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'Experiment' may mark another step towards dual currency unification

Cuba has formally announced that it has begun an experiment with its convertible currency which could see it gradually begin to unify the pricing of goods, enabling it to address the economic anomalies caused by its dual currency system.

Cuban state media have reported that two stores in Havana have begun to give change only in Cuban pesos (CUP) instead of a dollar equivalent in convertible pesos (CUC). At the same time, in a short note, the Central Bank said that the measure, which it termed as an 'experiment' - an expression used when a de facto process is not yet state policy but is being closely monitored - said that the actions could be extended to other provincial retail locations in the future.

"Depending on the results and effectiveness of the experiment, its gradual extension to other commercial establishments in Havana and the rest of the provinces will be evaluated," the Central Bank said.

Cuba has two currencies in circulation, the CUP and the CUC which is valued at 1CUC to 24CUP. Cubans however are mainly paid in CUP despite many non-essential goods only being available in retail outlets in CUC.

In other recent related moves also suggesting that the country is moving towards unifying its two currencies, a larger peso note has begun circulating, other convertible currencies have been deemed no longer legal tender for purchases, retail stores have begun to sell non-essential and 'luxury' items, such as appliances, for Dollars though electronic bank cards linked to convertible currency bank accounts, the import and export of convertible pesos has been banned, and stress has been laid on ordinary Cubans saving more.

The experiment now being undertaken suggests that increased US economic pressure on the country's inefficient and bureaucratic state model is forcing the government to have to introduce reforms it has long contemplated but which have previously been the subject of high level political disagreements as to their possible impact on Cuban society. Many Cubans remain wary of the process fearing it will see price inflation and the devaluation of any savings they might have.

New co-operation agreements suggest a greater future role for France

Cuba and France have signed three new cooperation agreements following a fourth meeting of a joint Economic and Commercial Commission and of the two countries Strategic Guidance Committee in Paris. The groupings deal with the management of an €212m (US\$279m) Franco-Cuban countervalue fund established following the wider resolution in late 2015 of Cuba's official debt to its Paris Club creditors (*Cuba Briefing 4 January 2016 and 14 December 2015*).

The three agreements signed relate to:

- The development of infrastructure, coffee cultivation, and the enhancement of cultural heritage in eastern Cuba, with the linked objectives of contributing to tourism development, relating this to coffee farms, and allowing better road access to Santiago de Cuba. France and Cuba are also working on other tourism related plans from hospitality to air communications utilising France's experience in developing sustainable tourism.
- A project for the reconstruction of water supply infrastructure following damage caused by Hurricane Irma in September 2017 to be undertaken by the Agence Française de Développement which has had an office in Havana for two years and so far, according to Cuban reports, has invested almost US\$111m in agriculture, health, rural development and water management projects.
- A protocol that will provide short- and medium-term commercial credits. The short-term credits providing funding for a period of less than 24 months will have a budget of €90m (US\$99m), while one for projects of over two years will be funded to the level of US\$166m and will mainly relate to the purchase of capital goods by Cuba .

Other issues addressed during the talks related to renewable energy projects and supporting the delivery of the UN's Sustainable Development Goals.

The agreements were signed by Cuba's Minister of Foreign Trade and Foreign Investment, Rodrigo Malmierca, and France's Secretary of State for Foreign Trade and Tourism, Jean-Baptiste Lemoine,

During his visit to France Malmierca met with Philippe Gautier, CEO of Medef International, a private network created in 1989 to enhance the presence of French companies in the world, particularly in developing countries. Cuban reports said that it was agreed that when the Strategic Guidance Committee next meets in Havana in the spring of 2020 a delegation of French business leaders will also be present.

The Caribbean Council is able to provide further detail about all of the stories in Cuba Briefing. If you would like a more detailed insight into any of the content of today's issue, please get in touch

Cuba

- **Foreign Ministry refutes US claims about worldwide medical programmes.** Cuba's Foreign Ministry (MINREX) has refuted US allegations about its medical collaboration highlighted Washington's recent threats of sanctions against Cubans delivering such programmes and receiving states. Rejecting US accusations of "modern slavery" and "trafficking in persons" and Cuban interference of the internal affairs of the states in which its health workers provide support, MINREX accused the US of slander. In a lengthy

statement it noted the role its medical support played in Latin America and the Caribbean region and in Africa, particularly in relation to the fight against Ebola. It also observed that it was continuing to provide such help despite the economic problems it faced. The statement concluded by reiterating that medical care was a human right. 'Cuba's response is firm: we will continue saving lives and ensuring health and well-being for the world, to the limit of our possibilities, wherever we are requested', MINREX said.

- **Coffee shortages expected to last until January.** The Ministry of Internal Trade (MINCIN) has said that the distribution of coffee in December has been delayed due to problems with its production. Francisco Silva, MINCIN's Director General of Merchandise has said that this had been caused by the late arrival of a container causing delays to the distribution to the retail network. Coffee is a part of the country's subsidised family food basket, deliveries for which will, Silva said. A more favourable situation is expected for January.
- **Runway show displays Cuban fashions in Havana.** A fashion show 'Walking through my Havana' by Cuban designer Michel Suárez, has taken place in Havana's renovated boulevard, San Rafael. Granma reported that the one-hour runway show involved a total of 100 models from Cuba's Actuar agency and featured Suarez's last three collections in a show that also involved 50 dancers and 40 children. On show were children's accessories, casual, sports, clothing and fantasy clothes.
- **Level of traffic accidents of serious concern.** Reporting on Cuba's National Day of Safety and Health at Work, Cuba's state media have noted that the Cuban administration is not satisfied with the progress being made to address the country's high number of road traffic accidents. The reports noted that in Cuba a traffic accident occurs every 55 minutes, one person dies every 13 hours and there is an injured person every 1.15 hours. Officials said that in 2020 the intention is to work together with the country's trades unions to mobilise all workers to address road safety, traffic accidents and their consequences.
- **President stresses importance of teaching history.** Cuba's President, Miguel Díaz-Canel, has stressed the importance of teaching history. Bringing students closer to history, so that they understand it, apprehend it and feel it with their hearts, should be a priority issue in the work agenda of teachers and professors. History, he said, was closely linked to the identity and culture of a nation and that it was vital that Cubans consciously assume the defence of their identity. His comments to the faculty staff of the University of Teaching Sciences stressed the importance of Cuban designs for digital spaces and the better preparation of history teachers.
- **Revolutionary fighter passes.** The prominent revolutionary fighter, Faure Chomón Mediavilla, has died. Chomón who held the rank of Comandante played many roles during Cuba's revolutionary period in student movements, on various fronts and in several important military actions. He later became Ambassador to the Soviet Union after having served in diplomatic roles elsewhere, been a Minister and as a provincial administrator. He was a deputy to the National Assembly and founder of Cuba's Communist Party.
- **LGBT hotel to open in Havana.** A new hotel exclusively for the LGBTI community will open in Havana in late 2020. Belonging to the Spanish Axel Hotels chain, the four-star Axel Hotel Télegrafo La Habana will have 63 rooms.

United States

- **Pompeo justifies tightening of US embargo.** The US Secretary of State, Mike Pompeo has delivered a speech in which he has sought to justify tightening of US sanctions and measures against Cuba. Speaking at the University of Louisville, he said that the Trump Administration was trying to "drive with moral and

strategic clarity the recognition that authoritarianism in our hemisphere is a threat". He also said that Washington "cannot tolerate" regimes "inviting bad actors in and trying to turn allied democracies into dictatorships". The response, he said, had been to roll back what he described as the Obama administration's "cuddling up to Cuba" by applying heavy new sanctions. "We've recognised that engagement has not improved Cuba's regime, it hasn't made it better; the human rights record was worse, the risk to the Cuban people was worse, and the risk to the United States was worse, and their capacity to influence Venezuela even greater. So, we've changed that", Pompeo said. He also noted that the administration had allowed Americans to sue to recover expropriated property and had "applauded countries that have expelled Cubans who have come to live also said that "by applying heavy new sanctions.

Responding by Tweet, Cuba's Foreign Minister, Bruno Rodríguez, said: "Secretary of State Pompeo lies shamelessly when he attributes to Cuba the just and legitimate protest of the Latin American peoples vs. the savage neo-liberal policies and brutal repression," and called for an end to "US domination and intervention in Latin America."

- **More oil tankers sanctioned for shipments to Cuba.** The US government has added to its list of sanctioned entities, six ships that transport oil from Venezuela to Cuba. The vessels named by the US Treasury's Office of Foreign Assets Control are the Panamanian flagged Icarus, and the Venezuelan flag, Luisa Cáceres de Arismendi, Manuela Sáenz, Paramaconi, Terepaima and Yare. The vessels owned by PDVSA avoided previous sanctions by changing their names. According to the Treasury Department, the ships had transported 1.3m barrels of oil for Cubametales which has already been sanctioned with proceeds being transferred to an unnamed Russian bank.
- **Air charter services out of Florida to Cuban provinces set to increase.** Reports in the South Florida media have suggested that the restrictions placed on US airlines flying to cities other than Havana is resulting in a surge in interest in charter services to Cuban provincial cities. The Naples-based air charter service Cubazul, which is not affected by the airline flight ban, recently suggested that it would fly to other Cuban cities if the demand existed including to Holguin, Santa Clara, Camaguey, and Varadero out of Miami.
- **Georgia interested in increasing trade.** Following meetings between the Lieutenant Governor of Georgia, Geoff Duncan, other state officials and Commissioners and a representative of the Cuban Embassy in Washington, the Cuban Foreign Ministry has said that interest had been expressed in further expanding trade opportunities with Cuba. In the past, several companies from the State of Georgia have sold foodstuffs to Cuba. The reports said there was potential for collaboration in the areas of culture, tourism and technology. The visit formed one of a number being made by Cuban Embassy officials to US states to maintain past engagement.

Europe

- **Spanish joint venture producing alcohol now operational.** A Spanish-Cuban joint venture to produce refined alcohols for rum, perfumery and cosmetics has begun operations. Located close to the Antonio Sánchez sugar cane factory in the municipality of Aguada de Pasajeros in Cienfuegos, the Alficsa Plus SA refined alcohols distillery will have as its main clients Havana Club International, Cuba Ron and Suchel Camacho. The plant has the capacity to distil around 1,000 hectolitres of refined alcohols daily. The rehabilitation of the plant has taken six years at a cost of US\$4m. The plant is seen as a model for future integration with other industries. It is reportedly using Cuban oil for its operations, Cuban sugar cane molasses as feedstock, its distillation wastes for animal feedstuffs and other by-products, with the CO2 produced being used to produce soft drinks. The operation is a joint venture with Azcuba.

- **EU to have US law firms support European Title III defendants.** The EU has said that it will issue a Request For Proposal (RFP) to US law firms to be retained to file “amicus curiae” (friend-of-the-court) motions and other actions on behalf of defendants domiciled in the EU who are subject to court actions under Title III of the US Helms Burton legislation alleging they have been trafficking in expropriated assets. The EU is expected to bear the costs of each lawsuit.
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The Americas

- **US says Cuba involved in turmoil in Latin America.** The US Secretary of State, Mike Pompeo, has accused Cuba and Venezuela of taking advantage of and helping increase turmoil in Latin America. Commenting on civil unrest in Chile, Argentina, Ecuador, Colombia and elsewhere, Pompeo said in a speech at the University of Louisville (*see also above*): “We in the Trump administration will continue to support countries trying to prevent Cuba and Venezuela from hijacking those protests”. He also noted that the US government would with what he described as legitimate governments, “prevent protests from morphing into riots and violence that don’t reflect the democratic will of the people.” Pompeo also said in his remarks that an “end will come for Maduro. ... We just don’t know what day.” Responding, Cuba said that his words misrepresented and manipulated reality before going on to allege that the ‘central element of regional instability’ was US intervention in Latin America and the Caribbean. Street protests in Latin America Chile and Ecuador have erupted in recent months mainly out of a desire to address social inequality.
 - **CABEI exploring funding support.** The Executive President of the Central American Bank for Economic Integration (CABEI), Dante Mossi, has said during a visit to Havana that the financing institution is working with the Cuban government to formulate a country strategy that encompasses Cuba’s development priorities. The bank has previously expressed its intention to support Cuban programmes but needs to align them with CABEI’s five-year strategy. During his visit to Havana, Mossi met with President Díaz-Canel, the Minister President of the Central Bank of Cuba, Irma Martínez, and others.
 - **Agreement reached with Mexico on sports doping examinations.** Cuba’s National Commission of Physical Culture and Sports (Conade) has said that its anti-doping laboratory in Havana will undertake the examination of athletes from Mexico participating in the 2020 Tokyo Olympic Games. Last summer the Mexican Government announced it was closing its own anti-doping facility as part of its austerity policy.
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Russia

- **Ambassador says political and economic support assured.** Andrei Guskov, Russia’s Ambassador to Cuba has said that Moscow will continue to support the country politically and economically. Speaking at the opening of the new water treatment plant at Maisí in Guantanamo, he was quoted by Granma as saying that Russia would continue to cooperate with Cuba in strategic areas relating to the modernisation of the rail system, the energy sector and the repair of Cuba’s metallurgical plants. The Maisí desalination plant was financed by Russian development capital and the United Nations Children's Fund (UNICEF).
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China

- **Commercial relationship on sugar continues.** Igor Montero, the Director General of Cubazucar has said that Cuba and China are committed to developing closer commercial relations on sugar. Speaking to Prensa Latina he said that the renewal of Cuba’s supply contract with China for 2020 was particularly

important in the light of renewed US pressure. The news agency reported that Cubazucar and China's Cofco Corporation had reached a new agreement for next year involving a gradual growth in supply 'under more advantageous conditions'. Montero also said that China continued to support the industry technically helping the country expand the acreage under cane. He also noted Chinese involvement in helping develop Cuba's energy matrix through its direct and indirect support for aspects of its bio electric plants using bagasse.

- **Biotech cooperation with China advancing.** Reports in the Chinese media suggests that the participation by representatives of Cuba's biotechnology sector in China's recently ended International Import-Expo fair in Shanghai is likely to lead to greater cooperation. Xinhua quoted Mayda Mauri, Vice president of the business group BioCubaFarma as saying the fair enabled an exhaustive review of the group's future plans with the Chinese companies that supply raw materials to Cuba's pharmaceutical industry and to discuss with fifteen companies' business opportunities in the biopharmaceutical sector. She also said that several trade agreements were signed with Chinese suppliers and that negotiations were held on the introduction of new products and new projects.

Chinese reporting added that the two countries are currently in the final stages of negotiating a new joint venture that will see Chinese enterprises develop and manufacture diagnostic products in Mariel. This will involve China's Changsha Sinocare working with Havana's Immunoassay Center to produce glucometers and biosensors to detect and monitor diabetes and to develop other new diagnostic systems. It also quoted Mauri as saying that a joint venture is being planned at the Fangchenggang International Medicinal Experimental Area in south China's Guangxi Zhuang Autonomous Region to produce "biotech (pharma products) to treat diseases that today pose serious health problems in China, such as acute myocardial infarction, diseases of the central nervous system and different types of cancers". Additionally, three existing Cuba-China joint ventures were reported to have resulted in significant income for Cuba, with one that produces Nimotuzumab to treat advanced head and neck cancer now being included in China's medical insurance programme.

- **Chinese experts share approach to cyber security and internet governance.** Cuban and Chinese experts have held detailed exchanges about the governance of the internet and cyberspace. A meeting in Havana involving Chinese experts and business representatives have discussed cooperation, security, the development of laws and regulations, and the use by of cyber space by social organizations according to Cuba's state media. Speaking at the meeting, Cuba's Deputy Minister of Communications, Wilfredo Gonzalez, said that that it was necessary "to establish a system of work and international regulations that allow (Cuba) to prevent, confront and mitigate the harmful use of the Internet". González also noted that importance of defending the country's security, sovereignty and sustainability "given the digital domination by the large transnationals that monopolise the main contents". Responding, Sheng Ronghua, China's Vice Minister for the Administration of Cyberspace, suggested China and Cuba should accelerate their strategic cooperation on cyber-sovereignty and cyber-hegemony and the popularisation of the Internet. He also recommended promoting innovation, strengthening security, and expanding online cultural exchange between China and Cuba.

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