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Daniel Vázquez

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Farmers and Entrepreneurs Bet on Huge Profits in New Era of U.S. and Cuban Relations

by Daniel Vázquez
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The new era of relations between the US and Cuba, formally announced in December (NotiCen, Jan. 29, 2015), has already produced results for the island, which has received entrepreneurs, representatives from cooperatives, and politicians, many of whom envisage multimillion-dollar sales of agricultural products to a country that has depended on food imports since it was a rich sugar colony.

In just three months, the rhetoric has changed dramatically when referring to the island that was seen as a military threat, an ally of US enemies, and a guerrilla organizer in Latin America. Public opinion and US politicians now view the Caribbean enclave as a potential customer with billions of dollars to spend on equipment, supplies, and food. Economic pragmatism and ideas for potential projects seem to be proceeding at a much faster rate than the bilateral diplomatic talks.

The same logic seems to be in play when entrepreneurs, farmers, and even President Barack Obama state that previous US policies failed in their objective of isolating the island from Latin America and the world and that Raúl and Fidel Castro are still in power in the communist nation. Therefore, Washington is tentatively trying to introduce other changes for the island such as easing access to information, equipment, and consumption.

Foodstuffs, in particular, are key to business prospects between the two countries. Cuba imports 80% of its food. Eating properly is a real challenge for the local population; even citizens who have access to convertible currency can barely manage to buy products in the state-run markets because of the excessive prices. Chicken and pork cost three times more than in the US, and the average Cuban's monthly salary is US$20.

The Cuban opposition reacted with dismay to the obvious commercial thinking that brings the US to the island. The opposition has asserted that human rights and political freedoms are not to be bypassed in Washington's talks with Havana. Meanwhile, the embattled island population seems to dream more about the coming flood of tourists and American apples, as if they have placed their faith in the dollar and in future consumption.

Eating on a sugar island and good beaches

On the island that was first described as a natural paradise during the Spanish conquest five centuries ago, agriculture must confront problems caused by monoculture. Sugarcane, more profitable than other harvests, displaced other crops and made the island dependent on sugar prices dictated by foreign powers. Even in the early 19th century, famous visitors such as Alexander von Humboldt criticized the island for its expansion of the sugar plantations and subsequent dependence on food imports.

The last half century of communist planning combined with the US embargo and Cuban society's contemptuous treatment of the rural areas have led to the decline in agricultural production while
the authorities place blame on climate change, hurricanes, saline soils, and erosion caused by torrential rains that combine to leave the Cuban table empty and make a piece of meat, cheese, or a glass of milk an exorbitant luxury.

Cuba spends about US$2 billion a year on 80% of its food, part of which comes from the US thanks to a humanitarian exception to the embargo that, since 2000, has allowed some US farmers to sell their products to the island. However, Cuba must guarantee cash in advance for its purchases and has been forbidden to export to its northern neighbor, whose shores and shipping ports are only 145 km away.

In 2014, the US sold foods like frozen chicken and soy-based foods to the island. Since 2000, Cuba has invested about US$5 billion in the purchase of food from the US because of more competitive prices. These purchases have fluctuated with highs that rose to US$710 million in purchases in 2008 but fell to US$291 million in 2014. A lack of credit with the US has driven Havana to arrange purchases with distant political and economic allies, including Brazil and Argentina.

The US agricultural lobby is influential and is pushing for the repeal of the embargo's commercial and financial restrictions because they hinder sales to the island. Shortly after the December announcement of the new talks between the two governments, US business owners and producers formed the US Agriculture Coalition for Cuba (USACC) and led a visit to the island. The influence of this group seems to rest along Republican and Democratic lines.

President Raúl Castro's "update" of the economic model, begun after taking control of the country in 2006 when Fidel Castro’s health suddenly deteriorated (NotiCen, Aug. 3, 2006, and Dec. 6, 2007), is considering a stimulus for self-management of agricultural cooperatives that will allow them to sell part of their production at market prices within the country. However, cooperatives as well as self-employed workers have encountered a lack of information, training, supplies, and a barely solvent clientele.

This month the US-Cuba Cooperative Working Group was created by US business partners from different economic sectors and aims to promote exchanges with Cuban cooperatives, provide expertise, and promote access to markets and technologies. The initiative is led by the National Cooperative Business Association (NCBA) and its international program, the Cooperative League of the USA (CLUSA).

In a hypothetical near future, the Cuban countryside could import machinery, fertilizers, and seeds, but the arrangement now depends on the state sector, a farmer in Pinar del Río, 150 km from Havana, told this reporter. Pinar del Río is home to the most celebrated tobacco fields in the world. Farm problems have worsened since the 1960s when the country decided to bet on industrialization, promoted professions such as medicine, and started to look down on those working the land.

The island's farmers imagine a future where they can supply products such as fruits, honey, and vegetables under the organic label to their northern neighbor, along with the now famous cigars and seafood. It should not be difficult to convince consumers of the pristine quality of the products grown in areas where there is a lack of fertilizers and insecticides, the land is still worked with teams of oxen, and one barely encounters automobiles much less industrial sources of pollution.

For now it is impossible to place orders for supplies from Cuba's nearest neighbor to the north, but once the embargo ends there could be a total change for the underdeveloped Cuban countryside.
that already is challenged with supplying the hotel infrastructure and private services for international tourism, which continue to grow and, incidentally, has shown an increase in US visitors since the beginning of the year.

Negotiations underway

The official bilateral talks are designed to be held alternately in the US and in Cuba, and sources from the Cuban Ministerio de Relaciones Exteriores indicate that among the topics to be addressed are cooperative efforts such as re-establishing mail service and air safety; plus new topics have been added such as the expansion of commercial flights between the two countries, meetings of marine-preservation experts, and the first workshop on human rights.

Two women are leading the delegations of their respective foreign ministries, Roberta Jacobson for the US and Josefina Vidal for Cuba. This is a striking change from the half century of clearly belligerent male tones that often darkened tempers. The third round of bilateral talks was held last week in Havana; among the topics that generate the most hope was the opening date for a US Embassy on the island.

The new era is becoming tangible even for the Cuban population as they, though lacking Internet access or cable TV, surreptitiously circulate information throughout the island. For the population that daily circumvents the dull state media, an allegory for the new era was the splendid dinner held in Havana in late February during the International Habano Cigar Festival. That night, Paris Hilton and Fidel Castro Díaz Balart, eldest son of Fidel Castro, shared moments of luxury, laughter, and glamour. The images have been judged as evidence of a political class that has recycled itself and as a slap in the face to the Cuban people.