



Report by Cuba on Resolution 59/11
of the United Nations General
Assembly

**“The necessity of ending the
economic, commercial and financial
blockade imposed by the United
States of America against Cuba”**

August 15, 2005

INDEX

INTRODUCTION.....	3
- Steps taken by the United States to intensify the blockade.....	6
- Pressure, threats, sanctions against individuals, institutions and NGOs.....	9
- Growing opposition to the blockade within the United States.....	12
1. EXTRATERRITORIAL ASPECTS OF BLOCKADE POLICY.....	14
1.1 Increasing impact of the blockade brought about by the United States' growing involvement in the international economy.....	15
1.2 Civil sanctions imposed on various bodies (companies, banking institutions and NGOs) by the OFAC.....	17
1.3 How the extraterritorial nature of the blockade affects foreign trade and Investment.....	19
- Impact on the expansion of foreign investment and economic cooperation.....	21
1.4 Section 211 of the United States' Omnibus Consolidated and Emergency Supplemental Appropriations Law for Fiscal Year 1999 and new trademark-related violations.....	23
1.5 Examples of the impact of the extraterritorial application of the blockade.....	26
2. ECONOMIC AND SOCIAL IMPACT.....	37
2.1 Overview of the impact of the blockade on some of the most vital social sectors.....	37
2.2 Impact on other sectors of the domestic economy.....	45
2.3 Damage caused to the academic, scientific, cultural and sports exchanges between the Cuban and American people.....	53
3. SOME OF THE WAYS IN WHICH THE BLOCKADE AFFECTS THE US ECONOMY, THE US PEOPLE AND OTHER NATIONS.....	57
CONCLUSIONS.....	65

INTRODUCTION

The economic, commercial and financial blockade imposed by the United States against Cuba is the longest-lasting and cruelest of its kind known to human history and is an essential element in the United States' hostile and aggressive policies regarding the Cuban people. Its aim, made explicit on 6 April 1960 is the destruction of the Cuban Revolution: (...) through frustration and discouragement based on dissatisfaction and economic difficulties (...) to withhold funds and supplies to Cuba in order to cut real income thereby causing starvation, desperation and the overthrow of the government (...)"¹

It is equally an essential component of the policy of state terrorism against Cuba which silently, systematically, cumulatively, inhumanly, ruthlessly affects the population with no regard for age, sex, race, religious belief or social position.

This policy, implemented and added to by ten US administrations also amounts to an act of genocide under the provisions of paragraph (c) of article II of the Geneva Convention for the Prevention and Punishment of the Crime of Genocide of 9 December 1948 and therefore constitutes a violation of International Law. This Convention defines this as '(...) acts perpetrated with the intention to totally or partially destroy a national, ethnic, racial or religious group', and in these cases provides for 'the intentional subjugation of the group to conditions that result in their total or partial physical destruction'.

The blockade on Cuba is an act of economic war. There is no regulation of International Law which justifies a blockade in times of peace. Since 1909, in the London Naval Conference, as a principle of International Law it was defined that 'blockade is an act of war', and based on this, its use is only possible between countries at war.

¹ Secret report by I. D. Mallory, a State Department official, declassified in 1991. In Department of State: Foreign Relations of the United States, volume VI, 1991, p.886

Although the total blockade on trade between Cuba and the United States was formally decreed by an Executive Order issued by President John F. Kennedy on 3 February 1962, measures that are part of the blockade were put in place just a few weeks after the triumph of the Cuban Revolution on 1 January 1959.

On 12 February 1959, the US Government refused to grant a modest credit requested by Cuba to maintain the stability of the national currency. Later, other measures were applied such as the restriction of the supply of fuel to the Island by American transnational companies, the halting of industrial factories, the prohibition of exports to Cuba and the partial, and later total, suppression of the sugar quota.

By virtue of the blockade, among other restrictions, Cuba cannot export any product to the United States, or import any merchandise from this country: American tourists are prohibited from visiting; the dollar cannot be used in the country's transactions with foreign countries; the country has no access to the credit, and cannot carry out transactions with regional or American multilateral financial institutions and their boats and aircrafts must not enter American territory.

The blockade has a marked extraterritorial component. In 1992, with a view to intensifying the effects of Cuba's loss of 85% of its foreign trade after the Soviet Union and the European socialist block fell apart, the United States passed the Torricelli Act, which removed Cuba's ability to purchase medicines and food from US subsidiaries in third countries which stood at US\$718 million in 1991. The Torricelli Act placed tight restrictions on ships sailing to and from Cuba, thus making formal its serious extraterritorial provisions. A ship from a third country that docks in Cuban waters cannot enter a port in the United States until 6 months have passed and said country has obtained a new permission permit.

The 1996 Helms-Burton Act made the effects of the blockade worse, increased the number and scope of the provisions with an extraterritorial impact, instituted persecution of and sanctions on actual and potential foreign investors in Cuba and authorised funding for hostile, subversive and aggressive acts against the Cuban people.

From the end of 2001, and by virtue of legislation passed by US Congress in 2000, as a result of strong pressure from agricultural sectors in the United States and the American people in general, Cuba began to make purchases of goods in the United States, which in 2004 amounted to 474.1 million dollars, albeit with severe restrictions and complicated procedures, to extraordinary imports of food and medicines by Cuba. Cuba has to pay in cash and in advance — with no chance of obtaining financial credit, not even private credit. The sale and transportation of the merchandise means a license has to be obtained for each operation. Cuba cannot use its merchant fleet for transporting these goods, it has to use ships from third countries, and, mostly, from the United States. Payments are made through banks in third countries since direct banking relations are forbidden.

The restrictions on importing medical goods are so extensive that these are almost unfeasible. They include the exporter having to verify the use of the product or the equipment when it reaches its final destination and a ban on the sale to Cuba goods and equipment involving advanced technology.

More than 70% of Cubans were born and have lived under the blockade. The Cuban people defends its right to self-determination and demands respect for its sovereign system of independence, social justice and fairness.

According to preliminary, conservative estimates, the direct economic damage to the Cuban people resulting from the blockade is over US\$82 billion, an average of US\$1782 million annually. This figure does not include the more than US\$54 billion of direct damage occasioned by sabotage and terrorist acts encouraged, organized and financed in the United States nor the value of the goods not made nor the damage stemming from the onerous credit conditions imposed on Cuba. This year the damage amounted to US\$2,674.

The General Assembly's demand that this blockade policy be ended, contained in thirteen of the resolutions passed with the virtually unanimous support of the UN's member states has been defied by US authorities, thus

confirming their total contempt for the United Nations, for multilateralism and for international law.

On 30 June 2004 the measures included in the report from the self-proclaimed “Commission for Assistance to a Free Cuba” to which George W. Bush had given his approval on 6 May that year, came into effect. Its 450 pages contain proposal for new actions and measures intended to intensify the blockade by stepping up actions aimed at discouraging tourism and investment in Cuba, by restricting financial flow and visits to the island and by placing even more restrictions on family remittances and exchanges in various spheres, the aim being to bring about conditions which would allow the US to intervene in Cuba, thus permitting them to impose the “regime change” to which the US president made reference on 20 May of that year.

The period covered by this report — the second half of 2004 and the first half of 2005— has witnessed the implementation of those measures; this once again proves the US administration’s criminal plans for the Cuban people.

- Steps taken by the United States to intensify the blockade

- 8 June 2004, in compliance with President Bush’s proclamation 7757, the Coastguard service promulgated new regulations which place restrictions on pleasure craft leaving US ports with the intention of entering Cuban waters. It can apply fines of US\$25,000 or five years in prison or both. In addition, those who violate this provision can have their boat seized.
- From the second three months of 2004, the US Government, together with the federal congressmen of the Miami mafia, intensified a campaign of speculation and defamation over the origin and destination of the Cuban dollar funds, as well as pressure and threats of investigations and sanctions in order to scare all foreign banks that could have financial relations with Cuba. In the framework of this campaign, the US Federal Reserve imposed a fine of 100 million dollars in May 2004 on the Swiss Bank, UBS AG,

for having supposedly violated the US sanctions on Cuba, Libya, Iran and Yugoslavia. The purpose of this was to prevent the deposit, exchange into other currencies or transfers through banks in third countries of the dollars that Cuba obtains legitimately by way of tourism, remittances and sales in shopping centres, with the aim of preventing Cuban importations, mainly of food, medicine and fuel, thus promoting a collapse in the economy and an extremely critical social situation.

- 27 August 2004, President Bush, on giving an electoral speech in Miami, reaffirmed the need to continue the blockade in order to topple the Cuban Revolution, indicating that 'the blockade is a necessary element of this strategy'.
- 30 September 2004, the US Treasury Department let it be known that, following the recent changes to the Regulation for Control of Cuban Assets, 31, CFR part 515 (the Regulations), US citizens or permanent residents cannot legally buy products of Cuban origin, including tobacco and alcohol in a third country not even for their personal use abroad. The penalty for violating these Regulation can be a fine of as high as one million dollars for corporations and of US\$250,000 and up to 10 years in jail for individuals. Fines of up to 65 thousand dollars can be imposed by the Office of Foreign Assets Control (OFAC) of the US Treasury Department.
- 9 October 2004, the Under Secretary for Western Hemisphere Affairs in the State Department, Dan W. Fisk, in an unprecedented act of aggression in the history of international financial relations, announced that they were setting up a "Group For Persecution of Cuban Assets" to investigate new ways for hard currency to move into and out of Cuba and ways to stop these, giving particular mention to 'tourism that has substituted the exportation of sugar as the main source of income of hard currency'.
- In the second half of 2004, the OFAC declared the Melfi Marine Corporation S.A. and Tour Marketing Ltd to be "especially designated nationals", and the SERCUBA company to be a "Cuban

national”; this resulted in the immediate implementation of blockade measures to these companies.

- In January 2005, it turned out that the OFAC had been interpreting the regulations on travel to Cuba in such a way that US citizens are not permitted to take part in meetings in Cuba which are sponsored or organized by UN agencies unless their first obtain a license to do so.
- 22 February 2005, the OFAC reinterpreted the concept of ‘payment in cash and in advance’ to purchases by Cuba of agricultural and medical products in the United States, saying that this means that this means that the payment must be made before the merchandise is loaded in a US port for shipping to Cuba. This measure, which represents an extra obstacle for the limited importations of food, came into effect 24 March 2005. The lack of security in the supplies, derived from this interpretation, forced Cuba, in the first four months, to purchase use alternative food suppliers from third countries in order to ensure the purchase of 3 million dollars worth of food and agricultural products that were originally going to be imported from the United States. The transactions fell by 26% between January and April of 2005 compared to the same period in 2004, according to statistics issued by the US Department of Agriculture. This contraction includes a decrease of 52% in the purchases of rice.²
- 24 February 2005 an appeal court revoked the 29 March 2004 decision of a New York judge who had ruled that the United States, in order to comply with international treaties was obliged to recognize Cuban company CUBATABACO’s rights over the trade mark Cohíba in US territory under the doctrine of famous trade marks. This new decision goes against the international regulations on the protection of brand names.

² Report by the IPS agency, published by La Tribuna Hispana (USA) on 28 June 2005

- 13 April 2005, it turned out the the Third Circuit Appeal Court restored the guilty verdict reached against the American citizen, Stefan Brodie, former president of the company, Purolite, who was tries in 2002 for having conspired to violate the blockade imposed on Cuba. Brodie had been absolved by the judge of first instance, who ruled that there was no direct evidence to prove his participation in the sales to Cuba of ionized resin for water purification.
- On 29 April 2005, President Bush ordered the Treasury Department to give 198 thousand dollars from frozen Cuban funds to a resident of Cuban origin, Ana Margarita Martínez, as part of an arbitrary sentence against Cuba, that a state court in Florida issued in 2001, establishing the payment of 27.1 million dollars.
- In April the new top executives of the Canadian company Sherritt and their families were denied entry into the United States as per Title IV of the Helms Burton Law.

- Pressure, threats, sanctions against individuals, institutions and NGOs

- 6 July 2004 the OFAC warned those taking part in the US organization Pastors for Peace's solidarity Caravan that anyone who traveled to Cuba without the appropriate US Treasury Department license would be subject to the penalties set forth in the regulations. Pastors for the Peace is an ecumenical project of the Inter-Religious Foundation for the Community Organization, which between 1992 and 2004 has brought second-hand computers, medication, food, toys, books, etc, to Cuba as a way of giving supportive aid to the Cuban people, without a license from the US Treasury Department.
- On 9 November 2004, the company Xael Charters, received a visit from OFAC officials, who requested information on operations to

Cuba, in the framework of the intensification of persecution measures.

- 12 November 2004, the president of the Cuban-American Alliance for Educational Funds (CAAEF) received a letter from the OFAC asking for a list of all the people and institutions who had made use of their travel license in the last five years.
- 13 November 2004, the 'Brigada Venceremos' issued a letter of protest in which it announced that it had received a letter from OFAC requesting information on trips organized to Cuba.
- 23 November 2004, Washington's Corcoran Art gallery, following pressure from the OFAC and the State Department, cancelled a cultural evening sponsored by the Cuban Interests Section.
- 30 March 2005 the OFAC sent a letter to the US-Cuba Labor Exchange insisting that it "cease and desist" from promoting and organizing a trip for a delegation to attend the 4th Hemispheric Meeting of Struggle against the FTAA and the May Day celebrations in Cuba. The OFAC also demanded that it send them a detailed list, within 20 working days, with information about the members of the aforementioned delegation.
- In April 2004, invitations were sent to Mr. Christopher Schenk, American citizen and geologist of the US Geologist Service, member of the Department of the Interior, and to Mr. Richard T. Buffler, American geophysicist of the University of Austin, Texas, to take part in the Convention of Land Sciences.

Mr. Buffler wrote back straight away to say that, despite being interested in the Convention, it would be impossible for him to attend due to other prior commitments. With regard to Mr. Schenk – who attended the Conference and Annual Exhibition of the American Association of Petroleum Geologists, which took place in Cancun in November 2004, an evaluation of the predictable reserves of petrol in the deep waters to the north of Cuba -, it was

made known by way of a e-mail from Mr. Buffler that '(.....) when the US Government found out that he had carried out an evaluation of Cuban waters, they fiercely humiliated him and told him that he could not have contact with Cuba, and they threatened to fine him if he did so. (...) American experts apologized for not being able to attend the event.

- In April 2005, the OFAC sent a circular letter to organizations that have licenses for trips to Cuba for religious reasons, informing them that they were being investigated for alleged "abuses of religious licenses" which could lead to the suspension or revocation of their licenses and administrative fines or penalties. The missive insisted that only members of the organization in question that were involved in religious activities could travel to Cuba. The letter also made a point of telling them that donation to Cuba by religious organizations or by individuals or groups need authorization from the Department of Commerce.
- In 2004, the OFAC imposed fines on 316 US citizens and residents for violation of various of the blockade's provisions. In the first quarter of 2005, 307 fines have been handed out, almost the same amount as in the all of the previous year. As part of the intensification of the restrictions imposed on trips to Cuba, a change to the former policy, which on occasions delayed, sometimes for years, the notification of the violation and application of penalties to individuals, has been made.
- Although the new restrictions on travel only began to be applied in the second half of 2004, trips by Americans to Cuba decreased by 40.5 percent, with 51 thousand 27 tourists traveling to Cuba, compared to 85 thousand 809 in 2003. The trips by Cubans resident in the United States suffered a 50.3% drop in the same period, with 57 thousand 145 visiting Cuba compared to 115 thousand 50 in the previous year.

- Growing opposition to the blockade within the United States

The US government continues to ignore the public's opposition to the blockade in its own country. This has been made evident by many speeches and a lot of action in Congress and in state government bodies and by well-known political and intellectual figures, non-governmental organizations and business sectors. Some of the most important of these are:

- In 2004, the Chamber of Representatives passed four amendments proposing the revocation of regulations concerning sending of packages to Cuba, the emanation of restrictions on family visits by Cuban émigrés to the Island, the suspension of measures that impede American student programs in Cuba and the cancellation of restrictions on the exportation of food and medicine, including those concerning access to private credit. However, as a result of the pressure by the Republican leaders and the president's threat to veto, all these amendments were eliminated from the final text of the laws in which they were included.
- In 2005, despite the fact that in the Chamber of representatives amendments were presented aimed at eliminating the restrictions imposed on academic exchanges, family visits, religious trips and the sending of packages to Cuba, these were overthrown as a result of the pressure exercised by the administration and the Republican leaders, as also because of the financial contributions of the Cuban American far right to political campaigns of a considerable number of representatives, made on the condition that they oppose any measures to relax the blockade imposed on Cuba.
- In spite of the fact that the majority of the members of Senate were in favor of eliminating the travel restrictions to Cuba imposed on American citizens and Cuban residents in the United States, the defenders in organ of the anti-Cuban policy of the current Administration have resorted to procedural maneuvers in order to prevent initiatives aimed at encouraging changes to it from prospering in the legislative debate.

- From 9 – 12 January 2005 the Annual Convention of the American Farmers' Federation (AFBF) passed a resolution asking that President George W. Bush's administration immediately normalize trade with Cuba.
- 10 February, the State Senate of Alabama passed the joint resolution SRJ.26, in order to 'demand that US Congress eliminate restrictions concerning commerce, finance and trips to Cuba'.
- 3 March, the Representatives of the American ports of the Mexican Gulf passed a resolution in which they expressed their support of the lifting of the blockade for the sale of medicine and food to Cuba. They also requested that congress reestablish the conditions that existed with regards payment in cash and in advance before the new OFAC measures on this issue were published.
- 16 March 2005, The US Rice Federation urged Congress to overturn the regulation concerning payments for food purchases by Cuba and to allow existing agreements to be performed as per the Reform of Sanctions Act of 2000.
- 26 April 2005 the formation of the Cuba-US Trade Association was officially announced. More than 30 companies, state agencies and organizations from 19 US states are members and its purpose is to work for the elimination of restrictions on trade with Cuba. The members include the large companies ADM, Caterpillar, and Cargill. The board of directors is headed by the former Secretary of Commerce, Bill Reinsch. The Association is presided over by Kirby Jones and its board members include Deputy secretary of State, William D. Rogers, David Rockefeller; the former Commercial Representative, Carla Hills; the former Secretary of Defense, Frank Carlucci and the former Press Secretary and former Director of the CIA, James Schlesinger, among others.
- 8 June of last year the state Assembly of New York adopted without votes a legislative resolution, presented by a large group of members which called for the president of the United States to

encourage exchanges between the residents of New York and Cuba. The text was initially presented by a big group of assembly members, an initiative of José Rivera, among others.

1. EXTRATERRITORIAL ASPECTS OF BLOCKADE POLICY

The falsity of the US government's efforts to present the blockade on Cuba as an exclusively bilateral affair has been clearly demonstrated by the impact on numerous countries and on the citizens and companies of third states of the extraterritorial provisions of the blockade; not even international organizations of the United Nations system have been able to avoid this.

It is worth remembering some of the extraterritorial provisions of the blockade, which are still in force and continue to cause a large amount of damage and detrimental effects, both to Cuba and to third countries, whose right to gain full benefit from the opportunities generated by the Cuban economy is restricted. Some examples of this are:

- Subsidiaries of American companies based in third countries are forbidden from carry out any kind of transaction with Cuban companies, or acquire goods that have been made using any Cuban product.
- Companies from third countries are forbidden from exporting any product to the United States if it contains Cuban raw material.
- Companies from third countries are forbidden from selling goods or services to Cuba which use US technology or which are made using products from this country which exceeds 10% of their value, even when the proprietors of these products are from third countries.
- Ships that have transported merchandise to or from Cuba are prohibited from entering US ports.

- Banks in third countries are prohibited from opening accounts in US dollars to Cuban juridical or natural persons or to anyone who carry out any financial transaction in this currency with Cuban entities or individuals, and if they do the accounts shall be confiscated.
- Businessmen from third countries are prohibited from making investments or during business in Cuba, under the supposition that these transactions are related to properties subject to retrieval by the United States. The businessmen who do not honor this ban will be the target of sanctions and reprisals.

1.1 Increasing impact of the blockade brought about by the United States' growing involvement in the international economy.

The damage caused by the extraterritorial nature of the blockade is compounded by the significant involvement of the United States and its companies in transnational trade and investments. The United States controls 45% of the biggest transnational companies in the world, including 8 of the very biggest. It is also the main sources of investment in the world. It went from investing US\$125,000 million overseas in 2002 to investing US\$152, 000 million in 2003. In this period, its share of total world direct foreign investment grew from 19% to 25%³. The United States is the biggest importer of goods internationally (21% of the total) and is in first place in trade in services.

With regard to technology, the United States is one of the five top countries developing and applying information technology and communications, and boasts global leadership with regards business potential. Furthermore, it owns 11 of the 14 biggest transnational companies in this sector and takes in around 80% of all electronic commerce.⁴

³ Report on world investments 2004. United Nations Conference on Trade and Development (UNCTAD)

⁴ Global report on information technology 2004-2005, by the World Economic Forum

Of the 50 biggest pharmaceutical companies in the world, 20 are from the US. Only 10 transnational companies (5 of which are American) make almost half of all sales of drugs made worldwide, some of them by these alone. The United States holds around 75% of the world market of recombinant products (the majority are biopharmaceutical products) and generate 31% of the world pharmaceutical production value, with a tendency to keep on growing.⁵

Both investment by companies from third countries in the United States and those of US companies abroad which are basically in the form of total or partial mergers and take-over of other companies worsen the extraterritorial effects of the blockade by reducing Cuba's economic space and by making it more difficult, at times impossible for Cuba to find partners and suppliers to get round the ironclad US blockade.

Below we give some examples:

- A large part of the technology, equipment, and inputs of the Centre for Molecular Immunology which develops and manufactures diagnostic and therapeutic equipment, such as anti-cancer vaccines, came from the Swedish company Pharmacia, which was taken over by Amersham and then by the US company General Electric. The latter, once it took possession, gave Amersham a week to close its office in Cuba and end all of its contacts with the Island.
- Under the auspices of the World Fund for the Fight against AIDS, Malaria and Tuberculosis, run by the UNDP, US\$50,400's worth of tinned meat for those living with AIDS was bought from the Brazilian company Oro Rojo. Later, this company informed Cuba that the factory had been bought by a US firm and that one of the first instructions they had received was to cancel all business with Cuba.

⁵ Report on the medication situation in the world. OMS. 2004

Aware of the importance of the US market and the US's level of technological development, many company's in various parts of the world, even when they have no share capital from or in the United States nor any significant presence in the US market, refrain from doing business with Cuba or break off their relations with her in order not to jeopardize any possible future tie with capital from the superpower:

- The First Caribbean International Bank of the Bahamas sent a letter to the HAVANTUR company saying that as from 7 February 2005 they would be terminating their banking relations because "they didn't want to have problems with the Americans".
- The British bank Barclays recently said to executives of the CUBANIQUEL company in London that they were considering not doing business with the latter since their manager was an American and that US government laws apply not only to companies but also to individuals.

1.2 Civil sanctions imposed on various bodies (companies, banking institutions and NGOs) by the OFAC.

In 2004 a total of 77 companies, banking institutions and NGOs from all over the world were fined for actions considered to have violated blockade regulations. The total amount of fines imposed for the violation of the blockade against Cuba alone amounted to 1 million 262 thousand dollars.

Of them 11 are foreign or subsidiaries of US companies located in third countries such as the Mexico, Canada, Panama, Italy, the United Kingdom, Uruguay, Bahamas, the British West Indies (Anguila) Another seven such as Iberia, Alitalia, Air Jamaica, Daewoo and the Bank of China were penalized allegedly because their subsidiaries in the United States violated certain provisions of the blockade on Cuba. Eight of them paid fines of more than US\$50,000.

Some of the most noteworthy fines imposed in 2004 are:

- Alpha Pharmaceutical Inc.; ICN Farmaceutica S.A. de C.V.; Laboratorios Grossman, S.A. based in Panama and Mexico DF — US\$198711.73 for importing and exporting goods to and from Cuba between 1998 and 2003.
- Trinity Industries of Mexico, S.A. de C.V., based in Mexico City, Mexico — US\$55,000 for selling goods destined for Cuba and for financing their carriage in 2001.
- Chiron Corporation Ltd., in name of Chiron S.p.A. and Chiron Behring GmbH, located in Emerville, California, USA – 168 thousand 500 dollars for the exportation of vaccines to Cuba between 1999-2002.
- Daewoo Heavy Industries America Corp., with offices in Suwanee, Georgia, USA – 55 thousand dollars, for the exportation of merchandise to Cuba in 1999.

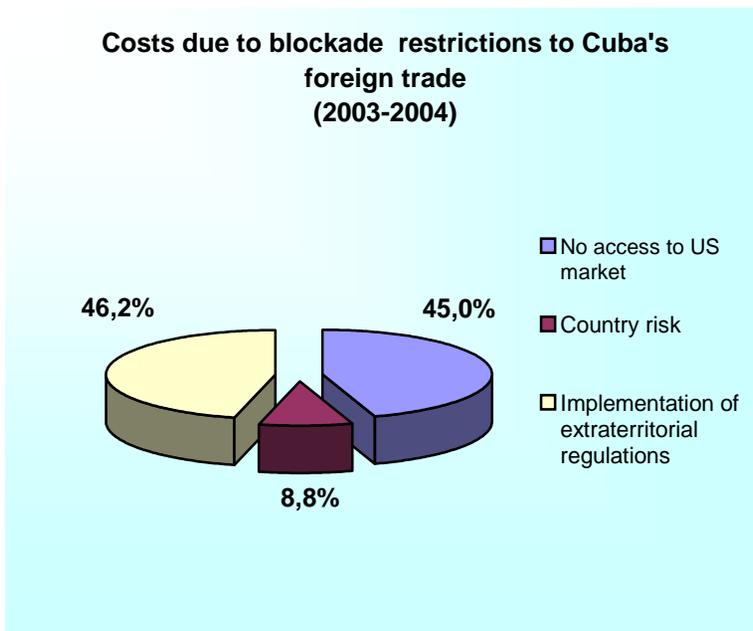
In the first four months of 2005 five organizations were penalized by the OFAC with fines (1 bank, 3 companies and an NGO) They included the Martinair Company Holland N.V.dba, Martinair US authorities, which has its headquarters in the Netherlands and which was given a fine of US\$6,300 for having provided travel services without having a license and for transferring funds in 2003.

The decrease in fines given by the OFAC to institutions in the first four months of this year, compared with the 42 civilly sanctioned in the same period in 2004, is not the result of the applications of the blockade being relaxed, but is rather a result of terror and therefore of the lack of encouragement brought about in the activities of the business sector with regard to Cuba.

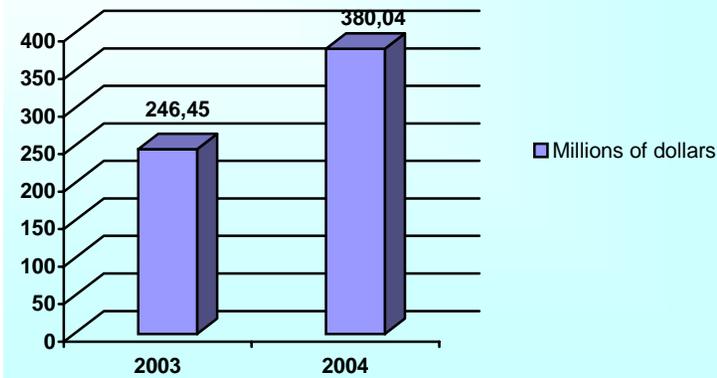
1.3 How the extraterritorial nature of the blockade affects foreign trade and Investment.

Estimates say that in 2004 the negative effects of the blockade on Cuban foreign trade reached US\$822.6 million, a figure which is US\$52.7 million higher than the previous year's.

The highest amount lost was a result of the implementation of the blockade's extraterritorial regulations; it is estimated to be US\$380 million, nevertheless the impossibility of selling on the US market continues to be significant as can be seen in the following graph.



Effect of blockade regulations with extraterritorial scope on Cuba's foreign trade



The impossibility of gaining access to what should be a natural market for Cuba — the estimated losses from this are US\$305.2 million— has made it necessary to situate our imports and exports in third countries, with the consequent increase of insurance and freightage.

Additionally, the limited purchases of food and medicines from the United States involve economic costs of US\$23.7 million which result from the restrictions under which these are made. These are extra expenses that arise from having to change currencies when the transaction are made through intermediary banks, from hold-ups in unloading the ships because of delays in the receiving payments and because of freightage since the ships have to return to the United States empty.

Cuban exports of reviews, magazines and newspapers which, as an exception, could be made to the United States have to be made through third countries and thus the price of these transactions increases by 40%. Some US institutions, therefore, have ceased purchasing Cuban publications and thus Cuba loses potential income.

From a financial point of view, the blockade has had a marked impact on the high Country Risk assigned to Cuba. Economic losses of US\$72.2 million have been attributed to this because it makes it difficult to find foreign financing.

- Impact on the expansion of foreign investment and economic cooperation.

Cuba cannot obtain US investment nor credit for development from the main US and international financial or monetary institutions.

In 2004 the World Bank assigned US\$5,300 million to Latin America and the Caribbean and the IDB handed out US\$4,232 million for development programs in the region. Not one penny of this money went to Cuba. If we take the case of the IDB and use an economy similar to the Cuban economy in terms of Gross Domestic Product and population — such as Ecuador— as a reference point, then Cuba could have had access to approximately US\$48.8 million in financing, were it not for the blockade.

In 2003 the United States donated US\$1,818 million Official Development Aid to Latin America and the Caribbean . Cuba received none of this money.

The US government fraudulently manipulates information about the resources Cuba receives from the United States, suggesting that these amount to more than one thousand million dollars annually in donations authorised by the departments of treasury and trade. In 2004 Cuba only received US\$4368279 in US government authorised donations from NGOs.

The effect of the blockade on investment and cooperation has been considerable. Examples of this are:

- The company VECO Canada Ltd in which Americans have shares was prevented from joining with CUPET S.A. in projects to develop infrastructure and technological capacity for distributing and storing

fuel in Cuba. After talks had started and various proposals had been put forward, the Canadian firm was obliged to withdraw from the project.

- Electronic watering equipment was purchased from a European company for the sum of 5 million 83 thousand euros, from an OPEP loan. Due to the fact that the patent of the Valmont watering equipment technology is American, it was necessary to produce the machines in a third country in order to avoid the manufacturer being penalized or fined. Because of this, the machines were not ready for the winter sowing season of 2004 – their arrival was planned for September -, and the last ones arrived in February 2005, which caused a considerable delay to agricultural production.
- In the first three months of 2005, a donation should have been received, by way of an international cooperation, of three electricity generating plants, worth more than 30 million dollars per turbo generator, aimed at easing the country's energy problems. This badly needed donation could not be received because difficulties arose regarding authorization for the goods to be sent to Cuba, due to the fact that the components were from the US, and because the maintenance service was not guaranteed.
- As a result of the threat of closing companies and banning business transactions in the United States, 3 operators of the duty-free zone had to change their names; other operators, due to the fact that they supplied accessories and machinery from the United States to Cuba, had to import goods from a third country, with the corresponding increases in price brought about by this action. There was also the case of a company located in the duty-free zone of Berroa, to the east of Havana, which had to change its legal representative because this person possessed a Cuban work permit and made business trips to the United States.

For obvious reasons the names and other details are omitted in several cases so as not to make it easy for the United States to persecute them.

1.4 Section 211 of the United States' Omnibus Consolidated and Emergency Supplemental Appropriations Law for Fiscal Year 1999 and new trademark-related violations.

For the seventh consecutive time before the United Nations, Cuba denounces the implementation of Section 211 of the Omnibus Consolidated and Emergency Supplemental Appropriations Law, which prevents Cuban holders or their heirs, including foreign companies with interests in Cuba, from having their trade marks or trade names registered and protected in Cuba recognised or receive benefit from them in US territory, claiming these are connected to former property nationalised by the Cuban government.

It is well worth recalling that this measure was approved by the US Congress in October 1998, as part of a process lacking in transparency and designed to benefit the Bacardi company. Though based outside the United States, this company has many interests in the country and uses its considerable political clout to maintain and strengthen the economic, trade and financial blockade imposed on Cuba.

It is no accident that Section 211 extends the ambit of the Helms-Burton Act into the area of intellectual property rights; as known, Bacardi was among the companies that backed this Act.

The implementation of Section 211 has very negative implications not only in a bilateral context but also in a multilateral context.

Bilaterally speaking, it tightens the economic, financial and commercial blockade imposed on Cuba, since its aim is to prevent any expansion of foreign investment in Cuba that has to do with putting Cuban products, whose names and trade markets enjoy much prestige worldwide, on the international market. Until Section 211 was approved and in spite of the

blockade, both Cuba and the United States had recognized the rights of natural or legal holders of intellectual property in either country.

The implementation of this Section by a New York court prevented a ruling favourable to a company with Cuban and French interests (Havana Club Holding) from being handed down. The court case had been going on since 1996 — in other words before Section 211 was passed— over Bacardi's appropriation of the right to use the trade mark Havana Club in the United States by fraudulently marketing in that country a rum produced outside Cuba.

In compliance with its international obligations and in spite of the policies of blockade and hostility perpetuated by the US government, Cuba has honoured and continues to protect the rights of hundreds of US companies which keep the registration of more than 5000 trade marks, trade names and patents up to date in Cuba.

In January 2002, following an appeal advanced by the European Union, the WTO Appeal Body concluded that Section 211 violates the obligations of the National and Most Favoured Nation Treatment of the Agreement on TRIPS and urged the United States to bring this piece of legislation into line with its obligation within a reasonable period of time.

The government of the United States must abide by this decision and has made arrangements with the European Union to postpone compliance with the verdict. The most recent deadline was 30 June 2005; this period of grace was supposedly granted to give US authorities time to work with Congress to adjust the legislation.

At different WTO bodies —particularly during periodic meetings of the Dispute Settlement Mechanism— Cuba has expressed its concern over the successive grace periods granted, calling on the US government to abide by the verdict of the WTO's Appeal Body and to repeal Section 211, the only possible way to settle the dispute.

The continued existence of Section 211, in violation of intellectual property rights protected by specific international conventions and agreements,

betrays the double standard of the US government with respect to intellectual property rights and raises serious questions about the ethical foundations of the US government's position on this matter within the WTO.

The US government's repeated postponement of its obligation to abide by the verdict of the WTO demonstrates its lack of political will, at a particularly difficult juncture in multilateral trade negotiations, to contribute to the effectiveness of the procedures for settling disputes in that organisation.

Draft amendment S.691 presented 4 April 2005 by Senator Pete Domenici (R-NM) and backed by anti-Cuban senators such as Mel Martínez (R-FL) seeks to make cosmetic changes to Section 211 in order to keep it in effect without really following the recommendations of the WTO. The draft amendment is echoed in the House of Representatives by (Draft amendment HR-1689) introduced on 19 April 2005 by representative Tom Feeney (R-FI) and co-sponsored by congresspersons opposed to ending the blockade on Cuba such as Ileana Ros-Lehtinen and Dan Burton.

In January 2004, the US Patents and Trademarks Office (USPTO), turned down Bacardi's request to cancel the Havana Club trademark that has been registered under the Cuban company CUBAEXPORT since 1976, ratified by the partial ruling of the New York court handed down in 1998. This ruling has been appealed by Bacardi before the courts, clearly demonstrating this company's interest in usurping the trademark and having Section 211 prevail.

New York's Court of Appeals for the Second Circuit recently ratified the unprecedented decision not to recognize the Cuban tobacco company CUBATABACO's legitimate trademark rights; this company owns the prestigious Cuban cigar brand "Cohiba".

In addition to perpetuating US government policies, this decision disregards the United States' international obligations with respect to trade and the protection of trademarks. The logic of this Court of Appeals is that the international obligations of the United States with respect to Cuba should be governed by the illegitimate and unilateral norms of the hostile economic, commercial and financial blockade imposed on the island, a

policy which has been systematically rejected by nearly everyone in the international community.

Cuba warns the international community that if the United States maintains Section 211 and undertakes other measures to usurp internationally prestigious Cuban trademarks protected by international conventions and treaties, a climate of uncertainty and a questioning of these rights could be the result, concretely affecting not only Cuba but also the economic and commercial interests of entities in the United States itself.

1.5 Examples of the impact of the extraterritorial application of the blockade

The ferocious persecution of any foreign company or commercial or banking institution which establishes or seeks to establish economic, commercial or financial relations with Cuban institutions has continued to produce negative results during this period and has had its toll on all of the country's spheres. What follow are some examples of this.

FOOD SECTOR

- In August 2004, as part of a social programme aimed at providing soy yogurt to all Cuban children aged 7 to 13, Cuba purchased equipment from the Brazilian company MEBRAFE in order to modernize all of the UNION LACTEA's refrigeration facilities. The equipment purchased included 14 Danish SABROE refrigeration compressors, which cost Cuba \$ 339,389, a price already 40 % higher than that which could have been paid buying these compressors in the US market. Denmark's SABROE was bought over by the American company York and York's distributor in Brazil received instructions from the US head office to prohibit the sale of compressors to Cuba.
- In March 2005, the Canadian representative of the US company International Flavors and Fragrances informed the Canadian company Reuven International that it would no longer sell its fragrances for the production of instant foods destined to the

Canadian – Cuban joint venture company Coracan S.A., a decision which has affected the production of instant beverages in Cuba since last May. These products were being purchased from the Canadian company Reuven International as they could not be purchased directly from the United States, something which already increased costs by 8 %.

- Since 2004 to date, the government of the United States has forbidden the European laboratory Intervet Holanda from selling Cuba vaccines for avian diseases, claiming these contain 10 % or more antigens produced in the United States. This prohibition includes the Marek vaccine, designed for a specific type of avian disease and a vaccine for other diseases such as Gumboro, New Castle, bronchitis and Reovirus. Cuba is forced to purchase these vaccines through third countries, paying more than what it did when it purchased them from the WINCO firm — \$ 9.50 (as opposed to \$ 7) for every unit of the Marek vaccine and \$ 150 (as opposed to \$ 68) for every unit of the quadruple vaccine. By undertaking measures to reduce the number of birds in Cuba, the United States hopes to undermine an important source of food products for the Cuban people.
- This year, Cuba is producing or importing 3,000,000 pressure cookers and the same number of rice cookers, to distribute these to all households (selling the units at subsidized prices) and improve the standard of life of the population. In the case of the pressure cookers, attempts at purchasing raw materials —needed to produce one of the cooker's components or the finished product— from three Mexican companies failed, as described below:
 - 1) In March 2005, FENOL, a product used in the manufacture of the cooker's handle, was ordered from the VAFE S.A. DE C.V. firm. After advancing an offer, the firm was forced to withdraw it because the product is made in the United States.

- 2) A decision was then made to use polypropylene to produce the handles. The INDELPRO S.A. firm was approached. This firm made a good offer (\$ 1,200 a ton), which the supplier withdrew on finding out the buyer was Cuba.
- 3) Contracts for the purchase of 185,000 units (EKSO brand) were immediately signed. The money was transferred from MOTOINSA to the Mexican bank BANAMEX, a branch of the US bank CITYBANK. The transaction was thwarted as a result of US government pressures.

HEALTH SECTOR

- With respect to cancer treatment, Cuba has been unable to purchase spare pieces and radioactive sources for two automatic deferred charge units used to treat gynaecological tumours (brachitherapy units), purchased from the Canadian company MSD NORDION, as the latter sold the trademark to the American firm VARIAN. As a result of this, 120 patients were unable to receive this kind of treatment (the best option available) until these units were replaced with others of European make.
- In 2004, RADIOMETER, a Danish company producing gasometers —used in intensive care units employed by hospitals to analyze blood gas contents—which has had direct links with the Cuban import company MEDICUBA for over 35 years, was forced to remove its representative from Havana after being bought over by the US company DONAHER, something which has increased spending in the Cuban health system by \$ 200,000 a year.
- In October 2004, specialists from the Hermanos Ameijeiras Hospital approached representatives of the Japanese Hitachi High Technologies Corporation to purchase a new electron microscope to replace a 20-year-old unit which is still being used in the hospital's Pathological Anatomy laboratory. Hitachi

executives said they could not sell the microscope to Cuba because their company's policy was that of respect towards the blockade imposed on our country by the United States. The sale of one electron microscope at \$ 400,000 was not sufficiently attractive for the company to interest it in changing its commercial policy. Representatives invoked the impossibility of offering training as the crucial problem. Even though Cuban engineers could be trained at the company, the representatives argued that obtaining commercial export licences through the US Chamber of Commerce was a tricky and potentially very expensive process.

EDUCATION SECTOR

- The companies SIGMA and CLONTEC denied the Faculty of Biology of the University of Havana the possibility of purchasing a series of reagents used to extract DNA and RNA from biological samples (especially useful for studies with biotechnological applications). Even though the purchase was being financed by a project with Swedish funds, the supplier turned down the request invoking the blockade.
- The Pharmaceuticals and Food Products Institute, the Faculty of Chemistry and the Faculty of Biology of the University of Havana have not been able to purchase spectrophotometers and their spare parts to carry out laboratory practices. The Institute had purchased \$ 13,000 dollars in equipment from the European firm LKB-Pharmacia. After the company was bought over by a US firm, a subsidiary in Spain refused to supply Cuba with its spare pieces. When the halogen lamps in these units (\$ 12 a lamp) expired, a professor tried to purchase new lamps from the abovementioned subsidiary in Spain; the possibility was denied her once her nationality was confirmed.
- In February and April 2005, Cuba was not allowed to connect to the super-computer of the University of Minas Gerais in Brazil, a service which, allegedly, explicitly excludes countries

blockaded by the United States. The denial of access to super-computers located in Latin American universities limits cooperative work with other international academic groups and research work in such spheres as computer sciences, nanotechnology, neurosciences and meteorology. For instance, the computational chemistry team of the Faculty of Chemistry of the University of Havana, denied access to super-computers and specialized software, sees its work, and exchanges with other research teams around the world, severely limited in scope.

TOURISM SECTOR

- At the beginning of July 2004, the Canadian company VIP INTERNATIONAL CORPORATION, which represented the Cuban hotel branch GRAN CARIBE in the Global Distribution Systems (for hotel reservations and other services), reported that, as of the 31st of the month, it would discontinue its services, as the reservations must be made via US-based companies, and the US government had decided to discontinue processing these reservations. Losses in reservations were calculated at \$ 300,000.
- On 2 December 2004, the hotel and travel company CENDANT CORPORATION, with head offices in the United States, bought over the company EBOOKERS, one of the United Kingdom's largest online reservations company, which processed reservations for Cuba's GRAN CARIBE hotel branch. The service was discontinued on 1 January 2005 as a result of provisions surrounding the US blockade.
- Another US company took over two other UK online reservations companies (OCTOPUS and TRAVELBAG), limiting the number of alternatives for making reservations in Cuba even more.

FINANCES

- Following instructions given by its head offices in the United States, the Canadian company Paymentech Canada unexpectedly decided to unilaterally discontinue processing VISA credit card payments made by Hola Sun Holidays Ltd. and Canada Inc. (Caribe Sol), by virtue of blockade policies. The affected companies, which facilitate Canadian tourism to Cuba, have had to hire lawyers to get back the funds which were retained by Paymentech Canada and to obtain repair for damages caused by this decision which, among other things, forced these two companies to find a completely new charging system for the thousands of customers that purchase the tourist packages they offer. In addition to this, VISA cards had to be excluded as a form of payment, there being no other available processing centre. Legal costs have already exceeded the sum of 100,000 Canadian dollars (\$ 80,000), and the judicial processes for damages and violations of Canadian law are still in their initial phases.
- On 6 April 2005, the company SEISA received a communiqué from Spain's Banco Sabadell Atlantico, which informed it that the bank transfer made on 10 November 2004 on behalf of SEISA to pay for commercial services offered by one of its suppliers (SUR CONTINENTE, a Chilean entity attached to the Bilbao Vizcaya Bank)⁶ had been frozen. The transfer was for a sum of \$ 32,918, blocked by the US Treasury Department.
- On 4 March 2005, Octubre Holdings S.A. asked COOP Bank in Geneva, Switzerland, to transfer the equivalent of \$ 400,000 in Canadian dollars to Galax Inc.'s account with the National Bank of Canada. By mistake, COOP made the transfer in US dollars to the Bank of New York and, consequently, these funds were frozen on 10 March 2005.

⁶ Banco Bilbao Vizcaya

TRANSPORTATION SECTOR

- The Navegación Caribe Company has witnessed a reduction in the port and other services it offers foreign vessels (chiefly cruise ships), reporting losses of \$ 1,130,000. In addition to this, it has been forced to pay extra to obtain spare pieces and materials to repair and maintain its vessels from third countries, as these cannot be obtained in the US market. This has meant higher freightage and intermediary costs, a total of \$ 63,800,000 extra.
- ZIM, a foreign shipping company, was recently asked to quote its Havana-Chile freightage rates; it replied that it could not provide us with any information nor offer the service by virtue of the Torricelli Act, as this company's vessels frequently sail to US ports. Cuba was forced to accept a higher rate, offered by another foreign company. ZIM transports 40-foot containers for \$ 2,700/container, while the other company charged Cuba \$4,500/container.
- The blockade has caused Cuban fishing companies losses of \$ 3,593,400, \$ 615,100 of which can be chalked up to extra freightage costs. With this money, \$ 5, 246 tons of fish for the population could have been purchased.
- In December 2004, the Transcarga-Panalpina company, an international transportation company (whose correspondent is Transcarga) was forced to carry out a transshipment in a third country while transporting 1,800 vehicles from Asia to Cuba. This increased the costs of the operation by \$ 360,000. This was the result of the need to avoid potential interference in the transaction, including the ultimate confiscation of the goods by US federal or regional authorities, by virtue of extraterritorial regulations imposed on Cuba by the United States.

CIVIL AVIATION

- Cuba's Civil Aviation Institute was unable to rent a PW 127 motor. This paralyzed an ATR air vessel of European make for 17 days, resulting in economic damages of \$ 126,000.
- In September 2004, the Swedish airline company NOVAIR, which had signed an agreement with CUBANA DE AVIACION to begin renting the latter an Airbus 330 air vessel as of February 2003, notified Cuba that its maintenance company, SR TECHNICS, had expressed concerns over continuing to offer its services in Havana, as this constituted a violation of the US Trade Department's regulations. On 30 April 2005, Cuba ceased renting the A330 and CUBANA was forced to rent a more expensive vessel in order to meet its commitment to customers, paying an extra \$ 2,000,000.
- In November 2004, the US company ARINC warned the Canadian airline company AIR TRANSAT that it could not continue offering check-in services to CUBANA at Montreal's airport through its IMUSE SYSTEM, as this constituted an indirect benefit for Cuba and the government of the United States maintained an "embargo" on the island. The company told AIR TRANSAT that if it committed any "future violation", it would itself lose this service. Finally, on 19 March 2005, ARINC unilaterally deprived the Canadian companies HANDLEX and ADM (Aeroports de Montreal) of access to hired services for CUBANA DE AVIACION. As a result of this, travellers must endure delays in the check in process (which is manual, that is to say, involving a boarding pass, the labelling of luggage, etc.), CUBANA's corporate image and competitiveness are besmirched and, in addition to this, the company is forced to undertake exceptional measures to guarantee the safety of flights. ARINC is the sole provider of these services at Montreal's Dorval airport; the extraterritorial implementation of US legislation is thus coupled with abuses stemming from monopolistic control over services.

OIL

- In the last quarter of 2004, during the First Convention on Earth Sciences held in Cuba from 5 to 8 April 2005, the Integrated Exploration Systems company based in Germany was to give a 2-hour presentation on the company's software technology, a 2D and 3D modelling programme for oil systems. Cuba is interested in acquiring this programme, as the costs of producing similar models in other countries more than exceed those offered by IES. The growing off-coast oil exploration efforts Cuba is undertaking require the use of models, based on an ever-growing number of seismic lines, year round. These high-tech tools would be economically advantageous for Cuba and yield more reliable exploration results.
- In the end, IES notified Cuba that it could not provide it with its software, alleging that, even though IES is not owned by the United States and its base of operations is Germany, a part of IES has US assets, such that the firm cannot have any kind of relations with Cuban companies. In addition to this, IES also decided not to participate in the Convention on Earth Sciences held this past April.
- There are 40 platforms and vessels around the world that could have submitted a tender for the drilling of the deep-water (1,600-meter) oil exploration well off Cuban coasts. Only 3 companies were willing to work in Cuba's Exclusive Economic Zone. The equipment and pieces of US manufacture which were part of the platform hired had to be replaced (as their use was not authorized), something which caused delays and increased costs.

OTHER SECTORS

- Sports such as shooting have been seriously affected as a result of the prohibition on the purchase of materials and instruments from third countries that have trade relations with the United States. Some examples worthy of mention are:
 - The hurdles thrown in the way of Cuba's Skeet team in their attempts at purchasing "Bereta" rifles (of Italian manufacture).
 - The impossibility of obtaining high-quality ELEY bullets (made in England), munitions which are needed to obtain highly effective results.
- Cuba cannot purchase spare parts for pieces of equipment employed in Cuba's Anti-doping Laboratory. This has at times forced Cuba to close down its labs and it has caused damages of \$ 397,000. Some of the needed pieces are made in Europe, as is the case with the as2000 auto-injector (made in Italy), but, since they are part of the isotopic mass spectrometer which is manufactured in the United States, Cuba is not permitted to purchase them.
- In March of this year, SEISA, a company which commercializes integrated security systems, received a communiqué from one of its regular suppliers, KIDDE de Mexico S.A. de C.V., which supplies it with dry chemical powder⁷; KIDDE informed SEISA that it would no longer supply it with this chemical, as the KIDDE PLC Group, to which KIDDE de Mexico belongs, had been bought over by a US company and had received instructions to terminate its contracts with certain countries, including Cuba. As a result of this, 2 deliveries from last year's contract were cancelled. The discontinuation of the supply of this product means an additional 15 cents paid for every

⁷ This raw material is used to fill fire extinguishers produced by SEISA, in cooperation with Matanza's CONFORMAT.

kilogram of the 150 tons imported every year, representing an extra cost of \$ 22,500 a year.

- At the end of 2004, the Mexican company CCL Container S.A. de C.V. de Mexico, from which Cuba had ordered lithographed aluminium tubes for cigars, was taken over by a US company. Following this, the company's foreign branch increased its prices to less than competitive levels, toughened financial conditions for negotiation, failed to comply with a contract for the sale of \$ 1,100,000 tubes and, finally, announced its decision to break relations with the Cuban counterpart. The company ECIMETAL had to redistribute the 4,000,000 tubes ordered among other suppliers, losing a nearby market and the possibility of selling more supplies. As a result of this, the Cuban company paid \$ 43,200 extra for the supplies.
- When Cuba found it necessary to use a herbicide known as Plateau, which has yielded extraordinary results in Brazilian sugar cane plantations, the Cuban company QUIMIMPORT attempted to purchase this product from the German company BASF, which had registered the product in Cuba. Even though the product had been patented by a world-leading German agrochemical company, Cuba was not able to purchase the product because its active ingredient is synthesized in Puerto Rico, a country deprived of its right to self-determination, whose territory is controlled like a colonial possession by the United States.
- In mid-2004, Cuba decided to purchase 4 high-tech FLYGT pumps, produced by the Swedish company ITT-FLYGHT, a subsidiary of the US transnational ITT. Its installation was to substantially improve the servicing of drinking water to some 250,000 people, 95 % of them living in the Arroyo Naranjo municipality, 20 % in Boyeros and some areas of 10 de Octubre, all of them Havana. Following the initial commercial contacts, ITT refused to sell its products to Acueducto Sur.

- On 28 December 2004, the company Maquimport requested a quote on 47 products produced by the US subsidiary Rockwell Automation Power Systems based in Canada. The products of interest were to be used as replacement pieces in Holguin's Aluminium Packages Production Plant (ENVAL). On 6 January 2005, the manager for imports and exports of this company replied to the request with an e-mail explaining that, as is known, the United States maintains an embargo on the shipment of products or technologies to Cuba from any part of the world. As the products of interest were made in the United States or contained US technology, they saw themselves obliged to turn down the Cuban company's request.

2. ECONOMIC AND SOCIAL IMPACT

2.1 Overview of the impact of the blockade on some of the most vital social sectors

The blockade has brought the Cuban people untold sorrows. Highly vulnerable sectors upon which any country's wellbeing depends, such as food, health, education, transportation and housing, have been some of the main targets of this genocidal policy.

FOOD

In its obvious attempt to bring the Cuban people to its knees through starvation, from July 2004 to April 2005 the blockade has cost the food industry approximately \$ 55,863,957, money with which nearly one third of this sector could be technologically upgraded.

In 2004 alone, the blockade directly cost Cuba's poultry industry more than \$ 16,100,000, undermining a source of proteins for Cubans and crippling this industry's productive growth: with the \$ 30,000,000 it lost, 750,000,000 eggs could have been produced.

As Cuba does not have access to state-of-the-art technologies for the production of poultry meats, chiefly manufactured in the United States, production in this sector remained paralyzed during the year and over 4,000 industry workers had to be reassigned to other sectors, making the industry lose \$ 5,000,000 in added value with respect to meat production, the equivalent of 8,800 tons of poultry meat.

The Assorted Crops Company attached to the Ministry of Agriculture estimated that, in the import of potato and vegetable seeds from third countries, extra freightage costs exceeded the sum of \$ 1,000,000, 50 % of the cost of vegetable seeds imported every year.

Unable to place its Havana Club rum on the US market and forced to commercialize it in third countries under far less favourable conditions (because of these countries' remoteness and the nature of their markets), Cuba Ron S.A. reported losses of \$ 28,400,000.

HEALTH

During the period covered by this report, the blockade caused damages estimated at \$ 75,700,000 in the health sector. This figure says nothing of the incalculable suffering endured by the Cuban people because of a lack of medications, equipment and other materials in all facilities which comprise the national health network.

As was described elsewhere⁸, so-called high-tech branches in this sector, such as transplants, cardiovascular surgery, nephrology and genetic engineering, continue to be affected by unreliable supply channels. Many of materials used in these branches of medicine are produced in the United States and, on a number of occasions, US authorities have refused to grant Cuba permission to purchase them or have simply protracted the process of acquiring them ad infinitum.

⁸ Report of the Secretary General of the United Nations, 2004 (A/59/302)

This has had a direct impact on the programme for children in need of hepatic transplants. An example is the failure of Abbott Laboratories to reply to Cuba's request to purchase a piece of equipment used to measure doses of the immune suppressor Tracolimus (FK506), produced exclusively by this US lab, needed to measure contents of this suppressor in the blood, whose variations may bring complications such as infections and secondary tumours.

\$ 18,000,000,000 dollars in cholesterol-reducing medication were sold in the United States in 2004 alone. If the Cuban-made polycosanol had been put on the US market—and witnessed a mere 1 % of sales in the market—the Cuban people could have seen an income of \$ 180,000,000 in 2004.

The following are some examples which reveal how the blockade has affected this sector:

- No access to dialysis technologies and accessories (artificial kidneys and their component parts) sold in the US market, the closest, most technologically developed and competitive market. This affects the country's nephrology services, through which 1,839 patients, 30 of them children, receive haemodialysis treatment.
- The purchase of diagnostic kits for the medical entomology lab in distant markets, such as the Asian market. The country would have saved 30 % in spending —\$ 52,116— had it been able to purchase these kits from the United States.
- Impact on the monitoring of and fight against epidemics. The country pays 30 % more what it would if it imported the needed products and equipment directly from the United States, saving on transportation and intermediary costs.

- \$ 1,518,905 in insecticides were spent in 2004. Had these been purchased in the United States, transportation costs would have been reduced by 20 % (savings of \$ 303, 781).
- The cardiology programme has been affected as Cuba cannot acquire consumable materials used in surgical procedures directly from the manufacturers. Thus, Cuba has had to pay an extra \$ 66,275 in the course of the year.
- The US company GIBCO produces Amniomax, a product used to detect congenital malformations in pregnant women over 38, the only product in existence around the world used to conduct these tests. Every year, 6,160 100 ml vials are imported for the National Centre for Medical Genetics through an intermediary. Could Cuba purchase it directly from the United States, it would save \$ 136,700.

The losses in this sector (which guarantees that all Cubans have free access to health care) described above —a total of \$ 506,756—could have been used to finance:

- The purchase of XP – Maxamaid (powder) and XP – Maxamum (powder), products used in the special diets of children with phenylketonuria (whose yearly consumption would cost \$ 275,360).
- The average yearly costs of Traculimus 0.5 mg, 1 mg and 5 mg, an immune suppressor administered to patients that have had organ transplants, calculated at \$ 66,000.
- The purchase of materials for a triple vaccination campaign (rubella, parotitis, measles), at around \$ 156,212.

EDUCATION

The educational sector continues to experience the problems described in the last two reports submitted to the Secretary General⁹, particularly with respect to supplies of pencils, notebooks, paper and other didactic materials and means, today only at 60 % of what the country received in 1989. The annual deficit in materials is calculated at \$ 3,990,000.

Obstacles continue to limit the number of textbooks and supplementary bibliographies printed (of a value estimated at \$ 3,860,000).

Shortages in essential products continue to affect middle and higher level learning institutions and kindergartens; these include articles of hygiene, clothing for children, school uniforms and shoes and, in the case of kindergartens, indispensable electrical appliances such as washing machines and irons.

The difficulties that services for children with special educational needs face as a result of the blockade have continued to worsen. Cuba continues to have difficulties obtaining and/or repairing Braille systems for blind and visually impaired children (these are bought at such high prices as \$1,000 per unit, when they could be bought at \$ 700 in the US market), Braille paper, equipment for special schools for strabismic and amblyopic children, shortages of which make it difficult for Cuba to maintain and further expand its principle of "Education for Everyone at all of Life's Stages".

With \$ 3,059,600, all of the material shortages that today affect schools for children with special educational needs could have been done away with.

Nearly 80 % of refrigeration units used to store food products in the 786 middle-level educational centres in the country are inactive or in a very poor condition. A total of \$ 9,420,000 —\$ 1,884,000 spent every year over a period of five years—are needed to completely repair these units, something Cuba has not been able to undertake because of the limitations

⁹ Reports of the Secretary General of the United Nations, 2003 and 2004 (A/58/287 and A/59/302).

imposed by the blockade. These limitations also have an impact on the construction, maintenance and repair of educational centres and institutions and on the availability of school facilities, especially felt in kindergartens.

According to calculations with respect to how the Cuban economy has been affected by this genocidal policy and in consideration of the percentage of Cuba's GDP devoted to the educational sector, had the blockade been lifted, \$ 166,000,000 would have become available to the sector, enough funds to eradicate the main shortages facing education, estimated at \$ 60,000,000.

SPORTS

The sphere of sports has been significantly affected by the US government's blockade.

The blockade has had a very negative impact on the availability of material resources needed to advance the numerous physical education and school sports improvement programmes in existence.

The limitations and obstacles which the blockade has imposed upon and thrown in the way of our efforts to obtain balls, chronometers, appropriate sporting footwear and the required technical and auxiliary pedagogical equipment have had a far from insignificant impact on our ability to establish all of the material conditions needed to take physical education to the highest possible levels at all levels of education, an objective which Cuban society and authorities consider a priority.

Blockade restrictions on the purchase, in the United States, of raw materials used in the production of sports instruments, including types of rubber and chemical products which Cuba is unable to produce, have forced Cuba to purchase these products in European and Asian countries and to pay an extra \$ 72,000 in freightage alone.

To get a picture of how the blockade has affected Cuban sports, suffice it to mention the concrete effects that this criminal policy has had on baseball, Cuba's national sport. The country uses approximately 30,000 balls for its

professional games and another 30,000 for school and amateur games. Currently, the production of balls costs the Cuban sports industry \$ 0.95 a unit, as all raw materials are imported from the Asian market: two types of worsted, thread, glue, leather, ink and the rubber or cork core.

Had Cuba access to the US market, it could employ state-of-the-art technology and high quality raw materials and avail itself of much lower freightage costs to reduce production costs by 50 %, that is to say, to about \$ 0.45 / unit.

Cuba's sports industry has been especially affected by the limited possibilities it has to upgrade its technology; were restrictions lifted in this connection, Cuba would today have most of the resources needed to make sports accessible to everyone and offer high-performance athletes the facilities they require.

The domestic production of baseball and soccer shoes, boxing items such as gloves and head protectors (which met the standards of the International Boxing Association), punching bags and other instruments used to train athletes for combat sports, had to be discontinued because the needed raw materials could not be obtained.

Sports instruments and accessories like those mentioned above and many others, such as javelins, poles, hurdles, specialized footwear and trampolines—which could be produced in Cuba or purchased in the United States at much lower prices—are currently purchased in third countries, with a resulting increase in costs of more than 50 %.

The planning and execution of the training programme for high-performance athletes has also suffered as a result of the blockade, which bars Cubans from participating in sporting events, conventions, training courses and international fora held in the United States, which does not issue visas or ignores the invitations made to Cuban athletes or sports institutions, a consequence of the veritable labyrinth of obstacles produced by this policy.

The number of bilateral encounters and exchanges with important US boxing, baseball, volleyball, wrestling, gymnastic and basketball teams has been significantly reduced, obliging Cuba to arrange trips to Europe and other, more remote countries, in order to hold practice games to train national athletes, something which has increased the costs associated with the high-performance programme substantially.

Access to the market and the purchase of state-of-the-art technologies that would be useful in the training of Cuban athletes have been restricted, resulting in higher levels of spending in this area.

TRANSPORTATION

In this period, the blockade has cost Cuba \$ 182,048,000 in the area of transportation.

To illustrate how this sector has been affected, suffice it to point out that the vehicles and motors used in Havana's Metrobus service, chiefly of US make, had to be purchased through an intermediary. With the \$ 795,642 which were paid in excess to purchase 98 vehicles in the period under analysis, another 62 vehicles could have been purchased; coupled with the \$ 567,978 paid extra because the needed spare pieces could not be directly purchased from the United States, this could have allowed Cuba to increase its public transportation services by 30 %.

The blockade has cost Cuban railway services \$ 22,487,560. Considering the fact that nearly 1,200,000 US tourists could have visited us in this period and that 12 % of these would have travelled via FERROCUBA from the capital to various destinations around the country, Cuba's railway company would have taken in around \$ 3,409,600, money it could have used to repair some 10 locomotives that offer national and coach services.

With respect to problems affecting the national railway network, since 50 % of trains use locomotives that were manufactured in the United States and have over 30 years of operation, employing obsolete technology and needing spare pieces that are difficult to obtain, and since the high risks of operating these locomotives involve additional spending, Cuba has lost

433,736 customers and has been unable to transport 587,194 tons of load during this period, the equivalent of \$ 19,077,960.

With the \$ 182,048,000 mentioned above as the total lost in this sector during the year, some of the following needs could have been met:

- Replace and obtain new buses for Havana's public transportation system, incorporating 679 regular and 600 articulated buses (the latter to completely replace metrobuses). This would cost a total of \$ 181,100,000.
- Construct the still unfinished stretches of the Havana – Santiago de Cuba highway, including intersections with other roads (\$ 160,200,000); in Havana, replace traffic lights, pave and signpost roads, among other things (\$ 25,000,000, approximately).

2.2 Impact on other sectors of the domestic economy

No sector of the Cuban economy has managed to escape the hardship caused by the blockade.

Between 2004 and 30 April 2005, the total loss to the **civil aviation** sector reached 178 million 61 thousand 459 dollars. The total amount of damage incurred since 1960 rose to 2 thousand 400 million dollars.

In this period, the income lost through the non-rendering of airport services and others, due to the travel ban imposed on US citizens, totaled 152 million 234 thousand 987 dollars. Between 1960 and April 2005, a total of 2 thousand 43 million 167 thousand 229 dollars have been lost in this way. Due to the additional travel bans, in effect since 30 June 2004, the American aircrafts that should have operated in our airports have not done so, which has produced economic losses to the extent of 3 million 537 thousand 384 dollars.

In the **light industry**, damaged caused by the increase in prices and overspending on freightage totaled \$12. 402 800. With this sum it would have possible to double the amount of toilet and household soap given to the population as part of their quota of household items, as well as a 48.7% increase in the amount of toothpaste.

As a result of the blockade, the **Iron and Steel** Industry Group, ACINOX, which imports and exports products of iron and steel industries and electrical conductors, loses a yearly sum of 12 million dollars, which could be used to produce 45 thousand tons of corrugated rods. This would make it possible to build 180 thousand rural dwellings a year, or more than 30 thousand pre-fabricated houses, which would benefit 120 thousand people. Likewise, with the aforementioned amount of corrugated rods, it would be possible to completely repair, in 10 years, the 200 thousand homes which are currently in need in Havana, thus benefiting 180 thousand people.

The oil companies with business in Cuba that invested in the country in 2004, spent 163 million dollars. Of this amount, 25% came from overspending on parts and materials that could not be bought on the American market and on the additional payment of freightage, all of which totaled an overpayment of 40 million dollars. If it had not been necessary to make this overpayment, it would have been possible to reduce the import of oil to the country by 500 thousand tons as a result of the increase in national production.

The natural market for the sale of Cuban produced **petrol** would be the United States. If the Cienfuegos Refinery were to start production, it would be possible, if this country were to end the blockade, to export 600 thousand tons a year, which at today's prices is equal to 210 million dollars.

With regard to **nickel**, the United States import an average of approximately 130 thousand tons of this primary metal every year. If there were no blockade – and taking into account the fact that due to its proximity to the United States, Cuba would provide the ideal source of supply of the mineral to this country-, the Island could sell more than 30 thousand tons of nickel a year to the United States, which at today's prices would represent more than 500 million dollars. In respect of **cobalt**, the United States

imports around 8 thousand tons of this metal every year. If they were to import just 25% of this cobalt from Cuba – 2 thousand tons a year – at today's prices Cuba could make more than 66 million dollars.

The **Mechanical Nickel Company** had to acquire welding and CNC (computerised numerical control machinery) equipment produced by the US manufacturer MILLER, and a CNC Challenger Thermadyne machine, also made in the United States, via third parties. These transactions made through middlemen cost a total of \$363 500 dollars and represent an additional payment of \$54 500.

The Cuban **steel** company, 'Antillana de Acero', makes 80% of its purchases in the European markets and pays in euros, thus producing a loss of more than 25% due the exchange of currency. One thousand tons of coal are used every month in the smelting process. This coal is bought in Colombia, at a cost of \$300 per ton; if Antillana could do business with UCAR, an American company with which we would transact to buy the best C/G electrode available, this raw material would not cost a penny, thanks to the commitments that UCAR makes with its purchasers.

Taking in to account the fact that in 1958 **Cuban sugar** represented 58.2% of the total amount of imports of this product to the United States, it is estimated that, provided that it had maintained a similar proportion of the market, the negative impact for the Cuban economy due to not being able to place said product on the American market, rose last year to 154.1 million dollars. The difference between the average price at which Cuba had to sell its sugar last year and the price that it would have got if it had been able to sell it in the United States was US \$249.1 per metric ton.

Between April 2004 and March 2005, losses in the **tourism sector** rose to 1043 million dollars. With 80 million dollars it would have been possible to build two five-star hotels with 500 rooms each (25 million dollars for each hotel) and to reconstruct 3 thousand rooms that have deteriorated due to the passing of time and insufficient maintenance attributable to the lack of resources (30 million dollars, using 10 million per room)

Each year the tourism sector spends almost 500 million dollar on electricity. It is estimated that the source of between 50% and 60% of this consumption is the use air conditioning the facilities. It is also calculated that the most competitive air-conditioning units from the United States can produce a saving of at least 10% in comparison with those from other manufacturing countries. If it had been possible to invest in the acquisition of US air-conditioning units, the electricity saved could have been to the amount of 30 million dollars a year.

As regards **housing**, one of the country's most pressing problems, the fact that it is impossible to acquire building materials from American companies or affiliates in the area increases the cost of construction by an average of 35%.

Because of the blockade interior commerce transactions incurred additional expenses of 66.8 million dollars, largely due to the cost of freightage and purchases made through third parties. Without these additional costs it would have been possible to buy 90 thousand condenser units for premises where milk and meat products are sold at retail prices, which would solve refrigeration problems in these establishments. It would also have been possible to buy 500 thousand motor compressors to be used to repair domestic refrigerators, thus responding to the needs of the population in this field.

The limitations in the **culture** sector continue. It is difficult for Cuban musicians to perform in the American market. Because of the high demand for performances by Cuban artists in the USA, the Cuban company ARTEX could make a minimum of 9 million dollars a year. At least one million dollars would have entered the country through the sale of CDs, DVDs and other products.

It is likewise impossible for Cuban filmmakers to present their productions to important audiovisual markets in the United States, thus seriously affecting the sales that could be made in these areas. One example of this is the AMERICAN FILM MARKET, which is considered to be the first or second most important film market in existence today; due to the fact that

the Cuban film industry cannot offer its products over there, it has lost out on 500 thousand dollars.

There are American producers and directors who are interested in filming in Cuba, but who are unable to do so because of the bans imposed by the blockade. Well-known examples of this – individuals who had specific projects linked to our setting and wished to realise them– are Steven Spielberg, Steven Soderberg, Randa Haines and Danny Glover. A conservative estimate of the income that the country could have received if an average budget American movie were to be filmed would be to the amount of 2 to 5 million dollars. If at least 2 of these projects had been realised, the income to the country would have totaled between 4 and 10 million dollars, enough to finance the filming of a total of 50 feature-length animations, at an average cost of 200 thousand dollars, or a total of 400 short-length animations for Cuban children.

The fact that the blockade prohibits Cuban companies from having recourse to the US dollar in international business transactions, has meant a loss for the company EGREM of 57 thousand dollars due to the exchange of currency, during the period in question.

Companies from this sector were also significantly affected in the sense that it was hard for them to acquire supplies as important as paint, the complete spectrum of tempera colours, oils and acrylics, materials used to prepare easels and other items, because they had to be bought in Europe. An example of this is the Cuban Fund for Cultural Assets, which incurred excess payments of 19 thousand US dollars as a result of having to buy supplies on the European market. Well known American companies that produce high quality goods, such as Windsor & Newton Gallery Acrylics, offer retail prices for their products that are usually up to three times lower than what Cuba has to pay when making this type of purchase in Europe.

At the end of 2004, as a result of a proposal by American university **publishing houses** interested in facilitating the free exchange of ideas and informative material with Cuba, the OFAC added a General License for editorial work to the list of regulations on the control of Cuban assets. This License would make it possible to authorise persons and companies from

the United States to take part in editorial work related to Cuba and in other activities that favour relations in this field. However, the application of this measure was subjected to restrictions that once again evidenced the hostility of the US authorities towards the Cuban Revolution, in a blatant act of disdain for the free flow of ideas and artistic creations.

The aforementioned General License explicitly prohibits transactions with the 'Cuban Government', and with institutions which, according to the OFAC, 'belong to the Cuban Government'. The least that can be expected with regards the application of this License is a long and complicated process, during which the punitive mechanisms created by the blockade which have been applied for decades, will continue to cause considerable damage to the Cuban editorial sector.

The following are examples of the ways in which the activity of the Literary Latin American Agency has been impeded, and illustrate the facts given above:

- The Smithsonian Editorial, based in New York, had prepared a project for the bilingual and illustrated edition of the work 'City of Pillars', to be launched in 2004 in tribute to the centenary of Alejo Carpentier, the Cuban author and Cervantes Prize laureate. The project was suspended indefinitely by the OFAC, and as yet it has not been possible to realize it.
- The edition of the 'encyclopedia of Cuban Music', by the musicologist, Radamés Giró, planned by the university publishing house, Temple University Press – one of the driving forces behind the aforementioned General License -, has also been interrupted due to the ban imposed by US authorities.

For these and other reasons, the Latin American Literary Agency has lost approximately 20 thousand dollars through cancelled editing projects, while a similar figure is pending payment and cannot be received by our country due to the banking restrictions implemented by the financial siege on Cuba.

During the period in question, only 11 travel visas to the United States were issued for cultural purposes, and were given for 5 exchange programmes, out of a total of 106 requests made to the US Interests Section in Havana (USINT) This is a appreciable decrease in comparison to previous years.

Other important examples of this are the cases of the artist, Carlos Garaicoa, who was denied a visa to attend an important exhibition of his work on 4 March in the Contemporary Art Museum in Los Angeles, and of the creators of the Carpinteros group, who were unable to be at the opening of their most important exhibition in the United States on 7 April, which was to take place at the Contemporary Art Museum of the University of South Florida, in Tampa.

The fact that the Cuban representatives of the exhibition fair, the American Book Sellers Association Convention and Trade Exhibition Book Expo America, in which we have been represented without fail since 1994, were prohibited from attending, is another example of the intensification of the blockade in the cultural sector. In March 2004, Cuba was prevented from attending the 1st Congress of Genealogists, when their visa request was not answered.

The refusal to grant visas to the majority of Cuban artists who wish to travel to the United States is the product of a crude and offensive manipulation of cultural relations between Cuban and the United States by authorities in Washington. The pretext for this refusal is the application of clause 212-F of the US migratory regulations, and goes as far as to describe the Cuban artists as 'a danger to the interests of the United States'.

During the period in question, this clause was applied against dozens of Cuban artists and intellectuals such as the prominent filmmakers Gerardo Chijona Valdés, Fernando Pérez Valdés, Enrique Colina and Rigoberto López Pego; the journalist and filmmaker Lisette Villa; the musicians Carlos Varela and his group as well as the group Habana Sax, as well as other important exponents of Cuban culture, who have been unable to participate in presentations and events in the United States.

The rules of the blockade affected the investment made to set up Educational Channel 2 on Cuban television, which is used for educational purposes and also to increase the population's knowledge. The total loss to the investment totaled 863 thousand dollars, of which 154 thousand were spent on additional transportation costs and 709 thousand represented excess prices that Cuba had to pay in third party markets.

The exportation of **radio and television programmes** suffered losses to the sum of 250 thousand dollars, as our products could not be sold to a significant part of the Spanish speaking market which is dominated by US monopolies and interests.

The difficulties that had arisen in previous years regarding the use of S.W.I.F.T. (The Society for Worldwide Interbank Financial Telecommunication) in the communication network persisted for the Central Bank of Cuba. Due to the changes made to the SWIFT Net technological infrastructure in 2004, it was still difficult to import and use the equipment and encryption software (components of the SWIFT security system whose sources are in the United States) which must be employed in order to make use of the SWIFT Net services.

Between 1 and 7 July, the only possible alternative was for Cuba to connect its banks through a Services Bureau in Panama, and acquire the SWIFT Alliance Access product as a Shared license (for concurrent use of our banks), still with a proprietary interface completely redesigned and implemented in accordance with the IP communication and PKI security standards.

In order to continue using the services offered by this system, it was necessary to resort to other measures that have meant:

- Not being able to use the software produced by the Central Bank of Cuba, which was approved by SWIFT and used by all Cuban banks for over 12 years.
- Having to acquire another type of software for every bank connected to SWIFT, arriving at a cost of 181 thousand 926 dollars,

which also makes these banks dependent on the technical services of another entity through the payment of an annual license worth 55 thousand 471 dollars.

- The need to use the services of a third party based in another country in order to gain external connection, which costs an annual total of 93 thousand 900 dollars.

In short, as a direct economic expense alone, the banking system, in the field concerned with communication for different operations and transactions with countries abroad, suffered losses between mid 2004 and May 2005 to the amount of 331 thousand 296 dollars.

In the **electricity** sector, it has been necessary to accept short-term credit to modernise the country's generating plants and electricity networks, with a view to improving the quality of the service rendered to the population, due to the fact that it was impossible to request the services of the main international credit institutions. The cost of credit gained rose by 6 million dollars.

2.3 Damage caused to the academic, scientific, cultural and sports exchanges between the Cuban and American people.

As well as the aforementioned economic losses, there is also the attempt by the US government to bring the academic, scientific, cultural and sporting exchange between the two countries to a halt:

- Cuban institutions and writers cannot take part in the Book Fairs in the United States, or in the San Juan Fair in Puerto Rico. As they were unable to participate in either of the last 2 San Juan Fairs, the country lost out on around 15 thousand dollars, which could have been used to finance a popular edition of 'El Quijote', by Cervantes, of no less than 7 thousand copies.

Participation by Cuban scientists in scientific meetings and events, some of which are multilateral, is becoming systematically hindered, as they are not granted entry visas for the United States. Among the dozens of events that they are unable to attend are the following:

- The 29th International Congress on Sanitary and Environmental Engineering. San Juan, Puerto Rico, 22 to 26 August 2004.
- The Scientific Exchange between the University of Harvard and the Pedro Kourí Cuban Institute of Tropical Medicine. Boston, 1 to 10 September 2004.
- Scientific Exchange on Cuba's experience of preventing Chronic Kidney Disease in Primary Health Care. San Juan, Puerto Rico, 3 to 13 November 2004.
- The 110 Annual Meeting of the American Association of Urology. Texas, 21 to 26 May 2005.
- Annual meeting of the American Association of Oncology, Orlando, Florida, 13 to 17 May 2005.
- The 20th Congress of the Latin American Studies Association (LASA), held in October 2004, in Las Vegas. All of the Cuban academics invited to take part – 64 in total – were denied the visas in a completely unprecedented act.

Since 2004, when the additional measures to ban trips to Cuba were enacted, the number of trips made to the country by American students has been reduced to a minimum. The travel license granted by the Treasury Department was withdrawn from the American NGO, MEDICC. This organisation used to offer courses every year for 200 students and teachers of medicine, nursing and public health.

The US government prevented American scientists and academics from participating in several scientific meetings and events held in Cuba, including:

- The International Conference on Maxillofacial Surgery, in June 2004. The 50 Americans who wished to attend were denied permission to travel to Cuba.
- The Pan-American Congress on Child and Juvenile Mental Health, Havana, from 30 March to 1 April 2004. Some days before it was due to start, the 160 Americans who had confirmed their participation, received a letter from the OFAC threatening them with strict sanctions and forbidding them from taking part. This event was sponsored by the Latin American Psychiatry Association and the American Academy of Child and Adolescent Psychiatry (AACAP)

Sporting exchanges have also been affected by the intensification of the blockade. An example of this is the elimination of the General License for American athletes to take part in the amateur and semi-professional competitions held in Cuba, even when they are sponsored by an International Federation. The decrease in the number of athletes from this country taking part in events held in Cuba was notable. In 2004, the number was as low as 128 athletes, compared to 2003 when the number was 603. In the first four months of 2005, a total of 34 athletes took part in sporting events held in Cuba.

In November 2004 the disabled athletes of World Team Sport met with difficulties concerning their participation in the Marabana marathon, due to the fact that their travel license had been revoked in 2003. 90 runners who usually take part in this competition were unable to do so.

Between April 2004 and May 2005, four delegations comprising 5 Cuban sport officials did not receive the visas to travel to the United States, even though they were going to participate in important congresses and courses relating to Olympic Solidarity.

The refusal to grant licenses to and/or remove barriers and administrative and bureaucratic obstacles blocking the way of **university exchange programmes** between the United States and the University of Havana, as well as the banning of American students and teachers from traveling to Cuba, have been practices permanently upheld by different US administrations for over 40 years. These, however, have reached levels of irrationality under the current authorities.

During the period in question, 6 semester programmes for American students in the University of Havana were cancelled. These were organised by entities such as: The Center for Cross Cultural Studies; Council for International Educational Exchange; Institute for Study Abroad-Butler University; School for International Training; Lexia International and Crucero Semestre en el Mar. In comparison with last year's course, in the current academic year of 2004-2005, enrollment for the programmes organised by the five centres listed above fell by 253 students, that is to say, it decreased more than 15 times.

In the specific case of Crucero Semestre en el Mar, this programme worked with the University of Havana on two occasions during the academic year of 2003-2004; 1.322 students and teachers were involved in these. Due to the fact that the programme was cancelled, this academic year no student or teacher associated with the programme has been able to travel to Cuba.

The greatest impact came in the form of the losses to the University of Havana caused by the Investigation Projects that were cancelled or never initiated, in spite of the interest shown by the US counterpart. Some examples of this are given below:

- A young Cuban scientist from the Faculty of Biology won approval, by way of a competition, by the University of Harvard for a molecular biology project on the development of vaccinal adjuvants, for an estimated sum of 20 thousand dollars. The commencement of this project has been delayed for 3 years and processing for its realisation is still under dispute. If it were to get underway, it would prove useful to the production of various vaccinations, which, of course, would not just benefit Cuba.

- Six Investigation Projects and an academic exchange programme with **the CUNY City University of New York, and with the Universities of South Florida and Gainesville**, among others, organised by the Centre for International Migration Studies and dealing with various issues of identity and migration have been interrupted.
- The Faculty of Law had its Academic Exchange Programme with the Cuba-USA Legal Forum, dealing with the legal systems in Cuba and the United States, cancelled.
- Joint investigation projects on Human Rights, Constitutional Law and Criminal Law with the National Lawyer Guild, Yale University, The University of California and the Cuba-USA Legal Forum have all been cancelled.
- The project on spatial inequalities between the Centre for Health and Human Well-Being and the University of Tulane was cancelled.

3. SOME OF THE WAYS IN WHICH THE BLOCKADE AFFECTS THE US ECONOMY, THE US PEOPLE AND OTHER NATIONS

The policy of the blockade is also detrimental to citizens of the United States and third countries.

If the blockade were to be lifted it would create 100 thousand jobs and additional earnings of 6 thousand million dollars for the US economy, according to a study presented by the **Director of the Centre for Business and Investigations at the University of South Alabama, in the Fourth National Summit on Cuba**, which took place in Mobile, Alabama, in June of this year.¹⁰

¹⁰ According to the study, the end of the blockade on Cuba would benefit the United States, 8 June 2005. <http://www.argenpress.info/nota.asp?num=021477>

Another study carried out in 2000 by the World Policy Institute of New York, revealed that the unrestricted sale of food and medicine to Cuba alone could generate 1600 million dollars a year – almost 4 times the current amount of food purchases made by Cuba in the USA -, and 20 thousand additional jobs for the United States economy.¹¹

Because of the blockade, the American economy loses up to 1240 million dollars a year in agricultural **exportations** and up to 3 thousand 600 million dollars every year in other economic activity, according to studies carried out by American institutions. 12. ¹²

According to estimates made in 2001 by the US International Trade Commission, exportations from the USA to Cuba would range between 658 and 1 200 million a year.

As maintained by another investigation, carried out in 2004 by Tim Lynch, Necati Aydin and Julie Harrington from the State University of Florida, 10 years after the blockade has been lifted, exportations to the Island will swing between 6 thousand million and 9 thousand 470 million dollars a year, with a net or surplus commercial bilateral exportation potential for the USA of 3 thousand 600 million dollars.

Despite the ban on traveling to Cuba, subscribers to the New York Travel and Leisure Magazine selected Cuba as the best island in the Caribbean. For its part, the National Geography Traveler Destination Scoreboard reported that after surveying 200 specialists in sustainable tourism, the Historical Centre of Havana was chosen among the best 115 places in the world. According to a survey carried out in April 2001 by the Cuba Policy

¹¹ Dr. Stern, Paula, 'The Impact on the US economy of Lifting the Food and Medical Embargo on Cuba', World Policy Institute, 2000 at <http://www.worldpolicy.org/projects/uscuba/index.html>

¹² 'Economic impact of agricultural exportations from the USA to Cuba', C. Parr Rosson and Flynn Adcock, teachers at the A&M Texas University, Cuba Policy Foundation, 28 January 2002. <http://www.cubafoundation.org/pdf/CPF-Release-AgStudy-0202.28htm>

Foundation, 66.8% of Americans opined that they should be allowed to travel to Cuba.

A study carried out in 2003 by the Brattle Group revealed that visits by Cubans residing in the United States would increase by 289 additional thousand visitors a year, while visits by Americans would rise to 2.8 million visitors (2.72 million more than before), if the blockade was lifted. In total it was predicted that 3.01 million additional visitors from the United States would travel to Cuba every year.¹³

According to estimates, the lifting of travel restrictions to Cuba alone would produce an annual increase of income to the US economy of between 1180 and 1610 million dollars. This rise would create between 16 thousand 888 and 23 thousand 20 new jobs.¹⁴

On the report of other analyses, yearly trips to Cuba from the United States would rise to 4 million visitors in the first year. The most conservative calculations give the figure for the number of people who would arrive in Cuba from the United States in the third year following the lifting of the travel ban at 1.5 million. Based on this last prediction, it is calculated that the elimination of travel restrictions alone would produce a rise of between 126 and 252 million dollars a year more than the current amount in sales of agricultural products from the USA to Cuba.¹⁵

¹³ Executive Summary of the study 'The impact on the US economy of lifting restrictions on travel to Cuba, carried out by the Brattle Group for the Washington Center for International Policy

¹⁴ Idem

¹⁵ 15 Study by Parr Rosson of the Texas A&M University, quoted in the Press Bulletin by the Cuba Policy Foundation on 5 February 2003

The total loss for American companies for every million tourists who cannot visit Cuba reach 565 million dollars, broken down into:

	Million dollars
Airlines.....	300
Travel Agencies and Tour Operators.....	160
Importations to Cuba of food and Drink.....	45
Other importations to Cuba.....	30
Publicity and Press Agencies.....	30

If the blockade were to be completely lifted, the US economy would gain 545.6 million dollars and would create 3 thousand 797 jobs after one year, just in travel associated profit. Five years after the lifting of the blockade, the US economy would be making an additional profit to the tune of 1 972 million and would have created 12 thousand 180 jobs.¹⁶

The lifting of the blockade could create an annual income of between 2 thousand and 3 thousand million dollars for American companies in the energy sector, according to a study carried out by two distinguished American economists from the sector in December 2001.¹⁷

In this work they showed that the blockade places insurmountable obstacles in the way of the significant cooperation potentials between Cuba and the USA in the energy sector, limiting the options for the strengthening of US energy security and the diversification of the energy supply to Florida, and restricting the alternatives for the relief of a predictable deficit in the American local refinement capacity. They also pointed out that Cuban waters could offer a rich source of natural gas, with the potential to

¹⁶ Economic Benefits to the United States of Lifting The Ban on Travel to Cuba, 'Ed Sanders and Patrick Long, University of Colorado at Boulder, Cuba Policy Foundation, 25 June 2002. <http://www.cubafoundation.org/Release/Study%20Shows%20Cuba%20Travel%20GOOD%20for%20U.s.%20Economy%20-%200206.25.htm>

¹⁷ 'The Potential for the U.S Energy Sector in Cuba', by Amy Myers, main energy consultant at the James A. Baker III Public Policy Institute and Ronald Soligo, economy teacher at Rice University, published 17 December 2001, by the Cuba Policy Foundation.

export to Florida by gas pipelines, affirming that if Cuba were to supply Florida with 2 million tons of gas a year, it would represent for the United States a business opportunity worth 300 million dollars a year. They added that Cuban gas could be profitably converted into liquid products such as petrol or diesel through the construction of a conversion plant.

As a result of this investigation, American economists concluded that if the demand for energy rises by 4% every year, Cuba will need to install additional generator facilities producing 478 megawatts by the year 2015, and that the petrol refinement capacity will have to be increased between at least 30 thousand and 38 thousand barrels a day.

As indicated, OFAC's recent reinterpretation of the concept of advanced payments for food purchases made by Cuba in the US market has appreciable negative consequences.

Between 2001 and March 2005, Cuban authorities paid for American agricultural merchandise after the products had left their port of origin or before they arrived on the Island, within a period of 72 hours.¹⁸

In 2005 Cuba will import between 750 thousand and 80 thousand tons of rice; in a short amount of time the purchases could rise to one million tons. By purchasing 100 thousand tons from the United States, Cuba would hold third place in the list of the biggest importers of this grain in the American market. If normal transaction existed between the two countries, and without getting rid of other sources supplying rice to the Island, Cuba could purchase between 500 thousand and 700 thousand tons of rice every year from American producers; Cuba would go on to occupy first or second place in the list of the biggest importers of American rice.¹⁹

This year Cuba will buy around 1 700 million dollars worth of agro-foodstuff and was ready to significantly increase the amount of purchases that it

¹⁸ Published in *Juventud Rebelde*, 24 June 2005

¹⁹ Statements made by Pedro Álvarez, President of Alimport, to *Granma Internacional*, 24 June 2005

made from the United States. If the current commerce restrictions did not exist, the country would have imported between 700 and 800 million dollars worth of American agro-foodstuff. With this the country would have increased two-fold the number of purchases made last year, which were worth 450 million dollars.²⁰

As a result of the recent actions taken by the OFAC, according to predictions made by the Association of Apple Producers of the USA, the exportation of this fruit to Cuba will fall by at least 30%, when the harvest is picked this summer. The state of Virginia exports around 80% of its apples to the Island. As regards the dairy company Dairy America, its shipments of skimmed powdered milk destined for the Cuban market are now more expensive and are slower to arrive, due to the new OFAC regulations which impose additional expenses to the sum of 3 thousand dollars on every consignment of one thousand tons.²¹

The fact that Cuban institutions are prohibited from taking part in the clinical trials for medication made in the United States also directly affects the American people and other countries, For example, the American designers of the trials for medication against sickle cell anemia opine that Cuban participation would have made it possible to get to the new medication on the market at least a year earlier, because the trials would have benefited from a national register of patients suffering from this disease, something which exists in Cuba but which the United States does not have.²²

²⁰ Idem

²¹ 'U.S Congress must find clearer routes to commerce with Cuba', in Granma Internacional, 24 June 2005-08-25

²² 22 Presentation by Dr. Peter G. Bourne, President of the Medical Education Cooperation with Cuba (MEDICC) at the National Summit on Cuba, Tampa, Florida, 8 October 2004, quoted by Gail Reed in Medicc, National Summit on Cuba: Embargo Harms US People Too. Bourne was Consultant on health issues to President Carter and the UN Under Secretary General of the UN from 1979 to 1981.

http://medicc.org/medicc_review/1104/pages/headlines_in_cuban_health.html#top

The negative effects of the blockade in the field of Cuban biotechnology also has detrimental consequences for healthcare in underdeveloped countries. In world terms, Cuba is the country with the most preventive and therapeutic vaccinations against the main diseases to affect the Third World, with a total of 29 projects.

From more than 100 projects, the Pediatric Dengue Vaccine Initiative (PDVI-USA) and the National Vaccine Institute (IVD) of the Republic of Korea chose one by the Centre for Genetic Engineering and Biotechnology of Cuba, because of its great importance in the perspective obtaining of a vaccination against Dengue, an illness that has many underdeveloped countries in its grip. Financing was given to the other 12 projects chosen, while Cuba's offering had to be rejected as a result of the blockade.

In 2002 heart conditions took the lives of 240.8 of every 100 thousand citizens in the United States, thus representing the main cause of death in this country. Cerebrovascular complaints, with 56.2 deaths for every 100 thousand inhabitants, represented the third main life taker.

In accordance with the editors of Harvard International Review, Ryan Bradley and Edy Rim, an independent evaluation of the University of Geneva named a new Cuban medication , PPG (Ateromixol or Policosanol), created in 1991, as the best anti-cholesterol drug on the market.²³

A scientific article entitled 'Meta-Analysis of Natural Therapies for Hyperlipidemia: Plant Sterols and Stanols Versus Policosanol', published in Pharmacotherapy in 2005, pointed out that plant stanols and sterols, available in the United States, are well tolerated and safe, but Policosanol (PPG) is more effective than the others at reducing LDL cholesterol and is

²³ R. Bradley and E. Rim, 'Loosening the Reins:Autonomy Boosts Cuban Medical Industry'. In Harvard International Review, Fall 1994, p.66, quoted by 'Denial of Food and Medicine: THE IMPACT OF THE U.S EMBARGO ON HEALTH AND NUTRITION IN CUBA, a report from the American Association for World Health, March 1997.

much better for the patient because the dosage is only one tablet a day, it is much cheaper and it is more likely to produce cardiovascular benefits.

If the blockade did not exist, thousands and maybe even hundreds of thousands of American citizens would have survived or wouldn't have suffered from physical effects or other limitations as a consequence of not receiving treatment, due to absurd political reasons, with PPG, the cheapest and most efficient anti-cholesterol medication available, which was patented in Cuba.

With regards to cancer, since 1970 the lung cancer mortality rate in the United States has been higher than the rate for any other type of cancer. The number of people who die of this disease every year exceeds 560 thousand people; each year one million 250 thousand people fall ill with this disease; approximately 166 thousand people die each year from lung cancer alone and one in three women and one in two men living in the United States today will suffer from some type of cancer at some stage of their lives.

After more than 30 years designing programmes and spending more than 230 thousand million dollars, the result of the US struggle against cancer has been minimal. If the blockade did not exist, the Cuban biotechnology institutions that are working on several advanced research projects such as therapeutic vaccinations against different types of cancer – 10 projects – or monoclonal antibodies patented for the early diagnosis of cancer, among others, could help to confront this serious illness.

CONCLUSIONS

- The direct economic damage inflicted on the Cuban people by the application of the blockade, taken from preliminary conservative calculations, exceeds 82 thousand million dollars; an average of 1 782 million dollars a year. This sum does not include the more than 54 thousand million dollars attributable to direct damage to the country's economic and social objectives by way of sabotage and terrorist acts encouraged, organised and financed from the United States; nor does it include the value of the products that were not produced or the damage caused by the onerous credit conditions imposed on Cuba. The detrimental effects to the country this year surpassed 2 thousand 764 million dollars.
- In its second term in office, the Administration of President George W. Bush continues to take its policy of aggression and blockade against the people of Cuba to new heights, in blatant contempt of the principles of the United Nations Charter and International Law, of the freedom of commerce and navigation, and of the repeated and almost unanimous desire of the international community to put an end to this genocidal policy, as expressed in successive resolutions passed by the General Assembly.
- The application of the blockade severely affects not only the Cuban people: it is also detrimental to the interests and rights of the people of the United States and other countries around the world. Last year was marked by an increase in the extraterritorial effect of the blockade, when the regulations, sanctions and threats against foreign citizens and companies were made stricter and more fierce.

- The Cuban people will never renounce their independence, sovereignty and right to free rule. Despite the blockade, this decision has allowed us to build an increasingly just, fair and cultured society that upholds ideals of solidarity with other peoples from countries around the world, including the United States.
- Cuba knows that it can continue to count on the support of the international community in defending its just call for the economic, commercial and financial blockade imposed on the Cuban people by the United States Government to be lifted.