral Trade

Cuba and Panama recently signed in this capital the *First Modifying Protocol of the Agreement of Partial Scope* to boost commercial relations between the two countries.

Given the advantages they offer, the new bilateral projects will contribute to increase the presence of a large amount of Cuban high quality products in the Panamanian market, asserted Panamanian Minister of Trade and Industries, Meliton Garrocha.

Garrocha and Rodrigo Malmierca, Cuban Minister of Foreign Trade and Investment, signed the document during the official inauguration of that country's pavilion at the *32nd edition of Havana's International Trade Fair, FIHAV 2014*.

The text makes modifications to the customs preferences of assets, develops new disciplines on industrial property and royalties, as well as with respect to science, technology and the environment.

Canadian Flight Opens Winter Season for Eastern Cuban Tourism

The arrival of a direct *Sunwing* flight from Toronto, Ontario, marked the beginning of the winter season for tourism in the eastern Cuban province of Santiago de Cuba.

The vacationers were met at the *Antonio Maceo International Airport* by the *Son Cristal Quintet*, a band belonging to the *Turarte Agency*, which enlightened their welcome with Cuban traditional songs.

This first flight brought 86 travelers, including some that come often to Eastern Cuba looking for higher temperatures, and friendlier people, as they referred. They would stay at the *Hotel Brisas Sierra Mar-Los Galleons complex* in the mountainous municipality of Guamá, and the *Club Amigo Carisol* in Baconao Park.

Sunwing will keep this flight every Wednesday till April 2015, and from next week, another direct flight will arrive from Montreal with the same frequency.

Cuban Vice-president Calls for Water Rationality Amidst Critical Drought in Eastern Cuba

Revolution Commander, Ramiro Valdes, called in eastern Santiago de Cuba province for the rational use of drinking water, avoiding its waste, amidst the critical situation of water supply in that territory, following the severe drought affecting main local reservoirs.

Valdes, who is a member of the Political Bureau of the Communist Party and country's vice-president evaluated major investment projects in the eastern province accompanied by local government and party authorities.

The water supply in Santiago de Cuba dropped considerably, which has led to ration measures such as water pumping in different periods and not everyday as it was the case before some state entities have been disconnected from the main pipes in order to guarantee the water to the people, hospitals and other

major water consumers, said Engineer Norberto Marey, who heads the local aqueduct and sewage systems sector.

"We don't know when it will rain again, so we must reduce water waste and impose order and rationality as we use water from reservoirs," said the Revolution Commander, who also considered the pace of a housing program for 2 thousand 683 new homes this year.

He also analyzed, along with local authorities, other infrastructure works, such as roads, housing rehabilitation and the underground installation of telephone and power lines in the city as well as the rescue of former French-Haitian coffee farms, which were declared World Heritage by UNESCO.

Cuba Shifts Focus On to Renewable Energy

Cuba's National Electric Development program aims to significantly increase the island's electricity production capacity. Cuba seeks to generate 24% of its electricity from renewable sources by 2030.

Achieving the target would allow the country to acquire nearly \$780 million annual savings on imports from fossil fuels, which currently makes up 96% of Cuba's electricity source.

According to *Energy Monitor Worldwide*, if Cuba's power production grows 3% annually, the per-Kilowatt cost will decrease from 21 cents at present to 18 cents by 2030.

The Caribbean nation's current renewable energy output accounts for only 4.3% of its total electricity production but the government aims to boost investment by USD\$3.5 billion over the next 15 years in order to develop the sector.

During the recently concluded 32nd Havana International Fair, the government presented 246 potential foreign investment projects to strengthen and modernize the island's renewable energy capacity, which would need foreign financing valued at around \$9 billion.

Cuba's renewable power projects include the installation of solar and wind farms as well as small hydro-power stations. In addition, the government aims to create bio-electric plants, which base their production on the incineration of marabou wood and sugar cane.

Cuban President Raul Castro has shifted the focus away from offshore oil which government officials believe will increase the country's long-term energy independence.

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