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LADB Staff

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Cuba Briefs: Havana Club Battle, ACP Membership, Medical Trade Show

by LADB Staff

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The fight over ownership of the Havana Club rum label continues as a Cuban-French firm takes the latest US court ruling to the Supreme Court. Cuba moves closer to full membership in the African, Caribbean, and Pacific Group of States (ACP). The European Union (EU) must vote on the issue, but the outcome is clouded because the EU links membership to political and human-rights changes in Cuba. A medical trade show brought nearly 100 US companies to Havana looking for future sales. And a disruption in processing nonimmigrant visas by the US Interests Section in Havana underlined the ongoing tensions over immigration agreements.

Appeals court ruling favors Bacardi in label dispute

On Feb. 10, the US Court of Appeals in New York upheld a lower-court ruling that gave Bermuda-based Bacardi Ltd. the right to sell rum in the US under the Havana Club label through its Miami-based subsidiary Bacardi-Martini. The joint venture between Cuba and the French company Pernod Ricard which bought the label from Cuba in 1994 markets rum outside the US under the Havana Club trademark. Pernod Ricard officials said they would take the case next to the US Supreme Court.

In April 1999, the US District Court in New York ruled against Pernod Ricard in a suit the firm brought against Bacardi for using the Havana Club trademark (see NotiCen, 1999-09-23). Pernod Ricard's ownership of the label is recognized everywhere except in the US. Worldwide sales have been brisk and rose 35% in the European Union (EU) last year. In July 1999, the European Commission filed a complaint with the World Trade Organization (WTO) against the US law that formed the basis of the District Court's ruling.

The law prohibits the US government from protecting trademarks used by businesses confiscated by the Cuban government. Cuba accused the US of starting a trademark war and threatened to retaliate by withdrawing its protection from US trademarks such as Coca Cola and McDonalds, which are registered in Cuba (see NotiCen, 1999-05-13).

Various US business associations, including the US Chamber of Commerce, fearful of trademark infringement, want the law repealed. The US Trade Representative's office has produced an internal memo saying that the law violates international trade agreements. Now, some trade experts are concerned that the court rulings could spark a global trademark war.

Willard Berry, president of the European-American Business Council, said, "We strongly urge the two sides to work together to settle these disputes and devote more of their energies to a positive agenda." Bacardi Ltd., currently the world's fourth-largest liquor manufacturer, is planning an initial public offering to raise US\$1 billion on the stock market for expansion and acquisitions.

Freezing the Cuban-French venture out of the US rum market could help Bacardi remain a player in the acquisitions trend that has reduced the world's major liquor producers from 14 in the 1970s to five in the 1990s. A report by Merrill Lynch says the number is expected to drop to two or three in the next several years. Bacardi Ltd.'s vice president Doug Gibson said the company did not expect a confrontation between the EU and the US over the dispute. He said the company would await the Supreme Court's disposition of the case before starting its marketing operations to sell Havana Club rum in the US.

Cuba seeks admission to African, Caribbean, Pacific group

The Cuban government has said it is interested in full membership in the African, Caribbean, and Pacific Group of States (ACP) but will not accept dictates from the European Union (EU) on such matters as human rights. On Feb. 1, the council of ministers of the ACP member states voted unanimously to support Cuba's admittance, but the EU has yet to vote on it. Cuba has been an observer at ACP meetings since June 1998.

EU and ACP delegates met in February in Brussels to work on an agreement to replace the current Lome Convention, by which the EU gives trade preference and other forms of assistance to the 71-nation group, made up primarily of former European colonies. The next agreement will expand EU-ACP relations to include such issues as corruption, immigration, and the incorporation of ACP members into the global economy.

The new pact is also expected to lay out a timetable for integrating the ACP states into the global economy under WTO rules once the 20-year period of preferential treatment ends. If Cuba becomes a member before May 1, it may participate in signing the new agreement May 31 in Fiji. The ground rules for membership require an observance of respect for human rights, democracy, and the rule of law.

The EU has not spelled out what yardstick might be used to assess compliance, but has said Cuban membership would depend on improving its human-rights record. Philip Lowe, director general of the European Development Commission, said that if Cuba chooses to apply for admission, "that would be an indication of a political opening, and would imply that the country agrees to a transition of internal change." However, Cuban authorities do not necessarily make that same assumption.

The Cuban position is that it should not be singled out for special attention on rights issues. Vice Foreign Minister Jorge Bolanos said Feb. 11 that Cuba would sign the trade agreement but would not permit interference in its internal affairs. "We will enter as a full member...but keeping our concept of sovereignty, of self-determination," he said in an interview with Reuters. "There is no reason to discriminate against Cuba."

At the Brussels meeting, Cuban Foreign Minister Felipe Perez Roque said Cuba would condition its commitment to membership on what the final text of the new EU-ACP agreement says about political and human rights. Cuban Ambassador in Brussels Rene Mujica said, "We are open to political dialogue...and we have no problem in discussing and analyzing all the issues of interest to

the EU and Cuba." He said that Cuban democracy was poorly understood in Europe and that "we have had liberty and democracy for 40 years."

US firms hold medical trade show in Havana

During the last week in January, US businesses held a trade show in Cuba, the first since a travel-agents trade show in 1960. Ninety-seven companies participated in the US Healthcare Exhibition at the Pabexpo Convention Center, organized by the Westport, Connecticut firm PWN Exhibition LLC. The US licensing arrangement permitted the exhibitors to sell products during and after the show.

Most products exhibited were donated to the Cuban medical services. Among the companies participating were Archer Daniels Midland, Eastman Kodak, Eli Lilly, Pfizer, and Zeiss Humphrey Systems. Rep. Maxine Waters (D-CA) inaugurated the trade show and said she had help from President Bill Clinton in clearing away some bureaucratic hurdles. Media commentators suggested that the administration's willingness to support the trade show was another Clinton step toward improved relations with Cuba.

Company representatives at the trade show said they did not expect to sell anything because of Cuba's cash shortage and the intricacies of trade with Cuba under embargo regulations. The trade show underscored the disagreements between Cuba and the US on the issue of humanitarian aid.

Under the terms of the embargo, Cuba is permitted to buy medical equipment and supplies. US officials say that the Treasury Department has approved as many as 50 export licenses for US companies wishing to sell medical goods in Cuba, and that the value of those sales was US\$19 million in 1998 and US\$26 million in the first half of 1999.

But US companies and Cuban officials say none of the medical sales ever went through because of delays and obstacles in getting the licenses. Of the companies represented at the show, the anti-Castro Cuban exile community in Miami singled out Procter and Gamble for punishment. The Foro Patriotico Cubano organized a boycott of the company's products because of its participation in the trade show. The group said the boycott would continue until the company "rectified its position."

The group comprised various anti-Castro organizations, including the Cuban American National Foundation (CANF), Municipios de Cuba en el Exilio, Cuba Independiente y Democratica, Brigada 2506, and Unidad Cubana. Within two days of the call for a boycott, Procter and Gamble capitulated, promising not to do business with the Castro regime, said Julio Cabarga of Municipios de Cuba. Cabarga said Procter and Gamble had informed him that it would make no trade agreements with Cuba. "We are happy with the response," he said. "Procter and Gamble has apologized to us for any injury its trip to Cuba has caused the exile community."

Visa issuance interrupted at US Interests Section

On Feb. 1, a dispute developed regarding the issuance of nonimmigration visas at the US Interests Section in Havana. US officials at the mission said that Cuban police prevented some 200 visa applicants from entering the building. The officials said the problem resulted from a change in procedures for visa applications. Under the old procedures, applicants applied by mail and received a letter setting up an appointment. The appointment letter served as a pass into the building. Under

the new system, applicants leave their passports at the Interests Section, pick up an application, and return the next day for an interview.

The new system broke down, however, as police prevented applicants without letters from entering the building. US officials said they thought they had an agreement with the Cuban government regarding the change. One official said, "I guess we would say we misunderstood them, and they would say they misunderstood us." Taking a harder line, State Department spokesman James Rubin said the breakdown happened because the Cuban government "at the last minute, rescinded its approval of this new system." However, he allowed for the possibility of a "misunderstanding on their part."

Foreign Ministry spokesman Alejandro Gonzalez disputed Rubin's claim that there had been an agreement between the two governments concerning the change. He said that there was never any verbal or written understanding and that the Cuban government had repeatedly told the US that it had to wait for Cuban authorization before making changes in procedures. Visa issuance resumed Feb. 14 under the new system. Some 700 Cubans appeared at the mission, many apparently believing, mistakenly, that the new system meant relaxed visa requirements.

Although neither side expressly linked the visa flap to the Elian Gonzalez case (see NotiCen, 1999-12-13, 2000-02-03), the Foreign Ministry spokesman seemed to say Cuba was more sensitive to family values than was the US. He said Cuba does not prohibit its citizens from traveling to the US to visit relatives, whereas the US rejected a majority of Cuban applications for nonimmigrant visas, many of which were for family visits to Miami.

During the visa incident, a Miami exile organization accused Cuba of impeding family reunification. The recently formed Nueva Generacion Cuba (NG Cuba) said it was going to document President Fidel Castro's "lack of interest in family reunification." NG Cuba president Bettina Rodriguez-Aguilera said Castro's professed interest in the return of six-year-old Elian Gonzalez was hypocritical since he has blocked travel to the US by Cubans holding US visas. She said there were also cases of retaliation in Cuba against children of political prisoners. [Sources: Juventud Rebelde (Cuba), 02/24/99; The New York Times, 06/01/99; Broward Daily Business News (Florida), 11/08/99; La Estrella (Spain), 12/24/99; State Department Daily Press Briefing, Spanish News Service EFE, 02/01/00; The Miami Herald, 11/10/99, 02/02/00; Europa Press (London), 10/28/99, 02/02/00;; Associated Press, 01/25/00, 02/02/00; Granma (Cuba), 02/03/00; El Nuevo Herald (Miami), 02/06/00; Notimex, 01/24/99, 02/09/00; The Los Angeles Times, Bloomberg, 02/10/00; Agence France-Presse, 02/01/00, 02/02/00, 02/03/00, 02/04/00, 02/07/00, 02/10/00; Reuters, 02/02/00, 2/11/00]

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