

Report of the UN Secretary-General: Necessity of ending the economic, commercial and financial embargo imposed by the United States of America against Cuba (A/67/118)

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The Doha Mandate adopted at UNCTAD XIII in April 2012 recognizes that unilateral economic, financial or trade measures hinder market access, investments and freedom of transit and the well-being of the populations of affected countries, and it urges States to refrain from applying any such measures not in accordance with international law and the Charter of the United Nations.¹

Trends in Cuba

The embargo has had significant negative effects on the Cuban economy and on the standard of living of Cuban citizens. The Government of Cuba reported that the overall losses caused by the embargo amounted to \$104 billion by the end of December 2010.² Cuban citizens had to endure elevated food and health costs owing to the higher transaction costs resulting from the embargo. The losses incurred for the food and health sectors amounted to \$120 and \$15 million, respectively, during the period from May 2010 to April 2011.³ Also, substantial losses have been reported in the economic, social, and cultural fields owing to the embargo. As for foreign direct investment, Cuba received inflows of \$86 million in 2010. It is estimated that it could have been around \$600 million if the embargo had not been imposed. Neighbouring countries Costa Rica and the Dominican Republic received \$1,413 and \$1,626 million, respectively, in 2010. The embargo also has affected developments in science and technology in Cuba. For example, Cuba's inability to access computer software as well as Internet services provided by United States firms has hampered efforts to improve education and science and technology. Moreover, the extraterritorial application of the United States embargo has obstructed business and capital transactions and thereby increased costs for Cuba and third countries.

The Cuban economy grew 2.4 per cent in 2010, up by 1 per cent from the previous year. This growth rate was low in comparison with those of other Latin American and Caribbean countries, with Cuba ranking 21st in the region.⁴ The GDP was projected to increase by 2.7 per cent in 2011. Cuba has been undergoing a major reform process in an effort to improve productivity by reducing the public sector and expanding private economic activities. However, the reforms are reported to have progressed more slowly than expected because the country has been recovering from the impact of the global economic crisis and the devastation wrought by Hurricanes Gustav and Ike in 2008. The weakness of Cuba's infrastructure also has been cited as an obstacle to its efforts to improve productivity.

¹ See TD/500/Add.1, para. 25.

² World Trade Organization, "Cuba — article XV:6 of the General Agreement on Tariffs and Trade 1994: report by the Government of Cuba under the decision of 15 December 2006" (WT/L/826), 18 November 2011.

³ See A/66/114, pp. 32 and 34.

⁴ The Economist Intelligence Unit "Country report: Cuba", April 2012, p. 14.

Cuba's trade in goods grew substantially in 2011 over the previous year. UNCTAD estimates that Cuba exported \$6.3 billion and imported \$14.3 billion worth of goods, representing increases of \$1.3 and \$2.8 billion, respectively, from 2010. The deficit in merchandise was \$8 billion in 2011, an increase of \$1.5 billion from 2010. The main export items in 2011 were “ores and metals”, accounting for \$4 billion or 64 per cent of the total, followed by “all food items” and “manufactured goods”. As for the destination of Cuba's exports, the European Union was the major buyer of Cuban merchandise, accounting for about 30 per cent of the total. However, China and Canada were the largest importers of Cuban goods, representing 27 and 25 per cent of the total, respectively.⁵ The other major destination countries were Venezuela, Spain and the Netherlands, accounting for 5 to 6 per cent of the total for each country.

The main import items in 2011 were “manufactured goods”, accounting for \$6.7 billion or 47 per cent of the total, followed by “fuels” and “all food items”. As for the origins of Cuba's imports, Latin American and the Caribbean countries were the largest suppliers, accounting for one half of the total. Venezuela was the single largest supplier, accounting for 36 per cent, followed by China, Spain, Brazil, Canada and the United States, accounting for 4 to 12 per cent for each country. The Trade Sanctions Reform and Export Enhancement Act of 2000 allows United States exports of agricultural products to Cuba. This measure has made the United States the single largest exporter of agricultural products to Cuba. The data on Cuba's agricultural imports demonstrates that trade with the United States would have increased substantially if the embargo had not been imposed.

The service sector has been the driving force of the Cuban economy, with exports of health, education and tourism services being the major sources of foreign exchange earnings. UNCTAD estimates that Cuba exported \$11.6 billion and imported \$2.1 billion of services in 2011; the resulting \$9.5 billion surplus represented a \$1 billion increase from 2010. The category “other services” took the major share of exports, followed by “travel”. For “other services”, the export of the services of medical personnel to Venezuela is of particular importance as, in return, Cuba receives oil from Venezuela on preferential terms. International tourism has been increasing over the past five years; 2.5 million tourists visited Cuba in 2010.⁶ Canadian tourists accounted for 38 per cent of the total international visitors, followed by tourists from Germany, Italy and Spain, in numbers amounting to 4 per cent from each country. Visitors from the United States accounted for just 2 per cent of the total. Although in January 2011, the United States Administration allowed more licensing of travel to Cuba for educational, cultural, religious, and journalistic activities, the ban on the travel of United States citizens to Cuba has had serious economic implications for the country. It has been estimated that the losses incurred by the Cuban tourism industry attributable to the measure amounted to \$1,668 million in 2010.⁷ With regard to the import of services, “transport” was the dominant category. Remittances from relatives living abroad are also a significant source of hard currency and amount to more than \$1 billion annually.⁸ The United States relaxed remittance restrictions in

⁵ Figures based on UNCTAD secretariat calculations for 2010.

⁶ Available from the website of the Caribbean Tourism Organization (www.onecaribbean.org).

⁷ See A/66/114, p. 42.

⁸ Mark P. Sullivan, “Cuba: issues for the 112th Congress”, Congressional Research Service Report for Congress, 24 February 2012, p. 15.

January 2011, and remittances from the country are becoming increasingly important to the lives of Cuban citizens.

Developments in the United States

Since the relaxation of some restrictions on travel and remittances in January 2011, no new actions have been taken regarding the embargo. There were legislative proposals to ease or lift the embargo, and conversely to roll back the easing of the travel and remittance restrictions, but none of these have become law. Meanwhile, there have been some subtle indications of the United States Administration's interest in increased official cooperation with Cuba in areas of mutual interest like anti-narcotics operations.⁹

Conclusion

Since the previous reporting period there has been no significant change in the United States embargo. The embargo remains intact and is severely constraining the development of Cuba and the improvement of the living standards of its citizens. Although close and broadening South-South cooperation for trade and investment helps Cuba face the challenges of the United States embargo, the country still endures tremendous economic and social hardship. The substantial losses incurred as a result of the embargo include the opportunities missed to strengthen the country's infrastructure, build an efficient and vibrant economy, and improve the living standards of Cuban citizens. The inability to conduct exchanges with the United States has profound implications for the country, particularly given Cuba's potential for developing knowledge-intensive and high-value industries. Furthermore, the embargo's extraterritorial reach penalizes firms and people in third countries. Finally, the embargo continues to deprive United States citizens of the substantial economic, scientific, and cultural opportunities that would potentially result from having normal relations with Cuba.

Details of Cuba's merchandise exports and imports during the period 2007-2011 are given in table 1; table 2 provides a breakdown of agricultural imports by Cuba in 2010 by major supplier; table 3 shows inward flows of foreign investments in 2009 and 2010; and details of the import and export of services by Cuba during the period 2007-2011 are given in table 4.

Table 1
Merchandise exports and imports by Cuba
(Millions of United States dollars)

<i>Partner</i>	<i>Commodity group</i>	<i>2007^a</i>	<i>2008^a</i>	<i>2009^a</i>	<i>2010^a</i>	<i>2011^a</i>
Exports						
European Union (27 States)	All food items	405	344	333	396	557
	Ores and metal	509	540	445	892	1 174
	Fuels	2	0	5	3	16
	Manufactured goods	18	11	26	39	66
Total		934	895	809	1 330	1 813
Latin America and the Caribbean	All food items	3	5	18	39	38

⁹ The Economist Intelligence Unit "Country report: Cuba", April 2012, p. 11.

<i>Partner</i>	<i>Commodity group</i>	<i>2007^a</i>	<i>2008^a</i>	<i>2009^a</i>	<i>2010^a</i>	<i>2011^a</i>
	Ores and metal	0	1	13	25	31
	Fuels	2	0	30	50	71
	Manufactured goods	224	272	346	401	502
Total		229	278	407	515	642
United States	All food items	–	–	–	–	–
	Ores and metal	–	–	–	–	–
	Fuels	–	–	–	–	–
	Manufactured goods	–	–	–	–	–
Total		–	–	–	–	–
Rest of the world	All food items	815	740	476	690	917
	Ores and metal	1 784	2 019	1 366	2 369	2 843
	Fuels	200	28	23	25	38
	Manufactured goods	15	10	28	35	49
Total		2 814	2 797	1 893	3 119	3 847
World	All food items	1 224	1 090	827	1 125	1 511
	Ores and metal	2 294	2 561	1 824	3 287	4 048
	Fuels	205	29	58	78	124
	Manufactured goods	257	293	399	476	617
Total		3 980	3 973	3 108	4 966	6 300
Imports						
European Union (27 States)	All food items	188	452	283	405	567
	Ores and metal	32	62	33	36	55
	Fuels	1	44	22	32	82
	Manufactured goods	2 035	2 862	1 812	1 929	2 475
Total		2 256	3 420	2 150	2 402	3 179
Latin America and the Caribbean	All food items	683	700	388	578	702
	Ores and metal	17	49	29	58	20
	Fuels	3 225	4 753	2 904	3 971	5 403
	Manufactured goods	879	1 060	728	841	1 002
Total		4 804	6 562	4 049	5 448	7 127
United States	All food items	608	976	671	448	441
	Ores and metal	–	–	–	–	–
	Fuels	–	–	–	–	–
	Manufactured goods	11	28	18	14	13
Total		619	1 004	689	462	454
Rest of the world	All food items	230	509	175	202	245
	Ores and metal	14	129	40	70	78
	Fuels	297	13	33	34	45

<i>Partner</i>	<i>Commodity group</i>	<i>2007^a</i>	<i>2008^a</i>	<i>2009^a</i>	<i>2010^a</i>	<i>2011^a</i>
	Manufactured goods	2 663	3 746	2 484	2 880	3 171
Total		3 204	4 397	2 732	3 186	3 539
World	All food items	1 708	2 636	1 517	1 634	1 955
	Ores and metal	63	242	102	163	153
	Fuels	3 523	4 811	2 959	4 038	5 530
	Manufactured goods	5 587	7 696	5 042	5 664	6 661
Total		10 881	15 385	9 620	11 499	14 299

Source: UNCTAD secretariat calculations, based on the United Nations Commodity Trade Statistics Database and the International Monetary Fund Direction of Trade Statistics databases.

Notes: All food items (United Nations Statistics Division Standard International Trade Classification, codes 0+1+22+4)
Ores and metal (Standard International Trade Classification, codes 27+28+68)
Fuels (Standard International Trade Classification, code 3)
Manufactured goods (Standard International Trade Classification, codes 5-8 less codes 667 and 68).

^a Estimates.

Table 2
Agricultural imports by Cuba by major supplier in 2010

(Millions of United States dollars)

<i>United States</i>	<i>Brazil</i>	<i>European Union</i>	<i>Canada</i>	<i>Argentina</i>	<i>New Zealand</i>	<i>Chile</i>	<i>China</i>	<i>World</i>
359	289	242	103	68	36	27	15	1 280

Source: United Nations Commodity Trade Statistics Database.

Table 3
Direct inward flows of foreign investments

(Millions of United States dollars)

	<i>2009</i>	<i>2010</i>
Cuba	24	86
Costa Rica	1 347	1 413
Dominican Republic	2 165	1 626

Source: UNCTAD GLOBSTAT.

Table 4
Service exports and imports by Cuba
(Millions of United States dollars)

<i>Flow</i>	<i>Service category</i>	<i>2007^a</i>	<i>2008^a</i>	<i>2009^a</i>	<i>2010^a</i>	<i>2011^a</i>
Exports	Transport	1 509	1 620	1 425	1 816	2 074
	Travel	2 141	2 258	2 051	2 187	2 267
	Other services	4 938	5 374	4 908	6 430	7 320
Total		8 588	9 252	8 384	10 433	11 661
Imports	Transport	1 097	1 557	1 005	1 164	1 450
	Travel	70	160	212	188	210
	Other services	163	373	496	438	489
Total		1 330	2 090	1 713	1 790	2 149

Source: UNCTAD and WTO (estimates).

^a Estimates.