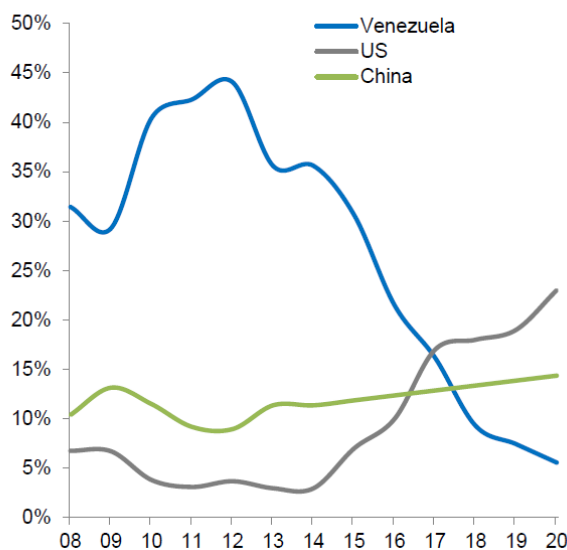


Euler Hermes Cuba report: U.S. annual exports could grow by approximately \$1B

Post-embargo exports could increase to \$6 billion by 2020

BALTIMORE, Md. – 6 AUGUST 2015 – With the end of the Cuban embargo potentially in sight, the U.S. is positioned to become the main “economic winner,” increasing its Cuban exports by an average \$1 billion per year, according to a new report from Euler Hermes, the world leader in trade credit insurance. The report also indicates U.S. export revenue could reach \$6 billion by 2020 – or 25 percent of Cuba’s total imports, up from 3 percent today.

Market share in Cuban imports
(% of total imports)



Sources: Cuba Institute of Statistics (ONEI), Euler Hermes estimates and projections

Traditional Cuban trade partners will also benefit, including:

- China (+\$360 million/per year)
- Spain (+\$200 million/per year)
- Brazil (+\$120 million/year)
- France (+\$100 million/year)

Euler Hermes expects that Venezuela, currently a major trading partner, will suffer the biggest loss. As Cuba begins to diversify its oil and petroleum imports, Venezuela’s export share will drop substantially from \$5.4 billion in 2015 to about \$1.5 billion in 2020.

“This new landscape will give a tangible boost to the Cuban economy,” said Daniela Ordonez, Euler Hermes economist. “Cuban GDP will accelerate from a five-year average of 2 percent to 5-6 percent per year from 2016 to 2020. This activity will largely be driven by foreign investment, which will grow 15-20 percent in the coming years.”

Press release

New investment opportunities

In November 2014, the Cuban government presented an extensive project wish-list to foreign investors. The “Cuba Portfolio of Opportunities for Foreign Investment” includes 246 projects seeking over \$15 billion of capital. It includes critical sectors such as biotechnology, construction, energy, food and pharmaceuticals.

It also puts an emphasis on the Mariel Zone development. Cuban officials hope to transform the Mariel Bay – 28 miles west of Havana and 112 miles from Florida – into a major cargo traffic hub, including a free-trade zone and a container port able to host some of the world’s largest cargo ships. By offering low tax and few regulations, the Cuban government expects to attract enough foreign capital to build industrial factories and enlarge the Mariel Zone’s import-export services.

Risks will remain

Due to Cuba’s complex exchange rate system, currency and financing risks will increase. The government has expressed interest in unifying the country’s two currencies – the convertible peso and the Cuban peso – however, no concrete steps have been taken. The anticipated increase in foreign tourism and capital inflows makes unification unavoidable but could push the country toward currency collapse. In addition, access to credit will remain limited in the short-term as the inter-bank payment system and distribution channels need to be re-established.

Political and business climate risks will remain high. Foreign investments will remain tightly controlled by the state, with most foreign ventures requiring majority Cuban ownership. Despite the economic improvements, the private sector is projected to develop only gradually.

Additionally, in the short-term, non-payment risks by Cuban companies will remain high. Euler Hermes continues to rate Cuba as D4 (high risk).

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Euler Hermes North America Insurance Company

Euler Hermes’ regional headquarters for the United States, Canada and Brazil is located in Owings Mills, Md. Founded in 1893, Euler Hermes is North America’s largest and longest-established provider of trade credit insurance and accounts receivable management solutions. The company protects and insures around \$120 billion of regional trade transactions annually, serving small, medium and multinational clients across a range of sectors. The company employs 430 people regionally and serves clients from more than 50 locations in North America and Brazil.

Euler Hermes is the global leader in trade credit insurance and a recognized specialist in the areas of bonding, guarantees and collections. With more than 100 years of experience, the company offers business-to-business (B2B) clients financial services to support cash and trade receivables management. Its proprietary intelligence network tracks and analyzes daily changes in corporate solvency among small, medium and multinational companies active in markets representing 92% of global GDP. Headquartered in Paris, the company is present in over 50 countries with 6,000+ employees. Euler Hermes is a subsidiary of Allianz, listed on Euronext Paris (ELE.PA) and rated AA- by Standard & Poor's and Dagong Europe. The company posted a consolidated turnover of €2.5 billion in 2014 and insured global business transactions for €860 billion in exposure at the end of 2014. Further information: www.eulerhermes.com, [LinkedIn](#) or Twitter [@eulerhermes](#).

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