

Commercial Relations

With the end of Spanish colonial rule in 1898, Canadian investors began to perceive new commercial opportunities in Cuba. One of the first was a man who was already a legend in Canada – Sir William Cornelius Van Horne. An American who had settled in Montreal, Van Horne was knighted by the British crown for his enormous achievement in building the Canadian Pacific railroad, the first railroad to unite Canada from the Atlantic to the Pacific. At age 56, Van Horne began looking for new projects and in 1900 he made his first visit to Cuba. He became excited by the idea of repeating, on a smaller scale in eastern Cuba, what he had accomplished in the Canadian West. By building a new railway from Santiago to Santa Clara, he thus connected the island by rail for the first time all the way from Santiago to Havana. Van Horne became the President of the Cuba Railroad Company, and he established the company's headquarters and main workshops in the prosperous, expanding city of Camagüey.

Van Horne's banker, Edson Pease, the Montreal manager for the Merchants' Bank of Halifax also realized the potential for a Canadian bank to participate in the reconstruction of Cuba after the so-called Hispano-Cuban-American War. The prevailing legal restrictions against American banks operating outside their own country gave Canadian banks an edge. In March 1899, the Merchants' Bank of Halifax opened its first international office in Havana, and shortly thereafter, a branch in New York, thus positioning itself to finance Cuban-US trade. Pease soon became the bank's general manager and the Merchants' Bank became the Royal Bank of Canada. In 1904, President Estrada Palma turned to the Royal Bank to distribute the \$60 million in back-pay owed by the Cuban government to the Cuban troops that participated in the War of Independence. For the next sixty years, the Royal Bank remained the largest bank in Cuba, with 65 branches at its high point in the mid-1920s. The Royal Bank's main Canadian competitor in the Caribbean, the Bank of Nova Scotia, soon followed suit, by opening its first Cuban branch in 1906.



Royal Bank staff, Santiago de Cuba, 1910