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ITC: Lifting of travel, trade restrictions could double U.S. food exports to Cuba

BY LARRY LUXNER

For years, U.S. food exporters and anti-embargo crusaders have complained that trade and travel restrictions aimed at bringing the Castro regime to its knees were hurting the American economy as well.

Now they have some hard data to back up their arguments.

A study just concluded by the International Trade Commission found that seven years after passage of the 2000 Trade Sanctions Reform and Export Enhancement Act (TSRA) and nearly \$1 billion in agricultural sales to Cuba, a 2005 Treasury Department ruling reinterpreting the law has impeded trade — causing a 15% drop in U.S. exports to the island.

The study suggests that lifting restrictions on agricultural trade with Cuba as well as ending the travel ban would boost the annual U.S. share of Cuba's food imports to 70%, up from the current 32%. This would represent a yearly jump of up to \$300 million in U.S. agricultural exports.

But as *CubaNews* predicted in June, even with the Democrats running Congress any change in U.S. policy is unlikely to happen soon — especially in light of Washington's Jul. 27 rejection of an initiative to ease those very restrictions.

By a 245-182 margin, the House of Representatives voted down an amendment by Rep. Charles Rangel (D-NY) that would have allowed Cuban officials to travel to the United States to inspect U.S. export facilities, and let state-run purchasing agency Alimport make direct payments to U.S. banks instead of to third parties.

The Rangel bill would have also allowed Cuba to pay for U.S. food commodities after they're shipped from an American port, rather than before as is now required under TSRA.

Few observers were surprised at the result, coming so soon before the 2008 elections.

"It was a last-minute initiative. There wasn't any preparation done for it, and the vote was pretty lopsided," said veteran Cuba-watcher Phil

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In both parties, presidential candidates are generally taking a hard line on Cuba

BY ANA RADELAT

Most contenders for the 2008 presidency have trouble navigating the minefield of US-Cuba policy and exile politics — and former Republican governor of Massachusetts, Mitt Romney, is no exception.

During a March campaign stop in Miami, Romney ended a speech to an audience made up of many Cuban-Americans with the slogan "*Patria o muerte, venceremos!*"

That's the phrase Fidel Castro has used for decades to end his speeches. Cuban-American exiles were stunned, and Romney's advisors — which include Al Cárdenas, a prominent Cuban-American and former head of the Florida Republican Party — couldn't offer any good explanations for the gaffe.

Fellow Republican Tommy Thompson insulted the exile community even more by suggesting Cuban immigrants are terrorists.

"I don't imagine they're coming here to bring greetings from Castro. We're living in the era of

the suitcase bomb," said the former secretary of health and human services.

During a Jul. 23 televised debate sponsored by CNN and YouTube.com, Sen. Barack Obama (D-IL) said it was a "disgrace" that the Bush administration had not spoken to the leaders of Cuba, Venezuela, Iran, Syria and North Korea.

Sen. Hillary Clinton (D-NY) disagreed.

"Certainly, we're not going to have our president meet with Fidel Castro and Hugo Chávez and ... the presidents of North Korea, Iran and Syria, until we know better what the way forward would be," the former first lady shot back.

Romney, hoping to curry favor with Cuban-American exiles, later said Obama had "demonstrated a dangerous naiveté" by suggesting that as president he'd sit down with Castro.

The courting of Cuban-American voters — always key to winning the swing state of Florida in presidential elections — is more important than ever in the 2008 presidential contest. The

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Candidates — FROM PAGE 1

state has moved up its primary to Jan. 29 and will help decide who's at the top of the Republican and Democratic tickets.

Presidential candidates are diverting campaign funds to Florida to compete in the Sunshine State's primary and have made wooing Cuban-American voters a key strategy of their campaigns. Most of them oppose lifting the embargo — well aware that Ronald Reagan won the heart of the exile community years ago with his cry “*Cuba sí, Castro no!*”

Most Cuban exiles back GOP candidates for the White House, making the voting bloc more important to Republicans than Democrats in Florida's new early primaries.

Arizona Sen. John McCain is the biggest hardliner against Cuba in the ranks of GOP candidates.

Not only does McCain wholeheartedly support the embargo, he's done so for years, winning him respect among Cuban-American voters who may be skeptical of Republican newcomers to the Cuba debate like Romney.

“The Cubans like McCain a lot,” suggested Jaime Suchlicki, director of the University of Miami's Institute for Cuban and Cuban-American Studies.

GOP CANDIDATES TAKE HARD LINE ON CUBA

Despite his stumble in Miami, Romney and most other Republican candidates have been supportive of the embargo — and of the Bush administration's efforts to tighten it.

Former New York City Mayor Rudolph Giuliani, a moderate on many issues, backed Cuban exiles who said rafter Elián González should not have been returned to his father in Cuba. And ex-Tennessee Sen. Fred Thompson, who hasn't formally entered the race yet but is expected to run, blasted filmmaker Michael Moore for taking sick 9/11 responders to Cuba for medical treatment and filming their experiences on the island for his new movie “*SiCKO*” (see page 10 of this issue).

One notable exception to the GOP hard line

against Cuba is maverick Rep. Ron Paul (R-TX). Paul, who has rice growers in his district hoping for an end to the embargo, was among a group of lawmakers who launched a successful effort in the late 1990s to end the ban of U.S. farm sales to Cuba.

According to Suchlicki, candidates Giuliani, McCain and Fred Thompson have reached out to members of his institute to discuss Cuba. So has Democratic candidate John Edwards, a former senator from North Carolina who says he supports sanctions on the Castro regime but would ease restriction on the sale of American food and medicine to the Caribbean island.

Suchlicki said Democrats should pursue the Cuban-American vote as assiduously as Republicans because even a slight shift could win them the state in next year's elections.

“Even a 10% shift [among Cuban voters] could make a difference,” Suchlicki said.

Edwards isn't the only Democratic presidential contender hoping to lure exiles' votes.

Hillary Clinton supports her husband's openings to Cuba, but has harshly criticized the Castro government. During the Clinton administration, the U.S. reinstated food exports to Cuba and allow greater travel to the island as well as “people-to-people” contacts.

Clinton hasn't said how she would deal with a post-Castro Cuba — a situation the next U.S. president will likely have to address.

CLINTON BLASTS RIVALS OBAMA, THOMPSON

She recently voted to maintain funds for TV Martí, a government-run station that broadcasts to Cuba. She also said she isn't likely to support any effort to ease sanctions on Cuba if that comes under debate in the Senate.

And she was savvy enough to try to capitalize not only on Obama's suggestion that the president should meet with Fidel Castro, but on Thompson's earlier mistake as well.

“I was appalled when one of the people running for or about to run for the Republican nomination talked about Cuban refugees as potential terrorists,” she said. “Apparently he

doesn't have a lot of experience in Florida or anywhere else, and doesn't know a lot of Cuban-Americans.”

Hillary Clinton's knowledge of Cuban-Americans is likely aided by Miami pollster Sergio Bendixen, her campaign's advisor on Hispanic affairs. Bendixen has for years polled the exile community.

Unlike Clinton, Obama has voted twice to cut off TV Martí funding. He also voted to reverse the Bush administration policy to limit remittances to Cuba. If elected, he's expected to be more open to changes in U.S. policy than any other presidential candidate.

Another White House hopeful, Sen. Chris Dodd (D-CT) had once been a very active and vocal critic of the embargo. In past year, Dodd sponsored several bills easing sanctions and led opposition to the 1996 Helms-Burton Act, which tightened the embargo.

But Dodd has avoided the Cuba debate since announcing his candidacy for president.

RICHARDSON, BIDEN SUPPORT SANCTIONS

Rep. Bill Richardson has also toned down his criticism of the embargo. The Democrat from New Mexico drew fire from exiles when he met with Castro in 1996 to free some political prisoners in Havana.

Now he's talking about the need for free elections in Cuba before instituting any major change in U.S. policy toward Havana, but he also said in a February policy speech that he'd “reverse Bush policies restricting remittances and travel to visit loved ones.”

Sen. Joseph Biden (D-DE), head of the Senate Foreign Relations Committee and another White House candidate, has always supported a tough line against Castro's government and continues to do so. He says the United States should move to lift sanctions only after Fidel and Raúl Castro leave power.

On the other end of the spectrum is Rep. Dennis Kucinich, the former mayor of Cleveland, who's the only Democratic candidate promising to dismantle the embargo.

Both Biden and Kucinich are considered long shots for the White House. □

Filmmakers in Cuba scramble for TV, movie contracts

BY VITO ECHEVARRÍA

The recent screenings of Cuba-themed films such as “*East of Havana*” and “*Man of Two Havanas*” have put the spotlight on a new cottage industry in Cuba: foreign film production companies that help put stories about the island on both the big screen and on TV sets around the world.

Some of these companies exist to support the production of independently made documentaries and TV programs, while others make TV commercials and fashion photo shoots destined for European and Latin American markets.

They also help foreign productions secure paperwork and the proper permits from local authorities. In addition, they have a database of available local talent — ranging from actors and fashion models to behind-the-camera technical staffers.

One outfit, BIC Producciones, is the creation of Boris Iván Crespo. The Havana-born independent filmmaker, 43, studied for seven years at the National School for TV and Film in Havana, and the International Film School in nearby San Antonio de los Baños,

where he learned screenwriting and production.

“Since 1998, I've been freelancing in the independent production world,” he said in an email from Cuba. “Sometimes I've been hired personally, other times as a company. It depends on each project.”

Crespo told *CubaNews* that the country's state-run film and TV sectors are inadvertently raising a small but determined group of Cubans who want to use their technical talents in global projects.

Technically, since only state-run companies are supposed to conduct film and TV commercial ventures with foreign companies, Crespo has had to fly under the radar in conducting his projects.

“What is rare is that I have been running BIC Producciones for almost 11 years since I graduated without any trouble,” says Crespo. “I've been calling BIC Producciones a creative group, not a company. I use the word ‘company’ internationally. In Cuba, I call BIC my ‘creative group.’”

Crespo also notes that he has certain freedoms in running his own production outfit.

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Filmmakers — FROM PAGE 2

"I hire crew members for each project one at a time. If the guy is good, I hire him, or her, more often in the future. I have people that I have been hiring for more than 10 years."

CRESPO'S EUROPEAN COMPETITION

Unlike foreign outfits that operate similar production companies in Havana and must partner with a Cuban state entity, Crespo says "I don't share anything with the Cuban government. I just pay my personal taxes at the end of the year like every regular citizen."

In order to attract future business from the U.S. and overseas, Crespo has put up a website — www.bicproducciones.com — which contains phone numbers in New York and Los Angeles maintained by his contacts there. However, due to the embargo, Crespo's U.S. business is limited to non-Hollywood, independent ventures.



Scenes from a day in the life of Cuban filmmaker Boris Iván Crespo, whose enterprise — BIC Producciones — competes with foreign companies based in Havana.

"Most of the projects are small-budget independent documentaries," he told us. "No full Hollywood films are allowed, because they are commercial. If the embargo is lifted, we are fully prepared, ready and able to produce any kind of American project here."

Among the projects Crespo has done in the past: documentaries for the History Channel, the Discovery Channel and PBS; news reports for Fuji TV and NHK networks in Japan; various commercials and music videos for the Mexican and Colombian markets, and photo shoots for Canadian and Mexican catalogues.

Crespo also worked with the "East of Havana" documentary on Cuban rappers, as well as "Dance Cuba: Dreams of Flight" — a 2004 documentary co-directed by independent U.S. filmmaker Barbara Kopple and Crespo that centered around a cultural exchange in Havana between the Ballet Nacional de Cuba and the Washington Ballet.

Even with this portfolio, Crespo faces stiff competition from Havana-based Europeans, one of which is Spanish filmmaker Sergio Domenech's Havana Pictures. Independent Italian filmmaker Renzo Trivellini heads another production outfit, Island Film Cuba.

Both these companies have managed to secure deep-pocketed European clients for the projects they've produced in Cuba.

Havana Pictures has made TV commercials in Cuba for Volkswagen, Heineken and NTL Cable (Ireland); Standard Chartered Bank

(Singapore); Bergasol sun-care products (France); Ving travel agency (Sweden); Fanta Light (Hungary); Rexona deodorant (Poland); Nescafé Alta Rica (Australia); Omo Detergent (Denmark); Havana Club Rum (Germany), Coop supermarkets (Scandinavia) and the French Ministry of Health.

DISADVANTAGES OF BEING A CUBAN FILMMAKER

Meanwhile, the TV ad portfolio of Island Film Cuba includes Axe deodorant and Nestlé Crunch (France); McDonald's (Germany), and Fox Action channel and Citroen (Italy).

The company also has a variety of photo shoots and music videos to its credit, ranging from the British pop group Simply Red to Italian crooner Tiziano Ferro.

When asked how foreign-owned outfits like Domenech's Havana Pictures have been able to attract so many overseas clients, Crespo replied: "Traveling! He's not a Cuban citizen, so he's free to go anywhere in the world, meet

accounts and transfer U.S. dollars in and out of Cuba. Crespo can do none of those things.

"I operate with my personal bank account, so yes, I am allowed to receive wire transfers, but not to transfer money out of the country. Sergio of Havana Pictures and Renzo of Island Films are allowed to travel in and out of Cuba when they want. I cannot."

Typical costs for a foreign film/video production outfit in Cuba can expect to spend anywhere from \$200 to \$600 a day for models, \$50-150 a day for crew members, and about \$100 a day for a single room in a five-star hotel, including breakfast.

There's a major difference in how local film-crew members get paid by foreign production companies, as opposed to those who work for BIC Producciones.

"They charge the clients the rates for crew members in euros or U.S. dollars, but the crew gets only a small portion of this hard-currency payment," says Crespo. "The rest is paid in regular Cuban pesos, which is worth nothing.

with advertising agencies and convince them to bring their productions down here to Cuba. It's very simple. Since I am a Cuban citizen, I'm at a disadvantage."

For example, Crespo said, foreign firms are allowed to maintain offices at the Hotel Nacional and the Cuban Film Institute, have full-time office employees, operate company bank

"For example, a client production is charged \$100 for a gaffer for just one day. From this, the gaffer is paid only \$30 in hard currency and the rest in pesos. I pay 100% of the gaffer rate directly to that person. That's why most Cuban crew members prefer to work for our company rather than for foreign companies associated with the Cuban government." □

With merger, Imperial to control top Cuban cigar brands

British Imperial Tobacco finally came up with the right price in its bid for the Franco-Spanish conglomerate Altadis: 16.2 billion euros (\$22.3 billion). That works out to 50 euros (\$69) per share.

The merger would make London-based Imperial the world's fourth-largest tobacco company, giving it ownership of popular Cuban cigar brands Montecristo, Cohiba, Partagas and Romeo y Julieta.

The Altadis administration council — led by Spain's Antonio Vázquez Romero and France's Jean-Dominique Comolli — has recommended to stockholders that they accept the offer and sell their shares. If nothing better comes up, the transaction should be completed by Sept. 30. Altadis advisers such as Credit Suisse and Merrill Lynch have agreed that this is the best offer so far.

Vázquez and Comolli would be incorporated as members of the new board, with

Vázquez as CEO. Imperial seeks to control 80% of the capital.

The Cuban government — which owns Habanos SA in a 50-50 ventures with Altadis, hasn't made any comments, and no one knows how Cuba will react. Nor is it known how the government's relationship with Altadis will change under new ownership.

Imperial is very much aware how important Cuban cigars are to the Altadis venture, but it's also aware of Cuba's reluctance to associate itself with a British firm, which would be much more vulnerable to U.S. legal actions.

Gareth Davies, CEO of Imperial, said Jul. 18 that the proposed entry of Habanos into 50% British ownership would represent a "great addition" to Imperial's existing portfolio of cigarette brands, including Lambert & Butler, Superkings and Embassy. □