

U.S.-Cuba Trade and Economic Council, Inc.

New York, New York

Telephone (917) 453-6726 • E-mail: council@cubatrade.org

Internet: <http://www.cubatrade.org> • Twitter: @CubaCouncil

Facebook: www.facebook.com/uscubatradeandeconomiccouncil

LinkedIn: www.linkedin.com/company/u-s--cuba-trade-and-economic-council-inc-

Why GE Is Good For U.S. Companies, Good For Cuba & Not Bad For Trump Administration

<http://www.cubatrade.org/blog/2016/12/13/general-electric-enters-cuba>

Recently-departed from Fairfield, Connecticut, and now Boston, Massachusetts-based **General Electric** (GE), 2015 revenues exceeded US\$140 billion, is soon to announce an agreement with Republic of Cuba government-operated Ferrocarriles Nacionales de Cuba in conjunction with the Ministry of Foreign Trade of the Republic of Cuba (MINCEX) for the export of passenger train locomotives as a part of a five-year program by the government of the Republic of Cuba to update its passenger and freight systems.

GE has not reported on the provision of license(s) from the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury and/or Bureau of Industry and Security (BIS) of the United States Department of Commerce. Transparency will be important- providing data relating to what to be delivered, when it will be delivered, where will it be manufactured, what is the cost, and what are the terms of the transaction.

Companies from the Russian Federation and People's Republic of China are participating- and are receiving substantial financing from their respective governments.

GE is also discussing opportunities relating to the production and use of renewable energy, including biofuels, healthcare, and other product and service offerings.

In November 2016, Republic of Cuba government-operated Cuban Union Railways (UFC) signed a contract (with long-term financing from the Export Insurance Agency of Russia) for sixty-eight (68) long-distance passenger rail cars from Russian Federation-based Transmashholding.

In July 2016, the UFC signed a contract (with long-term financing from the Export Insurance Agency of Russia) with Lyudinovo Locomotive Works (LTZ) for seventy-five (75) locomotives with the first to be delivered in May 2017; and spare parts for existing locomotives delivered in November 2016.

In November 2015, UFC signed an agreement for the purchase of 240 passenger rail coaches from the People's Republic of China. The funding for the purchase was obtained in February 2016 from the Exim Bank of the People's Republic of China.

GE is among an increasing number of United States-based companies that have evaluated the use of credit programs offered by countries within which are located foreign subsidiaries. Blog Post- <http://www.cubatrade.org/blog/2016/10/11/foreign-subsidaries?rq=canada>

On 31 March 1971, GE certified a claim in the amount of US\$5,870,436.86 through the United States Foreign Claims Settlement Commission (USFCSC) within the United States Department of Justice. Interest accrued at 6% per annum from the respective date(s) of loss to the date of settlement. [*Click Here For Claim Document*].

GE is the second United States-based company with a certified claim to engage (place assets) within the Republic of Cuba.

In 2016, Stamford, Connecticut-based **Starwood Hotels & Resorts Worldwide** (2015 revenues exceeded US\$5.7 billion), which is a subsidiary of Bethesda, Maryland-based Marriott International (2015 revenues

exceeded US\$14 billion), was granted a license by the OFAC to manage properties in the city of Havana owned by Republic of Cuba government-operated entities.

As a result of a series of mergers and acquisitions during the last fifty-seven years, a US\$51,128,927.00 claim initially made by New York-based International Telephone & Telegraph Corporation (ITT) is now controlled by Starwood Hotels and Resorts Worldwide. [[Click Here For Claim Document](#)].

The Libertad Act (“*Helms-Burton*”) of 1996 includes a provision authorizing certified claimants to directly negotiate a settlement with the government of the Republic of Cuba, independent of the USFCSC process.

Neither GE nor Starwood Hotels & Resorts Worldwide have reported that the companies settled, are negotiating or have relinquished their respective certified claims.

That GE will have its brand again visible in the Republic of Cuba is good for United States-based companies.

That GE is providing for the 11.4 million citizens of the Republic of Cuba what the government of the Republic of Cuba chooses not to should not be considered detrimental by the incoming Trump Administration as GE will be a highly-visible example of the limitations inflicted by the commercial, economic and political systems of the Republic of Cuba.

The cautionary element, as in many transactions involving the Republic of Cuba, is the government of the Republic of Cuba uses little of its currency- it’s on the receiving end of largess which does not robustly encourage commercial, economic or political change.

The government of the Republic of Cuba does not feel it needs to provide precious foreign exchange for virtually any project- whether those with United States-based companies or non-United States-based companies.

There is a belief that the Republic of Cuba is owed by governments of countries; that the island stood firmly and at great cost against capitalism, for communism, and against the United States.... and should be rewarded, compensated, and supported to continue that effort and thus not create an economy which is based upon what it can afford, but rather one that others make payment to maintain the prototype.

With respect to commercial transactions with United States-based companies, the government of the Republic of Cuba believes that whatever is received provides recompense for harm inflicted by the United States not since 1959, but since 1898.

As President-Elect Donald J. Trump is expected to embrace a transactional presidency, with most domestic and foreign policies birthed within the West Wing of The White House. How those policies will be implemented may be intensely swayed by Departments and Agencies, along with Members of the United States Congress.

The Republic of Cuba will find peril in defining a transactional relationship with the Trump Administration as “*you give, we take.*” Playing a game of “*chicken*” with the Obama Administration was relatively easy to win because of predictability; the government of the Republic of Cuba shouldn’t expect that with the Trump Administration.

GE is the 11th largest company, by revenue, in the United States and the 68th largest company, by revenue in the world. From the company: “(NYSE:GE) is the world’s Digital Industrial Company, transforming industry with software-defined machines and solutions that are connected, responsive and predictive. GE is organized around a global exchange of knowledge, the “GE Store,” through which each business shares and accesses the same technology, markets, structure and intellect. Each invention further fuels innovation and application across our industrial sectors. With people, services, technology and scale, GE delivers better outcomes for customers by speaking the language of industry.”