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NECESSITY OF ENDING THE ECONOMIC, COMMERCIAL AND FINANCIAL EMBARGO IMPOSED BY THE UNITED STATES OF AMERICA AGAINST CUBA

Letter dated 18 October 1993 from the Permanent Representative of Cuba to the United Nations addressed to the Secretary-General

When referring to the economic, commercial and financial embargo imposed by the United States of America against Cuba, the United States Government has sought to use the argument that this is simply a bilateral matter between two States and that the purpose of the policy of blockade is to restrict the flow to Cuba of convertible currencies that might be used by the Cuban Government to support insurgencies in other countries and to repress its own population.

I have the honour to attach herewith a document that demonstrates, through various examples, the falsity of the pretext advanced by the United States Government (see annex). The facts contained in the document clearly indicate how, in reality, this blockade directly harms the Cuban people, undermines the economic relations of third countries with Cuba and interferes with international trade and shipping, thus clearly demonstrating that it is extraterritorial in nature.

The examples provided illustrate events which have occurred after the General Assembly adopted its resolution 47/19 of 24 November 1992. There are other examples pertaining to countries from all geographical regions which discretion dictates should not be divulged for the time being. We have no intention of providing those who are implementing this policy with information which might further adversely affect the interests of Cuba or of third countries.

I should be grateful if you would have this letter and the annex thereto circulated as an official document of the General Assembly under agenda item 30.

(Signed) Fernando REMIREZ de ESTENOZ
Permanent Representative of Cuba
to the United Nations

ANNEX

IMPACT OF THE TORRICELLI ACT

The Torricelli Act prohibits United States subsidiaries in third countries from engaging in trade with Cuba.

According to reports issued by the United States Department of the Treasury itself in April 1990, July 1991 and July 1992, most of the trade conducted by these subsidiaries with Cuba is in urgently needed foodstuffs, including, *inter alia*, sunflower oil, wheat, rice and soya and corn products.

Transactions with firms situated in the following countries *inter alia* have been affected by that prohibition: Antigua, Argentina, Canada, China, France, Germany, Italy, Mexico, New Zealand, Spain, Sweden, Switzerland, Trinidad and Tobago, the United Kingdom and Venezuela (see specific examples).

The prohibition on freedom of navigation of commercial vessels engaged in trade with Cuba has seriously undermined commercial relations with third countries.

The principal effects of the imposition of these measures on shipments of goods to or from Cuba have been the following:

- Increased freight rates, with the result that imports have become more expensive and export profits have declined;

- Shortage of goods owing to delays, thereby reducing supplies available to the population and interrupting high-priority manufacturing operations;

- Immobilization of financial resources;

- Increased storage costs of the goods to be shipped at the point of origin;

- Renegotiation of contracts at unfavourable prices for goods previously contracted for in order to cover shortages caused by delays.

The prohibition is proving increasingly detrimental to Cuba because, with the sudden restructuring of Cuban foreign trade that followed the disruption of its relations with the former Soviet bloc, too few Cuban merchant vessels are available and dependence on foreign charter vessels has substantially increased.

Purchases of foodstuffs, fuel and various raw materials for industry have borne the brunt of the restrictions placed on Cuban foreign trade transactions. These goods include the following:

- Tallow for the manufacture of soap, one urgently needed item that is in short supply;

- Chromium-plated white bristol board used as backing for kraft liner boxes in which citrus fruits and other exports are packaged;

- Sausage casings;

- Aluminum sheeting used in the food industry;

- The insecticide Sencor, which is essential for potato cultivation;

- Chemical reagents.

Exports of commodities such as sugar, Cuba's main source of foreign currency, also have been affected.

During the first four months of 1993, Cuba was obliged to pay approximately US$ 1,329,876 over and above market freight rates solely for imports of cereals, flour and unrefined vegetable oil.

In 1992, Cuba spent US$ 40 million more than any other country would have had to spend to import the same quantities of milk, poultry and cereals - three essential commodities required to feed its population - because of the prices at which it was forced to purchase these items.

SPECIFIC EXAMPLES OF EFFECTS ON TRANSACTIONS WITH SUBSIDIARY COMPANIES

1. Country: Switzerland

Company: Fluka Chemical Co. Ltd.

Product: Chemical reagents and other products used in radiobiology laboratories

In January 1993, this company advised Cuba that, although it had been informed that the Torricelli Act did not apply retroactively to contracts closed before 23 October 1992, there had been no reply from the Treasury Department regarding its claims. For that reason, it was unable to meet its commitments to Cuba.

2. Country: Trinidad and Tobago

Company: Fertrin (Fertilizers of Trinidad and Tobago Ltd.)

Product: Ammonia

In December 1993, the company replied that it was prohibited from selling the product to Cuba since it was partly owned by a United States corporation.

3. Country: United Kingdom

Company: Railpower Limited

Product: Diesel locomotive engines for the sugar industry

In November 1992, the company withdrew its offer, citing reasons beyond its control associated with the enactment of the Torricelli Act.

4. Country: United Kingdom

Company: Albriw G.

Product: Sodium pyrophosphate

In November 1992, this company officially informed Cuba that it could no longer trade with Cuba because it was unable to renew its export licences since it was a United States subsidiary prohibited from trading with Cuba.

5. Country: Canada

Company: H.J. Heinz Company of Canada Ltd.

Product: Tinned baby food

In April 1993, Heinz responded negatively to Cuba’s offer of a bid, saying that its policy on Cuba was determined by the United States Cuban Assets Control

Regulations, which prohibited subsidiaries of United States corporations from selling to Cuba.

6. Country: Germany

Company: Bayer A.G.

Product: Sencor (an insecticide used in potato farming)

In October 1992, the company stated that it could not sell the product owing to United States legislation prohibiting the sale of products that were of United states origin or incorporated United States-origin components. It added that it had even applied for a special import licence for the contract and had been turned down.

7. Country: Canada

Company: Eli Lilly Canada Inc.

Product: Insulin and other pharmaceutical products

In April 1993, the company's executives stated that, under United States law and, specifically, the Torricelli Act, they were prohibited from selling their products to Cuba.

They went on to say that, even though their exports involved drugs for such common complaints as cancers and vascular and pulmonary disorders, because their company was a subsidiary of a United States parent corporation (Eli Lilly and Co., the world's primary producer of insulin), they were prohibited from doing business with Cuba.

For this reason, Cuba can buy insulin only from a European supplier, which considerably increases the cost of this product.

Cuba has an incidence rate of 16.5 diabetics per 1,000 inhabitants. Many of these diabetics are insulin-dependent.

8. Country: Canada

Company: Travel agencies

On 20 June 1993, the United States company CORVIA, whose databases had until then been used by the Canadian tourist agencies' computerized reservation system, decided to cease providing this service, saying that it violated United States laws prohibiting United States corporations from engaging in transactions in which Cuba participated either directly or indirectly.

The decision of CORVIA forced Canadian travel agencies to join in the blockade of Cuba, even though they did not wish to do so and it was not in their interests.

9. Country: Spain

Company: Lincoln KD S.A.

Product: Products for electrical arc-welding

In November 1992, Lincoln reported that it was unable to supply materials to Cuba because of the embargo laws prohibiting third-country subsidiaries from trading with Cuba.

10. Country: Venezuela

Company: Productos Industriales Venezolanos S.A. (PIVENSA)

Product: Sheet aluminium for the food industry

PIVENSA gave notice that it would cease supplying products to Cuba in order to avoid possible sanctions, since it exported 70 per cent of its production to the United States.

11. Country: Switzerland

Company: Teepac, Inc.

Product: Sausage casings

In January 1993, Teepac replied that it could not respond affirmatively to the Cuban request because, as a subsidiary of a United States corporation, it was prohibited by law from trading with Cuba.

12. Country: Sweden

Company: Fyskeby

Product: Kraft-backed chromium-plated bristol board

Fyskeby replied that it could not supply the product to Cuba because it had been acquired by a United States transnational corporation that refused to supply the product.

13. Country: United Kingdom

Company: Engelhard Ltd.

Product: FCC catalyst

On 25 March 1993, Engelhard informed Cuba that, under United States legislation, as a United States subsidiary it could not enter a bid to supply the product.

14. Country: Mexico

Company: Linde de México

Product: Helium gas

The company said that it could not supply the product because of the Torricelli Act.

SPECIFIC EXAMPLES OF SHIPMENT OF GOODS

1. Country: Canada

Product: 150,000 tons of sugar

Since the Cuban exporter also had to act as shipper and the freight charges paid to foreign shipping lines had increased by 8.02 Canadian dollars per ton, this operation alone incurred a net loss of US$ 965,334.

2. Country: Argentina

Product: 9,500 tons of soya flour

This shipment was contracted for in October 1992 and was very urgently required. Owing to difficulties with the chartering of a vessel, the cargo was not imported until February 1993.

3. Country: Argentina

Product: 15,000 tons of soya flour

Contracted for delivery in December 1992. Delivery was delayed until March 1993 owing to the non-availability of vessels.

As a result of the delayed delivery of the two shipments of soya flour described in examples 2 and 3, it was necessary:

- To make emergency arrangements for a shipment of 11.8 thousand tons from Europe at a higher price (more than US$ 50 per ton higher than for Argentine soya flour) and to use for its transport to Cuba a local vessel intended for grain shipments;

- To purchase 4,000 tons of soya flour in another market at US$ 100 a ton above the Argentine price.

These operations resulted in:

- A soya flour shortage which led to a cut in the people’s egg ration owing to a shortage of poultry feed;

- An increase in the cost of storage in Argentina of the shipments contracted for delivery in October and November 1992;

- An increase in soya flour prices in the markets of Europe and Central America in comparison with the Argentine market;

- Dead freight of the vessel used to ship the soya flour from Europe.

4. Country: China

Product: 20,000 tons of beans

Owing to the limits imposed on the shipment of cargoes to Cuba, it was impossible to charter a vessel and have the shipment delivered until six months after the purchase contract had been signed.

5. Country: New Zealand

Product: 1,500 tons of powdered milk

The shipment had been scheduled for December 1992. However, the contract was cancelled owing to the refusal of the shipping line to send its vessel to Cuba. This meant that a new contract had to be negotiated in Europe at a higher price for shipment in January 1993, and the freight charges had to be paid before arrival of the shipment in Cuba.

6. Country: France

Product: 25,000 tons of wheat

The contractor Souflet stated that it could not find vessels willing to sail to Cuba in the market. This resulted in a delay of two months in delivery of the shipment.

7. Country: Italy

Product: 9,000 tons of soya oil

The shipment was delayed: the shipper stated that it could not find a tanker willing to sail to Cuba. The shipment was not made until two months later than planned and, owing to the conditions imposed by the shipping company for the voyage to Cuba, the contractor requested an increase in the freight charges originally agreed in the contract.

Similar difficulties were encountered with the shipment of 8,000 tons of wheat flour and 30,000 tons of durum wheat which were delayed by three months.

8. Country: Argentina

Product: 1,500 tons of bulk fat for the manufacture of soap

The non-availability of a tanker for Cuba led to a delivery delay of more than three months. This had a serious impact on soap production for domestic consumption.

9. Country: China

Product: 16,680 tons of rice

The owners of the motor vessel Trade Master, chartered by the Chinese contractor, refused after the voyage had begun to make for a Cuban port, citing the prohibitions imposed under the Torricelli Act; this resulted in delays in the arrival of the rice in Cuba and a substantial increase in the freight and demurrage charges.

10. Country: Antigua

Product: 15,000 tons of petrol

The shipment of this cargo was contracted for in January 1993 and incurred an increase of 43 per cent in the freight charges owing to the non-availability of vessels.

11. Country: Canada

Product: 3,960 tons of kraft liner natural cardboard

The local office of the contracted shipping company included in the freight charges an estimated fine of US$ 50,000 which it would have to pay in order to enter United States ports after operating in a Cuban port.
