

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/69/98)

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Paragraph 25 of the Doha Mandate (see [TD/500/Add.1](#)), which was adopted at UNCTAD XIII in April 2012, reads as follows:

“States are strongly urged to refrain from promulgating and applying any unilateral economic, financial or trade measures not in accordance with international law and the Charter of the United Nations that impede the full achievement of economic and social development, particularly in developing countries, and that affect commercial interests. These actions hinder market access, investments and freedom of transit and the well-being of the populations of affected countries. Meaningful trade liberalization will also require addressing non-tariff measures including, inter alia, unilateral measures, where they may act as unnecessary trade barriers.”

Economic and trade trends in Cuba

The embargo has had significant negative effects on the Cuban economy and on the standard of living of Cuban citizens. As reported by the Government of Cuba (see [A/68/116](#), chap. II), the economic damage caused by the embargo amounted to \$1.2 trillion as at April 2013 if the depreciation of the United States dollar against the price of gold on the international market was taken into account. The losses are attributed to the additional costs incurred by the Government of Cuba and Cuban enterprises and citizens in obtaining goods, services, and finance.

In 2012, the Cuban economy grew by 3 per cent, and the services sector generated 81 per cent of gross domestic product. In the food and health sectors, which are the most sensitive areas for the Cuban population and their living conditions, the embargo caused a financial impact of \$106 million and \$39 million, respectively, during the period from May 2012 to April 2013 owing to the higher transaction costs. Cuba is a net food importing country, and due to the rise in fuel and food prices on the world market ensuring domestic food security required major financial sacrifices, while the overall increase in commodity prices has not benefitted those giving greater weight to Cuba's exports. The embargo also obstructed access to state-of-the-art therapies particularly affecting Cuban children.

The embargo has also been a serious constraint for advancing science and technology in Cuba owing to the United States' significant position in these areas. Cuba's inability to connect to United States Internet service providers has contributed significantly to its low level of Internet access, which in turn adversely affects all economic and social sectors in the country.

Furthermore, the negative impact of the extraterritorial application of the embargo is substantial, as United States firms are frequently involved in international mergers and business partnerships. The embargo can also affect firms in third countries, which do not have any United States capital

involvement if they have economic or financial relations with Cuba. Hence, this extraterritorial application has serious negative impact on firms in third countries, as well as Cuban companies. In this regard, the General Assembly, in its resolution 68/6, expressed concern about the continued promulgation and application of the 1996 “Helm-Burton Act”.

The main trade partners of Cuba are Venezuela, the Netherlands, Canada, China and Spain for export, and Venezuela, China, Spain, Brazil and the United States for import.¹

As shown by the trade data provided in table 1, the trends in Cuba’s trade in merchandise in 2013 did not change significantly from the previous year. UNCTAD estimates that Cuba exported merchandise for a value of \$5.9 billion and imported merchandise for a value of \$14.5 billion, which represents an increase of \$216 million and an increase of \$85 million, respectively, from 2012. The deficit in trade in merchandise was of \$8.6 billion in 2013, which represents a decrease of \$100 million from 2012. The main categories of export items in 2013 were “Ores and metals”, which accounted for \$3.7 billion or 62 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 36 per cent of the total.

The main categories of import items in 2013 were “manufactured goods” and “fuels”, accounting for \$7.1 billion or 49 per cent of the total for the former and \$5.2 billion or 36 per cent, followed by “All food items”. Latin America and the Caribbean were the largest suppliers of items imported by Cuba, accounting for one half of the total. The Trade Sanctions Reform and Export Enhancement Act of 2000 allows United States exports of agricultural products to Cuba with many restrictions and requirements which limit the potential growth of the exports. Cuba’s agricultural imports from the United States reached an estimated \$418 million in 2013.

The services sector has been the major source of foreign exchange earnings in Cuba. The trends in Cuba’s trade in services in 2013 were similar to those of the previous year. UNCTAD estimates that Cuba exported \$12.4 billion and imported \$2.5 billion in services in 2013; the resulting surplus of \$9.9 billion represented a decrease of \$467 million from 2012. The category of “Other services” took the major shares of exports, followed by “Travel”. The category of “Other services” includes communication, construction, insurance, financial services, computer and information, royalties, other business services, as well as personal, cultural and recreational services. Disaggregated data for these services are not available. Tourism continues to be one of the main driving forces of the Cuban economy and development. The Government of Cuba set a target of 3 million international arrivals for 2013, and 2.85 million people visited Cuba in that year.² However, the

¹ Mark P. Sullivan, “Cuba: U.S. Policy and Issues for the 113th Congress”, Congressional Research Service, 29 January 2014, pp. 17 and 18. Available from <http://fas.org/sgp/crs/row/R43024.pdf>.

² Economist Intelligence Unit, Cuba Country Report, April 2014, p. 20.

embargo severely limits its potential contribution to the Cuban economy. In 2013 tourism revenues in Cuba reached \$1.8 billion.³

It is estimated that the tourism sector could earn an additional \$2 billion if there were no embargo. Also, lack of access to the major information systems owned by American firms for reservations and travel advertisement is a serious constraint to developing international tourism in Cuba. The embargo has affected all areas of the transport sector including port and airport services and road construction. The impact is estimated at \$470 million.

The United States relaxed remittance restrictions in January 2011. Remittances from relatives living abroad, including in the United States, are also a significant source of hard currency for Cuba and are estimated to be between \$1.4 and \$2 billion annually.⁴ Remittances will remain the main source of financing for capital spending by small private businesses in Cuba.⁵ With regard to the import of services, “transport” was the dominant category.

As to the foreign investment, it has been predicted that while the foreign investment law promulgated in 2014 in Cuba would encourage more inward foreign direct investment, inflows are expected to remain well below potential due to the embargo.⁶

Developments in the United States

No significant actions were taken during the reporting period concerning the embargo. A number of legislative proposals were made during the 112th United States Congress. Some would have the United States lift or ease the embargo, while others would have it strengthen further.

Conclusion

The embargo has continued to have a severe impact on the production, trade and welfare of Cuba, impeding its development. Related measures impose severe economic, commercial and financial restrictions on Cuba, and these come at a cost for the country. The substantial losses incurred owing to the embargo include the foregone opportunities to strengthen infrastructure, build an efficient and vibrant economy and improve the standard of living of Cuban citizens. In particular, given the country’s potential for developing knowledge-intensive and high-value-added industries, the inability to conduct trade with the United States has profound implications. The extraterritorial application of the United States embargo continues to affect citizens in third countries and impedes their ability to trade with and invest in Cuba. Finally, the citizens of the United States too are affected by the embargo because they are unable to interact with Cuba in the economic, academic and social fields.

³ Caribbean News Now!, “Cuba reports increased tourism revenues in 2013”, 19 February 2014. Available from <http://www.caribbeannewsnow.com/headline-Cuba-reports-increased-tourism-revenues-in-2013-19945.html>.

⁴ Mark P. Sullivan, “Cuba: U.S. Policy and Issues for the 113th Congress” (see footnote 5 above), p. 12.

⁵ Economist Intelligence Unit, Cuba Country Report, April 2014, p. 6.

⁶ Ibid., p. 7.

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

<i>Partner</i>	<i>Commodity group</i>	<i>2009^a</i>	<i>2010^a</i>	<i>2011^a</i>	<i>2012^a</i>	<i>2013^a</i>
Exports						
European Union (27 States)	All food items	333	396	425	522	600
	Ores and metal	445	892	1 411	1 491	1 461
	Fuels	5	3	9	10	9
	Manufactured goods	26	39	55	56	69
Total		809	1 330	1 899	2 078	2 139
Latin America and the Caribbean	All food items	18	39	26	34	45
	Ores and metal	13	25	25	24	26
	Fuels	30	50	52	69	87
	Manufactured goods	346	401	496	585	601
Total		407	515	599	712	760
United States	All food items	–	–	–	–	–
	Ores and metal	–	–	–	–	–
	Fuels	–	–	–	–	–
	Manufactured goods	–	–	–	–	–
Total		–	–	–	–	–
Rest of the world	All food items	476	690	804	753	719
	Ores and metal	1 366	2 369	2 411	2 036	2 181
	Fuels	23	25	37	36	22
	Manufactured goods	28	35	38	46	55
Total		1 893	3 120	3 291	2 871	2 978
World	All food items	827	1 125	1 256	1 309	1 364
	Ores and metal	1 824	3 287	3 846	3 550	3 669
	Fuels	58	78	99	115	118
	Manufactured goods	399	476	589	687	726
Total		3 109	4 966	5 789	5 661	5 877
Imports						
European Union (27 States)	All food items	283	405	584	564	586
	Ores and metal	33	36	48	45	41
	Fuels	22	32	97	80	74
	Manufactured goods	1 812	1 929	2 408	2 471	2 624
Total		2 150	2 402	3 138	3 160	3 325
Latin America and the Caribbean	All food items	388	578	701	732	691
	Ores and metal	29	58	18	40	37
	Fuels	2 904	3 971	5 133	5 177	5 083

<i>Partner</i>	<i>Commodity group</i>	<i>2009^a</i>	<i>2010^a</i>	<i>2011^a</i>	<i>2012^a</i>	<i>2013^a</i>
	Manufactured goods	728	841	1 115	1 196	1 129
Total		4 048	5 449	6 967	7 145	6 940
United States	All food items	671	448	442	565	418
	Ores and metal	–	–	–	–	–
	Fuels	–	–	–	–	–
	Manufactured goods	18	14	13	12	13
Total		689	462	455	577	431
Rest of the world	All food items	175	202	240	226	306
	Ores and metal	40	70	77	77	69
	Fuels	33	34	55	57	51
	Manufactured goods	2 484	2 880	3 127	3 139	3 342
Total		2 732	3 186	3 499	3 498	3 376
World	All food items	1 517	1 634	1 967	2 087	2 001
	Ores and metal	102	163	143	162	147
	Fuels	2 959	4 038	5 284	5 314	5 209
	Manufactured goods	5 042	5 664	6 664	6 818	7 109
Total		9 619	11 499	14 058	14 381	14 466

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

^a Estimates.

Table							2
Service exports and imports by Cuba							
(Millions of United States dollars)							
<i>Flow</i>	<i>Service category</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	
Exports	Transport	1 437	1 772	1 913	1 928	2 219	
	Travel	2 051	2 187	2 318	2 447	2 371	
	Other services	4 956	6 253	6 755	7 409	7 775	
Total		8 444	10 212	10 986	11 783	12 365	
Imports	Transport	965	1 154	1 424	1 516	1 429	
	Travel	212	230	236	260	315	
	Other services	496	538	552	612	735	
Total		1 673	1 923	2 213	2 388	2 478	

Source: UNCTAD and WTO estimates, based on information found in national sources.