

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](https://twitter.com/CubaCouncil)

Facebook: www.facebook.com/uscubatradeandeconomiccouncil

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

Morristown, New Jersey-based **Capsugel** (2017 revenues US\$1 billion), a subsidiary since 2017 of Basel, Switzerland-based **Lonza Group** (2017 revenues US\$5.5 billion) exported *gelatin capsules* valued at US\$25,826.00 (.84 metric tons) from the United States to the Republic of Cuba in August 2018; the first reported shipment valued at US\$3,914.00 was in April 2018. Capsugel reported that the export was licensed on behalf of a Europe-based company.

From Capsugel:

Were the capsules were manufactured in the United States? *Yes.*

Who was the purchaser? *Lonza sold empty capsules to a purchaser in Europe with the knowledge that the capsules could be re-sold to an end-user in Cuba. Due to such knowledge, Lonza obtained all necessary export licenses for such a sale.*

What use(s) the capsules would have for the healthcare system(s) in the Republic of Cuba? *Our Coni-Snap® Hard Gelatin Capsules – are used for numerous pharma and nutritional applications. (<https://www.capsugel.com/knowledge-center/coni-snap-capsules-brochure>)*

Exports of healthcare products (medical equipment, medical instruments, medical supplies, pharmaceuticals) to the Republic of Cuba are subject to provisions of the *Cuban Democracy Act (CDA)* of 1992, which require end use-verification, but are not subject to cash-in-advance payment requirements.

Triangular transactions are not prohibited; and the initial Europe-based purchaser likely provided payment terms on behalf of the Republic of Cuba end-user.

Capsugel reported no transactional issues with the Office of Foreign Assets Control (**OFAC**) of the United States Department of the Treasury, Bureau of Industry and Security (**BIS**) of the United States Department of Commerce, or Office of Legal Adviser (**OLA**) at the United States Department of State.

There are United States-based companies who have declined to export healthcare products to the Republic of Cuba. Reasons have included, but have not been limited to ideological position of the company, the export licensing process, belief that transactions with the Republic of Cuba may invite scrutiny from local, state and federal agencies/departments and issues relating to the image of the company, particularly in the State of Florida marketplace.

Since 1992, successive presidential administrations have generally sought not to impede healthcare product-related transactions, including the licensing for organizing events in the Republic of Cuba; and for United States-based companies to participate in events organized by the government of the Republic of Cuba. One Westport, Connecticut-based company received licenses to organize the first *U.S. Healthcare Exhibition* in January 2000 followed by a United States Pavilion at the bi-annual “*Salud Para Todos*” (Health for All) Exhibition and a second *U.S. Healthcare Exhibition* in January 2002.

U.S. HEALTHCARE PRODUCT EXPORTS- Exports of healthcare products have included, but not been limited to: Medicaments (penicillin and insulin); Dentifrices (toothpastes); Laboratory

regents; Ultrasonic scanning equipment; Artificial limbs; Medical appliances; Surgical appliances (dental); Ophthalmic (eye); Cannulae (tubing) and gelatin capsules:

2018- US\$2,045,272.00
2017- US\$5,663,254.00
2016- US\$6,121,425.00
2015- US\$5,003,169.00
2014- US\$879,267.00
2013- US\$2,155,024.00
2012- US\$234,718.00
2011- US\$103,771.00
2010- US\$226,563.00
2009- US\$85,408.00
2008- US\$320,420.00
2007- US\$436,773.00
2006- US\$814,866.00
2005- US\$404,001.00
2004- US\$468,485.00
2003- US\$9,416.00
Total- US\$24,631,246.00