



KCCI - Country Wrap (July 2015)

Cuba



Cuba – a brief overview

US intervention during the Spanish-American War in 1898 assisted the Cubans in overthrowing Spanish rule. The Treaty of Paris established Cuban independence from the US in 1902 after which the island experienced a string of governments mostly dominated by the military. Fidel CASTRO rule held the subsequent regime together for nearly five decades. He stepped down as president in February 2008 in favor of his younger brother Raul CASTRO. Cuba's communist revolution, with Soviet support, was exported throughout Latin America and Africa during the 1960s, 1970s, and 1980s. The country faced a severe economic downturn in 1990 following the withdrawal of former Soviet subsidies worth \$ 4Bn to \$ 6Bn annually. Cuba at times portrays the US embargo, in place since 1961, as the source of its difficulties.

Economy of Cuba

Cuba has a socialist economy with large number of enterprises heavily dependent on government subsidy, which has been made possible after making number of economic reforms. The country is heavily indebted to Venezuela, Russia and China owing to its imports dependency of energy and food items. Since late 2000, Venezuela has been providing oil on preferential terms, and it currently supplies over 100,000 barrels per day of petroleum products. The government has expanded opportunities for self-employment and has introduced reforms, some initially implemented in the 1990s, to increase enterprise efficiency and alleviate serious shortages of food, consumer goods, services, and housing. Cuba has good prospects to attract investments in its tourism, agriculture and offshore oil sectors.

Key Industries of Cuba

Key industries of Cuba are petroleum, nickel/cobalt, pharmaceuticals, tobacco, construction, steel, cement, agricultural machinery and sugar.

Key Agri-products of Cuba

Key agri-products of Cuba are sugar, tobacco, citrus, coffee, rice, potatoes, beans; livestock

Cuba's major trading commodities and partners

Key export commodities of Cuba are petroleum, nickel, medical products, sugar, tobacco, fish, citrus, coffee and key export partners are Canada 17.3%, China 16.6%, Venezuela 12.7%, Netherlands 8.8%, Spain 5.8%. Moreover, key import commodities are petroleum, food, machinery and equipment, chemicals while key import partners are Venezuela 36.4%, China 10.5%, Spain 8.7%, Brazil 5.1%, US 4.2%.

Bilateral Relations between Pakistan and Cuba

Diplomatic relations between the two countries were initially established on October 28, 1955. In 1963, Pakistan established an embassy in Cuba, with Cuba reciprocating. However, the embassy was closed in 1968 and reopened in 1980. But it was again closed in 1990 due to economic problems. From that time until 2005, the countries did not have any formal relations. It was only after the 2005 Kashmir earthquake when Cuba sent humanitarian aid to the disaster victims that the opportunities were observed to re-established the diplomatic ties. Continued diplomatic relations between the two countries is quite recent. In 2006, both Cuba and Pakistan showed willingness to strengthen bilateral relations. On November 1, 2006, Cuban ambassador to Pakistan Gustavo Machin Gomez announced that Cuba and Pakistan have had diplomatic relations for last six months and that both the nations "want to improve these relations in all fields". In April 2008, the Federal Cabinet of Pakistan approved negotiations on the agreement between Havana and Islamabad to form Pakistan-Cuba Joint Economic Commission with the goal to expand economic cooperation between the two nations.

Trade Relations between Pakistan and Cuba

Cuba-Pakistan have continued to strengthen the bilateral relations especially in the fields of higher education, agriculture, industry and science and technology and have also held talks for military cooperation. During Fiscal Year 2014, Pakistan exported goods of worth \$ 1.01Mn to Cuba as against exports of \$ 3.51Mn in the same period last year showing decline of 71%. On imports side, Pakistan imported goods of worth \$ 0.05Mn compare with the imports of \$ 0.73Mn in the Fiscal Year 2013 showing drastic cut in imports from Cuba. The trade balance is in the favour of Pakistan. There is a dire need that both countries work towards extending trade volume as currently it is below the potential trade volume.

Trading Commodities between Pakistan and Cuba

Major trading commodities between Pakistan and Cuba are cotton, knitted fabric, optical, medical apparatus, etc.

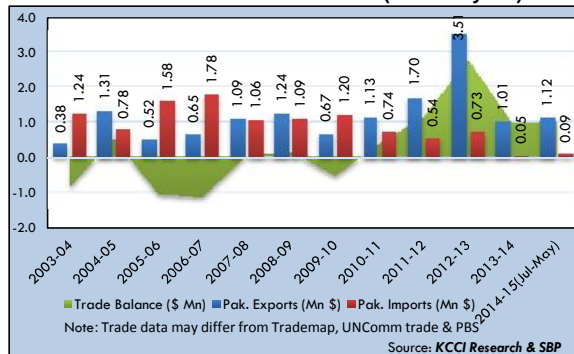
Potential for enhancing bilateral trade relations between Cuba and Pakistan

- There is a lot of potential between the two countries to increase and enhance their trade volume.
- More than 80% of Cuba's food is imported from the world markets. Pakistan can target its food market for exporting Rice, Wheat and other variety to Cuba.
- Similarly, meat and edible offal can also be potential export items for increasing trade between the two countries.

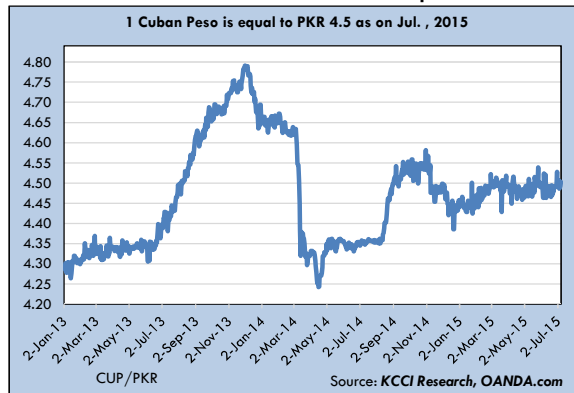
Economic Indicators

Table with 5 columns: Indicators, Unit, 2013, 2014 est., Change. Rows include GDP (PPP), GDP per Capita, GDP growth, Forex Reserves, External Debt, Exports, Imports, Trade Balance, Current Account, CPI, Unemployment, and Discount Rate.

Trade between Pakistan & Cuba (FY04-May-'15)



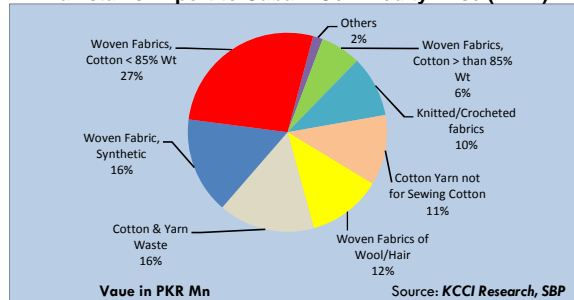
Cuban Peso Vs. Pakistani Rupee



Key Memberships

Cuba has been a member of ACP, ALBA, AOSIS, G-77, IAEA, IHO, ILO, IMO, IMSO, OPANAL, OPCW, PCA, Petrocaribe, UN, UNCTAD, UNESCO, UNIDO, Union Latina, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Pakistan's Export to Cuba - Commodity Wise (FY14)



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