

# Bradenton Herald

Bradenton, Florida

20 December 2003

## DEBATED SENTENCE REMOVED

### Port revises Cuban contract

DUANE MARSTELLER

Herald Staff Writer

MANATEE - The Manatee County Port Authority approved an agreement Thursday between Port Manatee and Cuba to find ways to increase shipments to the island nation.

But the crucial approval came only after port officials stripped the agreement of a 44-word sentence that has been criticized in Tallahassee and castigated in Washington.

Critics have said the sentence, crafted in Havana during port officials' visit there, required the port to actively oppose the U.S. trade embargo against the Communist nation.

The authority, whose members are also county commissioners, approved the revised agreement on a 5-1 vote. Commissioner Jonathan Bruce, who opposed the port's Nov. 17-21 trade mission to Cuba because of that country's human-rights record, dissented. Commissioner Amy Stein was absent.

Port officials said the agreement paves the way for more Cuba-bound shipments going through the port. So far, the port has handled just two shipments of an animal feed supplement - a small slice of the burgeoning U.S. export market to Cuba.

The controversial sentence stated: "The parties renewed their mutual interest and intention to work towards free and unrestricted travel and trade relations between Cuba and the U.S. in the benefit of enhanced American purchases by Alimport and consequently increased business for the Port of Manatee and Tampa Bay." Its deletion as the only major change to the proposed agreement.

Port officials continued to downplay the sentence's significance and its removal from the agreement with Alimport, Cuba's import agency. They described it as a minor part of a nonbinding statement of intent to explore greater trade opportunities under existing embargo exemptions.

"It wasn't an issue," said Commissioner Joe McClash, who went on the five-day trade mission as the authority's chairman. But it was an issue for others, including Bruce, Hispanic Republican state legislators and congressional members from Florida and New Jersey.

Bruce criticized the sentence Thursday as "inappropriate" and said port officials shouldn't have signed the original version before getting the authority's approval. Bruce and other authority members learned about the agreement from the news media after it had been signed in Havana.

Members of the state's Hispanic Republican caucus, calling the sentence "troubling," have discussed seeking legislation that would require Port Manatee and others who sign similar agreements to register as a lobbyist of a terrorist state, according to Rep. David Rivera, a Miami Republican.

"This indicates that the Port of Manatee has become a lobbyist for the Castro regime," he told the Herald after the agreement was signed last month. "It means they've become an agent for the Castro dictatorship."

The sentence, along with more-explicit language in a similar agreement between Cuba and the Indiana Farm Bureau, also has led two House Democrats to file a retaliatory bill in Washington. The proposed Anti-Communist Cooperation Act of 2003 would impose a 100 percent tax on sales "if the trading is conditioned explicitly or otherwise on lobbying Congress to lift trade or travel restrictions on Cuba."

"This legislation is more of a message bill, to let them know we will be watching to make sure they don't lobby on behalf of a brutal, Communist dictatorship," said Aaron Albright, spokesman for Rep. Peter Deutsch, D-Fla., who is co-sponsoring the measure with Rep. Bob Menendez, D-N.J.

The bill, filed on Congress' last work day of the year, has been referred to a House committee. No similar bill has been filed in the Senate. Manatee port officials said the bill had no bearing on their decision to modify the 2½-page agreement.

"That had nothing to do with it," McClash said, noting that shippers, not the port, would pay the tax if the bill becomes law. "This change provided a compromise that all the authority members could live with."

U.S.-Cuba trade experts have said Cuba is making such clauses a prerequisite of doing, and maintaining, business relations with the country. It's part of Cuban efforts to undermine support for the embargo, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a nonpolitical trade group based in New York City.

Cuban officials have acknowledged the tactic: Angel Dalmau, Cuba's deputy foreign minister, told the Agence France-Presse news service earlier this month that his country is buying U.S. food and agricultural products with the "objective of defeating the North American blockade."

# The Miami Herald

Miami, Florida

19 December 2003

## Castro looks to cash in with foreign franchises

BY NANCY SAN MARTIN



CARBON COPY: Cuban musician Waldo Dominguez plays in a Mexico City version of the famous Cuban restaurant and Ernest Hemingway hangout 'La Bodeguita del Medio' as a Mexican patron eats. AP FILE/2002

Cuba is reaching for business abroad, according to a report by the University of Miami's Institute for Cuban and Cuban-American Studies.

Cuban restaurant franchises in Shanghai, Portugal, Milan and Panama. Hotel partnerships in Mexico. A la Cubana bars in Dubai, Paris, Prague and Warsaw. Havana's famous Coppelia ice cream in Malaysia. These are among the ventures that President Fidel Castro's government has increasingly set up overseas.

Faced with sagging foreign investments at home, Cuba is reaching for business abroad, franchising its popular restaurants, establishing coinvestments in hotels and other ventures and swapping patents and technical expertise in areas such as biotechnology for a 30 to 51 percent ownership stake, according to a report Thursday by the University of Miami's Institute for Cuban and Cuban-American Studies.

The report contends that the foreign projects, which have become more prevalent over the past two years, prove that the current economic climate in Cuba is no longer attractive for many firms, even those owned by the Cuban state itself.

### CASH-STRAPPED

"Cuban investments abroad are growing in importance for the critically cash-strapped Castro regime," the report states.

“With more than 20 percent of [foreign direct investment] now directed toward business activities and joint ventures outside of Cuba, and a negligible net inflow of foreign capital within the island itself, Cuba's state-owned enterprises have realized that they too can obtain a better return on investment elsewhere.”

The UM report cites a drop in joint foreign-Cuban ventures on the island, from 403 last year to 360 at the end of October. Of the 24 new joint ventures authorized by Havana in 2002, 10 were outside Cuba. Overall, of the 360 joint ventures in operation this year, 80 are reportedly based on foreign soil, according to the report.

“It's been increasingly more lucrative for Cuban businesses to go abroad,” said Hans de Salas del Valle, a research associate at UM's Cuban institute who compiled the report. “Now the Cuban government is officially encouraging its own companies to go outside of Cuba where conditions are more conducive for business.”

## HOTEL PARTNERS

Among the state enterprises joining forces with foreign partners in overseas markets is Cubanacán, Cuba's largest state-run tourism enterprise.

It has managing partnership arrangements with at least three hotels in Mexico, the report said.

In China, Cubanacán has joint ownership in a five-star hotel under construction in Shanghai. Chinese investors also paired up with Cuba's Palmares corporation to open the first La Gloria Cubana restaurant franchise in Shanghai earlier this year. Other franchises exist in Portugal, Italy and Panama.

Havana's famed La Bodeguita del Medio, one of the watering holes that writer Ernest Hemingway made famous for its mojito cocktails, has been replicated in Mexico, Dubai, Paris, Prague and Warsaw.

## JOINT VENTURES

In the biotechnology field, Cuba has joint ventures with Iran and more recently signed an agreement with Namibia for a pharmaceutical plant, the report said. John Kavulich, who monitors Cuba's economy, agrees that a new trend is emerging with the Cuban foreign ventures.

But he cautioned that most of the new businesses are in developing countries, a risky move in his eyes.

“Cuba is seeking to use its political [influence], especially with developing countries, to gain market access,” said Kavulich, president of U.S.-Cuba Trade and Economic Council in New York.

“The question is, ‘Can they compete once the global companies decide to enter the same market?’” he added. “Are these ventures sustainable?”

# Reuters Americas

London, United Kingdom

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## Castro Toasts Two Years of U.S. Trade at Gala Dinner



HAVANA (Reuters) - Agricultural chiefs from four U.S. farm states on Wednesday urged an end to the U.S. embargo on Cuba after being feted by President Fidel Castro in ceremonies marking two years of resumed bilateral trade.

"Ending the embargo is simply the right thing to do," said Iowa Agriculture Commissioner Patty Judge, who joined counterparts from Iowa, North Dakota and Alabama and 250 U.S. agribusiness, farm and shipping representatives at the ceremonies.

At a news conference on Wednesday the commissioners lauded their states' growing trade with the Communist-run island and called for normal relations.

All trade was cut off after Castro's 1959 revolution but Washington eased the embargo in 2000 to allow agricultural sales for cash. Cuba began buying American farm products in December 2001. President Bush supports the embargo and has vowed to veto any further loosening of trade and travel restrictions.

Castro has lavished attention on his U.S. trading partners since then, angering Europeans and Canadians who complain they are losing out despite braving U.S. anger to trade with the Caribbean island for years.

Alabama Agriculture Commissioner Ron Sparks, who on Tuesday sat next to Castro, 77, at a lavish dinner, told reporters on Wednesday: "We chatted about family, history, Kennedy and other subjects until 3:00 a.m., but did not talk current politics."

Castro met the Americans on Monday evening, spoke to them Tuesday afternoon, dined with them at his palace in the evening and made sure everyone had plenty of cigars. Sparks said Castro appeared in excellent health.

Pedro Alvarez, chairman of Cuba's state food importer Alimport, said his company had signed \$84 million in contracts since Monday and hoped to sign a total of \$125 million by the end of the week, bringing to more than \$500 million purchases since December 2001.

The New York-based U.S.-Cuba Trade and Economic Council, which monitors trade between the two countries, said the Cuban figures included shipping and other costs. The council reported sales to Cuba totaled \$328 million, of which \$185 million were this year.

# La Vanguardia

Barcelona, Spain

23 November 2003

## Florida será la ganadora

### La política de sanciones de Estados Unidos beneficia a sus estados agrícolas

Cuba ocupa el número 35 entre los 226 principales países que reciben exportaciones de Estados Unidos

Las exportaciones de alimentos y materias primas desde EE.UU. se han disparado casi un 50% este año

Andy Robinson

Nueva York

Uno de los efectos inesperados y perversos de la ejecución sumaria de un grupo de presuntos terroristas en Cuba a principios de año es que España exporta menos productos a su antigua colonia. La política de sanciones que aplicó la Unión Europea (UE) ha sido decisiva en esta dinámica regresiva.

Así lo explica, al menos, John Kavulich, presidente del Consejo sobre Economía y Comercio entre Estados Unidos y Cuba (USCTEC, según sus siglas en inglés), un instituto independiente con sede en la ciudad de Nueva York. “Y las maniobras políticas de George W. Bush en un año electoral intensificarán el proceso”, dice.

Las ejecuciones abortaron todos los intentos por flexibilizar el embargo y fomentar un acercamiento entre Cuba y Estados Unidos. La legislación favorable al “raprochement” perdió apoyo y grupos antiembargo como la Cuba Policy Foundation de la embajadora Sally Groom Cowal –impulsora de la Feria Agrícola en La Habana en octubre del 2002– se liquidaron. “Nos dimos cuenta de que las violaciones de los derechos humanos supusieron la muerte de cualquier esperanza de que se podía suavizar las sanciones contra Cuba”, dice Brian Alexander, portavoz de la fundación. Aunque el Congreso sí aprobó flexibilizar la prohibición sobre los viajes a Cuba, los líderes republicanos en el Senado optaron por retirarlo preventivamente, para evitar un veto presidencial.

“Con las detenciones y las ejecuciones, Cuba perdió todos sus interlocutores políticos y lobbies en Estados Unidos”, dice Kavulich. Esto, añade, forzó a Castro a cultivar aún más las relaciones comerciales permitidas bajo la ley de Reforma de Sanciones e Incentivación de Exportaciones del 2001. Por eso, pese al enfriamiento hasta temperaturas glaciales de las relaciones políticas entre Cuba y Estados Unidos este año, las exportaciones de alimentos y materias primas desde EE.UU. se han disparado casi un 50% en los primeros nueve meses del 2003 frente al mismo periodo del año pasado.

Cuba importó productos por valor de 139 millones de dólares en 2002 y en lo que va de este año las importaciones ya ascienden a 165 millones. Para todo el año – según las previsiones de USCTEC–, se habrán duplicado para rebasar los 300 millones. Cuba ocupa en estos momentos el número 35 de los 226 principales países que reciben exportaciones de Estados Unidos. En el 2002 se encontraba en el número 156 de la lista.

### Las exportaciones

La mayor parte de estas exportaciones son cereales, sobre todo soja, y otras materias primas agrícolas procedentes de los llamados “farm states”, los estados agrarios de Illinois, Arkansas, las dos Dakotas, Louisiana o Montana. Pero un 2% corresponde a productos alimenticios ya elaborados, que se acaban utilizando principalmente en el sector del turismo.

En este negocio, dice Kavulich, la desesperación de l Gobierno de Castro por no perder a todos los amigos americanos, ha incidido directamente en el negocio de empresas españolas, canadienses, franceses e italianas en Cuba. “Han aumentado cuota de mercado frente a empresas extranjeras”, dice.

Las mayores beneficiarias del comercio entre Cuba y Estados Unidos son empresas del interior republicano, como Archer Daniels, Midlands de Illinois que elabora productos de soja, Tyson Foods de Arkansas especializado en avicultura y Riceland Foods también de Arkansas, que exporta arroz.

### La tuerca anticastrista

En otro proceso esperpéntico, a medida que la Administración americana aprieta la tuerca anticastrista para ganar votos en el Estado decisivo de Florida antes de las presidenciales de noviembre del 2004, Cuba probablemente tenderá la mano con aún más oportunidades de negocios a los “farm states”. Esto, a su vez, consolidará el apoyo republicano entre votantes en estos estados agrarios que piensan más con el bolsillo que los ideologizados cubanos de Miami.

Jeff Flake, congresista republicano de Arizona, lo resumió con agudeza en la siguiente frase: “Mientras las campañas electorales empiecen en Iowa, jamás habrá una política racional agraria y mientras terminen en Florida no habrá una política racional respecto a Cuba”.

# The Miami Herald

Miami, Florida

6 December 2003

## CUBA | EMBARGO

### Penalty proposed for Cuba traders

**Legislation would impose a 100 percent tax on sales stemming from agreements to lobby against the embargo.**

BY NANCY SAN MARTIN

Hoping to counter Cuba's efforts to require U.S. business partners to lobby against the U.S. trade embargo in exchange for commercial deals, two U.S. congressmen Friday introduced legislation that would impose a 100 percent tax on sales stemming from such agreements.

The bill proposed by Reps. Peter Deutsch, D-Fla., and Bob Menendez, D-N.J., was in response to revelations that at least two U.S. entities -- Port Manatee in Florida and the Indiana Farm Bureau -- recently signed deals with Cuba that include a commitment to lobby Washington against the embargo.

"This type of activity should not be occurring," Deutsch told a news conference at Miami International Airport, because the U.S. entities wind up ``acting as foreign agents."

"This is repugnant action," Menendez said. ``It's bad business to lobby Congress on behalf of a dictatorship. We can call them nothing less than shills for Fidel Castro."

Sales of food and agricultural products to Cuba are allowed under the Trade Sanctions Reform and Export Enhancement Act of 2000 to help the Cuban people. But an October agreement between Cuba and the Indiana Farm Bureau required the Americans to lobby against the U.S. sanctions.

A copy of the agreement, obtained by The Herald, showed the Farm Bureau ``expressed its commitment to press in the U.S. Congress for engagement with Cuba and seek a repeal of the existing restrictions to trade and travel with this island nation. It is also the intention of the Farm Bureau to promote a resolution on normalized relations with Cuba in the Indiana Legislature."

Similar language was contained in an agreement signed last month between Port Manatee authorities and the Cuban government, according to the Bradenton Herald.

"We are not lobbying as a result of the agreement. That is something we were already doing anyway," Kent Yeager, a spokesman for the Indiana Farm Bureau said by telephone. ``Our view is that we should be trading with Cuba, doing more to break down the kinds of regimes there is in Cuba. It's worked elsewhere."

"It's deeply troubling to everyone in the business community," said John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, which monitors bilateral business opportunities. ``These agreements are not appropriate."



# The Miami Herald

Miami, Florida

5 December 2003

## THE AMERICAS | CUBA

### Cuban tourism boss fired over corruption

**Several senior officials at Cuba's largest state-run tourism enterprise are reported under house arrest pending a probe of alleged financial improprieties.**

BY NANCY SAN MARTIN

The president of Cuba's largest state-run tourism enterprise was abruptly removed from his post amid reports out of Havana on Thursday of a financial probe involving the disappearance of millions of dollars from the company's coffers.

The case may be one of the biggest corruption scandals in more than a decade, several analysts said.

According to British Broadcasting Corp., Juan José Vega was among several unidentified senior officials at Cubanacán placed under house arrest pending a probe of alleged financial improprieties. The BBC, citing unnamed government sources, said Raúl Castro, defense minister and brother of President Fidel Castro, was directly involved in the investigation -- an indication that Cuba is facing a serious corruption scandal.

"Raúl only gets directly involved if it's big," said Alcibiades Hidalgo, a Cuban ambassador to the United Nations and personal secretary to Raúl Castro before his defection last year.

"This is the tip of the iceberg; there is lots of corruption in Cuba," Hidalgo said. "The [government] may be preparing for a major purge."

#### QUICK GROWTH

Cubanacán was created in the 1980s to form partnerships with foreign investors in the tourism industry. The company grew quickly after Cuba opened its doors to visitors in the mid-1990s by operating hotel chains such as Spain's Sol Meliá and running various other enterprises, including restaurants, travel agencies and rental car companies.

Cuban officials in Washington did not return Herald phone calls seeking comment. In Havana, authorities also were mum.

"We don't have any information about that," Mario Fernández, of the Tourism Ministry's foreign relations office, told the Associated Press.

Employees answering the phone at several Cubanacán travel agencies around the capital would only confirm that Vega was no longer the company's president, the AP reported.

Several analysts said that while corruption scandals in the tourism industry have surfaced in the past, most recently in 1999, the industry is particularly vulnerable because of the large amount of foreign currency handled by Cuban managers who are paid in pesos.

"The temptation is high," said William LeoGrande, a Cuba expert at the School of Public Affairs at American University in Washington. "Ever since they've begun to revitalize the tourist sector, they've had problems with corruption."

"There have been more financial irregularities in the tourism sector than in any other," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York, which monitors Cuba's economy. "As Cuba's economy continues to be in transition and the government can't provide higher standards of living, there's going to be a continuing and ever increasing impulse to try to get more no matter what the risk."

If the allegations are proven, several experts said, the penalty will likely be severe and made public, like the convictions of the 75 dissidents jailed earlier this year.

"It's in the Cuban government's interest to publicly show an aggressive response," Kavulich said, adding that placing Vega under house arrest, rather than in a jail cell, indicates that the investigation is at preliminary stages.

Others speculated that the probe was part of a ruse to oust officials who have fallen out of favor. "It's quite possible, and even likely, that some of the Cuban tourism managers have gotten too rich or too powerful, or too whatever, for the tastes of the regime, and corruption is always a convenient fiction to take them out of the picture and replace them with less experienced, more controllable individuals," said Art Padilla, a professor of business management at North Carolina State University who has done studies on Cuba's tourism industry. "A sort of periodic house cleansing, if you will, to maintain control."

Said Joe Garcia, executive director of the Cuban American National Foundation. "It's either a big fight or a big robbery."

## SOURCE OF DOLLARS

Still recovering from a multibillion-dollar loss of subsidies from the former Soviet Union in 1991, an economic downturn in the world economy and a drop in sugar prices -- previously one of Cuba's key industries -- tourism has evolved into the country's most important source of foreign currency, bringing in as much as \$2 billion each year.

The BBC report said the alleged shortfalls were discovered earlier this year after the government implemented a new centralized system, controlled by Cuba's Central Bank, that prevented local businesses from keeping funds in U.S. dollars. Instead, they had to exchange their holdings into Cuban pesos.

Cubanacán handles about 40 percent of the island's tourism sector, and operates 51 hotels, a convention center, two marinas as well as travel offices, stores, restaurants, nightclubs and a taxi service, according to the AP.

# El Nuevo Herald

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## Cuba exige apoyo contra el embargo a empresas de EEUU

WILFREDO CANCIO ISLA

El Nuevo Herald



**PEDRO ALVAREZ, presidente de la firma cubana Alimport (izq.), recibe a un empresario norteamericano.**

En su enconada batalla contra el embargo, Cuba está asegurando sus compras de pollos, maíz y soya en Estados Unidos mediante un acuerdo estratégico que compromete a firmas y entidades norteamericanas a gestionar ante el Congreso la normalización de relaciones comerciales con la isla.

Recientes transacciones entre la empresa estatal Alimport y compañías estadounidenses se han generado bajo la firma de un "Memorando de entendimiento" que implica un quid pro quo entre ambas partes negociadoras: adquisición de productos a cambio de presiones políticas.

"En respuesta a la iniciativa del Buró de Agricultura de Indiana (IFB) de explorar los negocios en el mercado cubano y su compromiso expresado de liberalizar el comercio y los viajes a Cuba, Alimport ha acordado comprar hasta \$15 millones en bienes agrícolas a los negociantes radicados en [el estado de] Indiana", señala el documento suscrito el pasado 8 de octubre en La Habana. El memorando añade que "el IFB expresó su compromiso de presionar en el Congreso para abordar el problema de Cuba y derrotar las restricciones existentes para el comercio y los viajes con la isla". Una cláusula similar aparece en el memorando firmado entre las autoridades cubanas y los funcionarios del puerto de Manatee, Florida, el pasado noviembre.

"Las partes renovaron su interés mutuo de trabajar para favorecer las irrestrictas relaciones comerciales y de viaje entre Cuba y EEUU, en beneficio de las de Alimport y el consecuente incremento de los negocios para el puerto de Manatee y Tampa Bay", reza el documento. También el acuerdo con las autoridades del puerto y el estado de Alabama, el pasado agosto, fue suscrito bajo los mismos términos. Aunque los memorandos firmados en los últimos meses especifican que el compromiso no es "legalmente obligatorio", el acápite sobre la gestión

antiembargo ha generado preocupación entre analistas, empresarios y funcionarios públicos, quienes lo califican como una nociva politización del creciente nexo comercial con la isla.

"Es realmente problemático que compañías estadounidenses se comprometan a establecer una relación de negocios sostenida en motivaciones políticas", afirmó John Kavulich, presidente del Consejo Económico y Comercial Cuba-EEUU, con sede en Nueva York.

Philip Peters, vicepresidente del Instituto Lexington y consejero del Grupo de Trabajo sobre Cuba, se mostró sorprendido, aunque restó importancia a las implicaciones del hecho. "Obviamente no estamos ante una relación normal de comercio, pero no lo veo [la cláusula] como algo determinante", argumentó Peters. "Las empresas interesadas en promover el comercio y los viajes a Cuba tienen una motivación lógica contra el embargo".

Pero Kavulich consideró que no es saludable para una relación comercial hacerla depender del cabildeo político. "Es un mecanismo destructivo", aseveró el ejecutivo, que atribuyó el hecho a la urgencia de Cuba por incrementar sus grupos de presión en Washington.

Uno de los principales bastiones contra el embargo, la Fundación de Política hacia Cuba, se desintegró a comienzos de año luego de la ola represiva desatada por el régimen castrista contra la disidencia interna. El carácter político de las compras de Alimport a firmas estadounidenses fue objeto el pasado mes de un inusual desmentido en la prensa oficial cubana. Una nota en el diario Granma indicó que el vicescanciller Angel Dalmau no había interpretado correctamente los objetivos de las compras del gobierno de Cuba.

En una entrevista con la prensa extranjera en La Habana, Dalmau aseguró que "cada compra que realizamos en EEUU no es sólo porque ahorramos dinero, sino porque tienen más valor político" con el fin de derrotar el embargo.

"La prioridad de Cuba con estas compras es derrotar el embargo y enriquecerse del potencial turismo norteamericano", declaró el congresista cubanoamericano Lincoln Díaz-Balart, férreo defensor de mantener las sanciones económicas contra el régimen castrista. El legislador fustigó que empresas norteamericanas estén suscribiendo acuerdos de entendimiento sobre la base de cabildear en el Congreso contra el embargo. "Están llegando a componendas con la tiranía pensando en beneficiarse en un futuro, pero en realidad están entrando en una lista negra".

Kent Yeager, director de asuntos gubernamentales en el IFB, negó que la gestión de su entidad implique una concesión impropia al gobierno cubano. "Esta es una oportunidad para los empresarios agrícolas de Indiana en beneficio del pueblo de Cuba", insistió Yeager. "Simplemente estamos actuando de acuerdo con la ley establecida; nuestra posición contraria al embargo se halla cada vez más extendida en la nación".

El funcionario aseguró a El Nuevo Herald que el IFB presionará a todos los congresistas del Estado --incluyendo al representante republicano Dan Burton-- en favor de la eliminación del embargo. Burton es coautor de la Ley de Democracia para Cuba (1996), que refuerza el cerco económico contra Cuba.

Las ventas de alimentos y medicinas a Cuba se iniciaron tras la aprobación del Congreso, bajo la condición de que las operaciones se realizaran en efectivo. Desde diciembre del 2001 a septiembre del presente año, el monto de las transacciones alcanza ya los \$304.5 millones. Sólo en el 2003 Alimport ha comprado unos \$161.5 millones, cifra que representa un aumento del 48 por ciento con respecto al año anterior.

# **Granma Internacional**

**Havana, Republic of Cuba**

**2 December 2003**

## **U.S. biotechnology company interested in Cuban cancer vaccine**

The CancerVax biotechnology company of San Diego, California has asked the U.S. government for a permit to acquire a Cuban anti-cancer vaccine.

According to Notimex The San Diego Union Tribune daily reported that the company has presented a letter of intent to the U.S. Department of Trade to acquire the pharmaceutical from the Cuban Molecular Immunology Center (CIM), where it is manufactured.

It is the Theracim h-R3 (trade name Cima-her) monoclonal antibody, registered on the island for the treatment of advanced brain and neck tumors in combination with radiotherapy, which has obtained remission in more than 60% of patients.

The Mexican news agency informs that the medicament was researched in Cuba with funding from the YM Bioscience Company of Toronto, but that enterprise suspended the project. Thus CancerVax is proposing to take on the cost of the research, acquiring the product through a trilateral agreement with the Canadian company and paying the Cuban government via items whose dispatch would have to be authorized by Washington.

Normando Iznaga, head of the CIM Business Development team, informed the press at the Havana 2003 Biotechnology Conference that a signed agreement does not yet exist, but “there are good possibilities given that it concerns the subject of cancer... which goes beyond any national or political commitment,” ANSA notes.

However, CancerVax informed Reuters that there is no certainty that it will be granted a license. A definitive agreement for the purchase of the anti-cancer vaccine depends on its authorization by the U.S. government plus a license from the Treasury Department, which imposes trade sanctions on the island.

John Kavulich, president of the U.S.-Cuba Economic Exchange Council, told The San Diego Union Tribune that various (biomedic) research companies and hospitals are exploring potential permits for exchange agreements with Cuba. He added that the Cubans are surprisingly productive in the biotechnology sector and mentioned certain U.S. enterprises that are interested in the lotion that detains skin depigmentation (Melagenina Plus) and a sugarcane by-product that reduces cholesterol levels (PPG), among others.

Iznaga noted that more than 100 patients have been treated with Cima-her with very positive results, including Gladys Marín, the leader of the Chilean Communist Party, who is currently a patient in Cuba after an operation in Sweden for a malignant brain tumor.

According to Notimex, since the United States imposed the blockade on the island more than 40 years ago, it has only granted one license in 1999 when the British pharmaceutical company GlaxoSmithKline persuaded Washington to exempt the VA-MENGOC-BC anti-meningitis vaccine discovered by Cuba, which is the only effective prevention against the groups B and C of the disease, which kills a large number of children throughout the world.

# The Miami Herald

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## Making deals with communists

### Our opinion: It's bad business to lobby Congress for Cuba's tyrant

How does it feel to shill for a tyrant? Ask the Indiana Farm Bureau or Port Manatee officials on the west coast of Florida. Both have signed quid pro quo deals with the Cuban government. They have agreed to lobby Congress to lift the U.S. trade and travel restrictions on Cuba in exchange for the dictator's promise that the regime will send business their way.

That's bad business, bad politics and worse morality. U.S. companies shouldn't be carrying water for a foreign power, much less a totalitarian regime that is on the U.S. list of terrorist-supporting nations, and they should refuse to do so.

Trade deal negotiated

"It's not healthy to have a commercial relationship that is dependent on a quid pro quo for political purposes," says John Kavulich, U.S.-Cuba Trade and Economic Council president. Yet Cuba has been pressuring U.S. firms that want to sell agricultural products to the regime to become more politically active. The regime needs new supporters pushing Congress since their ranks thinned after Fidel Castro unjustly imprisoned 75 dissidents and executed three accused hijackers this year.

Apparently unperturbed by these events, the Indiana Farm Bureau signed a deal with the regime in Havana last month. In their "memorandum of understanding," the bureau agrees to lobby Cuba's interest on Capitol Hill. In return, the regime promises to buy \$15 million in Hoosier soybeans, cattle, pork, poultry, corn and eggs.

Thus, American farmers and firms are being used by a despot whose goal is to maintain a stranglehold on power. After decades of driving the Cuban economy into the ground and stiffing creditors, the dictator needs new sources of income. Lifting the embargo and travel restrictions would boost his bankrupt dictatorship.

Wooed by Castro

Angel Dalmau, Cuba's deputy foreign minister, confirmed the regime's agenda last week. He told the AFP wire service that every purchase of U.S. foodstuffs has a "political component" with the "objective of defeating the North American blockade."

So important is this aim that the regime has spent \$304.5 million in hard cash buying agricultural and food products from U.S. sellers since sales restrictions were lifted in December 2001. The push is accelerating, too, with sales this year running nearly 50 percent higher than in 2002, Mr. Kavulich notes.

Indiana farmers and Port Manatee aren't alone. A parade of other U.S. farm interests, ports, governors, Congress members and business people have been visiting the island, wooed by Castro while ordinary Cubans are forbidden from even starting their own businesses. Congress should ignore shills for the regime. It shouldn't lift embargo until political prisoners no longer rot in Cuba's jails and the Cuban people enjoy democracy, free enterprise and human rights.

# **NOTIMEX**

**Mexico City, Mexico**  
**26 November 2003**

## **SOLICITA EMPRESA DE EU PERMISO PARA COMPRAR ANTICANCERIGENO A CUBA**

San Diego, 26 Nov (Notimex).- Una empresa biotecnológica de San Diego solicitó al gobierno de Estados Unidos permiso para adquirir un anticancerígeno cubano pese al bloqueo a Cuba, informó hoy el diario San Diego Union Tribune.

La compañía CancerVax de San Diego presentó al Departamento de Comercio una carta de intención para adquirir del Centro de Inmunología Molecular de Cuba un medicamento experimental que cura el cáncer de seno, de páncreas, próstata y cefálico.

La empresa CanceVax propone intercambiar a Cuba el medicamento mediante un acuerdo trilateral con la compañía YM Biociencia, de Toronto, Canadá, y pagar al gobierno cubano con artículos que Washington autorice enviar a la isla caribeña.

El periódico advirtió que CancerVax presentó su carta de intención cuando Washington acusa al gobierno cubano de "desarrollar un uso dual de la biotecnología; para un uso legítimo de productos médicos o venderla a otros países para el uso de armas biológicas".

Sin embargo, el presidente del Consejo de Intercambio Económico Estados Unidos-Cuba, John Kavulich, dijo que "varias compañías de investigación (biomédica) y hospitales exploran potenciales permisos para acuerdos de intercambio con Cuba". Kavulich dijo al diario que "los cubanos son sorprendentemente productivos en el sector biotecnológico".

Mencionó que algunas empresas estadounidenses se interesan en un ungüento cubano que detiene la despigmentación de la piel y en un derivado de la naca de azúcar que reduce niveles de colesterol, entre otros.

El medicamento que interesa a CancerVax se investigó en Cuba con financiamiento de la YM Biociencia, pero esa empresa suspendió el proyecto; ahora la compañía de San Diego propone asumir el costo de la investigación y adquirir el producto.

De acuerdo con el diario, la eficacia de la medicina cubana se comprobó con un estudio con 40 pacientes de cáncer pulmonar del Reino Unido, Canadá y Cuba.

# Vanguardia

Santa Clara, Republic of Cuba  
29 November 2003

La Habana, 14 nov (AIN) Granjeros norteamericanos que negocian con Cuba expresaron en su país preocupación porque la política contra la Isla del presidente George W. Bush pueda dañar ese comercio.

"Lo más difícil de todo es trabajar con nuestro gobierno en la necesidad de conseguir visas para los inspectores cubanos de calidad de ganado para entrar en territorio norteamericano", dijo Ralph Kaehler, de Minnesota, refiere la página web Cubadebate.

Este rancho asistió con una amplia muestra de su ganado a la Exposición Agropecuaria de Negocios de empresarios norteamericanos que se realizó en La Habana en septiembre de 2002.

Kaehler se quejó de tener que relacionarse en sus trámites con burócratas paranoicos estadounidenses, quienes demandan montones de documentos innecesarios para autorizar las operaciones con la Isla.

Por su parte, John Kavulich, presidente del Consejo Económico de Comercio EEUU-Cuba, con base en Nueva York, dijo que las ventas de los estadounidenses en la mencionada Feria fueron de 92 millones de dólares.

La administración de Bush prohibió a los empresarios de esa nación organizar este año otra exposición similar, también en La Habana, y anunció que está fortaleciendo, en general, su bloqueo a la mayor de las Antillas.



# San Diego Union-Tribune

San Diego, California

26 November 2003

By Penni Crabtree

UNION-TRIBUNE STAFF WRITER

Vaccine developer CancerVax is braving some political hot water in an effort to acquire an experimental cancer drug from the Cuban government – the first U.S. biotech to negotiate such a deal with the Communist country.

The Carlsbad biotech has signed a letter of intent to license the drug in a three-way agreement with YM Biosciences of Toronto and a Cuban company that licenses discoveries from Cuba's Center of Molecular Immunology, according to a securities filing. YM originally licensed the technology from Cuba but discontinued the research program because it was too costly.

CancerVax wants to pick up where the Toronto company left off. But because of the 40-year U.S. trade embargo against Cuba, the biotech must first gain special permission from the U.S. Treasury's Office of Foreign Assets Control, which enforces trade sanctions against Fidel Castro's government. Officials with the Office of Foreign Assets Control could not be reached for comment yesterday.

The proposed deal comes as the Bush administration is tightening trade sanctions against Cuba, including travel restrictions and investments. Last month, Assistant Secretary of State Roger Noriega renewed administration accusations that Cuba has a biological warfare program.

Last year, U.S. government officials also accused the Cuban government of developing "dual-use" biotechnology products that could either be used as legitimate medical products or sold to rogue countries for use in biological weapons.

Cuba, which has spent hundreds of millions of dollars to develop a biotech industry, has repeatedly denied the charge. The Cubans say their biotechnology industry was developed largely as a way to produce medicines and vaccines for its people and to export them to Latin American countries.

CancerVax chief executive David Hale declined to comment on the proposed deal because the company is in a regulatory-mandated "quiet period." The company, which has a skin cancer drug in final, Phase 3 testing, went public last month. David Allan, chief executive of YM Biosciences, also declined to comment.

If the proposed deal results in an approved drug, Castro's government could not receive hard cash from CancerVax. The biotech would pay royalties and other fees in goods allowed to be exported to Cuba by the United States, such as medical supplies and food.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said several U.S. companies and research hospitals are exploring potential licensing agreements with Cuba.

"The Cubans have a surprisingly productive biotechnology sector," said Kavulich, whose nonpartisan business association focuses on Cuba trade.

For instance, Cuba has developed a topical cream to treat vitiligo, a disfiguring depigmentation of the skin, and some companies are interested in licensing the technology.

Some U.S. drugmakers also are interested in a cholesterol-lowering drug made from sugar cane derivatives that has been developed by Cuban scientists, Kavulich said.

The deal CancerVax hopes to cinch involves an experimental drug that targets the epidermal growth factor receptor. The receptor is key in stimulating normal cell division, but its overproduction also has been linked to many cancers.

The drug candidate has already been tested in Phase 2 studies involving 40 lung cancer patients in Canada, Britain and Cuba. About half of the patients were determined to be "high responders" to the drug and had a median survival of 9.1 months, compared with 4.5 months for the other half of the patients tested.

The drug, as well as two other molecules that CancerVax may acquire from the licensing agreement, could have applications in the treatment of breast, pancreatic, prostate and head and neck cancers, according to a recent CancerVax filing with the Securities and Exchange Commission.

"Any definitive agreements for the acquisition of this technology will be subject to governmental approval, including a license from the U.S. Department of Treasury's Office of Foreign Assets Control," CancerVax said in its filing. "We cannot be certain that such a license will be granted."

Only one other company has been granted permission by the U.S. government to license a Cuban medical product that, if approved, could be sold in the United States. In 1999, a U.S. division of Smith Kline Beecham, now GlaxoSmithKline, was allowed to license an experimental Cuban vaccine to treat meningitis B. The drug is in Phase 3 testing.

# Bradenton Herald

Bradenton, Florida

20 November 2003

## Port Manatee signs Cuba trade pact

DUANE MARSTELLER

Herald Staff Writer



AP PHOTO

David McDonald, left, executive director of the Port of Manatee, and Cuban Pedro Alvarez, president of the Cuban Alimport Food Company, are shown Wednesday after signing a trade agreement in Havana.

MANATEE - Cuban trade officials pledged Wednesday to send more cargo through Port Manatee, making it the first port in Florida to secure such a promise.

Midway through their five-day trade mission to Cuba, Manatee Port officials signed a memorandum of understanding with Cuba that they say will result in more Cuba-bound commodities crossing the port's docks.

"The memorandum of understanding clearly shows Cuba recognizes the potential of Port Manatee," port director David McDonald said from Havana, where the goodwill agreement was signed. "This is a major step forward toward more trade between us."

Port Manatee also learned Wednesday that it will handle the first shipment of Florida beef cattle to the island nation in more than 40 years. J.P. Wright & Co. said it would use the port to export 250 head of cattle - including 80 from a Parrish ranch - to Cuba early next year.

"We want to provide the Cuban people with top quality beef," said Jim Strickland, whose Strickland Ranch will send 80 Brangus heifers to Cuba. "I believe the similar climate in Cuba, and the short sea time, will suit the cattle well."

In the agreement with Cuba, import agency Alimport said it would review its shipping schedule to send cargo through Port Manatee. The Cuban agency also pledged to continue shipments of an animal-feed supplement through the port and work toward adding more shipments.

A shipment of the supplement, dicalcium phosphate, last January was the port's first Cuba-bound trade in its 33-year history. The port handled a second shipment last month, and is a candidate to handle another later this year.

Cuban officials also agreed to consider using the port for other commodities, including fruits, vegetables, lumber and paper.

"They're also very interested in tomatoes coming out of Manatee County," McDonald said. In return, port officials said they will recruit and cooperate with local, state and national businesses already exporting to Cuba or are interested in doing so, as well as offer them competitive rates to use the port.

Ports in Alabama and Texas have signed similar agreements, but Port Manatee is the first one in Florida, said Pedro Alvarez, Alimport's president. "The port's geographic location makes it well positioned for shipping U.S. exports to Cuba," Alvarez said.

Port Manatee is 305 nautical miles from Cuba, making it the closest U.S. port on the Gulf of Mexico to the Communist nation that has been under a U.S. trade embargo for four decades.

Despite that, 16 other U.S. ports - including four others in Florida - have beaten Port Manatee in shipping American food and agricultural goods to Cuba since Congress allowed their sale under an exemption passed three years ago. Port Manatee's agreement offers no specifics on shipments. The next step is completing the details for future shipments, officials said.

"Our challenge now is to identify specific commodities and liner service to fulfill the opportunities," said Steve Tyndal, the port's director of trade development and special projects. While port officials have said their trip was for business reasons, not politics, the agreement also includes a clause that indicates port officials agreed to work toward lifting U.S. trade and travel restrictions against Cuba.

"The parties renewed their mutual interest and intention to work towards free and unrestricted travel and trade relations between Cuba and the U.S. in the benefit of enhanced American purchases by Alimport and consequently increased business for the Port of Manatee and Tampa Bay," the agreement said.

A U.S.-Cuba trade expert said Cuba is making such clauses a prerequisite of doing, and maintaining, business relations with the country.

"More and more, Alimport is requiring U.S. companies, U.S. organizations and U.S. port facilities to issue statements in opposition to U.S. policy toward Cuba and agree to lobby against U.S. policy toward Cuba in order to increase business," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a non-political trade group based in New York City. "These are far more political documents than commercial documents."

But McDonald said that's not the case with Port Manatee's agreement. "We support the president and we clearly support the guidelines that have been established by Congress and the president for legal trade to Cuba," he said. "Under that template, we think that there are many opportunities our government has not provided us to learn more about trade relations with Cuba."

McDonald, Tyndal and Joe McClash, the Manatee County Port Authority's chairman, are scheduled to wrap up the trade mission on Friday. Tyndal is expected to make a return trip in mid-December, possibly with local business representatives joining him.



# Voice of America

Washington, D.C.

10 November 2003

## US Farmers Worried Tensions with Cuba Will Affect Exports

Rob Schmitz

St. Charles, Minnesota

Since the United States cracked open the trade embargo on Cuba two years ago to allow farmers to sell agricultural and food products there, American exports to the island nation have been on the rise. Cuba is now the United States' 35th largest agricultural export market, up from 208th just two years ago. However some farmers are concerned that heightened U.S.-Cuba political tensions will affect their exports.

Minnesota farmer Ralph Kaehler says doing business with Cuba is a lesson in working with paranoid, controlling bureaucrats who require loads of unnecessary paperwork at frequent stages of the deal. And he's not talking about the communist government in Havana. "The difficult part has been, for the most part, working with our government: getting visas for Cuban livestock inspectors and veterinarians to come up and inspect the animals like every other country does.

That took forever. It's just fighting the politics side of doing business," he says.

Four thirsty black heifers eagerly line up at a trough as Mr. Kaehler turns on the water. "Their offspring will be the ones that go to Cuba in the next couple of years," he says.

Ralph Kaehler and his young sons Seth and Cliff became celebrities for a day last year during Minnesota Governor Jesse Ventura's trade mission to Cuba. That's when Cuban President Fidel Castro posed for pictures with them and their bull, and the photos made the front page of newspapers around the world. Since then, Mr. Kaehler has returned to Cuba twice to sell cattle and a high-protein animal feed. Mr. Castro has hosted him both times. Their relationship is amicable enough that the Kaehler family is now on the Cuban leader's holiday greeting list. A New Year's card signed 'Fidel Castro' is proudly displayed in the farmer's kitchen.

Up until this year, this chummy relationship has exemplified US trade with Cuba, a partnership that has brought American farmers and agribusiness as much as half a billion dollars since 2001. Last year, the United States provided over 20 percent of Cuba's agricultural products.

This year, according to experts like John Kavulich, president of the U.S.-Cuba Trade and Economic Council, that could double. "In 2002, the relationship from a commercial standpoint was leaping from one peak to the next. Every month there were new purchases, U.S. companies were sending representatives down. Members of the House

and Senate were going down. Governors were going down. There was a lot of euphoria," he says.

This euphoria peaked at last year's U.S. Food and Agribusiness exhibition in Havana. It produced over \$92 million in sales for U.S. businesses. A second exhibition was planned for this coming January. But that was before the Castro government imprisoned more than 70 political dissidents and executed three Cubans caught trying to escape the country last spring. The crackdown has spurred the Bush Administration to further restrict travel to Cuba. As a result, next year's trade fair has been cancelled because exhibitors can not get the necessary travel documents. The Bush Administration is also restricting non-business visits by U.S. schools and non-profit groups.

Economic Council president John Kavulich says the success of last year's exhibition should serve as an example to the president of why further restrictions on Cuba are a bad idea. "Harming lawful business activity isn't the way to harm the Cuban government," he says. "What you're doing is harming the business community. And is that really your target?"

But the Bush Administration isn't alone. Since the arrests and executions, many members of Congress who supported easing trade and travel barriers are re-thinking their position. Minnesota freshman Senator Norm Coleman is among those who have had a change of heart. During his campaign last year, he favored lifting trade and travel barriers on Cuba. After visiting the country this fall, Senator Coleman gave the Bush Administration's stance his support.

Back on his farm, Minnesota farmer Ralph Kaehler says his senator is playing party politics at the expense of Minnesota producers. "I know I look at people that deal with me, if they came and visited me and then started complaining about me, I probably wouldn't be too fired up about working with them again," he says.

Mr. Kaehler says he wonders why members of Congress aren't applying equal pressure on countries like China or Saudi Arabia. Both are U.S. trading partners whose governments have also been criticized for their human rights records. According to Cuba trade expert John Kavulich, these countries are too important to American business interests for the U.S. government to apply the same principles. "The government of China made it very clear to US companies: you support us, or we may have difficulty dealing with you. And that resonates with U.S. company executives. In the case of Cuba, it simply isn't as important economically, yet," he says.

Mr. Kavulich says Cuba's proximity to the United States and its enthusiasm for American products give the country the potential to be an important trading partner. That is, he says, if politics would just get out of the way.

# San Antonio Express-News

San Antonio, Texas

6 November 2003

## Alliance hopes to market Texas goods to Havana

By Bonnie Pfister

Express-News Business Writer

In the two years since American farmers have been permitted to sell to Cuba, the countries' trade relationship has lurched forward in fits and starts.



An American barge from Mobile, Ala. brings newsprint and timber to Havana in July. It was the first U.S.-crewed commercial vessel in Cuba since 1961. Christobal Herrera/Associated Press

Last year saw the first American-sponsored agribusiness trade fair in Havana. This year Fidel Castro jailed dozens of dissidents, and President Bush responded by limiting business travel to the communist island.

Still, one-way cash-only trade muddles on, with American farmers selling \$282 million worth since trade began in 2001. It went as food and forestry goods to the economically struggling nation of 11 million.

But Texas so far is mostly on the sidelines. No Texas producers have made any deal with Alimport, the Cuban agency that negotiates deals.

Members of the Texas Cuba Trade Alliance, a 10-month-old coalition of state agriculture promoters and businesses, are in Havana this week hoping to make a deal. They join 71 companies from 19 states and vendors from around the world.

More progress has been made in shipping commodities through Texas ports. Cargill shipped 21,000 tons of wheat through Houston in August. Corpus Christi sent nearly that much of the grain for Archer Daniels Midland in October, with an additional shipment of 25,000 tons of red winter wheat to sail this month.

The Port of Corpus Christi signed a "memorandum of understanding" with Alimport in July to promote freer trade between the two entities. The document calls for initial bulk shipments, followed by development of refrigerator and containerized shipping.

The ports of Tampa, New Orleans, Gulfport, Miss. and Mobile, Ala. enjoy closer proximity to Havana than the two-day journey from Corpus. But Tom Moore, trade development



representative for the Port of Corpus Christi, estimates that port fees, wharfage and docking are about 40 percent cheaper than at many other Gulf ports.

At 45 feet, Corpus is the deepest Gulf port. It boasts a fairly straight 20-mile channel between the inner harbor and the open sea, which Moore said saves on piloting and transit time.

U.S. firms began legally selling food to Cuba in late 2001 for the first time since the Kennedy administration. A year earlier, Congress passed the Trade Sanctions Reform and Export Enhancement Act, which allowed American farmers to sell food and forestry commodities to Cuba on a cash-only basis.

Because Cuba still was prohibited from selling anything back to the United States, Castro declined. But after Hurricane Michelle laid waste to the island's limited crops in November 2001, Washington offered humanitarian food aid, according to several Cuba watchers. Ever proud, Castro opted to buy it instead, and one-way trade in food began.

In September 2002, U.S. entrepreneurs sponsored what they hoped would be the first of many agribusiness trade shows in Havana, resulting in \$92 million in contracts to American farmers that backers said otherwise would go to Canada, Brazil and the European Union.

Groups of U.S. congressmen visited Cuba almost every month, and American enthusiasm — even in anti-Castro south Florida — for scaling back the embargo seemed to be at an all-time high.

The March 2003 dissident roundup threw cold water on that sentiment. The Bush administration subsequently clamped down on American travel to the island, denying licenses to organizers of what was to be a second round of U.S. agribusiness and medical equipment trade fairs.

The window on food sales still is open, however. A million-barrel ADM grain elevator in Havana and a new 100,000-square-foot cold storage facility on the dock give Moore hope that more shipments across the Gulf Coast are to come.

John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, said the Cuba-Corpus memorandum of understanding is largely symbolic, but it could help set the stage for a longer-term relationship.

"It's a textbook case on being cost-effective," Kavulich said. Corpus Christi "didn't waste money on a consultant or multiple trips. They used a rifle, not a shotgun."

While Texas produces a lot of rice, Cuba imports nearly half a million tons of it from Vietnam and China. The quality isn't high, but neither is the cost, which Alimport can finance over two years.

Building a relationship with ADM looks like a good move for Corpus. Kavulich said ADM has sold 50 percent of all the American commodities purchased by Alimport since late 2001. For his part, Moore said he tries to steer clear of politics.

"The Cuban people are spunky and loveable and intelligent. And they're hungry," he said. "We could send them a chicken leg that would look like a turkey leg to them. We could help some people there. We can do that from this state."

# Reuters Americas

London, United Kingdom

6 November 2003

## U.S. Crackdown on Cuba Travel Leaves Some Cold

By Michael Christie

MIAMI (Reuters) - Tampa retiree Marshall Payn sat at Miami's airport waiting for a charter flight to take him and a other Americans on an art and architecture tour of Cuba.

"This is tourism," the 71-year-old archeology researcher said. "I have no interest in art or architecture. I intend to escape as much of that as I can." Payn was unfazed by the fact that his admission breached the spirit of a U.S. ban on tourism to Cuba, or indeed that President Bush last month announced a crackdown on illegal travel to the communist-ruled island.

While hundreds of thousands of Europeans, Canadians and Latin Americans have grown used to seeing Cuba in package tour brochures, Americans have been banned from traveling there as tourists since Washington imposed an embargo three years after the 1959 revolution.

Still, an estimated 22,000 to 25,000 non-Cuban Americans evade the ban each year and find a way to satisfy a curiosity for Cuban cigars, beaches and big game fishing by flying through third countries like Mexico, Jamaica and Canada.

Cuban exile hard-liners, who want the island kept isolated, say thousands more misuse the estimated 22,500 special travel licenses granted to journalists, athletes, academics, aid workers and church officials every year.

Furthermore, they say, many of the 120,000 or so Cuban Americans legally allowed to visit their families in Cuba once a year act as "mules" for others and carry far in excess of a \$3,000 per person limit set on annual remittances.

Under Bush's crackdown, travelers to Cuba face greater scrutiny from U.S. customs and immigration agents who are more stringently checking their travel documents, frequency of travel and amount of money they are taking to Cuba. "We are not opposed to humanitarian aid and travel," said Ninoska Perez of the Cuban Liberty Council.

'OXYGEN'

Tourism, however, and revenues from government hotels, shops and departure taxes give President Fidel Castro's government "the oxygen it needs to survive," Perez said.

When Bush in October announced the crackdown on illegal travel to the communist holdout just 90 miles off the tip of Key West, some exile groups in Florida -- a pivotal

electoral state in 2000 and likely to be so again when Bush seeks re-election in 2004 -- cheered.

According to John Kavulich of the independent, nonpartisan U.S.-Cuba Trade and Economic Council, illegal travel by non-Cuban Americans could be worth \$20 million a year in much-needed hard currency for the Cuban government.

While the crackdown might seem like "sending a SWAT team to go after a kid who stole a candy," South Florida's 400,000 Cuban voters expect to see some serious action to underscore Bush's anti-Castro credentials, he said.

But the response has been less effusive from other parts of the Cuban American community, from travel companies and from some non-Cuban Americans such as Payn who see it as more a political ploy to woo the Cuban vote than meaningful policy.

Both the U.S. Senate and House of Representatives last month voted to eliminate government funds for enforcing the travel ban. That measure still needs to go through a conference committee and Bush has also threatened to veto it.

For the travel industry, which has been lobbying Washington to restore Cuba to its pre-revolution status as a top draw for U.S. tourists, the enforcement campaign resounds with dichotomies. The industry says any crackdown ought to target the third countries through which Americans slip, unseen, into Cuba.

Yet the emphasis appears to have been on Miami, Los Angeles and New York where licensed charter flights, packed with authorized travelers, take off several times a day for Havana.

"If Bush really believed (that travel supports Castro), he would stop all the flights, he would stop any Cuban American from going back to their family, he would stop all the remittances," said Michael Zuccato, head of the Association of Travel Related Industry Professionals lobby group. "Remittances to Cuba represent more money than anything else."

#### A MELLOWER TONE

Recent opinion polls suggest Cuban American attitudes are also mellowing as new arrivals with close ties to home offset some of the intransigence of those who fled decades ago. Cuban Americans still overwhelmingly oppose any weakening of the economic embargo, but many appear more willing than before to countenance a relaxation of the travel ban.

One reason may be that more Cubans, earning just \$25 a month, are relying on U.S. relatives as Cuba's economy languishes without the help provided by the former Soviet Union, and U.S. dollars become the de rigueur method of payment for services from plumbers to English lessons. "Wages over there aren't enough without the help we get from relatives over here," said Cuban church pastor Homero Carbonell Gonzalez, who travels often to Miami for supplies.

# Reuters Americas

London, United Kingdom

3 November 2003

## Cuba continues buying spree of U.S. goods

By Marc Frank, Reuters

HAVANA, Nov 3 (Reuters) - Cuba bought \$20 million worth of food, paper and lumber from U.S. companies on Monday, the first day of Havana's international trade fair where the communist nation promised to purchase \$50 million in U.S. goods.

"We have bought more than \$500 million worth of U.S. products since December 2001," said a glowing Pedro Alvarez, chairman of Cuba's state food importer Alimport, as he signed one contract after another at the trade show. "We plan to sign more than \$100 million in contracts at the fair, around half with the Americans," Alvarez said.

The United States amended the more than four-decades-old embargo on Cuba in 2000 to allow agricultural sales for cash. Cuba began buying American farm products a year later and in 2002 the United States became its 10th biggest trading partner.

According to the U.S.-Cuba Trade and Economic Council that monitors trade between the two countries, actual sales over the last 23 months totaled \$292 million. The Cuban figure includes contracts due in the future and shipping costs.

U.S. agribusiness Cargill led off the contract signing on Monday with the sale of \$4 million worth of wheat and soy protein. FCStone, a Minnesota group of farm cooperatives, then signed for soybeans valued at \$4.6 million. Cargill's sales since December 2001 total \$50 million and FCStone \$38 million, company representatives said.

Cuba for the first time played up the presence of a large group of U.S. companies at the annual trade fair, with 71 firms and 153 business representatives of the 700 foreign companies there, organizers said.

The show is taking place even as debate stirs in Washington over Cuba policy. The U.S. Senate last month passed legislation that would lift restrictions on Americans traveling to Cuba by denying the government funds to enforce the ban. The measure, approved earlier by the House of Representatives, must still pass a conference committee before reaching President George W. Bush's desk. Bush, who tightened travel regulations to Cuba and cracked down on unauthorized trips to the island this year, said he would veto the measure.

U.S. businessmen said allowing American tourism to Cuba would give cash-strapped Havana the funds to buy more U.S. produce. The White House insists the tourists dollars would help prop up a repressive government in the hemisphere's only communist nation.

"Most people here would encourage the Bush administration to revisit the travel ban and the trade restrictions," Chris Aberle, FCStone Sales Director said.

# Reuters Americas

London, United Kingdom

6 November 2003

## **FEATURE-Small U.S. companies edge in on Cuban market**

By Anthony Boadle

HAVANA, Nov 6 (Reuters) - Small American businesses are gaining a foothold in the Cuban market dominated so far by agribusiness giants selling grain to feed the communist-run Caribbean island.

At this week's trade fair in Havana, small companies are enthusiastically offering Cuba anything from mayonnaise and ice cream to apples and pears, fruit juices and strawberry daiquiri mix.

Braving politics and red tape on both sides of the Florida Straits, they see themselves as pioneers opening up Cuba for growing U.S. business in a long-forbidden market.

"It's been a hit and miss, herky-jerky way of doing business down here," said Don Gentile, vice president of Y&Y Agriculture Corp, a small brokerage company based in Savannah, Georgia. "We are not making a lot of money. It's not even break-even at this point, but we had to do this to get into Cuba," he said.

Gentile, whose company was set up to get a Treasury license to do business with Cuba, first landed in Havana wanting to set up a fast-food chain, but the Cubans didn't take to the idea. Instead, Y&Y won a contract for 80 tons of soy-based ice cream formula -- worth \$350,000.

The Cubans then asked him for other raw materials for their food industry, such as maltodextrin, a corn starch thickening additive used in bakery products, instant foods, sauces and beverages.

So Gentile tracked down the people who invented how to refine maltodextrin. "I said: 'Hey, you guys, want to sell some stuff to Cuba?' They said: 'Oh, my God, can we sell to Cuba?' I said: 'Well, sure,'" he recounted.

Despite four decades of political enmity and U.S. trade sanctions, there are

more companies from the United States attending the annual Havana International Fair than any other country -- 71 from 18 states.

European presence is down this year due to a diplomatic freeze over European Union criticism of human rights abuses by President Fidel Castro's government, in power since 1959.

U.S. food and agricultural exports are allowed under an October 2000 amendment to the trade embargo. The exception stretches to lumber and paper. Cuba's ruling Communist-Party newspaper Granma is now printed on American newsprint.

In the two years since Cuba began buying from the United States, American companies have sold about \$300 million, mostly in bulk shipments of wheat, corn and soy from large agribusiness companies such as Cargill Inc. and Archer Daniels Midland <[ADM.N](#)>.

"The reality is that 98 percent of what the Cubans are buying is bulk commodities, and that is distributed among 10 companies," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors American business with the island.

The Bush administration has vowed to veto an amendment recently passed by both chambers of the U.S. Congress lifting a ban on U.S. tourism to Cuba, once a sin-and-sun playground for Americans. The White House says the tourist dollars will prop up a decaying "tyranny" in Cuba.

But Americans venturing into Cuba don't pay attention to the politics. In any case, they see themselves as exporting capitalism to the hemisphere's only communist society.

"It is inevitable. It's going to take off from here," said Mercedes Costa, an executive of IBC Airways of Miami, the first cargo airline to fly to Cuba direct, with three weekly flights.

Costa, whose family left Cuba when she was a child in 1960, said younger Cuban Americans did not share the grudges of the exiled generation of their parents and want to trade with Cuba. "We are pioneers of what is to come. We are paving the road," she said.

# Chicago Tribune

Chicago, Illinois

7 November 2003

## **Cuba travel ban faces new turbulence Bush, Congress split on how tourism dollars affect Castro's regime**

By Gary Marx  
Tribune foreign correspondent

HAVANA -- Gerardo Vasquez hovered near a group of tourists, quickly sketching their profiles using a small clipboard, a black pen and several colored markers. Within minutes, the 21-year-old Cuban sold five drawings for a dollar each, earning the equivalent of a half-month's salary for the average Cuban. "Some days are very bad, but with luck I can earn \$20 or \$25," Vasquez said. "This is good for making money."

Vasquez is one of thousands of people who scratch out a living on the edges of Cuba's all-important tourism industry. He also is an unknowing participant in a heated debate over whether the relatively small number of Americans traveling to Cuba props up a dictatorship or builds bridges among people and rewards enterprising Cubans.

The U.S. Treasury Department in effect prohibits most Americans from visiting Cuba by making it illegal for them to spend money on the island. Still, about 150,000 Americans came to Cuba legally last year and an estimated 20,000 more traveled illegally through Mexico, Canada and other third countries to disguise their trips, according to the U.S.-Cuba Trade and Economic Council.

In Washington last month, the House of Representatives and the Senate voted to deny funds the Treasury needs to enforce the travel restrictions. And on Thursday, the Senate Foreign Relations Committee voted 13-5 to end the travel ban, which was imposed during the Kennedy administration in 1963. President Bush has vowed to veto any measure that weakens the travel limits or the four-decade U.S. trade embargo against the island.

Bush and other supporters of the travel ban argue that most U.S. tourist dollars go into government coffers and support a repressive and unpopular regime whose demise would be hastened by a sharp drop in the number of American visitors.

In the past month, U.S. Customs and Border Protection officers have increased inspections of Cuba travelers in an effort to stop illegal visits and to identify legal visitors violating U.S. limits on the amount of money they can carry to the island, according to government officials and travel executives. According to U.S. regulations, legal travelers to Cuba can generally spend about \$160 a day on the island, though Cuban-Americans can bring far more as gifts for relatives.

Licenses to be eliminated Maria Teresa Aral, vice president of ABC Charters, one of a handful of companies licensed to fly from the U.S. to Cuba, said that five of her passengers recently were prevented from boarding flights because they did not have their licenses to travel to the island or carried more cash than the law allows.

Already, the Bush administration plans to eliminate by year-end the popular "people-to-people" educational and cultural licenses that have allowed thousands of Americans to visit Cuba legally since 1999. Administration officials argue that such trips have become thinly disguised tourist junkets.

"Tourist travel is particularly troublesome because it is an important source of hard currency for Castro," said Griffin Taylor, a Treasury Department spokesman. "The goal of the U.S.-Cuba sanctions program is to deny the Castro regime the financial means to oppress the Cuban people." But those who favor lifting the travel restrictions argue that increased contacts between Americans and Cubans can only spread the values of democracy and free enterprise. Others argue the U.S. government should not restrict where Americans can travel.

"I've been to China, East Berlin before the Wall fell and Moscow before the collapse of the Soviet Union," said Wilma Pinder, a Los Angeles attorney who visited Cuba legally in October. "I believe that the exchange between the countries is good for everyone." Pinder, who spent a week on the island with a group of UCLA alumni, said she visited museums, a health clinic, an artist's studio and other sites. "There was no sunning on the beach, no golf, no tennis and no club-hopping," she said. "It was just absorption of the Cuban way of life, with all its thorns and shortcomings."

And while travel executives and experts agree that most U.S. tourist dollars in Cuba are spent in state-run facilities, they say a significant portion also ends up in the hands of artists, taxi drivers, bellhops and others who otherwise would be forced to survive on a meager state salary. U.S. dollars are legal and widely used in Cuba, although the Cuban peso is the country's official currency.

"The fact is that Cubans want to work in the tourist industry more than any place else because they make so much more money," said Philip Peters, a former U.S. State Department official and Cuba expert who opposes the ban on travel. "Dollars that travelers spend in Cuba spill all over the place."

### Tourism in Old Havana

On the narrow streets of Old Havana, a recently restored historical district in the capital, dozens of Cubans hustle each day for tourist dollars. In addition to sketch artists such as Vasquez, there are scores of musicians playing son, guaracha and other traditional music for tips. Old women in colorful colonial-era dresses ask for tips to pose for photographs with tourists.

Eduardo Gonzalez, 38, who has run a tourist shop in Old Havana for the past year, said he and many other vendors pay the Cuban government between \$140 and \$160 a month in licensing fees regardless of how much they sell. The vendor keeps anything above that amount, he said.

"It depends on the flow of tourists, but I can make between \$40 and \$120 a month in profit," said Gonzalez, a former welder. "It's not worth it to work for the state and make \$12 a month. What can I buy with that? I have four kids to support." One Cuban tourism official estimated that 1 million Americans might visit in the first year after travel limits are lifted, although some question if Cuba could handle such an influx.

For their part, Gonzalez and other Cubans working in the tourism industry said they would welcome as many Americans as the island can fit. "When you tell a Spanish or Italian tourist something that costs \$2, they'll offer you a dollar," Gonzalez said. "If an American likes something, they'll pay whatever you ask. I prefer the Americans."



# **Lloyd's List**

**London, United Kingdom**  
**7 November 2003**

## **Why Cuba is suddenly crucial to Bush**

**BY WITH THE ECONOMY SHAKY AND IRAQ TURNING INTO THE QUAGMIRE MANY FEARED, ALIENATING FLORIDA'S CUBANS IS NOT A LUXURY THE PRESIDENT CAN AFFORD, WRITES JOHN MCLAUGHLIN**

IT IS difficult to underestimate how much Florida matters to US President George W Bush. It was the state that won him the White House three years ago, despite his failure to win a majority of the popular vote and after a vote-counting fiasco that literally put US democracy on trial.

It is also a state that is pivotal to his electoral hopes for 2004, more so even than last time after the latest census results added two more electoral college votes to Florida's tally. Even with his brother Jeb running the place as governor, and with the caveat that the Democrats select a worthy opponent for Mr Bush, it is again likely to be hard-fought and narrowly won. Keeping the enthusiastic backing of Florida's Cuban community will be critical.

All of which goes a long way to explaining the curious scenes that took place last month 700 miles to the north in Washington DC, where the president has been engaged in an unruly bit of rough and tumble with his congressional cohorts over US policy on Cuba.

On October 10, Mr Bush outlined a new series of Cuba initiatives. Lest anyone be cynical enough to suggest that pure domestic politics were at work and not genuine outrage at a recent crackdown on dissidents by Fidel Castro, he stressed that the new moves were 'intended to hasten the arrival of a new, free, democratic Cuba'.

They included 'strengthening re-enforcement of those travel restrictions to Cuba that are already in place', with the Department of Homeland Security instructed 'to increase inspections of travellers and shipments to and from Cuba'.

There would also be greater efforts to ease the path of Cubans wishing to come to the US, the old chestnut of a 'new' Commission for the Assistance to a Free Cuba, 'to plan for the happy day when Castro's regime is no more', and yet another media blitz of the island because 'repressive governments fear the truth'.

It was that first provision, however, that sparked resistance on Capitol Hill. Two weeks later, the Republican-controlled Senate voted 59-36 to relax existing restrictions on

business and tourism travel to Cuba by prohibiting Treasury's Office of Foreign Assets Control from spending its money to enforce them.

The Senate move followed a 227-188 vote in favour of easing the controls in the House of Representatives, where Republican control is stronger and backing for president Bush generally more reliable.

Cuba policy has traditionally pitted Democrats against Republicans, with the former arguing more frequently for a policy of engagement and the latter contending that a hard line will eventually beat the Castro government into submission.

But Republicans from the big farm states of the Mid-West are now arguing increasingly for an end to the more than 40-year old US embargo on Cuba, a stance that puts them increasingly at odds with President Bush and his hopes of re-election.

Along with many of their Democratic colleagues, they contend that blackballing Cuba for four decades has done nothing to ease Fidel Castro's grip on power, and that encouraging a free flow of ideas and commerce between the two countries would be a far more effective means of promoting democracy.

As Wyoming Republican Sen Mike Enzi said after the recent vote, the US 'economic stranglehold' on Cuba is only hurting the Cuban people. 'Unilateral sanctions stop not just the flow of goods but the flow of ideas.'

Perhaps more to the point, the senators also see a big potential market for their constituents in the Cuban economy. As North Dakota Democrat Byron Dorgan put it last week: 'The ban on travel to Cuba hobbles the ability of American farmers to sell products in Cuba and restricts the rights of Americans to travel freely. The travel ban does nothing to hurt Fidel Castro. It harms only Americans.'

Sen Dorgan added that US farm groups and business had sponsored a food fair in Cuba last year where they sold \$100m-worth of farm products. But the Bush administration was now blocking travel to Cuba for a similar fair, and had denied licenses to travel to Cuba to Farm Bureau officials and other farming groups.

The potential of Cuba and its 11,000,000 consumers 100 miles off the Florida coast is real enough. According to John Kavulich of the US-Cuba Trade and Economic Council, the US exported \$149m-worth food and agricultural goods to Cuba in the first eight months of this year, 50% up on the corresponding period of 2002.

Since December 2001, when shipments resumed under the Trade Sanctions Reform and Export Enhancement Act of October 2000 for the first time since the embargo was imposed, the US has shipped \$292.1m-worth of such goods to Cuba. Mr Kavulich adds that, in the process, the US became the largest single source of food and agricultural imports for Cuba last year, taking a 22% share of the total, and that this year its share should rise to 35-40%. The potential for further expansion is considerable.

Mr Kavulich believes the impact of pushing the travel ban amendment through would be largely symbolic, at least in the short term. Alan Tracy, president of the trade group US Wheat Associates, sees it differently, contending that it 'will definitely help increase demand for US products in Cuba'.

He notes: 'The head of [Cuban food-importing agency] Alimport has twice been denied a visa. Since he buys \$1bn-worth of food a year, it would seem he does have a legitimate commercial interest in visiting his suppliers.'

He said that Cuba had persisted in seeking to buy from the US, even though the US would only allow cash purchases and would not reciprocate by buying Cuban products, and despite the difficulties Cuba had securing letters of credit. He felt sure Cuba would respond to any opening by the US.

He added that Cuba 'is very busy building new modern mills with European equipment, so it is converting from a flour importer to strictly a wheat importer'.

'They need goods and the US is the most logical supplier,' he said, adding that Cuba had bought around 285,000 tonnes of wheat since December 2001, that demand could rise to 750,000 tonnes by 2005 and that, with a lifting of the embargo, 'it could easily grow to one million tons. Our proximity and the quality of our wheat for their needs makes us the perfect fit.'

It seems that Mr Bush, however, is not for turning. In a terse response to the Senate vote, the White House insisted that 'lifting the sanctions now would provide a helping hand to a desperate and repressive regime'.

The president says he will go as far as vetoing the critical \$90bn funding bill for the Treasury department, the Transportation department and the White House if this amendment survives the gauntlet of congressional conference and makes it onto his desk.

This should not come as a surprise, for there appears to be little political capital in the Bush administration changing tack, however disgruntled farm-state Republicans might be on Capitol Hill. As one long-time Cuba-watcher puts it: 'There isn't any reason for them to risk a known for an unknown. So far at least, no-one has come to [Bush's electoral Svengali] Karl Rove and said 'if you change your position on Cuba, you'll pick up votes'.'

With the economy shaky and Iraq turning into the quagmire many feared, alienating Florida's Cubans is not a luxury the Bush re-election team can afford. The same source adds that 'all this amendment says is that OFAC cannot use its budget to enforce the travel ban. It doesn't say anything about Customs or Immigration or Justice. Anyone who believes the White House is going to roll over on this is hallucinating.'

# Arkansas Democrat Gazette

Little Rock, Arkansas

7 November 2003

## State's top firms bide time in Cuba

BY TOM DARIN LISKEY

Cuba, with its economy in a shambles, pledged to dip into its hard currency reserves this week to purchase American farm products.

So far, Arkansas' \$3 billion poultry industry appears to have missed out on new contracts. But that doesn't mean the state's agribusiness doesn't want to win Cuban palates — and the communist government's cash. The state's poultry industry continues to target the Caribbean island nation where U.S. companies are paid upfront for their barnyard and brandname products.

This week, 71 U.S. firms — including Stuttgart-based Riceland Foods Inc. — are at an international business fair in Havana that ends Sunday.

Tyson Foods Inc. of Springdale sent a representative to Havana, where the company is interested in building up its international business. Tyson spokesman Ed Nicholson said Thursday that while trade continues, the company hasn't signed any new contracts with Alimport, Cuba's state import company.

Pittsburg, Texas-based Pilgrim's Pride, a Tyson rival that is purchasing ConAgra Foods Inc.'s Arkansas operations in El Dorado, Batesville and Clinton, is likewise striving to build up its presence in the Cuban poultry market. Pilgrim's, which owned a chicken facility in De Queen before the deal's announcement in June, didn't send a representative to Havana this week, spokesman Ray Atkinson said. But Atkinson said the company continues to foster commercial relationships it has already made with the Cuban state for its chicken.

Smaller Arkansas poultry companies such as Peterson Farms, the Decatur-based chicken producer; Simmons Foods Inc. of Siloam Springs; and Springdale's George's Inc. didn't attend the fair. Instead, they're watching developments as Tyson and Pilgrim's break new ground in the Cuban market. "Cuba's economy is in trouble," said economist Aryam Vazquez of IDEAGlobal, a New York-based consulting firm. He said Cubans need food and the government is willing to use what reserves it has to pay for it.

Since the Trade Sanctions Reform and Export Enhancement Act was signed into law in 2000, U.S. exporters have been allowed to sell agricultural commodities to Cuba, but only if the debtladen Cubans pay cash upfront. The act provided an exemption to a U.S. trade embargo against Cuba that has been in effect for more than four decades. "U.S. companies are paid in cash for their transactions and they're profiting from it," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

Pedro Alvarez, president of Alimport, said as of last Saturday, Cuba had purchased \$463 million in U.S. farm goods since the communist government allowed imports of U.S. farm goods in 2001, after Hurricane Michelle hit the island and destroyed many crops.

Backers of Arkansas' poultry trade to the island nation, just 90 miles off Florida's coast, say the United States is in a good position to export to Cuba. "The sanctions have made it difficult for Arkansas [poultry and rice producers] to export their products to Cuba," Sen. Blanche Lincoln, D-Ark., said.

Arkansas, the nation's secondlargest poultry producer, would stand to reap millions of dollars in new poultry sales if trade restrictions were further eased, industry watchers have said. "We are very interested in the potential [Cuban] market... as the opportunity presents itself," said Gene Martin, senior market analyst with the Arkansas Farm Bureau in Little Rock.

Tyson, the country's largest meat processor, sells dark chicken meat to Cuba. Pilgrim's Pride has sent leg quarters to the island. Other Arkansas poultry companies say their products are trickling into the Cuban poultry market through brokers and international trading companies that are licensed to export there.

Toby Moore, spokesman for the USA Poultry & Egg Export Council, said that in the first eight months of the year the United States' poultry industry exported 42,326 metric tons of chicken to Cuba, 58 percent more than in the same period in 2002. Chicken exports in the January-through-August period were valued at \$19.8 million, up substantially from \$12.5 million in the same eight months a year earlier, he said.

But rival poultry from other nations is making its way to store shelves in the communist nation of 11 million. "As more countries have begun to supply poultry to Cuba competition has increased," according to a recent report posted on the U.S. Department of Agriculture's Web site.

Brazil's Perdigao S. A. and Sadia S. A. recently formed a jointly owned trading company to sell more chicken to Russia, Cuba and other countries. Brazil is the world's second-largest chicken exporter.

On Monday, Alimport signed deals with U.S. companies valued at \$25 million for rice, soybeans and other products. Cuba's official communist newspaper, Granma Internacional, quoted the country's vice president, Carlos Lage, as saying that agricultural and food deals worth more than \$80 million will be signed by the time the food show ends.

The U.S. trade embargo and the disintegration of the Caribbean island nation's communist bloc-era trade partners devastated the Cuban economy in the 1990s. The country's nickel and sugar cane industries also have floundered, catapulting tourism to the island's main source of hard currency. The government is using the foreign money it collects from tourists for food purchases, analysts said.

# NRC Handelsblad

Amsterdam, The Netherlands

3 November 2003

## Amerikanen naderen Cuba iets

Door onze correspondent Viktor Frölke

Het Amerikaanse Congres wil een eind aan het reisembargo tegen Cuba. President Bush ligt evenwel dwars. De reiswereld heeft de koffers daarom nog niet gepakt. „Veel Amerikanen vinden het embargo achterhaald.”

Pittoreske koloniale gebouwen. Meisjes van plezier. De Buena Vista Social Club. Fossiel communisme. En dat alles op een uurtje vliegen van Miami.

Dit soort aanbevelingen zou in de broVerenigde Statenchure kunnen staan van reisbureaus die Cuba proberen te slijten aan Amerikaanse toeristen, met meer dan een knipoog naar het roemruchte, decadente, goddeloze tijdperk van voor Fidel Castro, toen Cuba gold als de tropische speeltuin voor de rijken.

Mits – grote mits – het reisverbod ooit wordt opgeheven.

Het is nog niet helemaal duidelijk wat de wetswijziging die vorige week door de Senaat werd aangenomen aangaande het reisverbod voor Cuba precies voor gevolgen heeft voor de sector, die gezien het nog altijd zwakke economische klimaat elke impuls kan gebruiken. Optimisten in de branche speculeren hardop dat het aantal Amerikaanse reizigers naar Cuba in afzienbare tijd zou kunnen oplopen tot een miljoen, meer dan een vervijfvoudiging van de meest recente cijfers. Anderen waarschuwen dat als er al reden is tot juichen, er nog lang moet worden gewacht voordat er iets concreets verandert in de situatie.

„Dit is goed nieuws voor ons”, zegt Graham Bleasdale, eigenaar van reisbureau Cuban Adventures, dat sinds 1999 opereert vanuit Vancouver in Canada en reizen aanbiedt naar Havana. „De Senaat zendt een zeer duidelijke boodschap de wereld in, namelijk dat veel Amerikanen het reisembargo achterhaald vinden.”

Eind vorige maand stemde de Senaat verrassend met 59 stemmen voor en 38 tegen een verlichting van het reisverbod, dat neerkomt op een verbod aan Amerikaanse toeristen om geld uit te geven in Cuba. Eerder had het Huis van Afgevaardigden een dergelijk wetsvoorstel aangenomen. De vraag is nu of het Congres de benodigde twee derde van de stemmen kan behalen om een veto van president Bush te weerstaan.

Of het reisverbod voor Amerikanen op termijn ook daadwerkelijk wordt opgeheven, is zeer de vraag. Niet alleen is president Bush bezig om veel van de versoepelingen van het bijna 41-jarige handelsembargo uit het Clinton-tijdperk terug te draaien, ook heeft

hij opdracht gegeven strenger toe te zien op naleving van de boycot. Volgens waarnemers doet hij dat onder andere onder druk van de Cubaanse expats in Florida, die de Cubaanse leider Fidel Castro geen enkele toeristendollar gunnen en hem willen straffen voor zijn in hun ogen onmenselijke bewind.

„De actie van de Senaat is voorlopig volkomen symbolisch”, zegt John Kavulich, hoofd van de US-Cuba Trade and Economic Council, een handelsinformatiecentrum in New York voor Amerikanen die handel willen drijven met Cuba. „Op de korte termijn verwacht ik helemaal geen effect, op de middellange termijn zie je misschien een heel klein golfje.”

De rooskleurige schattingen van sommige reisorganisaties over de mogelijkheden op Cuba noemt Kavulich „bespottelijk”. „Luister, waar moeten al die Amerikanen heen? Er zijn misschien 2.500 fatsoenlijke hotelbedden in Havana. Op een cruiseschip misschien? Als er een schip met 3.000 passagiers afmeert in de haven van Havana dan is dat veel.”

Naar schatting 120.000 Amerikanen bezochten Cuba vorig jaar, met behulp van de verplichte reisvergunning afgegeven door het ministerie van Financiën. Van hen was 85 procent Cubaanse Amerikanen op familiebezoek. De rest bestond uit overheidsfunctionarissen, academici, journalisten en atleten op werkbezoek.

Twintigduizend à 25.000 Amerikanen bezochten Cuba illegaal. Dat wil zeggen, ze reisden zonder vergunning – meestal door een omweg te nemen langs een zogenaamd `doorvoerland'. Cuba Linda is een reisorganisatie die zulke diensten aanbiedt, nota bene via een website vanuit Havana – tot groot ongenoegen van de Amerikaanse regering.

„Er kan je niets gebeuren als je op eigen gelegenheid naar een van onze doorvoerhavensteden reist, zoals Toronto, en van daaruit met onze tickets doorvliegt naar Cuba”, meent Bleasdale van Cuban Adventures uit Vancouver.

Kavulich van het inlichtingencentrum in New York waagt dit te betwijfelen. „Zeker na 11 september wordt door de Amerikaanse douane steeds nauwkeuriger gelet op je reisbescheiden”, zegt hij. „Als blijkt dat je in Cuba bent geweest zonder vergunning ben je de klos.” Volgens hem hebben zulke illegale reizigers dit jaar al geldboetes ontvangen tot 100.000 dollar, of een gevangenisstraf. „Het embargo wordt door deze regering uitermate serieus genomen.”

Classic Custom Vacations, een grote reisorganisatie gevestigd in San Jose, Californië, ziet de ontwikkelingen nog even aan. „Mijn idee is dat het nog veel te vroeg is om reisproducten te ontwerpen voor Cuba”, aldus woordvoerster Kelly Ladley, zolang er geen absolute duidelijkheid is over de status van het embargo.

# **Bloomberg News**

**New York, New York**

**4 November 2003**

## **UN General Assembly Calls for End to U.S. Embargo on Cuba**

Nov. 4 (Bloomberg) -- The United Nations General Assembly voted 179 to 3 to pass a non-binding resolution calling on the U.S. to end its 40-year-old trade embargo on Cuba, the 12th consecutive year such a measure has been overwhelmingly adopted.

“We will maintain the embargo until Fidel Castro organizes free elections and gives freedom, democracy and human rights to the people of Cuba,” U.S. diplomat Sichan Siv said in explanation of his vote against the resolution.

U.S. annual trade with Cuba could be as much as \$1.16 billion a year if the embargo -- put in place after Castro took power in 1959 and nationalized U.S.-owned assets such as sugar mills -- were lifted, according to the International Trade Commission, an autonomous U.S. agency.

Ending the embargo would benefit U.S. financial services, energy and agricultural companies, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, Inc., a New York-based group that represents companies such as Archer Daniels Midland Co. and Riceland Foods Inc.

Exceptions to the embargo created in 2000 allowed Cuba last year to purchase \$140 million in food from the U.S., according to Kavulich.

Israel and the Marshall Islands joined the U.S. in voting against the resolution. Micronesia and Morocco abstained from the vote in the General Assembly, which consists of all 191 UN members.

Former U.S. President Jimmy Carter is among those advocating that the Bush administration end trade and travel embargos. The White House said the embargos help cut off activity “that provides economic resources to the Castro regime while doing nothing to help the Cuban people.” President George W. Bush said in a speech on Oct. 10 that the U.S. would increase inspections of shipments to and from Cuba, target Americans who travel to Cuba illegally and allow more Cuban immigrants to come to the U.S.

“The blockade is a flagrant, massive and systematic violation of the human rights of the Cuban people,” Cuban Foreign Minister Felipe Perez Roque said in a speech to the General Assembly. “It has caused our country on the order of \$72 billion.”

European Union members voted unanimously for the resolution, as did U.S. allies Australia and Japan.



# Sun-Sentinel

## Fort Lauderdale, Florida

### 4 November 2003

#### **71 American firms ignore Cuban embargo, flock to Havana for trade fair**

By Vanessa Bauzá  
Havana Bureau

HAVANA -- Selling mojito and daiquiri mixes to Cuba may seem a little like peddling refrigerators at the North Pole, but for Richard Waltzer, president of Fort Lauderdale-based Splash Tropical Drinks, it's been big business.

He joined a record number of American food and business executives Monday at Havana's 21st annual International Trade Fair, the most significant trade event on the island, drawing about 600 companies from 50 countries, mostly in Europe, Canada and Asia.

With 14 Florida firms, the Sunshine State led 71 companies from 19 states selling grains, lumber, frozen chicken, fresh vegetables and other prepared and bulk foods.

The high number of American firms, despite the Bush administration's recent tightening of travel and other anti-Castro mandates, reflects the growing divide in Congress and the business community over the U.S. policy toward Cuba.

Many Florida companies are eager for an entry to Cuba's market because the state stands to gain the most if the embargo were lifted.

"I know this is going to be a multimillion-dollar business for our company," said Waltzer, who expected to sign a \$500,000 contract with Alimport, Cuba's food importing agency. "I don't look at the politics. It's great for American business. Anyone who says it's not is not supporting our economy and our export deficit."

Pedro Alvarez, who heads Alimport, said he planned to sign about \$100 million worth of contracts through Sunday. About half of that will go to companies in the United States -- a sign that while Cuban officials buy U.S. products, they are also trying to secure continued, anti-embargo support from the business sector.

"That sends a clear message to the American people that it is our intent to re-establish trade ties and have normal relations," Alvarez said. "This is a market the United States has turned over to Europe. Today we see with happiness that they want to recover it."

Many of the food executives already were familiar with Havana's trade scene, having attended the U.S. Food and Agribusiness Exhibition last year. With their appetites whetted by multimillion-dollar contracts signed then, they rented booths at the

international trade fair despite the Bush administration's decision not to approve a second U.S. food show this year because of the Castro government's crackdown on dissidents.

But that hasn't stopped many firms. Most view business with Cuba as an investment in the future, even if sales now are relatively small.

"We look at this as a way to start up a market that will be significant," said Jay Brickman, vice president of Fort Lauderdale-based Crowley Liner Services, which has six ships that deliver food to Havana every month from Port Everglades, Jacksonville and Gulf Port, Miss..

"Some people [in South Florida] have told us they really don't want us here; others are neutral and others think it's time to change after 42 years," Brickman said. "We may be a little on the cutting edge but we are in no way operating outside the laws of the United States."

Though the Bush administration has clamped down on Cuba travel and vowed to veto any easing of the embargo, trade with Cuba continues to increase. Havana has bought about \$260 million worth of U.S. foods and agricultural products since 2000, when Congress legalized the cash-only sales, according to the New York-based U.S.-Cuba Trade and Economic Council.

The operations director of Miami-based Purity Products, Enrique Montejo, said his sales to Cuba since the September 2002 trade fair total about \$2.5 million in spices, mayonnaise, mustard and other condiments.

"We believe we can still do a lot of business with Cuba," said Montejo, a Cuban-American who left the island with his family in 1978. "It's a market that's been buying from other countries."

"It's not that big a part of my business, but it's an opportunity to break into a new market," said Mike Mauricio of Tampa-based Florida Produce, which has sold about \$800,000 worth of fruits and vegetables to Cuba.

Although individual companies from across Europe made up much of the vast trade fair, the turnout was down from past years.

The European Union and Italy both pulled their booths, reflecting a diplomatic chill since the firing-squad executions of three hijackers in April and the arrests of 75 peaceful dissidents.

Despite the unprecedented U.S. presence at the trade fair, Italian businessman Francesco Sempio was not yet ready to cede his territory to U.S. firms.

"At the moment we are not feeling the competition much," said Sempio, president of Euricom, a European rice company. "The Cubans are not going to have a single [food] provider. Tomorrow the [U.S.] president could change and the blockade could be tighter."

# The Dallas Morning News

Dallas, Texas  
25 October 2003

## Promoters object as U.S. blocks ag fair in Cuba They note farm trade; administration points to dissident crackdown

By TRACEY EATON

**HAVANA** – U.S. officials have shown "a painful lack of understanding of commerce" and put politics ahead of business by refusing to authorize a second agricultural fair in Cuba, a trade show organizer says.

The first U.S. Food & Agribusiness Exhibition was a big success as Cuba snapped up nearly \$100 million in produce last year, organizer Peter Nathan said.

It was also a publicity coup for President Fidel Castro, who was shown not as a villain, but as a hometown politician who bottle-fed calves and chatted with Minnesota farm boys.



Erich Schlegel / DMN

**At last year's U.S. Food and Agribusiness Exhibition, Cuban President Fidel Castro talks with two Minnesota farm boys.**

U.S. authorities say they will not allow a second ag fair in light of the Cuban government's crackdown on dissidents last spring, when 75 democracy activists were slapped with prison sentences of up to 28 years.

"In the context of the increased repression in Cuba, especially the Castro regime's actions to crush civil society and open market activity, holding a trade fair now would send a signal of 'business as usual' with the regime. There is no business as usual with this repressive government," a

senior State Department official said speaking on condition of anonymity.

Critics say the U.S. stance hurts American farmers and goes against growing popular opposition to the longtime ban on trade with Cuba.

The U.S. Senate voted Thursday to loosen the restrictions on travel to Cuba, after a similar vote in the House. The White House says President Bush will veto any legislation to soften the ban.

Keeping the sanctions – and refusing to allow trade shows and other events – hurts Texas farmers doing business with Cuba, said Steve Pringle, legislative director for the Texas Farm Bureau.

"It's unfortunate," he said. "Every year, lawmakers vote overwhelmingly to support trade with Cuba, but the congressional leadership and the Bush administration do everything they can to thwart the will of the people."

American producers don't need these kinds of events to do business with Cuba, said Richard Newcomb, director of the Office of Foreign Asset Control, a Treasury Department agency that enforces the ban on trade with Cuba. In a letter to the trade fair's organizer, he said he had no evidence that the U.S. government's refusal to authorize such shows has prevented food or agricultural sales to Cuba.

Mr. Nathan said he is astonished by that argument.

Last year's fair was directly responsible for \$92 million in sales that would have otherwise gone to producers in Canada, France, China, Mexico, Vietnam and other countries, he said in an Oct. 16 letter to Mr. Newcomb.

Claiming that such shows don't generate sales "demonstrates a painful lack of understanding of commerce and the role of trade exhibitions," he wrote.

Treasury Department spokesman Taylor Griffin responded: "It's beside the point whether trade shows help or hurt commerce. This is really about Castro's brutal oppression of his own people. You're gonna round up dissidents, fine. You're not going to get trade shows."

The U.S. government began imposing economic sanctions on Cuba in the early 1960s after the Castro regime seized American-owned companies on the island.

Since Mr. Bush took office, the government has tightened those sanctions. A law passed in 2000, however, allows the sale of food, agricultural products and medicine to Cuba.

Texas companies are among those trying to take advantage of that law.

"They're getting their foot in the door and laying the groundwork for the future," said Cynthia Thomas, president of TriDimension Strategies, a Dallas consulting firm.

Texas state lawmakers were the first to ask Mr. Bush to lift the trade ban in May 2001. And in October 2001, a Texas A&M University study said that Texas agricultural producers could see as much as \$54 million in exports per year as a

result of loosened restrictions. That, the study said, would place Texas exports to Cuba ahead of all states except Arkansas, California, Iowa and Louisiana.

Despite such optimism, some say Texas trade to Cuba hasn't taken off as expected.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said he believes Texas companies have spent more than those in any other state seeking increased trade with Cuba but that their return has been the lowest.

Ms. Thomas said she is not discouraged and plans to travel to the island in November with several Texas executives to try to drum up business. They will be attending the 21st International Fair of Havana. "They see engagement with Cuba as a positive thing," said Ms. Thomas, who is also Texas chair of Americans for Humanitarian Trade with Cuba.

Alimport, the state-run Cuban company authorized to buy American products, has predicted that such purchases will rise from \$165 million in 2002 to \$230 million in 2003, Mr. Kavulich reported in his monthly newsletter, Economic Eye on Cuba.

Cuba's food and agricultural imports from all countries were \$498 million in 2000, \$532 million in 2001 and \$553 million in 2002, Mr. Kavulich said.

Texas ports stand to benefit from increased trade with Cuba. Before the United States imposed sanctions, the port of Beaumont handled more Cuba-bound rice than any other. Thousands of tons of Texas rice passed through the port every month. Port executives say they would like to see that kind of volume again.

"There's a lot of potential there," said Ernest Bezdek, the port's trade development director. "And it would help Texas farmers. Every year we lose acreage that is planted with rice. We'd like to see that turn around."

But he said he doesn't need to attend a trade show in Cuba to promote the port. Existing law allows him to travel to the island to look for business, he said.

"We have an embargo in place, and we certainly respect that the government has decided to continue that embargo," he said.

Mr. Nathan has reapplied for permission to hold the second trade expo, which he hopes will be held in February.

"There are thousands of U.S.-based companies whose employees, executives and owners will continue to have no knowledge that lawful opportunities exist for the export of agricultural products, food products and health-care products to Cuba without the umbrella provided by exhibitions," he wrote Mr. Newcomb.

# The New York Times

New York, New York

23 October 2003

## In Blow to Bush, Senate Votes to Ease Cuba Travel Limits

By CHRISTOPHER MARQUIS

**WASHINGTON, Oct. 23** — In a firm rebuke to President Bush over Cuba policy, the Senate on Thursday overwhelmingly voted to ease travel restrictions on Americans seeking to visit the island.

The 59-to-38 vote came two weeks after Mr. Bush, in a Rose Garden ceremony, announced that he would tighten the travel ban on Cuba in an attempt to halt illegal tourism there and to bring more pressure on the government of Fidel Castro.

The House of Representatives has repeatedly passed legislation to ease the travel ban, including a vote of 227 to 188 last month approving virtually identical language. But in previous efforts, the House leadership has been able to use back-room maneuvers to bottle it up. Thursday's vote was the first time the Senate had acted to loosen the ban, which is in the form of a prohibition on spending more than a token amount of money in Cuba.

The Senate vote placed the president and Republican Congressional leaders on a collision course, leaving an angry White House threatening to veto an important spending bill that contained the provision easing the travel restrictions and a growing number of lawmakers from both parties demanding an overhaul of the American sanctions against Havana.

In the final dash to approve sweeping appropriations bills, it remains uncertain whether the White House threat is a negotiating ploy and whether supporters of looser travel restrictions could muster a two-thirds majority to override a veto.

The vote also highlighted a widening split between two important Republican constituencies: farm-state Republicans, who oppose trade sanctions in general or are eager to increase sales to Cuba, and Cuban-American leaders, who want to curb travel and trade to punish Mr. Castro. The White House views Cuban-Americans as essential to Mr. Bush's re-election prospects in Florida.

The Senate last rejected an easing of travel restrictions in 1999, by a vote of 43 to 55. But in an indication of how much the political and policy pendulum has swung, 13 senators who voted against easing the curbs four years ago switched sides and voted for it on Thursday.

Several influential Republican senators voted against the president, including John W. Warner of Virginia, the chairman of the Armed Services Committee; and Pat Roberts of Kansas, the chairman of the intelligence committee; as did many conservatives from farming states, including James M. Inhofe of Oklahoma, Sam Brownback of Kansas and Kay Bailey Hutchison of Texas.

Senator Michael B. Enzi, a Wyoming Republican who co-sponsored the amendment, criticized what he called an American "stranglehold" on Cuba, a country of 11 million people less than 100

miles from the United States. The decades-old travel ban, he said, merely deepens Cubans' misery without providing fresh ideas to the Marxist-led nation. "Unilateral sanctions stop not just the flow of goods, but the flow of ideas," Mr. Enzi said. "Ideas of freedom and democracy are the keys to positive change in any nation."

The White House countered that allowing unfettered travel to Cuba would provide Mr. Castro's government with an economic bonanza, allowing him to cover up his shortcomings as a repressive dictator.

On Oct. 10, Mr. Bush defended tight restrictions, saying American tourist dollars go to the Cuban government, which "pays the workers a pittance in worthless pesos and keeps the hard currency to prop up the dictator and his cronies."

"Illegal tourism perpetuates the misery of the Cuban people," he said.

Mr. Bush pledged to step up enforcement of the travel ban, by increasing inspections of travelers and shipments to and from Cuba. The Department of Homeland Security immediately announced that it would direct "intelligence and investigative resources" to identify travelers or businesses that circumvent the sanctions against Cuba.

The president's statement represented the first substantive response to a mounting outcry among some Cuban exile groups over Mr. Castro's imprisonment of about 75 Cuban dissidents last spring.

But Mr. Bush's adherence to a hard-line policy identified with the most conservative exile groups has increasingly left him at odds with Congress. In 2000, lawmakers, under pressure from the farm lobby, approved the limited sale of food and medicines to the island; since then, Cuba has bought \$282 million in agricultural goods, according to the U.S.-Cuba Trade and Economic Council.

The Senate vote was on an amendment to the \$90 billion spending bill for the Treasury and Transportation Departments. A senior administration official said the president's advisers would recommend that he veto the bill if it emerges from a House-Senate conference committee with the amendment still in it.

Advocates of easing restrictions said they had taken steps to prevent the travel measure from being stripped away again in conference committee. They cited the lopsided Senate vote supporting it.

With food and medical sales authorized on a case-by-case basis, the travel ban is one of the last remaining pillars of the trade embargo, which was first imposed by President Kennedy in 1962.

Before then, Cuba's sandy beaches and Spanish colonial architecture had made it a popular tourist spot for Americans. In recent years, it has become so again, to the chagrin of administration officials. As many as 25,000 Americans visited Cuba without authorization from the Treasury Department last year, according to the U.S.-Cuba Trade and Economic Council. About 140,000 Americans, mostly Cuban exiles on family visits, traveled to the island legally, the council said.

The legislation approved by the House last month and the Senate today does not officially legalize travel to the island. Rather, it strips the Treasury Department's Office of Foreign Assets Control of its ability to enforce the travel restrictions.

**Monday, October 20, 2003**

## **Food and agricultural trade from U.S. to Cuba soars**

By GARY MARX  
Chicago Tribune

**HAVANA** - One year after a historic U.S. agricultural trade fair in Havana, U.S. food and agricultural sales to Cuba are soaring even as relations between the two countries are at their lowest point in years.

Archer Daniels Midland Co., the Decatur, Ill.-based food giant, along with dozens of other U.S. companies, have sold more than \$125 million in wheat, rice, poultry and other products to Cuba in the first six months of 2003, according to the U.S.-Cuba Trade and Economic Council. That compares to \$138.6 million for all of 2002, according to the council.

Diplomats and experts said Cuban officials are increasing their purchases of U.S. products because shipping and other costs are far cheaper for American goods than those from Europe, Asia and other distant regions.

But Cuban officials also are trying to boost U.S. agricultural trade — which several years ago was exempted under the decades-old U.S. economic embargo against the Caribbean island — as a way to build pressure in the United States to further ease longstanding economic sanctions, experts said.

Last week, Cuban officials signed a contract in Havana to purchase \$8 million worth of corn and soy from an Iowa-based farm cooperative. The next day, Cuba signed another contract to purchase 250 cattle from a Florida company. “It’s an attempt to undermine the embargo,” said Jaime Suchlicki, a Cuba expert at the University of Miami. “There is a political motivation as well as an economic motivation.”

Many U.S. business executives say they are eager to increase sales to Cuba— a relatively modest market with 11 million people — at a time of stagnant economic growth in the United States and tight markets overseas. They argue that constructive engagement and free trade are the most effective ways to improve the political climate in Cuba even in the wake of the arrest and sentencing this year of 75 Cuban dissidents.

“We are always concerned when there is a lack of freedom,” said Tony DeLio, vice president for marketing and public relations at Archer Daniels Midland. “But as a company, our ability to affect that, and where we can help bring about change, is through trade.” Others are blunt about the separation of business and politics.

“We’ve faced tough economic times and we can’t leave any money on the table,” said David Radlo, a Massachusetts businessman who has sold about \$2 million worth of eggs to Cuba since last year. “We’ll leave political issues to the politicians. I’m just going to continue doing business,” he said.

John Kavulich, president of the U.S.-Cuba trade council, said he knows of no U.S. companies that have severed trade ties to Cuba because of the recent dissident crackdown. But he said fewer U.S. political and business leaders have visited Cuba this year. He said several major companies that had planned to enter the Cuban market “postponed their engagement indefinitely” after the mass arrests.



At last week's signing ceremonies, Pedro Alvarez, a top Cuban trade official, said U.S. agricultural sales in 2003 could reach \$320 million, a figure that includes transportation, insurance and other costs. If the embargo is lifted, U.S. merchants could quickly capture more than 60 percent of the \$1 billion Cuba spends annually on agricultural and food imports, he said. Alvarez said increased trade would inevitably improve relations between the two countries, although he said nothing about whether it would create pressures to ease Cuba's crackdown on dissent or alter its one-party political system.

"Trade and travel will benefit peoples and communities and will not hurt anybody," said Alvarez, chairman of the Cuban import agency Alimport. "It will create employment, and people-to-people contacts nurture friendships."

Diplomats and experts said Cuba's use of trade as a political weapon comes at a time when the island nation has few diplomatic cards to play and is facing a prolonged economic crisis. Tourism, the nation's most important source of hard currency, has increased this year but remains volatile. Sugar, once Cuba's most important industry, is in a severe and perhaps terminal decline. For most Cubans, the struggle to put food on the table and make ends meet remains paramount.

The recent crackdown on dissidents has compounded the economic problems facing Cuban President Fidel Castro. Stung by European criticism, Castro withdrew Cuba's application to a European preferential trade pact that could have meant hundreds of millions of dollars in commercial benefits and assistance. Castro also rejected most future economic assistance from the European Union, which totaled more than \$155 million between 1993 and 2000.

In recent months, Cuba has cancelled about \$18 million worth of projects funded by the European Union, according to one Havana-based European diplomat. More than a dozen other bilateral aid projects funded by European nations also have been eliminated. At the same time, Cuban leaders continue to criticize President Bush, who opposes any easing of the trade embargo or lifting of the travel ban that prohibits most Americans from legally visiting the island.

Experts said Cuban officials are seeking an economic boost by improving ties with Brazil, China and other large developing nations. Cuban officials also are hoping that purchasing American agricultural products from as many U.S. companies as possible will eventually create a lobby powerful enough to overturn the sanctions, which remain an impediment to economic growth.

Farm-state politicians and business leaders are among the most vociferous opponents of the embargo. "The 40-year-old economic embargo hasn't worked," said Chris Aberle, director of domestic sales for the Iowa-based cooperative FCStone, which last week sold corn and soy to Cuba. "I personally disagree with using food like a carrot on a stick."

The first U.S. agricultural sales to Cuba began in December 2001 after the island's agricultural sector was devastated by Hurricane Michelle. According to U.S. law, the Cubans must pay cash for all U.S. exports — a condition that restricts sales in this cash-strapped economy but makes the deals particularly attractive to U.S. sellers.

The sale of U.S. agricultural products to Cuba increased substantially in September 2002, when 288 exhibitors displayed their products at the first U.S. Food and Agribusiness Exhibition in Havana. The five-day fair ended with \$92 million in U.S. sales.

At one point, Castro was mobbed as he toured the exhibition hall and stopped at the Archer Daniels Midland booth, where he sampled a chocolate milkshake, French fries and a hamburger each containing a soy protein ingredient produced by the company.

Since then, DeLio said, the Cubans have purchased tens of thousands of dollars worth of the soy ingredient from ADM. He predicted increased sales by many U.S. companies, even though the Bush administration denied a license for a new agribusiness trade show this year in Havana. "It's happening quietly, effectively and routinely," he said.

# Minnesota Public Radio

Minneapolis, Minnesota

19 October 2003

## America's beef with Cuba

by [Rob Schmitz](#), Minnesota Public Radio



*Farmer Ralph Kaehler, right, speaks with Cuban President Fidel Castro during last year's U.S. Food and Agribusiness exhibition in Havana. Kaehler is about to embark on his third visit to Cuba, where he'll meet Castro again. (MPR Photo/Michael Khoo)*

### Audio

[America's beef with Cuba](#) (story audio)

### Photos

[Ralph Kaehler talks with Cuban President Fidel Castro](#)

[U.S. Senator Norm Coleman](#)

### Your Voice

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About a year ago, Minnesota governor Jesse Ventura traveled to Cuba to promote the state's trade interests. He was taking advantage of the U.S. government's partial lifting of the Cuban trade embargo. Since then, U.S. exports to the communist country have skyrocketed. Minnesota is among the top ten states that export to Cuba. However, Minnesota farmers are concerned about how heightened US-Cuba political tensions will affect their exports.

St. Charles, Minn. — St. Charles farmer Ralph Kaehler says doing business with Cuba is a lesson in working with paranoid, controlling bureaucrats who require loads of unnecessary paperwork at frequent stages of the deal. And he's not talking about Cuba's communist government.

"The difficult part, has been for the most part working with our government: getting visas for Cuban livestock inspectors and veterinarians to come up and inspect the animals like every other country does. That took forever. It's just fighting the politics side of doing business," says Kaehler.

A year ago, American political and business interests towards Cuba were joined at the hip. They were taking advantage of Congress's partial lifting of the 42-year-old trade embargo. This cleared the way for agricultural and food product exports to the country.

Then Cuban President Fidel Castro imprisoned more than 70 political dissidents. He also ordered the execution of three Cubans trying to escape the country this past Spring.

“

**"Harming lawful business activity isn't the way to harm the Cuban government. What you're doing is harming the business community. and is that really your target?"**

*- U.S.-Cuba Trade and Economic Council President John Kavulich*

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The move spurred President Bush to publicly condemn Cuba two weeks ago, promising further travel restrictions. Though goods are still flowing from the US to Cuba, farmers like Ralph Kaehler wonder how long it'll be before politics get in the way.

Four black heffers eagerly line up at a trough as Kaehler turns on the water. "Their offspring will be the ones that go to Cuba in the next couple of years," he announces proudly.

Kaehler and his young sons Seth and Cliff became celebrities for a day last year during Governor Ventura's trade mission to Cuba. Fidel Castro posed for pictures with them and their bull for the international press corps.

Since then, Kaehler has sold some of his own cattle to Cuba. He's also been back to the country to try and sell an ethanol byproduct. Castro hosted him on that trip, too. He says the revolutionary leader has again asked to meet with him when Kaehler returns to the country next week.

"You know he's got an incredible presence about him, he's very intense about his things, and knowledgeable about a lot of issues on it. Very dominating in conversation. He can go on and on and on," says Kaehler.

The relationship between Kaehler and Castro is amicable enough that Kaehler's family is now on the Cuban leader's holiday card list. A New Year's card signed by Castro is displayed in the farmer's kitchen.

Up until this year, this chummy relationship has exemplified US trade to Cuba. Figures vary, but according to the U.S.-Cuba Trade and Economic Council, exports to Cuba since 2001 total more than \$260 million. Officials from the U.S. Department of Agriculture say this figure could be as much as half a billion dollars. Last year, the US provided over 20 percent of Cuba's agricultural products. This year, experts expect this to increase to around 40 percent.

John Kavulich is President of the New York-based U.S.-Cuba Trade and Economic Council. "In 2002, the relationship from a commercial standpoint was leaping from one peak to the next," he says. "Every month there were new purchases, US companies were sending representatives down. Members of the House and Senate were going down. Governors were going down. There was a lot of euphoria."

The high point was last year's U.S. Food and Agribusiness exhibition in Havana. A large delegation from Minnesota attended. The event garnered over \$92 million in sales for U.S. businesses.

"The Cuban government said 'Well, we want to buy from everybody.' And they just kept going, and going, and going, like the proverbial Energizer Bunny. It was great for U.S. companies," says Kavulich.

A second exhibition was planned for January of 2004, but it was cancelled after the U.S. Treasury Department refused to grant the necessary permits to the exhibitors. The Bush Administration is also clamping down on non-business visits by U.S. schools and non-profit groups, whose most current licenses are expected to expire by the end of the year. Kavulich says the success of last year's exhibition should serve as an example to the president of why further restrictions to Cuba aren't a good idea.

"Harming lawful business activity isn't the way to harm the Cuban government. What you're doing is harming the business community. and is that really your target?"



U.S. Senator Norm Coleman

U.S. Senator Norm Coleman says the target is Cuba's human rights record. He isn't alone. Since Castro's crackdown last Spring, members of Congress who supported easing trade and travel barriers dropped by 13 percent. Last year, while campaigning for Senate, Coleman told voters he supported easing trade and travel restrictions on Cuba. Last month, Cuban officials warmly welcomed Coleman when he arrived for an official visit. However, their mood changed early in the trip after he met with relatives of imprisoned poets, artists, and journalists.

"And the next thing I know, the anticipated visit with Castro never took place," says Coleman. "On the way out of the country, my plane got there at 8:15 and I wasn't told it was there. We waited for another hour in order for a flight plan to be approved. I went from a welcome guest to, perhaps, being unwelcome because I simply reflected the concern of folks who are languishing in jail."

Coleman says once Castro starts releasing these prisoners, he will go back to advocating for fewer restrictions on the country. But for farmer Ralph Kaehler, that isn't enough. Back on his farm in St. Charles, Kaehler says Coleman is helping undermine the success of the Ventura trade mission.

"I know I look at people that deal with me, if they came and visited me and then started complaining about me, I probably wouldn't be too fired up about them," says Kaehler. Kaehler says Coleman is playing party politics.

"I thought it would make sense to me when you're elected in MN that you check and see what's best for your constituents, and then go with that first, and then go to your national party and say 'you know what? I can understand where you're going with that, but here's what my people that elected me need,'" says Kaehler.

Kaehler says he wonders why members of congress aren't applying equal pressure on countries like China or Saudi Arabia. Both are U.S. trading partners whose governments have also been criticized for their human rights records. According to Cuba trade expert John Kavulich, these countries are too important to American business interests for the U.S. government to apply the same principles.

"The government of China made it very clear to U.S. companies: You support us, or we may have difficulty dealing with you. And that resonates with U.S. company executives. In the case of Cuba, it simply isn't as important, economically, yet," says Kavulich.

Kavulich says Cuba's proximity to the U.S. and its enthusiasm for American products give the country the potential to be an important trading partner. That is, he says, if politics would just get out of the way.

**Dallas, Texas**  
**13 October 2003**

## **Agriculture Exhibition Sponsor Decries Cuba License Denial**

Thursday, the sponsor of a U.S. Food and Agribusiness Exhibition in Cuba, has stated the Bush administration refused to grant him a license for a second exhibition for political reasons.

Peter Nathan, president of PWN Exhibicon of Connecticut, told Congress Daily that he is considering legal action against the Treasury Department because it has denied him a license while it has granted licenses to individual companies to exhibit at the Havana International Trade Fair in November.

Nathan said he believes the Bush administration does not want the food and agribusiness exhibition to take place as planned in January because the show is likely to get a lot of international news coverage and would be bad for President Bush's chances of maintaining the support of Cuban Americans opposed to the government of President Fidel Castro.

"This is definitely a political decision, having more to do with the re-election campaign than with Castro," Nathan said. His comments came as Bush administration officials adopted a hard line on opening doors with Cuba at a Senate hearing.

In separate interviews Thursday, Nathan and John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, said that Cuban officials told them the exhibition Nathan organized in September 2002 led the Cuban government to buy \$92 million more in agricultural products that Cuba would not have purchased had the show not been held.

U.S. law has not permitted the sale of most products to Cuba since President Kennedy imposed an embargo in 1963. But the Trade Sanctions Reform and Export Enhancement Act of 2000 allows the sale of U.S. agricultural products on a cash-only basis to Cuba and also allows for travel to Cuba in conjunction with marketing of the agricultural products.

Nathan and Kavulich both pointed out that Treasury's Office of Foreign Assets Control regulations on sales to Cuba specifically permits participation in public exhibitions. Nathan applied earlier this year for a license for a second exhibition,

but Treasury denied the application 2 June. Groups of senators have written letters to both Secretary of State Powell and Treasury Secretary Snow to urge approval of the license. But the Treasury Department denied the license, and officials from both departments have told the senators that increased repression in Cuba led an interagency committee to decide it would be "inappropriate" to grant a license for another big exhibition.

Paul Kelly, a State Department official, noted in his letter to senators, that if Cuba were to release imprisoned political dissidents, the department might reconsider its position.

Since the 2000 law liberalizing agricultural trade with Cuba went into effect, the United States has become the single largest supplier of food products to Cuba and Cuba has risen from the 144th to the 35th most important market for U.S. agricultural products.

Kavulich said Cuban purchases of U.S. agricultural products have risen from \$4.5 million in 2001 to \$139 million in 2002 and to an expected \$195 million to \$200 million in 2003. Kavulich added that Cuba's crackdown on dissidents earlier this year has caused a number of U.S. companies to "postpone indefinitely" plans for further business activities in Cuba because they fear the regime is unstable.

Nathan and Kavulich made their statements on the same day a Senate Foreign Relations Committee hearing was held on Cuba policy. Roger Noriega, assistant secretary of State for Western Hemisphere Affairs, and Richard Newcomb, director of the OFAC office, said the Bush administration opposes any liberalization of trade or travel policy toward Cuba. Senate Foreign Relations Chairman Lugar and Senate Finance ranking member Max Baucus, D-Mont., both said during the hearing they do not believe the current policy toward Cuba is working.

# **Wisconsin Ag Connection**

**Marshfield, Wisconsin**

**10 October 2003**

## **U.S., Cuba Food Trade Working Well USAgNet**

U.S. food and agricultural sales to Cuba are soaring even as relations between the two countries are at their lowest point in years. Dozens of U.S. companies have sold more than \$125 million in wheat, rice, poultry and other products to Cuba in the first six months of 2003, according to the U.S.-Cuba Trade and Economic Council. That compares to \$138.6 million for all of 2002.

Diplomats and experts said Cuba is increasing purchases of U.S. products because shipping and other costs are less than for those from Europe, Asia and other more distant regions. But Cuban officials also are trying to increase U.S. agricultural trade as a way to pressure the United States to further ease longstanding economic sanctions, experts said.

# Chicago Tribune

Chicago, Illinois

8 October 2003

## Rising food sales to Cuba from U.S. defy sour relations

**Experts say Havana buying more from American agribusinesses to pressure Bush administration**

By Gary Marx  
Tribune foreign correspondent

HAVANA -- One year after a historic U.S. agricultural trade fair in Havana, U.S. food and agricultural sales to Cuba are soaring even as relations between the two countries are at their lowest point in years.

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"It's an attempt to undermine the embargo," said Jaime Suchlicki, a Cuba expert at the University of Miami. "There is a political motivation as well as an economic motivation."

Executives argue for free trade

Many U.S. business executives say they are eager to increase sales to Cuba--a relatively modest market with 11 million people--at a time of stagnant economic growth in the U.S. and tight markets overseas. They argue that constructive engagement and free trade are the most effective ways to improve the political climate in Cuba even in the wake of the arrest and sentencing this year of 75 Cuban dissidents.

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Others are blunt about separating business and politics.

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Cuba facing prolonged crisis

Diplomats and experts said Cuba's use of trade as a political weapon comes at a time when the island nation has few diplomatic cards to play and is facing a prolonged economic crisis.

Tourism, the nation's most important source of hard currency, has increased this year but remains volatile. Sugar, once Cuba's most important industry, is in a severe and perhaps terminal decline. For most Cubans, the struggle to put food on the table remains paramount.

The recent crackdown on dissidents has compounded the economic problems facing Cuban President Fidel Castro. Stung by European criticism, Castro withdrew Cuba's application to a European preferential trade pact that could have meant hundreds of millions of dollars in commercial benefits and assistance. Castro also rejected most future economic assistance from the European Union, which totaled more than \$155 million between 1993 and 2000.

In recent months, Cuba has cancelled about \$18 million worth of projects funded by the European Union, according to one Havana-based European diplomat. More than a dozen other bilateral aid projects funded by European nations also have been eliminated.

At the same time, Cuban leaders continue to criticize President Bush, who opposes any easing of the trade embargo or lifting of the travel ban that prohibits most Americans from legally visiting the island.

Experts said Cuban officials are seeking an economic boost by improving ties with Brazil, China and other large developing nations. Cuban officials also are hoping that purchasing agricultural products from as many U.S. companies as possible eventually will create a lobby powerful enough to overturn the sanctions, which remain an impediment to economic growth.

## Embargo foes in farm states

Farm-state politicians and business leaders are among the most vociferous opponents of the embargo. "The 40-year-old economic embargo hasn't worked," said Chris Aberle, director of domestic sales for the Iowa-based cooperative FCStone, which sold corn and soy to Cuba last week. "I personally disagree with using food like a carrot on a stick."

The first U.S. agricultural sales to Cuba began in December 2001 after the island's agricultural sector was devastated by Hurricane Michelle. According to U.S. law, the Cubans must pay cash for all U.S. exports--a condition that restricts sales in this cash-strapped economy but makes the deals particularly attractive to U.S. sellers.

The sale of U.S. agricultural products to Cuba increased substantially in September 2002, when 288 exhibitors displayed their products at the first U.S. Food and Agribusiness Exhibition in Havana. The five-day fair ended with \$92 million in U.S. sales.

# The Palm Beach Post

Palm Beach, Florida

3 October 2003

## St. Lucie ranch to ship cattle to Cuba

By Susan Salisbury  
Palm Beach Post Staff Writer

Today, they're grazing in western St. Lucie County, but six months from now, 80 cows and one bull from Adams Ranch will be starting a new life in Cuba and helping that country reestablish its beef industry.

"It kind of borders on the humanitarian-type thing. Our cattle will do well there," said Mike Adams, president of the ranch that sells about 5,500 calves a year, most of which go to the Texas Panhandle to be fattened up.

"They're buying heifers so they can start a brood cow herd," Adams said. "When they closed up the island years ago, they ate all the cattle."

The cattle are part of 250 in a \$450,000 deal brokered by J.P. Wright & Co. of Naples. The buyer is Alimport, Cuba's trade agency.

Although the cattle are not the first U.S. cattle to be shipped from Florida's ports since commercial exports started again in December 2001, they're the first Florida-born bovines headed for Cuba in 40 years. About 450 U.S. cattle have been sent to Cuba in the last two years.

"It's important to reestablish the cattle trade between Cuba and Florida," John Parke Wright, president of J.P. Wright, said from Havana on Thursday. "Cuba needs to increase its beef production for simple things we take for granted, such as having meat a few times a week."

Wright is a member of the Lykes family, which began shipping cattle from Tampa to Havana in the 1850s. He handled a 148-head dairy cattle deal to Cuba a year ago. Those animals arrived in August and are expected to be out of quarantine Tuesday.

"We're back in the saddle. We're ranchers. We're friends," Wright said. "As far as we are concerned, there is a friendship between Cuba and Florida that has existed for 200 years."

Wright said selling cattle to Cuba benefits American ranchers because it "increases agricultural trade jobs in the United States."

News of the deal did not sit well with the Cuban American National Foundation in Miami.

"These are all people doing business with a criminal regime," said Joe Garcia, the foundation's executive director, referring to the government of Cuban President Fidel Castro. "If they can live with their consciences, so be it. Show me an example that Cubans are living better. This has nothing to do with helping the Cuban people."

The deal includes the Adams Ranch Braford, 80 Brangus heifers from the Strickland Ranch of Manatee County, 81 beef masters from an undisclosed ranch plus three bulls from each breed, Wright said.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc. in New York, said the cattle deal is significant because it is one of the first in more than 40 years.

"Cuba is one of the safest markets in the world for U.S. agricultural exports because U.S. law requires cash in advance," Kavulich said. Cuba levies no tariffs on U.S. agricultural products, he said.

In 2002, \$138.6 million in agricultural foods were exported to Cuba from the U.S. The top exports were wheat, corn, poultry, soybean oil and soybeans. This year, Cuba has bought \$124 million in U.S. foods, the U.S. Department of Commerce reports.

Cuba is the only nation in the Western Hemisphere excluded from the upcoming Free Trade Area of the Americas proposal. Negotiations among the 34 other nations are scheduled to begin Nov. 20 in Miami.

"It's not good for Cuba to be excluded from regional trade accords, simply because the countries that are included have an incentive to deal amongst themselves," Kavulich said.

Another trade expert, John VanSickle, director of the International Trade and Development Center at the University of Florida, said the cattle deal doesn't mean long-term success: "There's still a long way to go in terms of what we do with policy with Cuba before we can look to it as a large market."

# Arkansas Democrat-Gazette

Little Rock, Arkansas

3 October 2003

## U.S. says no to 2nd food show in Cuba

BY CRISTAL CODY

The U.S. State and Treasury departments turned down a request by 10 U.S. senators, including Arkansas' Blanche Lincoln, to hold a second U.S. food exhibition in Cuba because of the nation's "recent repressive actions."

The senators, including Lincoln, D-Ark., sent the departments a letter in July requesting a reversal of a June 2 decision that denied a license to hold a second round of food and healthcare exhibits in Cuba next year.

The Treasury Department's Office of Foreign Assets Control cited Cuba's April imprisonment of government opponents and journalists and the executions of three men who had hijacked a passenger ferry in trying to flee the island.

U.S. companies have a different perspective on how to help Cuba's 11 million people. The island, just 90 miles off the coast of Florida, has moved up into the top 10 export markets for chicken, according to the USA Poultry & Egg Export Council.

A widely successful food and agribusiness exhibit in Cuba in September 2002 resulted in an extra \$92 million in sales for U.S. businesses, including Arkansas rice and poultry companies, according to the U.S.-Cuba Trade and Economic Council.

The State Department said in an Aug. 13 letter to the senators made public this week that Cuba's government and U.S. foreign partners "could interpret licensing of another such fair as conveying a sense of normalcy and business as usual.

" Should the political situation improve, for example, by the regime releasing the unfairly imprisoned opposition members or otherwise indicating its interest in reform, we would be prepared to reconsider our views regarding these types of license requests. "

The Treasury Department said, in its Sept. 11 letter to the senators made public this week, that it's not blocking trade with the island, where a 2000 law allows direct cash sales of U.S. food and medicine.

The agency said it will continue to consider issuing individual licenses, which usually last a year and allow company representatives to travel to Cuba to arrange food and healthcare sales. More than 100 licenses already have gone out in the past six months to companies, farmers, state farm bureaus and agriculture departments, Juan Zarate, deputy

assistant secretary in the terrorist financing and financial crimes unit of the Treasury Department, said in the letter.

Original plans called for holding the U.S. Food and Agribusiness Exhibition originally in January. Last year's trade show in Havana attracted 291 companies and organizations, including Coca-Cola Enterprises Inc., Tyson Foods Inc. and Archer Daniels Midland Co. It was the first trade show of U.S. food and agriculture products since the 1959 Cuban revolution, which later resulted in an American trade embargo against the island.

Peter Nathan, president of PWN Exhibicon International LLC in Westport, Conn., which organized last year's trade show, said he was considering filing a lawsuit against OFAC. The agency authorized U.S. companies to participate in the 21 st Havana International Trade Fair in Cuba next month while denying a permit to hold the second U.S. trade exhibit.

Taylor Griffin, a Treasury Department spokesman, said a license is in place for U.S. participation in internationally sponsored professional events, and the Havana trade exhibit probably falls into that category.

Dennis Hays, a Cuban expert returning to the private sector this month, supports the decision to deny a permit. Hays is the former executive vice president of The Cuban-American National Foundation in Washington, D. C., a group that opposes dealings with Cuban leader Fidel Castro.

" One of the problems we as Americans have is our sense of indignation only lasts a very short period of time, "Hays said." Here you have these horrendous actions in Cuba, which everyone rightly condemned. Yet, literally weeks later people are going hat in hand to Havana. Cuba will be a good market for Arkansas and other places when it's a prosperous democracy. "

Others see the permit denial as part of the Bush administration's reply to the crackdown on the island this year. Washington overturned a Clinton-era policy earlier this year that allowed Americans to travel to Cuba for educational purposes.

" The applications to conduct a second U.S. food agribusiness exhibition and a second healthcare exhibition were the first casualties, "said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York." The question is whether impacting lawful commercial activity is the appropriate tool to demonstrate that displeasure. " Since December 2001, U.S. companies have sold \$268.6 million in products to Cuba, most of it in agriculture commodities.

U.S. poultry companies, including Springdale-based Tyson Foods, sold about \$20 million in chicken this year to Cuba, Kavulich said. Rice companies, including Stuttgart-based Riceland Foods Inc., sold about \$10 million in rice this year, he said.

" The U.S. will, as it was in 2002, be the single largest source of food and agricultural products to Cuba, "Kavulich said." Last year we represented approximately 20 percent of Cuba's food and agricultural imports. This year we may represent 35 to 40 percent. "

# Congress Daily

Washington, D.C.

3 October 2003

## AGRICULTURE

### **Agriculture Exhibition Sponsor Decries Cuba License Denial**

The sponsor of a U.S. Food and Agribusiness Exhibition last year in Cuba Thursday charged the Bush administration is refusing to grant him a license for a second exhibition for political reasons.

Peter Nathan, president of PNW Exhibicon of Connecticut, told CongressDaily that he is considering legal action against the Treasury Department because it has denied him a license while it has granted licenses to individual companies to exhibit at the Havana International Trade Fair in November.

Nathan said he believes the Bush administration does not want the food and agribusiness exhibition to take place as planned in January because the show is likely to get a lot of international news coverage and would be bad for President Bush's chances of maintaining the support of Cuban Americans opposed to the government of President Fidel Castro.

"This is definitely a political decision, having more to do with the re-election campaign than with Castro," Nathan said. His comments came as Bush administration officials adopted a hard line on opening doors with Cuba at a Senate hearing.

Nathan and John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, said in separate interviews Thursday that Cuban officials told them that the exhibition Nathan organized in September 2002 led the Cuban government to buy \$92 million more in agricultural products that Cuba would not have purchased if the show had not been held.

U.S. law has not permitted the sale of most products to Cuba since President Kennedy imposed an embargo in 1963. But the Trade Sanctions Reform and Export Enhancement Act of 2000 allows the sale of U.S. agricultural products on a cash-only basis to Cuba and also allows for travel to Cuba in conjunction with marketing of the agricultural products.

Nathan and Kavulich both pointed out that Treasury's Office of Foreign Assets Control regulations on sales to Cuba specifically permits participation in public exhibitions.

Nathan applied earlier this year for a license for a second exhibition, but Treasury denied the application June 2. Groups of senators have written letters to both Secretary of State Powell and Treasury Secretary Snow to urge approval of the license.

But the Treasury Department denied the license, and officials from both departments have told the senators that increased repression in Cuba led an interagency committee to decide it would be "inappropriate" to grant a license for another big exhibition.

Paul Kelly, a State Department official, noted in his letter to senators, that if Cuba were to release imprisoned political dissidents, the department might reconsider its position.

Since the 2000 law liberalizing agricultural trade with Cuba went into effect, the United States has become the single largest supplier of food products to Cuba and Cuba has risen from the 144th to the 35th most important market for U.S. agricultural products.

Kavulich said Cuban purchases of U.S. agricultural products have risen from \$4.5 million in 2001 to \$139 million in 2002 and to an expected \$195 million to \$200 million in 2003.

Kavulich added that Cuba's crackdown on dissidents earlier this year has caused a number of U.S. companies to "postpone indefinitely" plans for further business activities in Cuba because they fear the regime is unstable.

Nathan and Kavulich made their statements on the same day a Senate Foreign Relations Committee hearing was held on Cuba policy.

Roger Noriega, assistant secretary of State for Western Hemisphere Affairs, and Richard Newcomb, director of the OFAC office, said the Bush administration opposes any liberalization of trade or travel policy toward Cuba.

Senate Foreign Relations Chairman Lugar and Senate Finance ranking member Max Baucus, D-Mont., both said during the hearing they do not believe the current policy toward Cuba is working.

By Jerry Hagstrom



# Miami Herald

Miami, Florida

1 October 2003

## TRADE WITH CUBA

**U.S. exports account for largest chunk of food product purchases  
Last year, deals and contracts worth \$92 million were negotiated. Another  
\$159 million worth of items have since arrived.**

BY NANCY SAN MARTIN

One year after an unprecedented trade show attracted 288 American exhibitors to Cuba, experts say the United States has become the island's largest source of imported food and agricultural products, with sales totaling more than \$250 million since last September.

During that five-day U.S. Food and Agribusiness Exhibition in Havana, the exhibitors from 33 U.S. states set up booths overflowing with food samples as negotiators worked behind the scenes to snag business deals in a market that had been closed for decades.

U.S. executives walked away with signed deals worth some \$92 million. Since then, at least another \$159 million worth of American products have made their way to Cuba, said John Kavulich, president of U.S.-Cuba Trade and Economic Council in New York, which monitors U.S. Department of Commerce reports.

It was the first such American trade fair in Cuba since Washington imposed a trade embargo on Cuba soon after President Fidel Castro took control of the United States' closest Caribbean neighbor 44 years ago.

'90 MILES'

"The thing that makes Cuba an attractive proposition is that it is literally 90 miles from our shores," said Tony DeLio, vice president of marketing for Archer Daniels Midland Co., a food giant based in Decatur, Ill. "It's very easy for us to do business there. We sell hundreds of millions of dollars worth of products throughout the Caribbean. Cuba is another stop."

Imports from the United States accounted for about 20 percent of Cuba's total food product purchases in 2002. They are expected to increase to as much as 35 percent by the end of the year, Kavulich said. That made the U.S. Cuba's largest source of such products in 2002, ahead of China and France.

The U.S. sales heightened enthusiasm among opponents of the trade embargo, who had hoped that American farmers would muster enough clout to pressure Washington to ease the restrictions. They also raised complaints from embargo supporters, who predicted that

the U.S. goods would wind up in tourist hotels, not with the Cuban people, and would only enrich the Castro government.

That dispute is stalled, in large part because the Cuban government's jailing of 75 dissidents six months ago, which led Washington to deny the fair's organizers a license for a new trade show this year.

"Should the political situation improve, for example, by the regime releasing the unfairly imprisoned opposition members or otherwise indicating its interest in reform, we would be prepared to reconsider our views regarding these types of license requests," said a State Department letter to 10 U.S. senators who had inquired about the license refusal.

## FLORIDA CORPORATIONS

"We were hoping that the second exhibition would attract a lot of new companies," said show organizer Peter Nathan, who noted that Florida corporations made up the largest number of exhibitors last year. "There is great interest, but it's on hold because the U.S. government has indicated that the time is not appropriate."

The first direct commercial exports of U.S. agricultural products to Cuba began in December 2001, following Hurricane Michelle, which devastated the island's agricultural sector. They were allowed under the U.S. Trade Sanctions Reform and Export Enhancement Act of 2000, which authorized such exports on condition that the American sellers be paid in cash.

## 'RATION REDISTRIBUTION'

Contrary to initial speculation, the American products do not appear to have wound up on the buffet tables of Cuba's tourist hotels.

"Well over 90 percent is going into the channels for distribution for the 11.2 million citizens," said Kavulich, referring to Cuba's food-rationing program. "We check it, we track it, we see it . . . Most of the products are being used for the ration distribution system."

Kavulich said Cuba purchases consist primarily of basic commodities such as wheat and soy-related products, not the type of goods that wind up in hotels. Only about 2 percent of the U.S. goods imported end up on the shelves of Cuban stores that only accept dollars.

Kavulich added that the future of U.S. sales to Cuba will depend on the political climate. "The relationship goes from peaks and valleys," he said. "There will be more peaks, the question is when? The timetable is determined by the government of Cuba."

Lazaro Herrera, a spokesman at the Cuban Interests Section in Washington, said his government does not like the U.S. restrictions on the sales, such as the cash-only provisions, but is pleased with the business relations so far and wants to expand them. "Cuba is a natural market for the United States, just as the United States is for Cuba," he said. "There is a mutual benefit. We are ready to continue the relations."

# Sun-Sentinel

## Fort Lauderdale, Florida

### 1 October 2003

## Praise, criticism greet changes in Cuba travel rules

By Vanessa Bauzá  
HAVANA BUREAU

**HAVANA** • Calling it an important goodwill gesture, Cuban-Americans favoring an end to economic sanctions hailed Havana's long-awaited decision to eliminate entry permits for émigrés visiting their homeland.

But those who favor the current U.S. embargo on travel and trade with Cuba called the move a ploy aimed at stimulating the island's sagging economy by boosting Cuban-American travel.

Under the new immigration rules, which take effect in the spring, Cuban émigrés no longer will need Havana's prior approval to travel to the island, Foreign Minister Felipe Perez Roque told about 300 Cuban-Americans in New York on Saturday.

"Everyone was on their feet, screaming and yelling. To say that this was well-received is an understatement," said Elena Freyre, executive director of the Cuban-American Defense League and a longtime anti-embargo activist. "I think there are a lot of people who have not gone back because it just rankles them to ask for permission."

Although the Cuban government's announcement makes Cuban-American travel easier, the U.S. embargo still limits them to one trip to the island a year.

Journalists, diplomats, academics, religious officials and others who meet certain requirements enforced by the U.S. Treasury Department are also allowed to travel to Cuba. Cuban-born Americans who left the island before 1970 may travel to Cuba on an American passport.

Cubans who immigrated to the United States after 1970 will still need a Cuban passport to enter the island, Cuba's foreign ministry said Tuesday. There is no change in regulations for non-Cubans traveling to Cuba.

Perez Roque also said the third Nation and Emigration Conference, which was abruptly canceled in April after a crackdown on political dissidents in Cuba, will be rescheduled for May 27-29.

Cuban-Americans are by far the largest group of licensed travelers to Cuba from the United States. Last year about 85 percent of 135,000 legal travelers were Cuban-born, according to the U.S.-Cuba Trade and Economic Council. In addition to cash remittances totaling up to \$1 billion a year that flow from Cuban-Americans to residents of the island nation, Cuban-American travelers spend about \$113 million on the island annually, the council estimated.

But for almost a quarter-century, many Cuban-Americans have criticized the entry permits as a humiliating obstacle to return visits, making travel to the island more costly and cumbersome. Eliminating these permits has consistently been at the top of their wish list in talks with Cuban

officials, getting little more than a wait-and-see response from Fidel Castro's government. Until now, Havana's only concession had been to create multiple entry permits for émigrés who cleared a security check.

'First step'

Many viewed the relaxing of the regulations as a goodwill gesture at a time when Washington and Havana have traded barbs, accusing each other's diplomats of everything from spying to destabilizing Castro's government.

"It's a first step to normalizing relations with the Cuban-American community," said Alfredo Duran, secretary of the Cuban Committee for Democracy and a member of the CIA-trained Bay of Pigs Brigade 2506. The Cuban government is trying "to show they are becoming more soft, and one of the ways they can show that not only to the international community but also the Cuban-American community is by dropping the visa requirement," Duran said.

Opposition leader Eloy Gutierrez Menoyo, who recently returned to Havana after 17 years in Miami, said he hoped the next step will be allowing Cubans to leave the island freely without government permission. Cuba is one of the few countries requiring an exit permit for its citizens.

"The correct thing would be to announce the right of entry and exit for Cubans," Gutierrez Menoyo said.

In addition to entry permits, which cost \$100, most Cuban-Americans must buy a passport from the Cuban Interests Section for \$230, pay travel agency fees ranging from \$15 to \$35, and buy a plane ticket, which costs \$299 to \$399, depending on the season, said Armando Garcia, owner of Marazul, one of the largest travel agencies booking trips to the island.

Policy called extortion

Perez Roque's announcement comes at a time when the Bush administration is phasing out a popular loophole to legal Cuba travel by eliminating the cultural and educational exchange licenses, known commonly as "people-to-people" trips. It also comes on the heels of the third consecutive vote in the House of Representatives to ease the travel ban. The Bush administration has said it would veto any measure to end economic sanctions.

Joe Garcia, executive director of the Cuban-American National Foundation, said Castro's government is trying to encourage Cuban-Americans to spend more money in Cuba by removing the unpopular entry visa requirement.

"Requiring nationals to pay more for an entry visa into the country when they already own a passport is extortion and, of course, this is a regime that is known for its capacity to extort its own citizens," Garcia said.

Some predicted that by enticing more Cuban-Americans to visit the island, Havana will cushion the loss of revenues made from permit fees.

"A substantial part of the foreign ministry's budget comes from visa fees and passport fees issued in Washington," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. "The concept is to take less from the people going in, and they'll be more inclined to spend it while they're there."

# Inc. Magazine

New York, New York

October 2003

## Small Biz Barges into Cuba

**Get this: Fidel Castro hates dissent, yet he appears to like American entrepreneurs.**

Page 24 By: Anton Piëch Photographs by: Adalberto Roque/AFP

A small South Carolina company has done something no American business has in over 40 years--sailed a U.S.-registered barge into Havana. Previously, the few American companies that shipped goods to Cuba chartered foreign vessels.

Maybank Shipping began cultivating a relationship with Cuba's import agency three years ago. Then last year, Cuba licensed a large shipper called Crowley, headquartered in Oakland, Calif., to import goods on foreign vessels. Turner Fabian, Maybank's vice president of operations, suspects the Cuban authorities didn't want to be too reliant on Crowley, so they eagerly granted a second license to Maybank, even though its fleet sails under the U.S. flag.

The barge operator, based in Charleston, completed its first trip in July and expects to return once a month for at least a year. Shipments of lumber, newsprint, and food products should generate about a third of the company's revenue, Fabian says. So far, Maybank has encountered no customs difficulties. Havana port workers have unloaded cargo with brisk efficiency. The Cubans even raised Old Glory above a fort in the harbor to welcome Maybank. "It gave me the chills," Fabian says.

But though the U.S. is now one of Cuba's Top 10 trading partners--and Cuba ranks as the U.S.'s 32nd largest partner--the dollar value of trade between the countries is still only \$140 million. The opportunity for small U.S. exporters is further limited because Cuban trade requires cash-only payment terms and licensing rules are stringent, says John Kavulich, of the U.S.-Cuba Trade and Economic Council. But the fact that Cuba is working with Maybank is interesting. Kavulich interprets it as a signal from Cuba that, as it liberalizes, it is interested in trading with more small businesses.

# Counterpunch

Petrolia, California

30 September 2003

## The Cuba Fixation Shaking Down American Travelers

By TOM CRUMPACKER

Why does our government want to prevent us from seeing and learning about what is happening in Cuba? It says its purpose is to deny hard currency to Cubans so that they will change the way they have organized their society. If so, it's the first time in history we've been forced to sacrifice one of our fundamental freedoms in order to implement a foreign policy objective.

From the beginning American courts have recognized and protected our right to travel to and in countries at peace with us, and our Supreme Court has repeatedly held this is part of the liberty we can't be deprived of without due process of law under the Fifth Amendment. Moreover, because travel often involves learning and exchange of ideas, our First Amendment rights of speech and association are also implicated. As former justice William O. Douglas once observed, "Freedom of movement is the very essence of our free society, setting us apart...it often makes all other rights meaningful."

In spite of this, in 1982 the Reagan Administration promulgated administrative regulations regarding Cuba travel which require a license issued by the State Department (permitting only certain limited types of travel, excluding business and tourist) and penalties for violation of concurrent Treasury Department currency restrictions forbidding the unlicensed spending of money. In a 5-4 decision in 1984, *Regan v. Wald*, our Supreme Court upheld the constitutionality of these restrictions on the basis of the State Department's assertion that Cuba had the economic, political and military backing of the Soviet Union, therefore the rights of citizens were overcome by national security needs. In other words due process was not violated because we were not "at peace" with Cuba.

In the 1990s when the Soviet Union no longer existed and our Defense Department had certified that Cuba posed no security risk, the restrictions were not being enforced, it being clear that no judge would uphold them. Nevertheless, they remained on the books because our presidents lacked the political will to terminate them and our State Department was using them to try to frighten Americans out of going to Cuba. In 2000 they were codified by a legally questionable maneuver in House-Senate Conference Committee on an unrelated bill. Each year the number

of unlicensed American visitors increased, and the US-Cuba Trade and Economic Council has estimated that last year there were over 100,000.

Whether codified or not, the restrictions are unconstitutional and therefore invalid because the Cold War is over. Most Cuba travelers who are aware of the legalities know they can avoid problems by refusing to pay and filing a hearing request within the required 30 days of receiving a penalty notice, which will send the matter into perpetual legal abeyance because our government doesn't want a court decision. The restrictions have been used to harass (but not prosecute) those our government deems politically incorrect. Union leaders and students attending conferences in Cuba have on return been held for hours in airports for interrogation by customs agents. Los Angeles guitarist Ry Cooder, who made a movie in Havana tending to promote friendship between the two countries ("Buena Vista Social Club"), was issued a \$25,000 penalty notice.

The worst aspect of the present situation is the shaking down of unwary Cuba travelers by a government which knows that if a fine is contested there will be no prosecution. The theoretical fine for unlicensed spending is \$250,000, the fine on paper but not practice is \$55,000, the typical fine is \$7,500, however Treasury accepts down to \$700 in "voluntary settlement." Treasury has been refusing to make public its records but a 2001 NY Transfer report by Jon Hillson indicates that Treasury told him that while they had then taken in almost \$2,000,000 in settlements from the 379 Cuba travelers who were frightened enough to pay voluntarily, it had never taken anyone to court.

There have been bills pending in Congress for at least five years to repeal various aspects of the Cuba embargo, including the travel restrictions (see proposed "Bridges to Cuban People Act"). However under the rules a few powerful men called "party leaders" get to decide what and when matters are voted on, and no votes have been allowed on the merits, just on the yearly Bush Administration budget requests for enforcement money.

Our Congress responds primarily to campaign contributions and powerful lobbies. The Cuban people have neither. Nevertheless two weeks ago the House voted for the third successive year to deny enforcement money for the travel restrictions, and this will come up in the Senate soon. If Americans can travel freely to Cuba, they will learn for themselves what is really going on there, rather than having to rely on the inaccurate official propaganda. If this happens, hopefully the entire embargo will be relegated to the place where it belongs -- the dustbin of history.

Tom Crumpacker is with the Miami Coalition to End the US Embargo of Cuba. He can be reached at: [Crump8@aol.com](mailto:Crump8@aol.com)

# Orlando Sentinel

Orlando, Florida

29 September 2003

CARTA DE CUBA



Vanessa Bauzá

## U.S. food exports to Cuba stay hot even as relations chill

**HAVANA** -- There was a little something for everyone under the high ceilings of the first U.S. Food and Agribusiness Exhibition hall, where communism and capitalism gave each other a warm handshake last year.

California dancing raisins and men wearing Spam suits frolicked in the air-conditioned aisles. Lawyers registered U.S. trademarks, Fidel Castro munched a soy burger and Cuban officials walked away with mountains of M&Ms, Sara Lee poundcakes and Jimmy Dean sausages -- their first peek into American cupboards in more than four decades.

But more than just another trade show, the food fair, which opened here a year ago this week, was all about boosting the antiembargo lobby and conjuring business deals for the future.

A year later, there has been an increase in bilateral tensions after a harsh crackdown on 75 dissidents convicted and sentenced to lengthy prison terms. Still, sales of everything from bulk grains to frosted wheat have continued briskly, although political will in Washington has lagged.

The Bush administration refused to license a second food fair this year. But according to the latest numbers available from the New York-based U.S.-Cuba Trade and Economic Council, food sales to Cuba are up 54 percent from January to July this year compared with the same period last year.

So far this year, Cuba has bought \$124 million in U.S. foods, mostly corn, soybeans, rice and poultry, according to the council.

In May, the month after the dissidents' one-day trials and the executions of three men who attempted to hijack a ferry to South Florida, sales totaled \$21 million, about 260 percent higher than last May.

"One year later Cuba remains a good customer," said council President John Kavulich. "But it also remains a problematic customer because of the consistent uncertainty as to



what actions the government of Cuba might take and how the U.S. government might respond."

American executives who continue cultivating relationships with Cuban officials despite the political chill repeat the same refrain they did last year at the food fair: Business is business, and politics is politics.

"Of course we've had moments of anxiety and concern about the effects of the political situation on the business relationship we have in Cuba," said Mohamed Bouras, president of Indianapolis-based Marsh International, which has stocked Havana store shelves with pricey canned fruit and hot-chocolate mix. "Luckily it didn't have any impact. We've always maintained we're a business."

Mike Mauricio, owner of Tampa-based Florida Produce Co., the first Florida firm to do business with Cuba, said he has been back to Havana several times since the food fair and plans to set up a booth at Havana's 21st annual International Fair in November.

"I was asked years ago in Havana whether I was a Democrat or a Republican. My answer is I am a capitalist," said Mauricio, who has sold about \$650,000 worth of fruits and vegetables to Cuba since last July. "As a businessman, it's not my place to get involved in politics. My State Department is in Washington, D.C., not Miami."

While the House of Representatives this month voted for the third year in a row to ease travel restrictions to the island, it did so by a narrower margin than in previous years, and the move is again expected to be killed in conference committee.

Still, the vote was a barometric reading for some that the pro-engagement approach has not died. Another may be the arrival this month of several congressional delegations from Montana and Minnesota.

The once popular visits had stopped this spring and summer after the dissident crackdown.

Both delegations met with opposition groups. Sen. Max Baucus, D-Mont., signed agreements for \$10 million in cattle, wheat and barley, while Sen. Norm Coleman, R-Minn., said he would want to see a "humanitarian gesture" from Cuban authorities, such as freeing some of dissidents who have fallen ill in prison, before considering further the lifting of trade sanctions.

"I go back with two messages, a reaffirmed belief that expanded relations between the two countries would be a good thing, but not right now," Coleman said. "Loosening the embargo now would send the wrong message."

# Sun-Sentinel

## Fort Lauderdale, Florida

### 28 September 2003

NEWS COLUMNIST

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**Vanessa Bauza**

## Food sales soar in face of political strains

**HAVANA** • There was a little something for everyone under the high ceilings of the first U.S. Food and Agribusiness Exhibition hall where communism and capitalism gave each other a warm handshake last year.

California dancing raisings and men wearing Spam suits frolicked in the air-conditioned aisles. Lawyers registered U.S. trademarks, Fidel Castro munched a soy burger and Cuban officials walked away with mountains of M&Ms, Sara Lee pound cakes and Jimmy Dean sausages -- their first peek into American cupboards in more than four decades.

But more than just another trade show, the food fair, which opened here a year ago this week, was all about boosting the anti-embargo lobby and conjuring business deals for the future.

A year later, there's been a spike in bilateral tensions after a harsh crackdown on 75 dissidents convicted to lengthy prison sentences. Still, sales of everything from bulk grains to frosted wheat have continued briskly, although political will in Washington has lagged.

The Bush administration refused to license a second food fair this year. But according to the latest numbers available from the New York-based U.S.-Cuba Trade and Economic Council, food sales to Cuba are up 54 percent from January to July this year compared with the same period last year.

So far this year, Cuba has bought \$124 million in U.S. foods, mostly corn, soybeans, rice and poultry, according to the council.

In May, the month after the dissidents' one-day trials and the executions of three men who attempted to hijack a ferry to South Florida, sales totaled \$21 million, about 260 percent higher than last May.

"One year later Cuba remains a good customer," said council president John Kavulich.

"But it also remains a problematic customer because of the consistent uncertainty as to what actions the government of Cuba might take and how the U.S. government might respond."

American executives who continue cultivating relationships with Cuban officials despite the political chill repeat the same refrain they did last year at the food fair: Business is business and politics is politics.

"Of course we've had moments of anxiety and concern about the effects of the political situation on the business relationship we have in Cuba," said Mohamed Bouras, president of Indianapolis-based Marsh International, which has stocked Havana store shelves with pricey canned fruit and hot chocolate mix. "Luckily it didn't have any impact. We've always maintained we're a business."

Mike Mauricio, owner of Tampa-based Florida Produce Co., the first Florida firm to do business with Cuba, said he has been back to Havana several times since the food fair and plans to set up a booth at Havana's 21st annual International Fair in November.

"I was asked years ago in Havana whether I was a Democrat or a Republican. My answer is I am a capitalist," said Mauricio, who has sold about \$650,000 worth of fruits and vegetables to Cuba since last July. "As a businessman it's not my place to get involved in politics. My State Department is in Washington, D.C., not Miami."

While the House of Representatives this month voted for the third year in a row to ease travel restrictions to the island, it did so by a narrower margin than in previous years and the move is again expected to be killed in conference committee.

Still, the vote was a barometric reading for some that the pro-engagement approach has not died. Another may be the arrival this month of several congressional delegations from Montana and Minnesota.

The once popular visits had stopped this spring and summer after the dissident crackdown.

Both delegations met with opposition groups. Sen. Max Baucus, D-Montana, signed agreements for \$10 million in cattle, wheat and barley, while Sen. Norm Coleman, R-Minn, said he would want to see a "humanitarian gesture" from Cuban authorities, such as freeing some of dissidents who have fallen ill in prison, before considering further the lifting of trade sanctions.

"I go back with two messages, a reaffirmed belief that expanded relations between the two countries would be a good thing, but not right now," Coleman said. "Loosening the embargo now would send the wrong message."

# Fox News

## New York, New York

### 19 September 2003

**ORLANDO SALINAS (Fox News- Miami, Florida):** since 1959... From the moment Cuba's Fidel Castro stormed into power. The United States has banned direct trade with the communist island. But in 2000, Congress passed the "Trade Sanctions Reform and Export Enhancement Act," allowing American companies to sell food and medicine to Cuba... for cold hard cash. Since then, U.S. congressional delegations have traveled to the island with scores of American executives courting business while angering Cuban exiles. Who say politicians who help broker deals... Are falling into Castro's trap?

**JOE GARCIA (Cuban American National Foundation):** What he's trying to do is buy senatorial and congressional votes. They've bought now 34 different states the idea is to pressure lawmakers to lift sanctions and these states take advantage of the money."

**ORLANDO SALINAS:** To date, the biggest deal struck so far has been for corn exports. While hardcore exiles denounce the new policy, others say the 40 year old embargo simply stands in the way of change.

**ALFREDO DURAN (Cuban Committee For Democracy):** "It only serves as a berlin wall around Cuba to keep it from being contaminated with new political thoughts and ideas and new political desire to change cuba."

**ORLANDO SALINAS:** While humanitarian aid is not in question, other exports are, like sales of champagne and wine, bubble gum, exercise equipment, and car parts. Critics of the export policy say most of what's shipped to Cuba is then sold on the black market- predominately to foreign tourists. But, the U.S.-Cuba Trade and Economic Council, which supplies companies with trade information, said in a statement:

**GRAPHIC (U.S.-Cuba Trade and Economic Council):** "We're very cautious. We're all for safe market sales for U.S. companies, because it's a cash only business. Exporting to Cuba is a low risk proposition for U.S. companies today."

**ORLANDO SALINAS:** From the end of 2001 to July of this year, American companies raked in nearly 300 million dollars in sales to Cuba; and that figure will probably go up as more companies, led by U.S. politicians, are expected to wheel and deal with Castro. In Miami, Orlando Salinas, Fox News.

**NOTE:** The U.S.-Cuba Trade and Economic Council has informed Fox News that there were errors in the report by Mr. Salinas; the errors included in the report were topics discussed by John S. Kavulich II, president of the U.S.-Cuba Trade and Economic Council, with Mr. Salinas in advance of the broadcast of the report; and information was provided to Mr. Salinas by e-mail in advance of the broadcast. First, the Trade Sanctions Reform and Export Enhancement Act (TSRA) of 2000 does not include healthcare products. Second, exercise equipment and car parts are not exported to the Republic of Cuba under provisions of the TSRA; the referenced products were either authorized donations or authorized for use by the United States Interests Section in Havana, Republic of Cuba. Third, the statement "... most of what's shipped to Cuba is then sold on the black market- predominately to tourists." is not true.

# St. Paul Pioneer Press

St. Paul, Minnesota

26 September 2003

## U.S. SENATE: Coleman reverses stance on Cuba trade

BY TOM WEBB

Washington Correspondent

**WASHINGTON** — U.S. Sen. Norm Coleman, R-Minn., has reversed his earlier position that the United States should reopen trade and travel with communist Cuba.

Instead, Coleman said Thursday, he will oppose Congressional efforts to lift the trade embargo against Cuba and the tourism ban to Cuba — at least as long as dictator Fidel Castro continues to imprison 75 writers and dissidents jailed since this spring.

Coleman visited Cuba last weekend where he met with families of those imprisoned by the Cuban government, and he said he "cannot put their faces out of my mind."

"Yes, let us trade, but not while these people are sitting in jails," Coleman told Minnesota reporters. "When we get that done, I'm going to be the first one to say, 'Let's get rid of the travel ban'... I'll challenge the president on Cuba policy, but... not today."

During the 2002 Senate race, Coleman emphasized his independence from President Bush by citing their differing views on reopening trade and tourism with Cuba. Minnesota farm groups, large corporations and others want to lift a trade embargo that has lasted for more than four decades without successfully dislodging Fidel Castro.

But Bush administration hard-liners adamantly oppose any easing, as does the large Cuban exile community in the political swing state of Florida. Now that Coleman chairs the U.S. Senate Subcommittee on Western Hemisphere Affairs, his view also reflects on the Republican-controlled U.S. Senate.

"The senator's change of position is not surprising," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. "The events that took place in Cuba in March and April have resulted in a sustained decrease in support by members of Congress for changes in U.S. commercial, economic and political policy toward Cuba. And the closer to the November 2004 presidential election, the less likely that members of Congress, particularly Republicans, will be inclined to take a position contrary to that of the president."

# Sarasota Herald-Tribune

Sarasota, Florida

17 September 2003

## **Cuba presents U.N. resolution to condemn American trade sanctions**

By ANITA SNOW

Associated Press Writer

HAVANA -- Saying the U.S. trade embargo is harmful to both Cubans and Americans, the island nation's communist government Tuesday presented its proposal for an upcoming United Nations vote urging American leaders to end more than four decades of sanctions.

The tightening of sanctions in recent months "irrefutably demonstrate the refusal of the government of President George W. Bush to respect the will of the overwhelming majority of the international community," reads the text of the proposal scheduled for a Nov. 4 vote by the United Nations General Assembly.

It will be the 12th straight year that the General Assembly has considered such a proposal. In the previous 11 years the nonbinding resolution was adopted overwhelmingly. Last year, the resolution was approved by a vote of 173-3 with four abstentions. Only the United States, Israel and the Marshall Islands voted for the sanctions.

"The government of Cuba does not blame the American people, who are also victims of this policy," Cuban Foreign Minister Felipe Perez Roque said. "The blockade is not supported by most Americans." Embargo supporters say the sanctions are needed to punish Fidel Castro and force a change in his nation's political and economic systems. Opponents say the sanctions have failed and that increased contact between Americans and Cubans promote democracy and human rights.

Perez Roque said the sanctions deprive American citizens of their right to travel by restricting them from visiting Cuba without governmental approval. "Americans were not prohibited from traveling to Afghanistan under the Taliban," Perez Roque said. Cuba has been under a U.S. trade embargo since shortly after Castro defeated a CIA-backed assault at the Bay of Pigs in 1961. The travel restrictions have been in effect during most of that period. Cuba's proposed resolution said that six of every 10 Cubans was born under the embargo. It estimated that the sanctions had caused more than \$72 billion in damages over the decades.

An exception to the sanctions was created in 2000 when Congress legalized direct sales of American food to the Caribbean nation for the first time since the early 1960s. But Cuban officials say that should not be interpreted as a loosening of the embargo. American producers must sell their goods in cash and must adhere to stringent U.S. export and shipping regulations.

Cuban officials say that since they began taking advantage of the law in late 2001, they have spent or ordered more than \$400 million in American farm goods.

The U.S.-Cuba Trade and Economic Council, which tracks business contacts between the two countries, in its newsletter this week reported that about \$268 million in sales had been completed through the end of July, excluding transportation costs. The estimate does not include future contracts.

# Environmental News Network

San Rafael, California

12 September 2003

By Eliza Barclay

Across the Florida Straits from Miami in the capital city of a country ranked 90th in GDP by the United Nations Development Program (UNDP), students in Havana, Cuba, are munching on a wide variety of fresh fruits and vegetables, picked by their own hands in the school garden, or grown nearby in urban organic gardens.

In the early 1990s, the average Cuban dinner table did not boast a spread even remotely close to the bounty enjoyed by many today. During these years, when foreign economic support disappeared with the collapse of the Soviet Union, average caloric and protein intake dropped to nearly 30 percent below 1980s levels.



Courtesy Eliza Barclay

This award-winning organoponico is on Quinta Avenida in the Miramar neighborhood of Havana. The garden provides cilantro, several varieties of lettuce, medicinal herbs, and bok choy to neighbors and to a school two blocks away.

Faced with the possibility of widespread starvation, the Cuban government foresaw that a full-scale mobilization of domestic resources, both human and natural, would be required in order to increase production to meet the demands of a hungry populace. And with few options to import food given the stringency of the U.S. embargo, Cuba turned over a new leaf by converting almost entirely to an organic production system within 10 years.

Cuba's nationwide commitment to food self-sufficiency without reliance on chemical or mechanical technologies has borne some startlingly successful results, not only in terms of food production but also in the development of a more personalized food culture, woven deeply into patterns of food consumption, nutrition, and community.

These trends, which many sustainable agriculture experts enthusiastically champion, also appear to be on the brink of a major confrontation with the powerful forces of the global market, from which Cuba was virtually exempt until 2001, when U.S. policy toward agricultural exports to Cuba began to shift slightly. The strength of Cuba's food security, with all its growing bureaucratic and market support, will inevitably be put to the test as small but increasing concessions are made to expand trade between Cuba and its closest potential trading partner, the United States.

Collapse and Revival

In 1989, as a result of the collapse of the Soviet Union and the subsequent retraction of petroleum, farm equipment, food subsidies, and the preferential trade relationship that had come with Soviet support of the Cuban state, the country lapsed into a phase of dire food, energy, and morale shortages, known as the "Special Period" or *periodo especial*.

Cuba had been under the thumb of various colonial empires from Spain and the United States since the 16th century. The Soviet Union, during its phase of supporting Cuba, continued with a system that encouraged the production of sugar and tobacco for foreign markets, leaving little land for food production. In 1989, however, no one came to scoop up the Caribbean island and ladle in more subsidies, and the Cubans felt a new sense of excision from the global market.

Cubans from all walks of life suffered during this period; shortages were reminiscent of war time, though the country was diplomatically at peace. The crisis was worsened by the tightening of the U.S. trade embargo through two pieces of legislation in 1992 and 1996, zapping any possibility of Cuba looking outside its boundaries for assistance — except to a few friendly governments like Venezuela and Nicaragua.

The agricultural model inherited from the 1980s was not a particularly advantageous one. Farming in Cuba before the Special Period was characterized by large quantities of chemical inputs in a highly monocultural and intensive system. In this period, Cuban farms had been using roughly 200 kilograms of nitrates per hectare. Without the Soviets delivering these expensive inputs at subsidized rates, Cuban farmers and average hungry citizens had no choice but to look to alternative models in developing a new agricultural system.

After 10 years of hard work and major food shortages, most Cubans can feel secure in having access to fresh, nutritious food through the extensive network of intensively cultivated urban gardens, or *organoponicos*, and state-run farms and cooperatives outside the cities. They can also take comfort in the fact that nearly all the food they eat comes from a self-sufficient agricultural system that relies only minimally on pesticides, fertilizers, or expensive machinery.

Given the highly restrictive nature of the U.S. embargo on trade with and from Cuba, the Cubans have been forced to virtually sink or swim in terms of procuring or growing food. Because of the terms of the trade sanctions, Cuba has been ineligible to receive food aid from international aid agencies.

Peter Rosset, co-director of Food First/Institute for Food and Development Policy based in Oakland, Calif., has been researching food issues in Cuba since the early 1990s. He said, "Cuba has resisted three things: the blockade of the U.S. embargo, the fallout of the Soviet Union, and the industrial green revolution and economic globalization that has taken its toll elsewhere in the world."

Fortunately, with a combination of solid scientific expertise and institutional will, Cuba was able to replace conventional farming practices with more practical and affordable alternatives. By charting new courses in research, land management, and market supply, government officials and scientists were able to avert a full hunger crisis and activate farmers and urban citizens to dedicate themselves to meeting food demands.

Key ingredients in the new agricultural model are the urban agriculture movement; traditional farming techniques like composting and intercropping (growing two crops together that benefit each other by warding off particular pests); new nontoxic biopesticides and biofertilizers; worker-managed collectives; quotas for farmers to insure adequate supply for the whole country; and opening farmers' markets where excess food crops can be sold by farmers for profit.

The government also addressed land availability for domestic food production by redistributing parcels of land that had formerly operated as cane plantations for the sugar industry, which



exchanged its products for oil from the Soviet Union. Each of these initiatives has created a fertile environment for technological innovation in organic production and economic incentives that encourage more people to farm.

According to Rosset, "Cuba has been able to change farming techniques in order to survive, but it has been an ongoing process of institutionalizing the farming alternatives."

Throughout the past decade, government agencies like the Ministries of Agriculture, Health, Education, and Communication have been developing increasingly coordinated efforts to integrate agricultural extension education, nutrition education, and outreach to the Cuban people. The government has committed to make fresh fruits and vegetables available to every citizen, but so far, they haven't quite managed to do this. Cuban authorities say that at this point, availability is not so much of an issue. Instead, they are now working on ways to bring down the prices so that even the poorest consumers can enjoy the bounty.

### Urban Agriculture on the Rise

Cuba's commitment to sustainable farming practices demonstrates how huge improvements in food production can be achieved even under stressful economic and environmental conditions. Urban agriculture has played an integral role in achieving food security, and Cuba is at the vanguard of the global urban agriculture movement. In 2002, Cuba produced 3.2 million tons of food in urban farms and gardens.

In 2002, more than 35,000 hectares (86,450 acres) of urban land were dedicated to the intensive production of fresh fruits, vegetables, and spices. According to Dr. Nelso Campanioni Concepción, deputy director of the National Institute for Fundamental Research on Tropical Agriculture (INIFAT), "The goal of urban agriculture is to gain the most food from every square meter of available space. The secret to the success of urban agriculture in Cuba has been the introduction of new technologies and varieties and an increase in areas farmed."

Another factor favoring urban agriculture is that Cuba does not have the transport infrastructure — especially since the Soviets stopped delivering fuel — to deliver large quantities of food from rural areas to the cities on a regular basis. This means that urban residents benefit not only from feeding themselves but also by guaranteeing the freshness of their daily sustenance.

Extra food is shared in the community. Retirement home and hospital kitchens receive anywhere from a steady supply to seasonal, fluctuating donations from neighborhood gardens. These gardens, coupled with the comprehensive rural and suburban farms, play a critical role in completing the sense of food security that Cubans now enjoy.

### Nutritious and Delicious

Filberto Samora, the administrator of one of the oldest organoponicos in Havana which won recognition from President Fidel Castro, said, "This organoponico is very much a part of the neighborhood. We give food to the school two blocks away, and all the neighbors come to buy food from the stand."

Samora's organoponico grows bok choy, lettuces, and cilantro, but farmers from outlying areas of Havana are also allowed to sell their produce at Samora's stand. The organoponico facility has also begun to produce its own seeds and compost for distribution to other farms in Havana.

The farmstands and neighborhood gardens have not only provided a consistent source of fresh and affordable food, but the fact that fresh produce is now readily available has also played a critical role in guiding the Cuban diet in a more healthy direction.

"After the Special Period, once food was plentiful again, people were stuffing their faces with foods like meats and sugars that they had been deprived of," said Madelaine Vásques Gálvez, owner of El Bambú, a vegetarian restaurant outside Havana, and editor of *Germinal*, a journal that focuses on food education for sustainability. "We now know that there are many diseases associated with diets high in sugar and fat."

Vásques has been involved with ecological cuisine in Cuba for 11 years. Her cooking style utilizes a wide range of native fruits and vegetables grown in the restaurant's own permaculture garden. Permaculture is an approach that emphasizes holistic design and maintenance so that the food system mirrors a biologically productive ecosystem. In other parts of the restaurant as well, Vásques sticks to ecological principles. For example, her stoves are powered by solar panels.

The Cuban diet has not always included copious amounts of vegetables, especially not those of the leafy green persuasion. As strange as it seems to some Cubans, especially the older generations whose diets have primarily depended on Soviet subsidies, vegetables appear to be catching on. There are now nine vegetarian restaurants in Havana, and urban gardeners from all walks of life expound upon the importance of fresh food.

The government and market have worked together to both feed the people and nurture the soil, and so diversity in diet has evolved, mirroring the crop diversity in the field. In the past few years, the Ministry of Health has become strongly supportive of and involved with urban gardening and the diversification of the Cuban diet.

Samora said, "It is still too early to determine where the new program of educating children on the healthy aspects of vegetables is really having an impact on their concept of what tastes good. We do find, though, that they want vegetables just as much as their parents when they come to the stand."

Secure in Food, but Secure in Future?

The news of Cuba's success has been slowly leaking out since the early 1990s, and the country is beginning to take on legendary status as a model for sustainable agriculture and local food production in the eyes of environmental advocates, farmers, and development specialists. Already lauded for years by the steady stream of sustainable farming gurus from around the world who have made the pilgrimage to observe the success of organic and local food production, Cuba's experiment with sustainable agriculture has succeeded beyond its trial period.

American farmers have been shuttled to Cuba in "fact-finding missions" and "reality tours" by crafty NGOs who have obtained the highly coveted U.S. Department of Treasury Office of Foreign Assets Control (OFAC) licenses allowing them to sponsor travel to Cuba for educational purposes. Whether many of these trips will be allowed to continue is unclear; in March 2003, OFAC announced the end of people-to-people exchanges. Most groups who have had the appropriate licenses are scheduled to lose them by December 2003.

But a rapidly approaching future of shifting economic opportunities poses serious questions and potential risks to this Cuba's model, regarded as precious by so many of its advocates.

Despite the embargo, in 2000, President Clinton signed the Trade Sanctions Reform and Export Enhancement Act (TSRA), which re-authorized the direct commercial export of food products and agricultural products via cash transactions from the United States to Cuba — but not from Cuba to the United States.

In September 2002, after the U.S. Food and Agribusiness Exhibition took place in Havana, the Cuban government purchased more than \$91.9 million in food and agricultural products from subsidiaries of U.S. companies based in Latin America and Canada and directly from U.S. companies.

Archer Daniels Midland (ADM), one of the world's largest exporters of cereal grains and oilseeds, signed a \$19 million contract for soybean oil, soybeans, soy proteins, corn, margarine, and rice. In 2001, ADM's lobbying — combined with wreckage in Cuba after Hurricane Michelle — was the tipping point that persuaded the Bush Administration to allow the first sale of goods directly from the United States to Cuba since 1962.

The American Corn Growers Association (ACGA), which, to date, has not taken up trade negotiations with Cuba, would be interested in trade sometime in the future, said its chief executive officer. "We should be exporting to any nation that needs food," said CEO Larry Mitchell.

With Cuba's well-documented ability to feed itself, why would the Cuban government be interested in spending \$91.9 million on food imports?

John S. Kavulich II, president of the U.S. Trade and Economic Council based in New York City, said, "There is a strong political component to the Cubans' decision to purchase food products from us. Of the products purchased since 2001, nearly all of them are available from other sources at better prices."

Kavulich cited rice as an example. The Cubans could buy rice from Vietnam at a significantly lower price, but they choose to purchase from purveyors like ADM instead.

Food First's Rosset agrees. "I believe the Cubans are buying from the U.S. as a political gesture. They hope the food corporations will lobby the U.S. government on their behalf to lift the embargo."

Aside from the disruption in self-sufficiency, there is also growing concern that if the embargo is eventually lifted, global agricultural giants will persuade farmers to drop their organic methods in favor of high pesticide and fertilizer usage.

However, Dr. Nelso Campanioni Concepción of INIFAT responded: "We are not going back. We will increase production, but we will not degrade the environment doing it."

Speculating on the possible institutional reactions to a global market that peddles genetically engineered seeds, pesticides, and fertilizers, Rosset said, "There is a possibility of a negative impact on the Cuban model. There may be a short term increase in pesticide use and a stronger interest in biotechnology, but they may not last because they may not fulfill Cuban agricultural needs."

The members of the U.S. Trade and Economic Council Inc. seem to be chomping at the Cuban market bit. Kavulich said, "We have many members who have begun discussions with the Cubans over a wide array of products like food and hospitality services and biotech products."

As of now, the only McDonald's in Cuba is located on the Guantánamo Bay naval base, which has belonged to the United States since 1934. Cuban fast food chains exist and are popular, but they do not dominate the landscape or pepper the national concept of food, largely because advertising does not exist.

If McDonald's and U.S.-produced corn, peas, and carrots in a can are eventually allowed into Cuba, it will still be up to the Cubans whether they prefer the foreign food to their own backyard-grown papayas, yucca, and lettuce.

# The Post and Courier

Charleston, South Carolina

11 September 2003

## Workers' paradise has a price: One dollar

As economy crumbles, more and more Cubans turn to tourist trade to make ends meet

BY CAROL J. WILLIAMS

Los Angeles Times

**CAYO COCO, CUBA**--Communism failed to produce anything resembling a workers' paradise in the factories of the old Soviet Union or the rice paddies of Asia. But for those employed at Cuba's palm-fringed Caribbean resorts, work is relatively pleasant -- at least compared to the drab daily life in the rest of the country.

They spend their 40-hour week in the air-conditioned comfort of high-end hotels, tidying elegant rooms for foreign tourists, laying out lavish buffets and serving fruit-festooned rum drinks at poolside.

They are paid twice as much as the average Cuban laborer and earn dollar tips that give them much more buying power than blue-collar comrades -- or respected brethren in law, medicine and education. The only real letdown for those working in luxury tourism is that they have to go home at the end of the day.

"It's very upsetting to see so much food being wasted when most people on the mainland don't have enough to eat," said one waiter at the five-star Melia Cayo Coco, located on this island just north of Cuba's main island, nervously watching over his shoulder to be sure no one overheard.

The contrast between the thriving tourism trade and the living standards of most Cubans appears to be eroding what little rank-and-file support remains for the ideals of Fidel Castro's revolution. Today's proletariat is mostly concerned with making money. From the quartet of college-educated professionals serenading lunchtime diners clad in wet swimsuits to the bartenders mixing cocktails in their beachfront shacks, Cubans say they are attracted to the tourist trade by the chance to earn dollar tips.

Jesus Delgado, 30, who, like all Cayo Coco workers, commutes from the mainland by bus 70 minutes each way, grew up wanting to be a doctor. Instead, he waits on tables. "Things are more expensive now, so money is more important," he said, adding that his wife and mother also depend on his \$13 monthly income and as much as \$10 a day in tips. As a doctor, he would earn only \$15 to \$20 a month. In the dozen years since the Soviet Union collapsed and billions in aid and oil subsidies to Cuba disappeared, university enrollment has dropped by more than half and many state workers are moonlighting in industries that serve foreigners in order to earn dollars.

Castro signaled second thoughts in July on the growing "dollarization" of the economy, ordering all state-owned companies to turn over their dollars for convertible pesos. Some industry analysts saw the move as an expression of the Communist leader's concern that his ideals were being corrupted by hedonistic tourists and the obsession with making a buck.

"He sees what it is doing to the youth of the country. It's creating a class of dropouts because young people have no other hope for the future," said Art Padilla, a North Carolina State University professor of management who recently studied Cuba's tourism industry on a Fulbright scholarship. Padilla said he believes Castro reluctantly allowed his government to resurrect tourism a decade ago, when the loss of Soviet aid left other industries in shambles.

Cuban officials say the average wage in the country amounts to about \$10 a month. Every Cuban also gets food rations, mostly starches, free health care and education. But the rations cover less than half of an adult's daily caloric needs, and most food on the open market sells at close to U.S. prices. As much as \$1 billion in family remittances sent by Cubans abroad tides over some of the population. Those without foreign beneficiaries are increasingly turning to the resort industry to make ends meet.

The Cuban business weekly *Opciones* estimates that the tourist industry accounted for 40 percent of Cuba's hard-currency earnings in 2001, up from 4 percent in 1990. The government earns additional millions in visa fees and airport departure taxes -- a sum that consultant Maria Werlau of Chatham, N.J., said exceeded \$50 million over the last three years. Tourism has overtaken sugar, rum, tobacco, nickel and even foreign remittances as the No. 1 hard-currency earner. In late June, Cuba got its millionth tourist for the year, a month earlier than in any previous year. That puts Cuba on track for a record 2 million tourists this year despite a crackdown on dissidents in March and the execution of three hijackers a month later that angered the countries that provide the most tourists: Canada, Mexico and the 15-nation European Union.

Some industry analysts say that service in Cuba is shoddy. This hurts the future of Cuba's tourist industry, particularly at budget "all-inclusives," where visitors pay a flat rate for air fare, food, drinks, activities and lodging. Increasingly, visitors are leaving with a diminished impression of Cuba and some irritation at tip-mongering. Although Emma Sheppard, a honeymooner from Brampton, Canada, found the resort staff caring, she was disappointed in the monotonous food and the realization that, although gratuities were supposed to be included, maids, waiters and entertainers relied heavily on tips for their income.

A veteran tour company executive from the Swiss-based Globus and Cosmos network was even more critical after conducting an undercover quality inspection at a resort in Varadero, a main resort area, where tipping isn't allowed. She found the staff negligent, the rooms run down and the food very bland. "The general attitude was that they just wanted your money, nothing more, nothing less," the inspector wrote to the U.S.-Cuba Trade and Economic Council, which commissioned the audit.

Most Cubans aren't permitted in the resorts. But outside, they hound tourists for money. In Havana, a trumpeter seated on the Malecon seawall embankment playing the theme from "The Godfather" ceased in mid-note to demand a dollar from a tourist who had just snapped his picture. At a wooden gazebo in Cayo Coco where visitors get beach towels and make appointments for horseback riding, salsa lessons or a massage, Lester Fernandez said he earns \$20 to \$30 a week in tips on top of his \$20 monthly salary. Until a year ago, he had been studying dentistry. "This way I can help my family more," the 23-year-old said. Guests say they have been quietly encouraged by some resort staff to make the drive across the causeway to the mainland city of Moron to see "the real Cuba."

"I knew it was a poor country but never realized to what extent," said Russell Docking, a newlywed from Cambridge, England. "Also the fear in people. ... It's not until you come to a Communist country that you see how much fear they have to live with. It makes you appreciate how well you've got it."

# The Times-Picayune

New Orleans, Louisiana

7 September 2003

## Living News

### U.S. crackdown ends travelers' party in Cuba

By Jane Engle  
The Los Angeles Times

The rumba party isn't over yet for U.S. travelers to Cuba, but the lights have dimmed, the music is fading and guests are starting to leave. It may be time to grab that last dance -- or is it?

A year ago, business was booming for nonprofits that annually send an estimated 20,000 Americans to Cuba. Then in March the U.S. Treasury Department said it would stop issuing "people-to-people" licenses, which many of these operators use. As the remaining licenses expire -- most in November or December -- so do these trips.

By next year, nonprofits I talked with expect to have virtually ended their Cuba travel programs, or plan to offer far fewer departures -- in one case, only one-fourth as many. Meanwhile, they are scrambling to redesign tours to qualify under more restrictive licensing categories.

The bottom line: It looks as though you'll still be able to travel to Cuba legally next year, but on fewer and more limited itineraries that may require, for instance, that you spend virtually all your time doing research or delivering humanitarian aid. Trips may also become pricier, mostly because the nonprofits' staffing costs will be spread over fewer tours.

If you're thinking of going illegally on your own, without a licensed group or by traveling through Canada or Mexico, think again. The Treasury Department is cracking down on these trips too.

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For a summary of Cuba travel rules, visit [www.treas.gov/ofac](http://www.treas.gov/ofac). (Click on "Sanctions Program and Country Summaries," then select "Cuba.")

# Minneapolis Star Tribune

Minneapolis, Minnesota

2 September 2003

## In Cuba, agribusiness as usual

Kevin Diaz

Star Tribune Washington Bureau Correspondent

**WASHINGTON, D.C.** -- A year ago this month, Fidel Castro was mugging for the cameras with a bull named "Minnesota Red," and a cigar-chomping Jesse Ventura was dancing at the Club Habana in Cuba.

The mambo party has died down a little since then: Castro imprisoned dozens of dissidents and journalists this past March, accusing them of being U.S. spies. He also had three men executed by firing squad for trying to hijack a ferry out of the Communist nation.

The Bush administration now won't let Cuban diplomats in Washington, D.C., even buy and sell cars, and a U.S. food show planned for Havana in January has been canceled because the Treasury Department won't grant the necessary permits. Exhibitors need special licenses exempting them from laws against spending money in Cuba.

Efforts to ease travel restrictions to Cuba -- an idea that seemed to be gaining momentum last fall -- appear to have stalled as Congress returns to work this week. The administration is clamping down on "people-to-people" visits sponsored by U.S. schools and non-profit groups, with most current licenses expected to expire by the end of the year.

But even if folk musicians no longer greet U.S. business travellers at Cuba's Jose Marti International airport, the Cuban government is still placing food orders. And U.S. companies, such as Hormel, based in Austin, Minn., and Cargill Inc., based in Minnetonka, are still filling them. The trade show that Ventura headlined has generated \$92 million in U.S. food contracts with Cuba. The United States supplanted France this year as Cuba's top food supplier. Next year, total sales are expected to top \$200 million. Big Chill or not, it's agribusiness as usual for U.S. farmers -- albeit with a less hoopla.

"Last year, executives of U.S. companies were acting in open defiance of the wishes of the president of the United States when it came to Cuba," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors trade between the two former Cold War antagonists. Now, however, "there's a sobering that's taken place," he said. "You don't have the same exuberance, irrational as it was at times."

'Frosting'

Exuberance or no, U.S. food sales to Cuba are still on the upswing. And much of it is attributed to last fall's "charm offensive" by Castro, who seemed determined to make the trip worthwhile for U.S. food producers such as Ralph Kaehler, the cattleman from St. Charles, Minn., who brought along "Minnesota Red." Kaehler and his sons, Seth and Cliff, became the stars of the show when Castro entered their bull pen as an international gaggle of television cameras



recorded it all. "It gave us exposure," Kaehler said, "but once we were there we had to earn the business ourselves." Since then, Kaehler has had to wait for Cuban buyers and veterinarians to get visas to visit his operation. But it paid off in July when two of his animals joined a shipment of 139 head of U.S. cattle bound for Cuba, about half of them from Iowa and Minnesota. Kaehler described the small sale as "frosting," rather than the cake. "But eventually they're going to buy a whole load of feed cattle from us."

In 2002, a year after Congress cracked the 42-year-old economic embargo and permitted cash-only food sales to the nation of 11 million, Cuba bought \$138 million of food from the United States, mostly in such bulk commodities as corn, wheat, rice and soy products. This year, U.S. food sales to Cuba are expected to exceed \$166 million, and \$200 million next year.

While the Bush administration officially frowns on the sales, it has not tried to stop them. "We've continued to do business quietly," said Anthony DeLio, a corporate vice president for Illinois-based ADM, which accounts for about half of all U.S. food sales to Cuba. "They're still placing orders, and we're delivering." Cargill, which has sold 300,000 metric tons of food to Cuba since 2001, reports that little has changed in its business relationship with Cuba in the past year. "Although the politics have ebbed and flowed, the business has been good, and it has been consistent," said Van Yeutter, a Washington representative for Cargill.

'Miserable lives'

Some would-be sellers have been turned off by the past year's escalation of tensions with Castro. Iowa Gov. Tom Vilsack and a Maryland contingent have put off trips to Cuba, as have a handful of private companies.

Those who continue to do business with Castro's government hold to the logic that the sales help U.S. farmers and that trade will lead to a greater openness in Cuba. That's the position of the bipartisan House Cuba Working Group, which includes Minnesota U.S. Reps. Jim Ramstad, a Republican, and Collin Peterson, a Democrat. But that proposition has come under attack since Castro's crackdown on dissidents in March and April. "I don't see any evidence that trade undermines repressive regimes," said Dennis Hays, executive vice president of the Cuban American National Foundation, an anti-Castro exile group. "It creates partnerships with repressive regimes, which continues people's miserable lives."

Sen. Mark Dayton, D-Minn., a co-sponsor of legislation to lift travel restrictions to Cuba, argues that the limited sales of food to the island so far hardly permit a "fair assessment" of the effects of trade. Dayton acknowledged, however, that Castro's harsh measures this spring made it more difficult to move toward normalization of relations. It is all the more unlikely, Dayton said, considering the onset of a presidential election year in which Florida, with its large Cuban exile community, could again prove decisive -- with two more electoral votes than it had in 2000.

All of which mystifies trade proponents who wonder what Castro was thinking when -- on the same day the U.S. ground war began in Iraq -- he launched a wave of arrests against 75 political dissidents. The arrests and subsequent executions have gotten the attention of Sen. Norm Coleman, R-Minn., who said he is planning a trip to Cuba soon to monitor the human rights situation.

One view is that Castro calculated that a distracted world wouldn't take much notice. Another is that he feared growing American bellicosity. But the most prevalent view is that Castro, no matter how much he needs to feed his people, also needs to keep the United States at arm's length.

# Savannah Morning News

Savannah, Georgia

24 August 2003

## Scoops for the revolution

### Savannah businessman is sending ice cream to Cuba.

By Ben Werner

Aspiring agriculture exporter Ned Young says 40-plus years after turning on American capitalism, the Cuban revolution is screaming for ice cream. So with a signed contract worth about \$775,000, Young's Y & Y Agriculture is sending 420 tons of a soy-based dry ice cream mix to the island nation of 11.2 million residents.

Though a vocal opposition to normalizing relations with the Republic of Cuba remains active in the United States, trade restrictions with the island have loosened to the point that small businessmen are now getting into the market often pictured as home to a civilian fleet of tailfin-bedecked automotive relics from Detroit in the 1950s.

Young started Y & Y Agriculture, a Savannah-based exporter, to take advantage of the emerging market for U.S. farm products. His first shipment is scheduled to leave Sept. 11. And the beauty of exporting to Cuba, Young said, is the U.S. trade restrictions make this a fairly safe deal when compared to most exporting.

Typically one of the biggest risks facing a small exporting firm is the failure to collect payment from companies located in foreign lands. But with Cuba, U.S. law requires all shipments to be paid in cash before the product leaves U.S. shores. Basically Cuba has to wire money to a bank in Paris, which then transfers the funds to Y & Y's Savannah account before any ice cream mix heads south. Young said for a small outfit like Y & Y, sending products to Cuba is a perfect way to avoid many of the costs associated with doing business overseas.

Medical supplies started getting exported to Cuba in the early 1990s. Then in October 2000, Congress revamped restrictions that opened the door for a host of agricultural products for export, said John Kavulich II, president of the U.S.-Cuba Trade and Economic Council, Inc. In December 2001, the first direct commercial export of agricultural products, under the Trade Sanctions Reform and Export Enhancement Act of 2000, which allowed, on a cash basis, the export of food products from the United States to Cuba. In that one month in 2001, \$4.2 million worth of goods were sent to Cuba. In 2002, \$138.6 million worth of goods were sent and for the first six months of 2003, more than \$103 million worth of goods were sent. Frozen chicken, including broilers from Georgia, rice and soybeans are among the leading agricultural products sent to Cuba, according to data collected by the council.

But why ice cream mix?

During a visit to Havana with nearly 300 other business representatives, before Young had decided what to export, he saw huge lines of people waiting for ice cream. Young said he thought, "If there's that many people and that much demand for product, the business would be successful."

Kavulich, though, said Cuba is not a virgin ice cream market. The island has domestic ice cream producers, including one operation run by Swiss food company Nestle. But doing business in Cuba, Young said, isn't just a matter of supply meeting demand. The state-run economy, Young said, is still a place where, "It's not what you know, it's who you know."

# South Florida Sun-Sentinel

Fort Lauderdale, Florida

24 August 2003

## Crackdown to end leisure trips

By Jane Engle  
Los Angeles Times

The rumba party isn't over yet for U.S. travelers to Cuba, but the lights have dimmed, the music is fading and guests are starting to leave. It may be time to grab that last dance -- or is it?

A year ago, business was booming for nonprofits that annually send an estimated 20,000 Americans to Cuba. Then in March the U.S. Treasury Department said it would stop issuing "people-to-people" licenses, which many of these operators use. As the remaining licenses expire -- most in November or December -- so do these trips.

By next year, nonprofits I talked with expect to have virtually ended their Cuba travel programs or plan to offer far fewer departures -- in one case, only one-fourth as many. Meanwhile, they are scrambling to redesign tours to qualify under more restrictive licensing categories.

The bottom line: It looks as though you'll still be able to travel to Cuba legally next year, but on fewer and more limited itineraries that may require, for instance, that you spend virtually all your time doing research or delivering humanitarian aid. Trips may also become pricier, mostly because the nonprofits' staffing costs will be spread over fewer tours.

If you're thinking of going illegally on your own, without a licensed group or by traveling through Canada or Mexico, think again. The Treasury Department is cracking down on these trips too.

The department last year penalized about 450 alleged violators, spokesman Taylor Griffin said. That's only a fraction of the estimated 22,000 to 60,000 people who go to Cuba illegally each year, but it's several times the number typically penalized under previous administrations. Fines can range up to \$55,000 under civil law; criminal penalties can include 10 years in jail or a \$250,000 fine.

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That attitude is putting a chill on a 4-year-old thaw in U.S. travel to Cuba, which has been tightly restricted during four decades of trade sanctions designed to isolate the communist island 90 miles off the coast of Florida.

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relatives or traveling as part of their work, such as journalists, government employees and professionals attending conferences.

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Of the rest, he estimated that 70 percent, or 16,000, went with groups that held one type of specific license: for educational activities that promote "people-to-people contact."

Treasury began to issue these broadly worded licenses in 1999 under the Clinton administration, and such trips have since burgeoned.

The boom, experts said, brought unscrupulous use of the license. "It was beginning to be used for tourist travel," Griffin said. In the view of the Bush administration, that "does little more than line the pockets of the Castro regime."

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Critics have accused the Bush administration of clamping down on the licenses to curry favor with anti-Castro expatriate Cubans. They note that restrictions on visiting relatives in Cuba and sending them money have been loosened. They also say the ban on people-to-people contact is unfair because many groups use the license legitimately.

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# Los Angeles Times

Los Angeles, California

17 August 2003

## TRAVEL INSIDER

**For Americans, the climate on travel to Cuba is getting chilly  
The government is limiting tour operators' licenses and cracking down on  
visitors who make the trip through Canada or Mexico.**

By Jane Engle

The rumba party isn't over yet for U.S. travelers to Cuba, but the lights have dimmed, the music is fading and guests are starting to leave. It may be time to grab that last dance — or is it?

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But Griffin said tightening enforcement on the license was not an option because it was so vaguely worded; nearly any activity could be viewed as educational.

Malía Everette, director of the Reality Tours program of Global Exchange, a San Francisco-based nonprofit that sends about 2,000 people a year to Cuba, said the loss of the people-to-people license threatened her group's most popular trips, such as the nine-day "Cuba at a Crossroads," an eclectic blend of music performances, art gallery visits and economic briefings.

The 2004 schedule has been put on hold, she said, while Global Exchange reapplies under new license categories. If the organization is lucky, it may be able to salvage about two of the eight trips a month it usually makes, she said. Other tour operators had similar stories to tell.

The last dance to Cuba? Not quite, but the clock is ticking.

For a summary of Cuba travel rules, visit <http://www.treas.gov/ofac> . (Click on "Sanctions Program and Country Summaries," then select "Cuba.")

# El Nuevo Herald

Miami, Florida

16 August 2003

## Aumentan las ventas de EEUU a Cuba

WILFREDO CANCIO ISLA

Las ventas de productos agrícolas de Estados Unidos a Cuba mantuvieron una fuerte tendencia ascendente durante el primer semestre del año, con transacciones que sumaron \$102 millones.

Desde que Washington autorizó las ventas a Cuba a finales del 2000, no se había producido una explosión comercial de tal magnitud como la que se vio entre enero y junio últimos, y los pronósticos apuntan a que las cifras continuarán subiendo.

Según los datos revelados ayer por el Consejo Económico y Comercial EEUU-Cuba, las operaciones comerciales entre enero y junio del 2003 representaron un incremento de un 40 por ciento con relación al mismo período del año pasado, lo que sitúa a la isla en el lugar 28 de los países con más volumen de adquisición de bienes alimentarios en el mercado norteamericano.

El aumento semestral se registró a pesar de que durante junio las ventas experimentaron un ligero descenso (\$12.9 millones) respecto al mismo período del 2002 (\$17.9 millones).

"Hubo una ligera lentitud de operaciones en junio, pero el curso general de las operaciones se mantiene inalterable", comentó John S. Kavulich, presidente del Consejo. "Este va a ser un año muy superior en ventas a todos los anteriores".

La información ofrecida por el Consejo --la mayor entidad comercial sobre asuntos cubanos, con sede en Nueva York-- se vale de varias fuentes, incluyendo los departamentos de Agricultura y Comercio de EEUU.

El ejecutivo atribuyó el descenso de junio a "razones operativas y fluctuaciones de los precios de algunas mercancías", y descartó que se tratara de alguna "interferencia política".

Por lo pronto, las relaciones de Alimport --la empresa estatal cubana-- con las firmas estadounidenses no podrían ir mejor.

Esta semana Pedro Alvarez, gerente de Alimport, fue el anfitrión de una delegación de ganaderos de la Florida, quienes viajaron a la isla acompañando un embarque de 148 cabezas de ganado vacuno.

Alvarez calificó de histórica la visita de los ganaderos, y anunció que Cuba cerrará el año con una inversión de \$300 millones en productos agrícolas estadounidenses.

De cumplirse los pronósticos del funcionario cubano, el gobierno de la isla tendría que multiplicar sus compras en el segundo semestre, aunque al parecer las transacciones durante julio y agosto han sido voluminosas.

Aunque las cifras de los dos últimos meses son aún extraoficiales, el Consejo calcula que desde que comenzaron las ventas en el 2001 el total de operaciones es de unos \$250 millones.

El mes de mayor intensidad de compras en esta breve historia comercial ha sido hasta ahora el pasado abril, con \$24.57 millones. El pasado año el gobierno desembolsó \$138.6 millones para estas operaciones.

"El comercio podría multiplicarse si no existieran restricciones", afirmó Alvarez en alusión al embargo.

Actualmente el 30 por ciento de las importaciones de alimentos hechas por Cuba procede de Estados Unidos, pero el gobierno de La Habana aspira a que esas adquisiciones se dupliquen en los próximos años.

La Fundación Nacional Cubano Americana (FNCA) dijo ayer que los esfuerzos comerciales de Cuba respecto a Estados Unidos no son más que "una operación política"

"El régimen de Cuba quiere comprar la conciencia del pueblo norteamericano", declaró Joe García, director ejecutivo de la FNCA. "Esta es una descarada maniobra para ganar los votos de congresistas opuestos al embargo, no un acto de beneficio del cubano de a pie... la mesa de la población cubana no ha mejorado en tres años a pesar de estas compras".

La firma J.P. Wright & Co., con sede en Naples, confirmó que ha enviado ya a Cuba unas 450 vacas Holstein y Jersey, convirtiéndose en la primera empresa estadounidense en comercializar ejemplares vacunos en 40 años de embargo a la isla.

John Parke Wright, presidente de esa compañía; Bud Adams, presidente honorífico de la Asociación de Ganaderos de la Florida, y otros miembros de la delegación estadounidense, recorrieron a caballo varias granjas y empresas pecuarias cubanas, y se retrataron, vestidos de guayabera y puros en mano, con Ramón Castro Ruz, hermano del gobernante Fidel Castro y veterano administrador de dotaciones ganaderas.

La foto fue divulgada el jueves junto a un comunicado de prensa de J.P. Wright & Co. "Este es un significativo paso para restaurar de manera positiva las relaciones entre el pueblo de Cuba y la Florida", afirmó el presidente de la firma, quien reivindicó "el derecho de seguir haciendo negocios con la isla" y fustigó duramente el embargo, calificándolo de "tontería política".



EL DIRECTOR de la empresa cubana Alimport, Pedro Alvarez (centro), estrecha sus manos con Bud Adams, presidente honorario de la Asociación de Ganaderos de la Florida. Con ellos, John P. Wright (izquierda).



# The Miami Herald

Miami, Florida

15 August 2003

## Rancher ships 148 cattle to Cuba Law allows agricultural sales to island

BY CAROL ROSENBERG

The latest large-scale loophole in the U.S. economic embargo on Cuba goes moo -- nearly 150 times. A Naples rancher, J.P. Wright & Co., announced Thursday that it had delivered 148 dairy cattle to the island this week in what the firm said was the largest successful U.S. shipment of cows to Cuba since the communist revolution.

The shipment, the latest of several summer deliveries, raised to nearly 450 the number of U.S. cattle that have been sent to Cuba since Congress in 2000 exempted U.S. food and agricultural products from the overall trade embargo, provided Cuba pays cash.

"This is a significant step toward restoring positive relations between the people of Cuba and Florida," company chief executive John Parke Wright said in a press release. "This exchange opens the doors to restored ties between family farms in the U.S. and Cuba."

Company publicist Dan Krassner said all the cows were meant for island farms, with their output aimed at producing milk and ice cream for people in Cuba. The announcement was accompanied by a picture of Wright in a classic Cuban guayabera shirt, arm in arm and sharing cigars with a likewise attired Ramón Castro Ruz, Fidel Castro's older brother.

John Kavulich II, president of the U.S.-Cuba Trade and Economic Council, an independent monitoring group, valued the deal at about \$300,000. Since Congress passed the exemption, he said, Cuba has purchased about \$250 million in agricultural and food products, such as cattle, corn, wheat, soy rice and poultry.



**CUBAN TIES:** J.P. Wright & Co. chief executive John Parke Wright, left, embraces Fidel Castro's brother, Ramon Castro Ruz, in this photo released Thursday by the Naples rancher. J.P. WRIGHT & CO.

# Duluth News Tribune

Duluth, Minnesota

10 August 2003

## **An expanse of opportunity**

### **U.S. POLICY: A tough new Bush administration stance restricts Americans' cultural visits to Cuba.**

**BY SUSAN ANASAGASTI  
NEWS TRIBUNE STAFF WRITER**

Just 90 miles off the Florida straits, Cuba seemed a world away to University of Wisconsin-Madison student Caitlin Yunis of Duluth. That is until two years ago, when Yunis, then 20, got the opportunity to go.

Eager to travel to the Caribbean, Yunis boarded a flight to Havana in 2001 through Global Exchange, a San Francisco-based travel agency that specializes in trips to Third World countries. For two weeks, Yunis immersed herself in the sights and sounds of Cuba, savoring its intense culture and sizzling Afro-Latin dance beats.

But today, a new Bush administration policy prevents trips like the one Yunis made. Recent U.S. restrictions on nonacademic trips to Cuba are having an impact in the Northland, as organizations such as Global Exchange are denied permission to travel to the island nation.

The ban is widely regarded as a reaction to a recent crackdown by Cuban leader Fidel Castro that has seen about 75 pro-democracy activists and journalists arrested and sent to jail.

Some Northland residents acknowledge that the licenses were often used for vacation, not education. Last year, 176,000 Americans made authorized trips to Cuba, while another 30,000 went without U.S. government approval, according to the U.S.-Cuba Trade and Economic Council.

Yunis said she is surprised by the strict new stance. "I don't understand why we would be opposed to these projects," Yunis said.

Taylor Griffin, a U.S. Treasury Department spokesman based in Washington, D.C., said the license -- known as "people-to-people exchanges" -- was prone to misuse. "The broad nature of the license was frequently abused," he said.

The Clinton administration established the people-to-people exchange program to promote a more open society in Cuba. But this year, the people-to-people trips end. Griffin said the license was not being used for its intended purposes.

"It was frequently used for travel, which amounted to little more than tourism and undermined the intentions of the U.S. sanctions program against Cuba," he said. Griffin said that travel to Cuba provides financial backing for Castro's regime, which -- through the years -- has consistently oppressed its people.

Yunis remembers how, while in Cuba, she was able to enjoy luxury tourist accommodations. She also remembers how that stood in stark contrast to the neighborhoods in the poor communist country.

She is adamant that eliminating programs such as Global Exchange wouldn't solve any problems. "I can understand that Global Exchange has a left-leaning bent, but banning trips goes against everything our country believes in," she said. "I feel it's evident that it's not Castro who is being punished here."

While the new regulations restrict people-to-people exchanges, university licenses, which are used to promote education and research, will be renewed. That's good news for University of Minnesota Duluth chemistry professor Ron Caple, who was worried that the new policy would affect UMD. "Our biggest fear is that we would lose our license," Caple said.

Caple made his first trip to Cuba in 1996 to attend an international conference at Universidad de Pinar del Rio. He's since been back several times, traveling with UMD students each trip. He said he visits Cuba with two things in mind -- to teach and to spread ideas of democracy. "Student exchanges open doors to everything on both sides," Caple said. "Only a very small percent of students know where Cuba is."

The U.S. embargo against Castro was imposed by President John F. Kennedy's administration more than 40 years ago. It banned all trade with Cuba. Efforts to lift the embargo have risen and fallen for decades, depending on who is in power in Washington.

Caple said that relaxing the U.S. embargo on Cuba might be more successful in changing Cuba's one-party system than trying to tighten economic restrictions. "I don't think the embargo has helped anyone," Caple said.

While some people believe it is the embargo that keeps Castro in power, others in the Northland don't agree. Duluth resident and St. Mary's/Duluth Clinic plastic surgeon Dr. William Portilla has spent most of his life in the United States, but still reminisces about his homeland. Portilla left Cuba for Indianapolis with his family in 1961, the summer after the catastrophic Bay of Pigs invasion. He was 9 years old.

From reading the books of his choice to voicing his opinions on political matters, Portilla, 51, said he appreciates the simplicities of living in a free society. For that reason, he said, he agrees with Washington's tough new stance against traveling to Cuba.

"I don't agree with people who travel to the island as tourists," he said. "I desperately want to go to Cuba, but it would be so hurtful to my parents, who fled the country to live a life in exile," he said.

But Portilla also said he understands and supports groups who travel to Cuba to provide humanitarian aid. "I think they're well-intentioned," he said. "In their minds, they don't think they're helping out Castro. They just haven't had the same life experiences we have."

# Associated Press

New York, New York

25 July 2003

## **First shipment of American livestock arrives in communist Cuba**

ANITA SNOW  
Associated Press

**HAVANA** - A shipment of livestock including 140 cattle - one born during the trip - arrived in Cuba, the first significant batch of American animals to be sold here.

The shipment was made under a 2000 exception to the long-standing U.S. trade embargo on Cuba. American agricultural products can be sold to the island as long as transactions are done in cash or by financing from a third country.

"This opens a new road," for American farm sales to Cuba, said Pedro Alvarez, president of Cuba's food import firm Alimport.

After a drenching tropical rainstorm, the containers holding the Jersey and Holstein dairy cows, three bulls, 12 bison and one shorthorn sheep were unloaded Thursday afternoon from the cargo vessel operated by the American firm Crowley Liner Service.

The livestock, largely from Homedale Farms in St. Charles, Minn., left Gulfport, Miss., Tuesday.

More such shipments, all negotiated during an agribusiness fair in Havana last fall, are expected in the coming weeks, Alvarez said.

Alvarez didn't have specific figures on the value of Thursday's shipment. But Alvarez said that since Cuba began buying U.S. farm goods in late 2001 it has signed deals to spend \$481 million on agricultural products - including transportation costs.

The U.S.-Cuba Trade and Economic Council, which tracks trade between the two nations, reported in its newsletter this week that about \$233 million in sales had been completed thus far.

# BBC

London, United Kingdom

21 July 2003

## **Cuba starts to ease out the dollar**

**Cuba has restricted certain dollar transactions, in what some are seeing as the twilight of a decade of economic liberalisation.**

From Monday, state firms will no longer be allowed to use the US currency, instead being obliged to deal in the convertible peso, which was created in 1994 as a proxy for the dollar. The central bank was keen to stress that the reform would not affect the general population, and was aimed purely at fostering "fiscal discipline". But some observers suggest it could be the first step in the gradual disappearance of the dollar from Cuba, where it has become an economic fixture since 1993.

### **Dollar dependency**

Cuba allowed a measure of dollar circulation since 1993, when its economy was battered by the 1991 collapse of the Soviet Union, a key supporter. Since then, emigre Cubans have sent some \$600m-\$700m to the country every year, and dollars are widely held and exchanged. The deregulation was only ever intended to be temporary, and analysts say it is now gradually being reversed.

"They accepted the dollar with reluctance in 1993," says Matias Travieso-Diaz, a board member of the US-based Association for the Study of the Cuban Economy. "Now, they may be starting to think they can get along well without it." Since the mid-1990s, the Cuban economy has started to recover, mainly thanks to the rapid development of the tourist industry.

### **Hard or soft?**

Mr Travieso-Diaz says the turning away from the dollar is part of a wider hardening of economic policy. "It is the same with the attitude to foreign investment. They were very keen to bring it in in the mid-1990s, but now that the economy is on a more even keel, they are much more choosy." But not everyone agrees that this is a retrograde step.

John Kavulich, head of the US-Cuba Trade and Economic Council, says that Cuba needs to do something to tidy up its currency system. Under the present arrangement, three separate currencies - the dollar, the convertible peso, and the standard peso - circulate simultaneously. "It's not a good idea for one country to use another's currency," Mr Kavulich says.

### **'Herculean task'**

Eradicating dollar transactions among state firms could help eradicate some pools of corruption, Mr Kavulich says, pointing out that corporate dollar accounts are notoriously opaque. And if successful, replacing the dollar with the convertible peso should send out a strong signal to foreign investors. "What they really want is to have confidence in the government's ability to issue and run a stable currency," he says. "But it will be a herculean task."

# The Business Journal of Tampa Bay

Tampa, Florida

21 July 2003

## Firm comes to Tampa with Havana daydreams California company predicts feds will allow flights from area

By Jane Meinhardt

The Business Journal of Tampa Bay

Jul. 21 — TAMPA -- Cuba Travel Services Inc. of California has expanded to Tampa, positioning the company to take advantage of travel business expected if the city is declared a "gateway" to Cuba. Gateway cities to Cuba are allowed by the U.S. Department of Treasury to provide direct flights to the communist country. Currently, only Miami, Los Angeles and New York are gateway cities.

Cuba Travel Services was formed in 1999 in Los Angeles after the Clinton administration authorized expansion of direct flights from the three cities. The company, which is licensed by the Treasury Department as a carrier service provider and a travel service provider, also has offices in Miami and Las Vegas.

"We are working with state legislators and members of Congress to push the (Bush) administration to allow direct flights from Tampa," said Michael Zuccato, the company's general manager. "It would make it a lot easier for licensed passengers -- especially the Cuban-American contingency here -- to fly directly to Cuba instead of having to go to Miami first." It is uncertain if Tampa will become a gateway city. "That's not something -- to my knowledge -- that's under consideration right now," said Taylor Griffin, a U.S. Treasury Department spokesman.

Cuba Travel Services is one of about eight Tampa Bay area businesses licensed to conduct tours of Cuba, fly there or both. Another is Air MarBrisa. Robert Curtis, chief executive officer of Strong Arm Air Cargo Inc. in Odessa, formed Air MarBrisa last year to provide charter service from the Bay area with a 19-passenger aircraft. He has federal licenses to carry passengers to Cuba from St. Petersburg-Clearwater International Airport with a stop at U.S. Customs in Miami. However, the service has temporarily been put on hold. "With the current political climate, I decided it's best not to risk not being able to bring any passengers back," Curtis said.

He was referring to the detainment of three Cuban-Americans who went to Cuba three months ago and are accused of espionage. The majority of travelers who use Cuba Travel Service are Cuban-Americans visiting relatives, Zuccato said.

The U.S.-Cuba Trade and Economic Council in New York estimated that 160,000 Americans visited Cuba legally last year while another 60,000 went there illegally. Cuban-Americans -- many of them delivering money to relatives -- make up about 75 percent of the legal travel, according to Tampa-based Cuba Trade & Investment News.

Competition is keen among businesses licensed by the Treasury Department's Office of Foreign Assets Control to provide travel arrangements, Zuccato said. He estimated 30 flights a week take passengers to Cuba from Miami alone.

Cuba Travel Services' office in Tampa opened to cultivate ties within the city, arrange more convenient travel for people who have to go to Miami and eventually develop a transportation system for its Miami-bound travelers.

Alex Vincente, the Tampa office manager, said he is promoting the company's services to teachers and religious groups in addition to Cuban-Americans in the area.

The company has designated a 55-seat American Eagle ATR for direct flights to Havana each Monday for travelers from Tampa before filling empty seats with other passengers, he said. The July 14 flight carried 24 passengers from Tampa, he said.

The company also has five flights a week to Cienfuegos because the Havana travel market has become "saturated," Zuccato said. The round trip fare to Cienfuegos is \$349. Round trips to Havana cost \$299 to \$329. "Unlike a lot of charter operators, we don't compete with travel agencies," he said. "Our business model is to work with licensed travel agencies to help them and cross-promote the agencies."

# Corpus Christi Caller Times

Corpus Christi, Texas

20 July 2003

## Corpus Christi and Cuba Partners in trade

By Tara Copp  
Scripps Howard News Service

**WASHINGTON** - Alimport's agreement with the Port of Corpus Christi could turn business that would have gone elsewhere toward the Coastal Bend. That's what sets Corpus Christi apart from the other 11 U.S. ports currently trading with Cuba.

"Ports don't generally have contracts with Alimport, they have contracts with the exporter and with the shipping line," said John Kavulich, president of the U.S.-Cuba Economic Trade Council.

In the agreement with Corpus Christi, Alimport, the Cuban government's purchasing organization, has agreed to get some of its exporters to move their products through the port. Two shipping lines are poised to pick up Alimport's exports: Sea Trade Shipping Services and United Americas Shipping Lines. Both have obtained licenses to carry goods into Cuba. Crops are set to go. And, Cuba trade advocates are quick to point out that South Texas brims with the very commodities - grains and sorghums - that Cuba needs.

"We are confident we are in a position to start carrying some of their (Alimport's) grain cargoes," said United Americas president Joe Hinson. "We're kind of optimistic that one will be coming out of your grain elevator there at ADM in Corpus Christi."

The port already has a letter from Sea Trade, which regularly brings frozen meat from Australia and New Zealand to Corpus Christi. The company's ships unload around 10,000 tons of meat, then sail to the East Coast to deliver the rest.

The shipping company will open up 1,000 metric tons of space for shipments to Cuba on each of its vessels that comes to the port. Right now on its trading route, the vessels arrive in port every three weeks to unload wares, but don't pick up anything - and afterwards steam past Havana, said port trade director Tom Moore. Port Chairman Ruben Bonilla said Sea Trade could start moving agricultural products out of the port as early as August. United Americas is ready, too, company president Hinson said. "We believe in some point in time, in the not-too-distant future, the Cuban market will open up. And we want to be positioned to be ready do something there."

So, how does a South Texas farmer benefit? To start selling to Cuba, an agriculture business first has to obtain an export license from the Department of Commerce. That's different from a license to travel to Cuba, which is granted on a case-by-case basis by the Treasury Department.

Bill Davis, director of international sales at Loggins Meat Co. in Tyler, was in Havana with port officials last week when Alimport announced its agreement. The company is now pursuing an export license with the U.S. Department of Commerce in order to be positioned to do business. It



can take up to six months for a license to process through, but Davis is optimistic. "I personally think in the future there's got to be trade with Cuba," Davis said.

But ports across the United States - Jacksonville, Fla.; Miami; Pascagoula, Miss.; Savannah, Ga.; and New Orleans, to name a few - don't have a memorandum of understanding and are still trading with Cuba.

Kavulich said he doesn't see the memo making a marked difference in Corpus Christi. Kavulich's New York-based U.S.-Cuba export trade group is privately funded, and more than 70 percent of the U.S. firms that have done business with Cuba since 2001 are members.

"Is it the first port-specific agreement that Alimport signed? Yes. Will it result in substantial business for the port of Corpus Christi? Not in the short term or medium term, given what Cuba is buying and from where Cuba currently sources," Kavulich said. Currently, the majority of Cuba's grain products are coming from the Midwest.

Port officials are trying to turn heads to Texas. Texas, with Majority Leader Tom DeLay's staunch opposition to relaxing Cuban trade sanctions, is having to overcome political climate hurdles to beat out other states' markets. But Texas' Department of Agriculture officials, who were also in Havana to witness the historic port agreement, have started a Texas Cuba Trade Alliance, to try and get into the action. The nonprofit organization was launched in February 2003, and estimates that Texas farmers could export as much as \$54 million a year to Cuba.

Moore emphasizes the port's ability to make exports cheaper for Cuba by selling South Texas products. "Rather than have a large inland freight bill carting this stuff around, we can get it in our back yard and give the opportunity to our regional farmers," Moore said. And he emphasized that some of Cuba's export needs are asked for in very small portions - 100 or 250 metric tons a pop at times - a good fit for the region and for one of the shipping companies that has agreed to carry port products.

#### WHAT THE AGREEMENT SAYS

Alimport will review its current U.S. cargo schedule in order to ship one or more of its U.S. contracted cargoes using the Port of Corpus Christi.

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Corpus Christi will strive to offer competitive tariffs and rates to U.S. companies that are and may be engaged in business transactions with Alimport. Corpus Christi will make its best efforts to set off its freight cost difference applicable to Alimport, as compared with other U.S. ports closer to Cuba.

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Alimport and Corpus Christi will commence mutual operations with one trial shipment of bulk commodities and build additional shipments as the business grows. In parallel, both parties will review the possible use of port facilities for refrigerated, bulk and containerized shipments.

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Corpus Christi will strive to identify additional exporters and shippers both in Texas and elsewhere in the U.S, which will be prepared to use port facilities for their actual supply and shipping contracts with Alimport.

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Each part agrees to keep the other party informed of the operation of the MOU and in further identification of mutual business opportunities.

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Alimport hereby extends an invitation to Corpus Christi executives to visit Cuba to review the progress of this MOU, possibly next September 2003, or at any other time that is deemed reasonable convenient.

# The Los Angeles Times

Los Angeles, California

20 July 2003

## Cuba Finds Crackdown on Dissent Has a Price

By Carol J. Williams  
Times Staff Writer

HAVANA -- Almost any way you look at it — in terms of trade, academic exchanges or international standing — Cuba's spring offensive against domestic political opponents has cost the nation dearly. Any way you look at it, that is, if you're not Fidel Castro.

The crackdown that sent 75 pro-democracy activists to prison and led to the execution of three young hijackers has brought to a screeching halt efforts in the U.S. Congress to ease the economic embargo imposed on Cuba soon after Castro took power 44 years ago.

Although bad relations between Washington and Havana are as old as Castro's revolution, the harsh measures meted out in March and April also angered the European Union, Pope John Paul II, traditional allies in Latin America and leftist intellectuals. The Cuban government's attitude is: So be it.

"The independence of Cuba is priceless. Perhaps it will have a cost, but principles are more valuable," said Rafael Dausa, the Foreign Ministry official in charge of North American relations. "Perhaps tactically we lost, but strategically we won because we are saving the revolution."

That line of thinking, set out by Castro in recent speeches and echoed by those in his government, "handed the Bush administration what it wanted on a silver platter," said Brian Alexander, executive director of the Cuba Policy Foundation in Washington.

Before the crackdown, the foundation had amassed considerable momentum to ease trade and travel restrictions against Cuba. But it folded its political tent April 23, announcing the resignation of its entire board of directors and declaring its revulsion at Cuba's human rights abuses. "Our Achilles' heel was that all our efforts were dependent on Cuba cooperating," Alexander said. Not only did the crackdown on dissent validate the view that Cuba is a repressive regime that should be isolated and punished, he said, but it undermined the argument that, politics aside, Cuba could be a good place to do business. "It's not. The risks are obvious if a regime is so retrograde that it's willing to undermine its own economy," the exasperated lobbyist said.

At the U.S. Interests Section here, a heavily guarded eight-story edifice that is an embassy in all but name, mission chief James Cason said he stands by his opposition to any easing of the embargo because he has "not been convinced otherwise — that it would do anything for human rights or economic freedom."

The Bush administration's new point man in the diplomatic clash with Castro, Cason arrived in Havana a year ago and embarked immediately on efforts to bolster the weak and fractured opposition to Castro.

The envoy met with fledgling dissident groups in the provinces. He mustered U.S. aid to independent libraries and publications. His home and Interests Section offices were made available for workshops and meetings aimed at strengthening groups opposed to Castro.

It was that assertive attitude that outraged Castro, who in turn outraged friends and foes alike with his roundup of almost every dissident who had connections to Cason. But unlike previous acts of repression by Castro that were aimed as much at Cuban exiles in the United States as at opponents in this country, this crackdown has reverberated around the globe.

The 15-nation European Union, Cuba's largest trade partner and foreign investor, imposed sanctions in June to protest human rights abuses. The Europeans decided unanimously to limit high-level government contacts and participation in cultural events in Cuba.

It earlier froze Cuba's request to join the 2000 Cotonou Agreement between the European Union and African, Caribbean and Pacific nations. Membership would have made Cuba eligible for much-needed trade financing and aid. Castro reacted to the censure by staging noisy rallies outside European embassies and seizing the Spanish cultural center — a move that angered the country from which the biggest pool of foreign investment has come to Cuba.

Paris-based Reporters Without Borders, a media watchdog group, has embarked on a summer campaign to dissuade Europeans from vacationing in Cuba to protest the jailing of independent journalists. At least half of the 1.8 million tourists who came to Cuba in each of the last two years were from Europe.

Leftist intellectuals of world renown such as Mexican novelist Carlos Fuentes and Nobel literature laureate Jose Saramago of Portugal have broken with Castro over what they see as a betrayal of shared values. Several high-profile Cuban entertainers have defected to the United States since the crackdown, including pop star Carlos Manuel Pruneda, citing their desire to work in a more open society.

Pope John Paul II censured Cuba's decision to impose the death penalty on the three young men who attempted to hijack a passenger ferry to Florida in April. The Vatican's ignored appeal for clemency upset Cuba's Roman Catholics, who had been enjoying more religious freedom since the pope's 1998 visit.

Castro's challenge to U.S. domination and authority still attracts support in Latin America, and a few prominent figures — including Venezuelan President Hugo Chavez — continue to back him. Others, such as Colombian writer Gabriel Garcia Marquez, another Nobel laureate, have remained silent.

In the United States, measures aimed at isolating Cuba were already so thorough that there was little more Washington could do to punish Castro without inflicting disproportionate harm on ordinary Cubans.

A week after the dissident arrests, the U.S. Treasury Department approved new restrictions on educational and cultural exchanges with Cuba that are expected to cut deeply into people-to-people contacts. But those programs account for only about 10% of the U.S. citizens traveling to Cuba; the majority of last year's 178,000 such travelers are exiles and emigres returning here for family visits. Those trips and the dollar remittances sent here remain legal.

The Treasury Department, which is responsible for enforcing the embargo against Cuba, last month turned down a license request from PWN Exhibitions International for a second food and

agricultural trade fair in Cuba. The Connecticut firm staged the inaugural event in September to the cheers of both Cuban consumers and U.S. Farm Belt marketers who have sold more than \$200 million in food to Cuba since then. Arkansas and California are the two states that benefited most from the commodity sales.

Dausa, the Foreign Ministry official, insisted in a nearly two-hour interview that Cuba's crackdown was provoked by the Bush administration and Cason's "violation of every standard of diplomatic behavior." He accused the U.S. envoy of drafting the dissidents into the paid service of a hostile foreign government. The Cuban official described the European protests against the jailing and executions as an effort to make up with Washington for Europe's widespread opposition to the Iraq war.

Cuban officials said Castro's action was necessary to protect national sovereignty against what they described as an effort by the Bush administration to provoke a migration crisis and give Washington a pretext to invade Cuba.

Under a migration agreement signed by the United States and Cuba in 1994, Washington is obliged to issue at least 20,000 visas each year to Cubans wanting to resettle in the United States. Because of stricter screening measures after the Sept. 11, 2001, terrorist attacks, processing of applications has backlogged, with only about 10% of the quota filled in the first nine months of this fiscal year.

"There is a double standard. Those who arrive illegally are cleared within 24 hours, but legal immigrants have to wait months," Dausa said. "This is why we think it's a pretext, to delay legal migration and encourage illegal migration."

Cason dismissed the allegations as "nonsense," although he acknowledged that processing has fallen behind because of the more demanding verification procedures.

As part of the migration accord, the U.S. agreed to the visa quota as a safety valve to take pressure off the Cuban economy, which has suffered tremendously from the collapse of the Communist empire and its trade bloc. In exchange, Havana is supposed to prevent any further inundation of rafters similar to that which occurred in 1994, at the height of the post-Soviet crisis, and again in 1996, when the Cuban military shot down two private U.S. planes carrying Cuban Americans trying to stir opposition to Castro. Any mass exodus from Cuba would be regarded as a hostile act aimed at the United States, the agreement states, which provides Cuba with its rationale that something had to be done.

Dausa suggested that Havana expects eventual resurrection of the campaign to lift the U.S. embargo. "I think businesspeople will continue to have interest in dealing with Cuba because it's beneficial for them and for us," he said.

Alexander, of the Cuba Policy group, agrees that the logic of constructive engagement remains, but he predicts that movement will have to wait at least until after the 2004 presidential election. Members of Congress and state officials from across the political spectrum had met with dissidents during their visits to Cuba, he said, making the issue a very personal one for those on the pro-engagement bandwagon who believe that they have been blindsided by Castro.

"This is no small thing that has occurred. Every single one of these delegates — dozens, hundreds of them — met with dissidents. Now we have to say, 'I know a political prisoner,' " Alexander said. "That's something that makes you think twice about the urgency of focusing on trade."

# Successful Farming

Des Moines, Iowa

17 July 2003

## Senators battle administration over food company travel to Cuba

By Dan Looker  
Business Editor

Sales of food to Cuba, which are likely to pass \$200 million this year, are legal under a change in the embargo law passed in 2000. But that doesn't mean it's easy for farmers or food company representatives to travel to that country to promote their products.

The Senate moved Thursday to change that, after the Bush administration denied travel licenses for a food trade show that was planned in Cuba next January.

The Senate appropriations committee today approved an amendment by Senator Byron Dorgan (D-ND) to require the Treasury Department to issue a general license to anyone travelling to Cuba to deliver, promote or sell food and medicine. Until now, those travelling to Cuba had to get permission from the Department for each trip. The amendment to an appropriations bill would end that process. If it survives in Congress, it might come it time to allow the trade show to take place.

Earlier this week, a bipartisan group of 10 farm state senators, including Dorgan, Max Baucus (D-MT) Tom Harkin (D-IA) and Pat Roberts (R-KS) wrote to Secretary of State Colin Powell and Treasury Secretary John Snow to protest the denial of licenses for the Cuban trade show. It would be the second. The first U.S. Food & Agribusiness Exhibition was held last September in Havana, resulting in more than \$90 million in sales.

"These denials violate the most fundamental principles of U.S. sanctions policy - that food and medicine are not to be used as weapons," the letter said.

"These actions directly contradict statutory provisions of the Trade Sanctions Reform Act of 2000 and the Cuban Democracy Act of 1992," the letter said. "We strongly urge you to reverse your decisions and to renew the necessary licenses."

"The sale of food and medicine to Cuba is a cornerstone of congressionally-mandated U.S. policy towards Cuba, which benefits U.S. farmers, companies, and workers as much as it benefits the deserving Cuban people," the letter added.

In a press conference today, Senator Harkin said that the opposition to the administration's policy on licenses is bipartisan. Republican senators Mike Enzi of Wyoming and Larry Craig of Idaho also signed the letter.

"What the administration is doing is they're trying to undercut the law by denying the licenses," Harkin said.

Tim Rial, director of government and international relations for the Greater Des Moines Partnership, says the Treasury Department has been making it difficult for Iowans to travel to

promote food products in Cuba. Rial helped organize a trip to Cuba by Iowa exporters last May. He said each company applied for a license to travel to Cuba but the Department issued only one license to the Partnership that covered everyone. That means companies returning to Cuba will have to apply for licenses again.

"That's not what we applied for and we applied properly," he says. Rial, who also went to the first food trade show in Cuba last September, said it's just one of a variety barriers of red tape thrown against trade with Cuba.

"We [the U.S.] are trying to do is to punish [Cuban President Fidel] Castro for imprisoning people," Rial said. But the administration doesn't have the legal authority to do so. "The partnership's position is, 'Don't stand in the way of us promoting our products.' "

John Kavulich II, President The US-Cuba Trade and Economic Council, said there's strong support in Congress for food and medicine exports to Cuba. He expects the Treasury Department to reverse its denial of the licenses for the food trade show, as well as licenses denied for a show on medicines. "It's a matter of when, not if," he said.

"The more that the Bush administration demonstrates its animosity toward lawful commercial activity between the United States and Cuba, the more bipartisan opposition will be created in the United States Congress," he said.

# Congress Daily

Washington, D.C.

17 July 2003

## TRADE

### Bush License Denial Sparks Cuba Protest

A Bush administration decision to deny a license for a U.S. businessman seeking to organize an agriculture trade show in Cuba has sparked protests from 10 senators who claim the decision violates a 2000 law that lifted restrictions on sales of food and medicine to the island nation.

Led by Finance Committee ranking member Max Baucus, D-Mont., and Agriculture Committee ranking member Tom Harkin, D-Iowa, the senators urged Treasury Secretary Snow and Secretary of State Powell to reverse the decision.

"U.S. laws guarantee a greater engagement in the sales of food and medicine," they wrote. "The denial of licenses to allow U.S. companies to repeat highly successful exhibitions violates the policy intent of this legislated guarantee."

At issue is a June decision by the Treasury Department's Office of Foreign Assets Control to deny the license application of Peter Nathan, president of PWN Exhibicon International, to organize the second U.S. Food and Agribusiness Exhibition in Havana in January 2004. Nathan, with OFAC's blessing, held the first such conference last September, which resulted in about \$92 million in sales by U.S. agribusiness companies, according to congressional and private sector sources.

OFAC denied the request "based on foreign policy guidance received from the Department of State," according to a June 2 letter to Nathan from OFAC. The license denial was part of a series of actions by the administration to punish the Castro regime for the jailing of 75 political dissidents earlier this year. "Granting the license would convey a business as usual message, and that's contrary to our current policy," said a State Department official.

Sen. Byron Dorgan, D-N.D., plans to offer an amendment in today's FY04 Agriculture markup in the Appropriations Committee that would remove another impediment to U.S. businesses seeking to sell food to Cuba, according to a spokesman. The Dorgan amendment would provide that individuals traveling to Cuba for the purposes of selling food would no longer have to obtain individual licenses and instead would qualify under a "general license."

Dorgan and others charged in the letter that the refusals to grant a license for the agribusiness show "directly contradict statutory provisions of the Trade Sanctions Reform and Export Enhancement Act of 2000 and the Cuban Democracy Act of 1992."

"The administration has come up with a new roadblock of 'You can sell there, but you can't go there to make the deals,'" said a Dorgan spokesman.

By Martin Vaughan

# The Miami Herald

Miami, Florida

14 July 2003

## Castro shuffles posts as Cuban economy sags

By Nancy San Martin

**WASHINGTON** - Facing Cuba's worst economic crisis in a decade, President Fidel Castro has turned to a string of newly appointed loyalists to help keep Cuba's troubled economy afloat without placing his socialist system in peril, several analysts say.

The moves, involving the replacement of at least five officials in economy-related government posts, appear designed to bolster Cuba's socialist system during a period of deteriorating economic conditions.

"There is pressure in Cuba for economic reform, but most signs point to a president that is resisting," Javier Corrales, an assistant professor of political science at Amherst College who has studied the makeup of the Cuban Cabinet and the Cuban economy, said in a telephone interview. William LeoGrande, a Cuba specialist at American University in Washington, D.C., said he believes that "Fidel has made the decision to hold the line politically until the economic turmoil passes."

"Castro shuffles the Cabinet as the economy stagnates," LeoGrande said. "The economy is not in good shape and there is a rising level of discontent. They're looking for the economy to get going again and the current team hasn't done the job."

According to a new report by the University of Miami's Institute for Cuban and Cuban-American Studies, the population is feeling the effect of a significant downturn in the economy. The report, *Cuba's Economy in the Doldrums*, is a compilation of data gathered from government statistics reported in Granma, the voice of Cuba's Communist Party, and other sources by the institute's Cuba Transition Project.

### DRAMATIC ASSERTIONS

Among the report's most dramatic assertions:

- At least 13 percent of the population is clinically undernourished, as the state's food rationing system now provides for only a week to 10 days of basic nutritional needs each month. Rations began to shrink with the start of Cuba's so-called special period in the early '90s.
- Unemployment hovers at about 12 percent and up to 30 percent of workers are displaced or underemployed. Government figures put unemployment at 3.3 percent in 2002, compared to 7.9 percent in the mid-1990s, but the official figure does not include the loss of up to 100,000 jobs last year in the sugar industry.

"Cuba's economy is *un callejón sin salida*. It's a dead end," Jaime Suchlicki, director of the UM institute, said in a telephone interview. Even though the government recently announced a 16



percent increase in foreign visitors -- suggesting that the island's tourism industry is on the rebound -- "that's not going to take them out of the hole," Suchlicki said. "Cuba is not going to collapse, but it is going to continue to sink," he said. "The only miracle is if the guy [Castro] opens up the economy. But there are no indicators of that."

## DISMISSALS

The government changes began in March with the dismissal of four of six deputy ministers at the Economy and Planning Ministry. Their replacements have not been made public. Last month, Castro also replaced the minister of finance and pricing.

The changes come amid one of the harshest waves of repression since Castro rose to power in 1959. Beyond the recent arrests of 75 dissidents sentenced to as many as 28 years in jail and the executions of three hijackers who tried to commandeer a passenger ferry to Florida, the government also has cracked down on black marketeers and conducted raids allegedly in search of drugs, according to various independent reports out of Havana.

In previous economic crises, government crackdowns on dissent have been followed by reforms spearheaded by new government appointees who have tended to be younger. Although most of the recent appointees are younger than their predecessors, they are viewed as loyal to Castro.

"They're baby dinosaurs," said Daniel Erikson, director of the Caribbean Program at the Inter-American Dialogue in Washington. "Their thinking is old guard, but they just happen to be younger." It is uncertain how the new appointees will respond to Cuba's economic situation.

## UNCERTAINTY AHEAD

John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, which monitors Cuba's economic performance, said tougher times are likely ahead. "The economy is bad: 2002 was worse than 2001 and 2003 may not be better than 2002," Kavulich said by telephone.

Over the past decade, tourism has replaced sugar exports as Cuba's main foreign-exchange earners, bringing in as much as \$2 billion each year, according to government estimates. However, that calculation is based on gross revenues, meaning Cuban coffers get perhaps 10 to 15 percent, Kavulich said.

Remittances from Cubans living abroad account for another \$400 million to \$1 billion a year, according to various estimates. While such numbers seem impressive, they pale in comparison to Cuba's estimated \$12.2 billion hard-currency debt to the Western World.

The primary reason the government has been able to maintain its existing commercial and economic structure is because it hasn't been paying off its foreign debt since the mid-1980s, analysts said.

"By not having to put aside substantial foreign exchange, that allows the government to use foreign exchange for other purchases," Kavulich said. It does not include money owed to the former Soviet Union. That poses another question: What's in the future?

"Some in the government of Cuba may correctly calculate that with a post-Castro Cuba there would be widespread foreign debt relief," Kavulich said. "If they believe that is likely to happen, which it likely will, why put additional pressure on the economy?"

# Sun-Sentinel

## Fort Lauderdale, Florida

### 13 July 2003

## U.S. travelers hurry to beat restrictions

By Vanessa Bauza

Havana · Sure, she knew the tour was a bit skewed, perhaps too rah, rah. Nevertheless, Margo McAuliffe came away from her 10-day trip through Cuba "a fan."

"I'm the reason they want the travel ban kept," quipped the California retiree, referring to the Bush administration.

"I came here somewhat under the influence that Castro is a bad guy," said McAuliffe, sitting in a Havana hotel lobby. "I felt this was one place [about which] I wasn't hearing the truth. I feel our government has an ax to grind."

With a packed itinerary focused on sustainable development, McAuliffe's group, organized by San Francisco-based Global Exchange, learned about Cuba's organic gardens and herbal healing. They visited a rehabilitation center for disabled children and talked to a family physician. In total, they logged more than 1,000 miles from Havana to the eastern port city of Santiago and back.

McAuliffe had wanted to see Cuba for years in the hope of sifting through some of the rhetoric on both sides of the Florida Straits. News that the U.S. government is phasing out popular educational and cultural exchange trips such as the one McAuliffe booked finally brought an end to her procrastination. "I really jumped at the chance," she said.

She's not alone. Under new regulations released in March by the United States, no more licenses will be issued for the category known as "people-to-people" exchanges once they expire. The tightened restrictions are bringing a rush of American travelers who want to see Cuba before the loophole closes.

"The institutions are making a big marketing point of the fact that after Jan. 1 there will be no more trips of this nature to Cuba," said Janet Moore, president of Distant Horizons, a California-based tour operator. "All the groups are full, with waiting lists."

Moore's company organizes trips to Ethiopia, Iran, Mongolia and Sri Lanka. Cuba had become her most popular destination.

She has scheduled 15 groups to Havana between October and December, when her license expires. That's more than double the number she normally books.

Thousands of Americans have visited Cuba since the "people to people" exchanges were created in January 1999 under the Clinton administration. Alumni associations, museum patrons, steam

engine enthusiasts, Little League teams -- they all took advantage of the new licensing category to visit Cuba legally.

However, Treasury Department spokesman Taylor Griffin said tour organizers frequently abused the licenses by billing thinly veiled tourist trips as educational or cultural exchanges.

"It essentially ended up being used as a way to conduct tourist travel to Cuba. This sort of travel undermines the intentions of U.S. sanctions to Cuba," Griffin said. "The whole point is to deny this regime U.S. dollars."

There were abuses, some tour organizers agreed, but eliminating the category was not the answer.

"There's no question there were some abuses going on," said Silvia Wilhelm, founder of Puente Cubanos, a Miami-based anti-embargo group. "Some people were buying licenses. They were pretending to have itineraries that said one thing and were another. The important thing, as far as I'm concerned, is they are punishing everyone."

Last year about 154,000 Americans traveled to Cuba legally under journalist, academic, humanitarian, religious and other licenses, including "people to people," the fastest-growing category, with an increase of about 30 percent annually, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. Many of the groups plan to reapply for new licenses under different categories. The restrictions could keep out as many as 15,000 licensed travelers, Kavulich added.

Meanwhile, the Bush administration has relaxed travel restrictions for Cuban Americans, the bulk of licensed travelers to Cuba, making it easier for them to visit relatives. It also increased the amount of cash they can take back to their families, from \$300 to \$3,000 each quarter.

Though most of the money is spent in state-owned stores, the Cuban American National Foundation supported the increase, arguing some of it trickles down to dissident groups and helps develop a civil society on the island.

The "people to people" exchanges, however, offered a distorted vision of Cuba by including "all of the accomplishments of Cuba's revolution and none of its victims," said Joe Garcia, CANF executive director.

Ricardo Gonzalez, a Cuban emigre and president of a sister city association partnering Madison, Wis., with his hometown of Camaguey, disagreed. He blamed the Bush administration's domestic agenda for the squeeze on travel to Cuba.

"Everyone who travels to Cuba always returns with a much better understanding of the issues involved," Gonzalez said. "They return as advocates for a change in policy. I'm sure this plays into the administration's desire to curtail travel."

# The Los Angeles Times

Los Angeles, California

10 July 2003

## As Tobacco and Sugar Fade, Cubans' Vices Are Targets

**A need for hard currency, and worries about outlays for medical problems, have the regime discouraging cigars and rum**

By Carol J. Williams, Times Staff Writer

**HAVANA**--Under a languid ceiling fan doing little to sweep away smoke or the stagnant summer air, quality controller Alesis Aguero draws determinedly on a panatela, mixing work with pleasure.

Like the other 800 employees of the Partagas cigar factory, Aguero is allowed to smoke on the job. He dips into the output once or twice a day. Another bonus accorded cigar workers is even more attractive. The 22-year-old Aguero's monthly salary, which amounts to \$6, is augmented with two fine Havana cigars a day that can be taken home from the factory.

Few working in the cigar industry, which is one of the country's biggest hard-currency earners, smoke the gratuity cigars themselves. The freebies bring \$1 to \$5 each on the thriving black market, providing desperately needed cash in a country where the average monthly wage is less than \$10.

The all-you-can-smoke policy on the production floor, however, encourages use of both cigars and cigarettes among factory employees, who churn out clouds of secondhand smoke for the rest of the workers. "No one worries about that," Aguero said. "In Cuba, we like to live for the moment."

That may be the attitude of young Cubans, especially in the midst of an economic crisis brought on by the worst sugar harvest in 70 years and widespread damage to tobacco farms from the last hurricane season. But concern is mounting among their seniors that smoking is saddling the country with mounting health-care bills and that supplies of sugar -- the key ingredient in rum -- will be insufficient to deliver much to the domestic market once state producers fulfill their export obligations.

Falling output of the vices so entwined with Cuban culture has spurred fresh efforts by the government to discourage smoking and drinking. President Fidel Castro, who gave up cigars himself on the advice of his doctors, joked to students during a May visit to Argentina that the best thing to do with a box of cigars after buying them from Cuba is to "give them to your enemy."

During the last Christmas season, Castro also lashed out against the evils of alcohol -- a posture analysts interpreted as a veiled warning that rum supplies for the domestic market would continue to tumble as the strapped sugar supply was being squeezed by the need for export earnings.

Officials here ignored requests for statistics on production of both rum and cigars. But the U.S.-Cuba Trade and Economic Council estimates that rum exports are well below \$100 million annually and likely to shrink due to this year's abysmal sugar cane harvest. At 2 million tons, output was 40% below last year and less than a third of the average three decades ago.

Cigar production last year was worth \$240 million, Jaime Garcia, an official of the Habanos exporting enterprise, told journalists at the annual cigar festival in February, although he made no forecast for the industry in the wake of the hurricane damage.

Health-care officials say that smoking and drinking are costing Cuba in medical outlays and in lost productivity. Lung cancer is the No. 1 killer of Cuban men, said Jose Portillo of the Ministry for Public Health. But he sees little hope of steering people away from their indulgences.

"We Cubans are terrible about smoking and drinking rum. The television is always campaigning against alcohol and tobacco, but it's hard for people. If you smoke and you can't have a cigarette, that creates a lot of stress," said Portillo, a doctor who smoked until a year ago.

Francisco Safora, a physician with the Havana Center for Hygiene and Epidemiology, said Cubans tend to regard the government campaigns against smoking and drinking as "a violation of their rights." But he said more could be done to enforce smoking bans.

"People are more emotionally dependent on their habits when other things are in short supply," he said, alluding to shrinking food rations and rising costs for basic items. "But up to 90% of the population smoked at one time or another," and lung cancer is "a huge problem."

Three packets of cigarettes are included in each monthly ration, a practice even doctors are reluctant to oppose because of the extra income from selling them on the black market. It is those cheap cigarettes from the distribution packets that most cigar workers prefer to smoke at their rolling tables, said Partagas guide Jose Cajigal.

"It takes too much attention to smoke a cigar. Those that smoke when they're working tend not to make their daily quotas, and if you produce less you earn less." Most workers are motivated to meet their 100- to 150-cigar daily production quota more by the two-cigar tip than the few cents' difference in their monthly pay for making their quotas.

Julius, whose mother works at the Partagas factory, has set up a clandestine shop in the family's nearby apartment where he resells her bonus cigars -- and full boxes replete with bands and cedar lining that appear to have fallen off the back of a Partagas truck. He and his brother hang out by the Capitolio building across from the factory, approaching tourists and delegations as they head for the official salesroom, where prices are at least five times above those on the street. Uninitiated buyers, though, run the risk of getting stale cigars or incurring customs complications when they leave the country.

"No one in our family smokes the cigars we get from the factory," said the moonlighting college student, who did not give his last name. "It would be like burning money."

# The Dallas Morning News

Dallas, Texas

6 July 2003

## Travel to Cuba grows after post-Sept. 11 slump Tighter U.S. trip limits might bring more 'last-chance' tourists

By TRACEY EATON

**HAVANA** – The millionth person to visit Cuba this year arrived a week ago, and government officials called it a sign that the country's tourism industry has bounced back from a slump that began after the Sept. 11 terrorist attacks.

More tourists are traveling to Cuba now than at any time in the island's history, new government figures show.

Still, the island remains a controversial destination. Some Americans are scrambling to visit before new U.S. laws further restricting travel take full effect. Others say they won't go until Cuba is a democracy that fully respects human rights.

Tourism brings Cuba about \$2 billion in revenue per year. It is the country's most important industry, accounting for 41 percent of its foreign exchange earnings, and some analysts believe the Cuban government would collapse without it.

U.S. officials want the socialist regime to fall, and they restrict travel to Cuba to squeeze the country's economy. Under U.S. law, only diplomats, scholars, journalists, Cuban-Americans and some others have been allowed to go to the island.

In March, the Bush administration tightened those restrictions, outlawing most travel to Cuba for educational purposes. Many companies that sell educational packages to the island are now offering "last-chance" trips to Cuba before their permits to operate such tours expire.

Ana Pérez, Cuba program director for Global Exchange in San Francisco, said the number of people wanting to go to Cuba through her organization has doubled in recent months. Visitors "fall in love with what Cuba's all about," she said. "In the U.S., we're isolated. The more money we have and the more we buy, the less we are connected to ourselves and others. In Cuba, people touch and people talk. There's a real 'humanness' there. And a lot of Americans say going there is the most amazing experience of their lives."

An estimated 154,000 people – 85 percent of them of Cuban descent – visited Cuba from the United States last year, according to the U.S.-Cuba Trade and Economic Council in New York.

The total number of visitors in 2002 was more than 1.6 million, Cuban officials say. This year, they expect 1.9 million, which would break the previous high of 1.7 million in 2001. Growth in Cuba's tourism industry has been explosive.

Just 13 years ago, only 340,000 foreigners visited the country. Today the island is the ninth most popular destination in the Americas. Ninety percent of travelers come from Europe, Asia or the

Americas. Most are Canadians, Italians, Spaniards and Germans. The number of hotel rooms has tripled to 40,000 from 12,900 in 1990, Cuban officials say. The number of employees in tourism climbed from 54,000 in the early 1990s to 100,000. And they are educated: 75 percent have junior college, trade school or university degrees.

"The Cuban people are great," said Nicholas Zinis, 25, a Michigan student who visited Havana recently. "They like Americans," added Catherine Gavin, 27, a student from Austin. "They don't blame us for our government's policies. That's been really refreshing to see."

U.S. laws tightening travel to the island will probably trigger a rise in illegal visits by Americans, said Tom Miller, author of *Trading with the Enemy: A Yankee Travels through Castro's Cuba*. Those who break the law on travel to Cuba risk civil penalties of \$55,000 per violation. Some Americans avoid detection by going to Cuba through Mexico, Canada or other countries.

Mr. Miller, who has helped lead trips to Cuba by the National Geographic Society and the American Museum of Natural History, said Americans should visit the island now "because it will never again be the same." The island "is changing radically," he said.

The tightened travel restrictions will probably prevent 15,000 to 20,000 Americans from visiting Cuba next year, Mr. Kavulich said.

If the trade ban ends, 1 million to 4 million Americans are expected to travel to the island during the first year, according to a 2001 report by Arthur Andersen.

For now, the rush is on to see Cuba before the restrictions take full effect. Typical four- to 10-day trips cost \$1,400 to \$3,000.

Sandra Levinson, director of the Center for Cuban Studies in New York, said she's gotten a "huge response" from people who want to go on one of her organization's Cuba trips. She adds that she believes the Bush administration's efforts to cut travel to the island will backfire. "Most Americans get pretty disgusted when the government tries to tell them not to do something they have a right to do," she said.

Others contend that visiting the island is morally wrong because it helps prop up what they describe as a totalitarian regime.

Last week, Reporters without Borders in Paris began handing out 1,100 postcards at French airports asking tourists to avoid Cuba to protest the government's March crackdown on political dissidents, journalists and others.

Unfazed, Cuban officials continue building new hotels and other attractions. And they project that the yearly number of visitors will climb to 7 million by 2010, bringing in \$11.8 billion.



## **Havana, Republic of Cuba**

**24 June 2003**

### **U.S. entrepreneurial group want to continue trade fairs in Cuba**

A group of U.S. businesspersons is trying to convince Washington to withdraw its ban on a U.S. companies' food fair scheduled for January 2004 in Havana, reports Reuters.

On Friday, the group's president affirmed that the ban harms U.S. companies more than the island.

John Kavulich, president of the Cuba-U.S. Economic and Trade Council, told Reuters that businesses trading and wishing to trade with Cuba, the agricultural sector, and certain politicians are putting pressure on the Treasury Department.

The New York-based Council is leading the movement to allow the fair — held for the first time in September 2002 — to take place, but this month the State Department, which supervises the blockade imposed by Washington on Cuba, refused PNW-Exhibition International a license to organize the new event.

Peter Nathan, PNW-Exhibition International's president, informed Reuters that the decision to suspend the fair would cost U.S. companies over \$100 million USD in lost sales.

Since 2000, Cuba has been allowed to purchase more than \$200 million USD of grains, chicken, cereal and other products from the United States.

According to Kavulich's group, representatives from 291 U.S. businesses and state organizations attended last September's fair.



# South Florida Business Journal

Miami, Florida

23 June 2003

## Exile family threatens to sue U.S.

By Stephen Van Drake

Jun. 23 — A Cuban exile family this week threatened to force the United States into trade warfare with the European Union over foreign hotel chains that operate luxury resorts on 100 acres of prime oceanfront property Fidel Castro confiscated 43 years ago.

The Clinton and Bush administrations "have done their best to drag their feet," failing to enforce a law penalizing companies that traffic in stolen property, said Nicholas J. Gutierrez Jr. of Miami, lawyer for dozens of adult members of the Sanchez-Hill family, most of whom live in South Florida. Before Castro's takeover, the family owned 100,000 acres in Cuba.

The clan plans to sue the government in January, forcing the Department of State to deny U.S. visas to employees of Madrid-based hotel giant Grupo Sol Meliá under 1996 Cuban Liberty and Democratic Solidarity Act (known as the Helms-Burton Act). The Sanchez-Hills would also sue Sol Meliá in Miami, seeking \$100 million for usurping its land, Gutierrez said.

Sol Meliá operates five resorts on 30 acres of his clients' land, he said. The Spanish company manages a total of 20 resorts with 8,580 rooms in Cuba with plans to open its 21st property next year, said Monica Cerdá, Sol Meliá's Madrid communications director. If the Sanchez-Hill family prevails, five other foreign hoteliers with five resorts squatting on 70 acres of family oceanfront property would probably settle, Gutierrez said.

But the winding road to reparations promises many detours and potholes, international lawyers and Cuban trade experts say. Helms-Burton has become a paper tiger, and it's unlikely the Sanchez-Hill family will see any dollars from Sol Meliá. The Sanchez-Hills, and up to 300,000 Cuban-Americans must resolve their claims in Cuba once there's a new regime - not in Miami. Otherwise, South Florida's courts would logjam, they said. Besides, the United States and Cuba must first settle 5,911 claims worth \$15 billion by U.S. corporations against the island nation certified by the U.S. Foreign Claims Settlement Commission, under the Cuba Claims Act of 1964 before lifting the embargo and normalizing relations.

Gutierrez, however, pushes on. "We're very disappointed," said Gutierrez, who for seven years has lobbied U.S. officials to sanction Sol Meliá. He said he's shifting focus from the State Department to the White House, conferring with Karl Rove, President Bush's chief political adviser, and top officials in the National Security Agency. But Rove and NSA officials have not contacted him in three months, Gutierrez said. Stakes run high as Bush may face political fallout with Cuban-Americans if he fails to enforce Helms-Burton.

Helms-Burton a 'non-event'

Helms-Burton sailed through Congress after Cuban fighter jets shot down two exile-piloted planes. But the 5,911 U.S. companies and individuals whose assets Castro confiscated actively opposed Helms-Burton because it diluted their claims, and for the first time in U.S. history, gave

non-citizens the right to sue foreign countries, said Washington, D.C., lawyer Robert Muse, who represents many of them. "Helms-Burton has turned out to be a bit of a non-event, and it may have played very little role in dissuading investment in Cuba," he added. On its face, Helms-Burton appears powerful. It states non-citizen Cuban nationals can directly sue Cuba for confiscating assets. And it can deny visas to companies trafficking in expropriated assets. Since its enactment, however, Presidents Clinton and Bush have suspended the direct-suit rights every six months to avoid a trade war with the European Union and the World Trade Organization. Experts say President Bush will again sign a six-month suspension of the law's direct-suit rights on July 17.

Spain has repeatedly warned that Helms-Burton violates international law. Enforcing Helms-Burton's visa restrictions against Sol Meliá would trigger a WTO trade war, Spanish officials say. Although the United States and the E.U. voiced common criticism against Castro's crackdown of dissidents, the flip side is both don't want "Cuba to cripple the effectiveness of the WTO," said John Kavulich, president of the New York-based, nonprofit U.S.-Cuba Trade and Economic Council, which offers the U.S. business community information and analysis about U.S.-Cuban trade.

Meanwhile, Cuban trade deals have taken on a life of their own, said political scientist Terry L. McCoy, who directs the University of Florida's Latin American Business Environment Program. E.U. and U.S. foreign policy toward Cuba appears schizoid, he said. "What I am seeing are U.S. commercial interests and spokespeople in Washington [D.C.] and state capitols pushing for relaxation of the embargo." Helms-Burton isn't that "big of a deal," McCoy said, predicting Bush, like his Democratic predecessor, will not enforce it. But that hasn't deterred Gutierrez.

Lots of talk, no deal

Gutierrez's chess-game strategies are designed, he said, to make his clients the first Cuban-Americans paid by a foreign company for not pursuing legal action until Helms-Burton is repealed or a free Cuba emerges. "It's kind of a lease," he said. Yet, the State Department's reluctance to enforce Helms-Burton recently killed what Gutierrez described as a "high single-digit, low double-digit million-dollar settlement" with Sol Meliá. He said this followed six negotiations in Washington, D.C. and Miami with U.S. and Sol Meliá officials: "We were close, but no cigar." Sol Meliá and the Spanish government nixed the deal, since they "correctly gauged that the Bush administration wasn't ready to pull the trigger," Gutierrez said. And Sol Meliá has no intention of reaching a settlement with the Sanchez-Hills, said the hotel giant's Madrid spokesman, Jaime Puig de la Bellacasa.

Whither the embargo?

Sol Meliá ranks among the about 1 percent of foreign companies that allegedly traffic on Castro-confiscated land, Kavulich said. "Helms-Burton is an artificial and inflexible roadmap to normalizing relations with Cuba," Washington, D.C.-based lawyer Muse said. Cuba's a natural trading partner with South Florida, said Miami investment adviser Thomas J. Herzfeld, who runs Herzfeld Caribbean Fund (Nasdaq: CUBA), which manages investments in companies primed to trade with Cuba. If the embargo were lifted, "it's possible our ports would be filled with goods going to and from Cuba, and it's also possible Castro might prohibit Florida ports from transporting to Cuba," said Josh Markus, an international trade lawyer with Carlton Fields in Miami. Markus said he knows many people looking to do business in Cuba. He added that if Gutierrez sues the government and Sol Meliá, "I don't think it's very good for our business climate." "I don't think continuing to impoverish Cuba will get you compensation; people are going to deal with Cuba if they want to deal with Cuba," he said.

# Reuters Americas

London, United Kingdom

20 June 2003

## US-Cuba Trade Group Wants Havana Food Show to Go On

By Marc Frank

**HAVANA (Reuters)** - A U.S.-Cuba trade group is trying to get the Bush administration to reverse its blocking of a food fair featuring U.S. companies planned for January in Havana.

The group's president charged on Friday the prohibition -- which comes amid particularly sour U.S.-Cuba relations -- would hurt U.S. business more than the Communist island.

"Businesses that trade and want to trade with Cuba, state agriculture departments and politicians are pressing the (U.S.) State Department and Treasury Department," John Kavulich, president of the U.S.-Cuba Trade and Economic Council, told Reuters in an e-mail interview.

The New York-based group, which calls itself the largest nonpartisan U.S. business organization focused on Cuba, is spearheading a drive to get the food fair reinstated. In a letter to U.S. Congress members this week, it urged them to pressure the Bush administration to reverse its decision.

The U.S. Treasury Department, which enforces the four-decade-old trade embargo on Cuba, this month denied Connecticut PWN Exhibition International the licenses needed to organize the fair. The company organized the first U.S. agriculture trade show in Cuba last September, and the first health-products show in 2000.

Always rocky, U.S. relations with Cuba turned bitter after President Fidel Castro's government imprisoned 75 dissidents for long terms in April, charging they were working for the United States to subvert the government.

State Department officials made clear this week the show was blocked due to the current political climate.

Peter Nathan, president of PWN Exhibition International, told Reuters in an e-mail interview the decision could cost U.S. companies \$100 million in sales. "Why would anyone except a naive government expect a change in Cuba's behavior by denying the opportunity to conduct a trade exhibition?" he said.

Cuba has yet to comment on the Bush administration's action, which was welcomed by Cuban-American organizations opposed to trading with Castro's government.

September's food fair included 823 representatives from 291 U.S. companies and state organizations, according to Kavulich's group.

Cuba has purchased \$200 million in grains, poultry, cereals and other agricultural products under a loosening of the trade embargo in 2000 that allowed such sales for cash.

# Sun-Sentinel

## Fort Lauderdale, Florida

### 18 June 2003

## Organizer of Cuban trade fair denied license

By Rafael Lorente  
Washington Bureau

WASHINGTON · The organizer of last year's food and agribusiness trade fair in Havana has been denied a license for another exhibition by the Bush administration, in response to Cuba's crackdown on internal opposition groups.

Peter Nathan of PWN Exhibicon International LLC in Connecticut, who organized last year's event, wanted to hold another food exhibit and a health-care trade show in Cuba in January. But in a letter dated June 2, from the Office of Foreign Assets Control, the Treasury Department office that enforces the embargo on Cuba, Nathan was told there would not be a repeat performance. Nathan could not be reached for comment Tuesday.

The letter, from R. Richard Newcomb, director of the Office of Foreign Assets Control, says Nathan's licenses were denied at the request of the State Department.

"We just feel that at this particular point this is not an appropriate visit," a State Department official said.

The denial of the licenses comes at a low point in U.S.-Cuba relations. The countries have been sniping at each other for months. In March, Cuba arrested 75 dissidents and sentenced them to as many as 28 years in prison for allegedly being agents of the United States. The arrests were followed by the executions of three men who attempted to hijack a ferry from Havana to Florida.

Last month, the United States expelled 14 Cuban diplomats from Washington and New York, accusing them of being spies.

Last year's exhibit in Havana drew 291 American companies and more than 900 of their representatives and resulted in \$92 million in sales agreements for U.S. companies, according to the U.S.-Cuba Trade and Economic Council, which monitors trade between the two countries. More than 30 of the companies represented were from Florida.

At the time, farmers and others expressed hope that increased trade would lead to better relations between the two countries. But this year's crackdown on dissidents has at the very least postponed those hopes.

Nathan also organized a health-care product trade show in Havana in January 2000. Almost 100 companies and 8,000 health-care professionals attended.

Since December 2001, when the embargo on Cuba was revised to allow cash-only sales of food, the island has purchased almost \$212 million worth of agricultural products from the United States, according to the U.S.-Cuba Trade and Economic Council. Those figures include almost \$69 million so far this year.

# The Miami Herald

Miami, Florida

18 June 2003

## U.S. pulls plug on Cuba expo

By Nancy San Martin

**WASHINGTON** - U.S. officials have denied permission for travel to Cuba to organizers of last year's unprecedented U.S. Food and Agribusiness Exhibition in Havana, as part of the Bush administration's reply to the dissident crackdown on the island.

In a letter made public Tuesday, the Treasury Department's Office of Foreign Assets Control, which issues the travel licenses, stated that two travel requests were denied "based on foreign policy guidance received from the Department of State."

Exhibition organizers had applied for separate licenses to travel to Cuba to organize a second food and agricultural fair in Havana as well as a healthcare exhibition. The letter dated June 2 was sent to Peter Nathan, the organizer of the events. He could not be reached for comment Tuesday.

A State Department official said: "We always look at these requests with an eye toward circumstances on the ground in Cuba. Certainly, circumstances in Cuba have changed drastically over the past few months. Clearly, events such as agricultural and health fairs are not appropriate in light of the mass arrests."

Taylor Griffin, a Treasury Department spokesman, said the agency is committed to "full and fair enforcement" of U.S. policy toward Cuba and -- repeating comments previously made by President Bush -- would not issue licenses for events that would help "line the pockets of Fidel Castro and his cronies."

The Bush administration released new travel rules on March 24, following the arrests of scores of government opponents across the island. Summary trials were held in April and the government ultimately sentenced 75 dissidents to up to 28 years in prison. When the new travel restrictions were released, officials said the rules were in response to Bush's "Initiative for a New Cuba" announced last May. The president's initiative is intended "to encourage freedom within Cuba, make life better for the Cuban people and give the Cuban people greater control of their economic and political destiny."

Other revisions include no longer issuing permits to organizations that take individuals to Cuba to participate in "educational" exchanges that are not related to academic course work and allowing travelers with relatives in Cuba to carry as much as \$3,000 in household remittances, up from \$300, each quarter. The increase in the cash flow is intended to help up to 10 households per traveler receive funds, some of which is meant to reach government opponents.

The U.S. Food and Agribusiness Exhibition, held in September, included 923 representatives from 291 U.S.-based companies and state organizations, according to the U.S.-Cuba Trade and Economic Council in New York. An estimated \$92 million in contracts and agreements were signed between exhibition participants and the Cuban government.

# Reuters Americas

London, United Kingdom

17 June 2003

## **RTRS-ANALYSIS: Will politics chill US-Cuba grain trade?**

By K.T. Arasu

**CHICAGO, June 17 (Reuters)** - The diplomatic chill between Washington and Havana that followed Cuba's crackdown on political dissidents in April threatens to close a market for U.S. farm goods that has been slowly opening for the last two years, U.S. agriculture sources say.

But the trade continues over two months after a new wave of political repression spread over the communist country south of Florida, leaving anxious observers to wonder which will prevail: free trade or strong-arm diplomacy.

"Obviously, these events are going to play into the hands of those who are against lifting the embargo on Cuba," said Jim Willis of the U.S. Rice Producers Association. Since U.S. farm-state politicians succeeded two years ago in their quest to thaw the 42-year-old U.S. trade embargo, the Caribbean island has bloomed into a lucrative cash market for U.S. farm goods.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said Cuba became the 46th largest export market for U.S. farm goods in 2002, leaping from 144th in just one year after buying \$189 million worth of U.S. products. But efforts by farm and business groups to further ease U.S. trade sanctions and end a ban on American tourism have been brought to a standstill by Cuba's worst wave of political repression in decades.

### **DISSIDENTS JAILED**

On April 7, Cuba jailed 75 dissidents for terms of up to 28 years. Four days later, Cuba executed three men who had hijacked a ferry in a failed bid to reach the United States. The U.S. government reacted by expelling 14 Cuban diplomats, and Secretary of State Colin Powell said on May 15 that the U.S. policy of isolating Cuba to force political change will continue.

But in that same week U.S. exporters sold over a million dollars worth of farm goods to Cuba, suggesting that the political isolation does not extend to food trade -- yet. Since mid-April, Cuba has continued to buy U.S. grains, including 106,900 tonnes of corn and 15,700 tonnes of rice. It had bought and shipped 113,600 tonnes of U.S. soybean meal and 52,700 tonnes of soyoil in the current trade season up to

June 5. It bought another 20,000 tonnes of U.S. wheat last week. "They have not stopped buying," said one exporter who works for a company that has been selling farm goods to Cuba. He said Cuba had even bought corn that won't be harvested until fall.

The fact that the Bush Administration has not tightened up on grain sales and Cuba has continued to reach out for U.S. farm goods appears to reflect quiet acknowledgment on both sides that a fundamental connection has been formed.

Iowa Senator Tom Harkin, a vocal backer of both human rights issues and farm exports, said during an April 24 visit to Havana that Cuba should free the dissidents but also keep buying American farm goods. "Some said I should not come here under these circumstances, but a policy of isolation and the embargo of 42 years has not achieved any U.S. objectives nor made life better for the average Cuban citizen," Harkin told reporters.

## A BRIDGE OF FOOD?

Neil Harl, agricultural economist at Iowa State University, said agricultural trade was a well-established bridge-maker. "There have been renewed concerns over human rights in Cuba, but there have also been such concerns with China, and we continue to trade with China," he said. "Basically, trade and politics will be on two different tracks."

The U.S. embargo on trade with Cuba was loosened two years ago after storms devastated the island, allowing Havana to buy U.S. food for cash.

George Ryan, then governor of farm state Illinois, promoted farm trade in a ground-breaking trip to Cuba in 1999. Illinois-based Archer Daniels Midland Co. has sold much of grain bought by Cuba over the last two years, traders say.

Farm analysts said Cuba's interest in U.S. grain may be partly political, but it is also strongly economic. Grain market analyst Shawn McCambridge of Prudential Securities tied Cuba's interest to Havana's loss of privileged trade relations with long-time communist ally Russia. "They have become cost-conscious, in that they are going to look for the best deal, best price," McCambridge said.

Rick Tolman, chief executive of the National Corn Growers Association, said Cuba could buy up to 300,000 tonnes of U.S. corn a year -- about the amount that top customer Japan buys each week. This season, Cuba has so far bought 308,300 tonnes of U.S. corn versus 150,900 tonnes last year. "Although we believe politics and trade should be kept separate, I do foresee politics having some impact on trade," Tolman said. But, he added, "We have seen that trade embargoes don't work. The reality is we have to engage them."

# Associated Press

New York, New York

17 June 2003

## Group: Cuba Trade Show Licenses Denied

By ANITA SNOW

**HAVANA (AP)** - With U.S.-Cuban relations in a particularly difficult time, the Bush administration has denied the request of a U.S. firm to stage a second American farm products trade show in communist Cuba, a leading trade information group reported Tuesday.

The U.S.-Cuba Trade and Economic Council reported in its weekly newsletter that the Treasury Department Office of Foreign Assets Control denied the request by PWN Exhibicon International LLC, of Westport, Conn., on June 2. The company hoped to stage its second agribusiness fair in the Cuban capital in January. Washington also denied the company's request for a license to hold its second American health care trade fair in Cuba, also planned for January, according to the council. The New York-based council is among the most authoritative sources of information on trade between the two nations.

The newsletter included a copy of the letter from the Office of Foreign Assets Control, which said the licenses would not be granted "based on foreign policy guidance from the Department of State." In Washington, Treasury Department spokesman Taylor Griffin said he had no specifics about the action, but said the Bush administration "is committed to the full and fair enforcement of the U.S. embargo against Cuba. "As President Bush has said, 'without meaningful reform, trade with Cuba would do nothing more than line the pockets of Fidel Castro and his cronies,'" said Griffin.

PWN Exhibicon International, operated by veteran trade fair organizer Peter Nathan, put together the first huge U.S. agribusiness fair in Havana last fall, as well as a U.S. health care product fair in January 2000. Attempts to reach Nathan for comment were not successful Tuesday night. Nathan's company organized the U.S. Food & Agribusiness Exhibition that brought more than 900 representatives of 291 American agri-businesses to Havana's Convention Palace last September. More than 16,000 Cubans attended the fair. During the exhibition, the Cuban government signed contracts to purchase about \$92 million in American farm products under an exception to the four-decade-old U.S. trade embargo against the Caribbean country.

The U.S. Healthcare Exhibition two years before brought more than 300 representatives of 97 American companies to Cuba for the show of American medical products. More than 8,000 Cuban health care professionals visited that exhibition.

American companies have sold more than \$200 million worth of farm products to Cuba since late 2001, when Fidel Castro's government decided to take advantage of a new exception to U.S. trade sanctions. The law, passed in 2000, allows the sale of American food and other agricultural products to Cuba on a cash basis. Food purchases have included bulk sales of grains such as wheat and rice, dried legumes, chicken, apples and even some brand-name packaged products. Under the same law, a Jacksonville, Fl., lumber producer is beginning shipments to Cuba this month, making it the first American company to sell wood to the island since Cuban revolution in 1959.



# The Miami Herald

Miami, Florida

12 June 2003

## Once-hopping Havana no longer hot scene for modeling

By Lyndia Martin

On the cover of June's Cigar Aficionado: *The Supermodels of Cuba*. The way the magazine tells it, they're not only lookers, they're also low-maintenance. No Linda-Naomi-Kate attitude to contend with in the land of the Cohiba, the conga and the ration card.

"It's all fresh and easy here in Havana," Dean Bornstein, whose agency represents 75 Cuban models, says in the magazine. But as much as Cigar Aficionado raves about the modeling scene, Cuba's no picture-perfect paradise. A few years ago, the fashion industry descended. Now, the same players point to endless red tape, a lack of infrastructure (which makes it difficult to process film and rent equipment) and the U.S. embargo as the reasons behind its disenchantment with the island.

"In order to be fashion-oriented, you need a certain amount of freedom. But everything in Cuba is state-controlled," said Jean-Luc Brunel, owner of Paris-based Karin Models, which has offices in New York and South Beach. "There are hundreds of other beautiful places . . . where you're not stopped by the police every five minutes. "If Cuba got it together, Miami would not exist."

Back in the mid-1990s, the fashion world, forever seeking the latest in Decay Chic (these are the same people who fell all over themselves to capture the quaintness of a down-and-out South Beach), jostled for elbow room in front of every unspoiled seashore, crumbling cathedral and trudging tail-fin jalopy. But the very same people who not long ago declared Havana was happening are now calling it a has-been.

"Cuba was very popular five or seven years ago. But now it's overexposed," Italian fashion photographer Fabio Fasolini said from Milan. "And in the last two to three years, it's become too expensive. The [Hotel] Nacional was \$40 a night when I started going. Now it's \$300. I liked the spirit of Cuba, but now it's like Miami. Very commercial. They don't even dress like before. They dress like they're in Miami Beach."

Four years ago, Fasolini shot a Lancme campaign in Cuba. He also shot there for Italian Vogue, Elle and Marie Claire. Now the work has pretty much dried up, he said. "There are beautiful beaches in Cancún, too. And it's less expensive than Cuba. And everything works. Phones, electricity, water" Fasolini said.

But, some say, eventually all that will change. "The day Castro comes down and Cuba opens up, there will be a big boom. It just has to be easier to work there," said Christophe Nouet, a French photographer who has been shooting in Cuba since the early 1990s. In 1999, he shot a campaign for Romeo y Julieta cigars with famed Cuban photographer Alberto Korda, whose credits include that ubiquitous image of Ché Guevara. There are no readily available numbers on the fashion production business in Cuba, but many speculate that if it weren't for restrictions -- from Cuba and the United States -- the scene would explode.

"Cuba today is somewhere near where the U.S.S.R. was in the late 1980s and early 1990s, when the fashion industry was discovered," said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York. In 1996, Miami-Dade County collected \$120 million in fees for still photography, according to Jeff Peel, director of the Miami-Dade Mayor's Office of Film and Entertainment. The numbers steadily declined to \$85 million last year, because of a prohibitive exchange rate on the dollar, steep permitting fees and hotel rates and a backdrop that simply got overused.

## **CHALLENGES**

Cuba could have been more of a contender, but too often, projects get aborted at the last minute because it takes so long to get permits and work through the system.

"I remember the bureaucracy could be terrible," said Ivelin Giro Robins, who in the late 1980s became the first big name in modeling to come out of Cuba since a beauty named Norka graced international magazine covers in the 1960s. "There were some catalog shoots I was ready to do and never did because the teams had to leave. In fashion, everything is money. You can't just wait and wait," said Ivelin, who now lives in Miami and is married to local developer Craig Robins.

Says Brunel: "I was traveling through the island with one of Cuba's most important architects. And when we got to a hotel on this beautiful beach, he was told he couldn't stay there. He had to sleep in the lighthouse next door because only tourists are allowed."

For all of Cigar Aficionado's frothing about the models in Cuba, the fact is that it's only a few who find steady work, and fewer who get to travel outside the island for fashion shows and shoots. "There are 20 to 30 decent models, and that's it," said Christian Bengsch, who owns Take Me to Cuba, a German production company. "The very good models, they either find an agency in Europe to sponsor them or they find a man somewhere to marry them. But they never come back."

Models, like others who represent Cuban culture abroad, are not free to travel without getting permission from the government, often a circuitous task that can take months. They may be desirable, but the rules make them unreliable. In the jet-setting fashion world, it's key to be able to pick up and go to the next job.

## **LOOKING BACK**

Castro daughter Alina Fernandez Revuelta, who now lives in Miami, did some modeling in the early 1980s, before models on the island were allowed to travel and before they had access to dollars. "Things may be tough for Cuban models today, but they're much better than they used to be," Fernandez said. "Before 1994, . . . if you were caught with one dollar, you could go to jail. Foreign photographers came to shoot you, but they paid you in pesos. . . . I was paid something like 25 or 50 pesos for the day, which is like one or two dollars." For all of the limitations, those who believe it's only a matter of time before the Cuban scene skyrockets already are plotting for the future.

"If Cuba were to be liberated, there would be a growth there that would be phenomenal," said modeling agent Irene Marie, one of the first to get in on the South Beach scene. "There would have to be an infrastructure built first, but I'm very familiar with building infrastructure. There wasn't much of one when I opened on the Beach in 1989."

# St. Petersburg Times

St. Petersburg, Florida

12 June 2003

## **Tampa port officials will travel to Cuba But Mayor Pam Iorio says she will not join them, though she is a member of the port's governing board.**

By STEVE HUETTEL, Times Staff Writer

**TAMPA** - With permission from the federal government in hand, Tampa Port Authority officials are gearing up for a trade trip to Cuba, and it may happen as soon as next month.

The agency wants to talk with Cuban officials about shipping agricultural products they buy from Tampa Bay area companies through Tampa instead of other Florida ports. The agency hasn't set a date or decided who will make the trip, said port counsel Dale Bohner. But Tampa Mayor Pam Iorio, a member of the port's governing board, said Wednesday she's not interested in going. "The port should explore trade and travel opportunities there, but it's not the role for the mayor at this time," she said.

Anti-Castro groups and two City Council members criticized then-Mayor Dick Greco last year for leading a delegation of business and civic leaders on a four-day trip to Cuba that included a meeting with Castro. One of the most vocal critics, Tampa attorney Ralph Fernandez, said Wednesday that sending a local delegation on the heels of a recent crackdown on Cuban dissidents would be a mistake. He noted that the European Union this month announced unprecedented diplomatic sanctions against Cuba. "The timing could not be more embarrassing or poorer," Fernandez said. "It would be an affront to the freedom-loving world."

Congress voted in 2000 to ease the trade embargo and allow U.S. companies to sell certain food and agricultural products to Cuba on a cash-only basis. Cuba bought \$138.6-million in goods last year, said John Kavulich of the U.S.-Cuba Trade and Economic Council. Sales are projected to increase nearly 20 percent to \$166-million this year, he said.

Tampa port officials skipped a major food and agricultural expo in Havana last fall, dismissing Cuba as an insignificant trading partner. But after learning that local companies with contracts from Cuba were shipping products through Jacksonville, the port's governing board directed its staff to explore Cuba's potential. In February, the chairman of Cuba's government-owned buyer of food and agricultural products invited Greco and executives of the port and the Greater Tampa Chamber of Commerce to visit and discuss rebuilding traditional trading ties.

The port authority applied in March to the Treasury Department's Office of Foreign Assets Control for a travel license. But federal officials held up the request, saying the port asked for a different kind of license than had been granted to similar agencies. The license was quietly approved last month for a trip no longer than one week. The visit must be completed by Sept. 6.

Port officials asked to send a delegation that included Bohner, the port counsel; port director George Williamson; port board chairman Joseph Diaz; Hillsborough County Commissioner Pat Frank; Louis Ricard of Cargill Inc.; and Joe Guidry, the editorial page editor of the Tampa Tribune.

But the license covers only paid employees of the port authority who specialize in agricultural marketing and sales. Diaz and Frank are not paid for serving on the port board. Bohner said he will contact Treasury Department officials to clarify who can travel under the license. The port counsel also said he expects to plan the trip next week with Williamson, who was in Mexico this week on a trade mission with Tampa chamber economic development officials.

# Sun-Sentinel

## Fort Lauderdale, Florida

12 June 2003

### Cuba criticizes EU policy

By Vanessa Bauza  
Havana Bureau

**Havana** • In a stinging speech aimed this time not at Washington but at its largest foreign investor, Cuba called the European Union's new diplomatic sanctions "hypocritical and opportunistic" and accused the 15-member bloc of taking aggressive measures against the island in an effort to repair relations with the Bush administration.

Responding to a recent dissident crackdown and the executions of three hijackers, the EU last week unanimously voted to limit high-level visits, invite dissidents to European embassies in Havana, reduce the participation of member states in cultural events and review its relations with Cuba.

Inviting dissidents to European embassies is tantamount to turning "European ambassadors into Mr. Cason's hired hands," Foreign Minister Felipe Perez Roque said Wednesday, referring to the top American diplomat here, James Cason, whom Cuba has accused of fomenting counterrevolution. "Cuba calmly but firmly issues a warning to European embassies and to local U.S. government mercenaries that it will not tolerate provocation or blackmail," Perez Roque continued.

Perez Roque singled out Spanish Prime Minister Jose Maria Aznar, calling him a "minor ally of the Yankee imperial government," and Italian Prime Minister Silvio Berlusconi, saying his country has suspended donations totaling about 40 million Euros (about \$47 million) for projects ranging from agricultural irrigation to services for Old Havana's senior citizens.

The Cuban government on Wednesday called for hundreds of thousands of workers to march this morning in front of the Spanish and Italian embassies, massive protests generally reserved for the American diplomatic mission. Spain and Italy are two of Cuba's largest foreign investors and the source of much of the island's tourism.

Telecom Italia owns shares in Cuba's phone company that were valued at \$423 million in 2001, said John Kavulich, president of the New York-based U.S. Cuba Trade and Economic Council. The Spanish-French tobacco conglomerate Altadis owns a 50 percent share in Cuba's cigar exporting company. In all, European Union firms represent 54 percent of Cuba's investors, with interests from hotel chains to Havana Club rum.

Could icy diplomatic relations affect European investors?

"It's too early to tell," said Kavulich, adding that individual countries will likely vary widely in their approach. "Governments could decide that they're going to lessen credit guarantees. Companies will ask if they want to be moving in a direction which may be inconsistent with their respective government."

In his speech, Perez Roque accused the EU of joining "the U.S. government's attacks against Cuba" in a sign of "contrition and repentance over the differences that arose over the war with Iraq." In Brussels, EU spokesman Diego de Ojeda declined to address Cuba's accusations. The Cuba-EU tiff marks the end of a period when the European Union was improving relations with Havana. In March, EU officials heralded a new era of closer ties when they inaugurated their first office in Havana and publicly supported Cuba's application to an economic aid pact, calling it "a step in taking the EU-Cuban discussions on all issues, including human rights and democracy, to a new level."

# **The Florida Times-Union**

## **Jacksonville, Florida**

**10 June 2003**

### **Lanahan Lumber seals deal with Cuba**

#### **Work means more jobs for company**

By Christopher Calnan  
Times-Union business writer

Persistence paid off for Jacksonville's Lanahan Lumber Co. when it negotiated a deal with Cuban officials to sell lumber to that country. President Michael Lanahan said yesterday he paid six visits to Cuba to seal the deal that's resulted in a plan to ship Southern yellow pine to Havana for at least the next six months.

Lanahan was one of 923 Americans from 291 companies and organizations to attend a September 2002 exposition in Havana intended to promote humanitarian business deals with Cuba. He returned five more times to reach an agreement with Cuban officials. "They just needed wood and we kept going back," Lanahan said. "We would go back and try to find out what their needs are. That's all there is to it." The first shipments of 25 containers will be sent from Jacksonville and Gulfport, Miss., to Havana within the next two weeks on vessels operated by Jacksonville-based Crowley Liner Services. The bimonthly shipments are expected to continue for the next six months. Lanahan declined to reveal the deal's value, except to say it was "substantial." The additional business will create eight new jobs for the 22-employee company, he said.

The trade is permitted under the U.S. Trade Sanctions Reform and Export Enhancement Act. The law authorized the Office of Foreign Assets Control to license shipments of agricultural commodities, medicine, medical devices or other products directly from the United States to Cuba. Crowley operated the first vessel to unload U.S. goods in Havana in nearly 40 years when it shipped frozen chicken there in December 2001. Last year, Crowley signed a contract with Cuban President Fidel Castro to provide shipping services. Lanahan's lumber is allowed because it will be used to rebuild houses destroyed by hurricanes. It will also be used for wooden pallets used to move wheat and other grain shipped from the United States.

Last year, U.S. companies sold Cuba \$138.6 million in commodities under the Trade Act. This year, the level is expected to reach \$166 million, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc. Cuba has been consolidating its trade with fewer and larger U.S. companies. It initially tried to spread its business deals throughout the United States in an effort "to further the interest toward Cuba by U.S. companies," Kavulich said.

Lanahan said his company is the first U.S. company since 1958 to ship softwood lumber to Cuba. Cuba previously bought its yellow pine from Honduras, Spain and South America. About 360 containers under contract are from orders received in May, with the potential to ship nearly 800 during the next year. Lanahan is expecting the business to continue for the coming years. "I think if you're the front guy, then in the long run you're better off," he said. Lanahan Lumber was founded in 1946 by D.J. Lanahan, Michael Lanahan's father. The company focuses on commercial and industrial accounts, such as the Haskell Co. and Elkins Construction.

# The Washington Times

## Washington, D.C.

10 June 2003

### Crackdown hurts opening of trade

By Mike Williams

Three months ago, the movement to end the U.S. trade embargo against Cuba was gaining support, with a growing list of American companies lobbying for Cuban business and a bipartisan group in Congress promising to reverse the 4-decade-old policy.

Then came Cuban dictator Fidel Castro's April crackdown on his island's dissident movement. More than 70 people were jailed with long sentences, and three men who hijacked a ferry and headed for the Florida coast were summarily executed. The repression stirred a storm of international protest, unnerved many American companies doing — or considering — business in Cuba and threw new fuel on the always-volatile debate about the United States' Cuba policy.

"Everything was going very favorably, and then they did this stupid thing," said Georgia Agricultural Commissioner Tommy Irvin, a longtime advocate of opening trade with Cuba. Mr. Irvin said Mr. Castro's heavy hand has hurt efforts to roll back the U.S. embargo. "It's made it extremely more difficult. Had he not done this, I think we would've moved more rapidly. Now it's slowed down the process. But I think it's still possible, and we should pursue it."

Although there are no reports of American companies withdrawing from contracts to supply food to Cuba, officials in Virginia, Iowa and Maryland have canceled trips to the island to seek new business, Cuba watchers say. Food and medicine are the only goods Americans are allowed to sell to Cuba.

"The events of the last 60 days resulted in some businesses postponing visits to Cuba," said John Kavulich, head of the independent U.S.-Cuba Trade and Economic Council. "People are becoming a lot more sober, and companies are generally reviewing how they are operating relating to Cuba."

The U.S. embargo dates to the 1960s and the aftermath of the Cuban missile crisis, when communism was the United States' worldwide enemy and the presence of a Marxist state 90 miles off the Florida coast was a chilling prospect. Relations between the two nations remained ice cold until the breakup of the Soviet Union in 1989. Suddenly, the Cubans lost billions of dollars in annual subsidies, and Mr. Castro's government was pushed to the brink as his economy imploded and hunger spread among Cuba's 11 million residents.

Mr. Castro managed to hold onto power, turning to tourism as the island's salvation. Partnering with companies from Canada, Italy, Spain and other countries, he embarked on a pell-mell rush to restore the island's faded charms and build resorts and hotels. With foreign money flooding into Cuba, the American embargo came under serious fire, with critics arguing that it was an ineffective relic of the Cold War. In 1992 Congress allowed the sale of medicines to Cuba, followed by a 2000 law that allowed food sales.

The past several years have seen a steady parade of American farmers, food companies, agriculture officials and members of Congress visiting the island. Many of them are entertained in person by the charismatic Mr. Castro. At a large trade show in the fall, the aging but agile strongman dazzled many

American visitors, climbing into a pen with bison, trading stories with American farmers and keeping up a steady stream of jokes.

U.S. food exports to Cuba, meanwhile, have mushroomed, nearing \$200 million in the 19 months since the shipments began. Although that number isn't large on the world economic scene, there are estimates that Cuba might buy as much as \$1 billion annually from the United States, especially if the bipartisan Cuba Working Group in Congress succeeds in lifting restrictions on Americans traveling to Cuba as tourists.

Bob Reed, a rice farmer from Bay City, Texas, has traveled twice to Cuba in hope of gaining new markets for his product. "Cuba consumes more rice than is produced in the state of Texas in a year," he said. "They've been buying from Asia, and we have a strong competitive advantage. Our rice can be in Cuba in less than a week, while it takes 45 days from Asia. The Cubans know they could buy a lot more rice for the freight they're paying to get Asian rice."

Like many others, Reed was appalled by Mr. Castro's crackdown but believes that opening trade is a more effective weapon than the embargo. "I believe the simplest and best way to change Cuba to democracy is to sell our goods there, and let Americans go down there and mingle with the Cubans," he said. "It wouldn't happen overnight, but the embargo has had 40 years and it has failed miserably."

Jim Sumner of the USA Poultry and Egg Export Council, based in Stone Mountain, Ga., agrees. "All of American agriculture agrees that we shouldn't use food as a tool to punish foreign countries," he said. "I think our government realizes there would be a big backlash from agriculture if we lost this market." Mr. Sumner's group has seen the Cuban market grow to more than \$15 million, most of it for frozen chicken. The council is sponsoring a trade show in Havana in July to promote more sales to the Cuban service industry, which supplies the hotels and restaurants that cater to tourism. They also hope to bring some Cuban agricultural inspectors to the United States to certify more American producers for shipment to Cuba.

But the new chill that has fallen over U.S.-Cuban relations could be a problem. Cuban officials must get visas to travel to the United States, and such approvals have been held up or denied when spats broke out between the two countries.

Shortly after Mr. Castro's crackdown, the Bush administration expelled 14 Cuban diplomats for inappropriate conduct, a byword for spying. Most observers say the combination of Mr. Castro's repression and the upcoming American presidential campaign season probably means that no dramatic Cuba initiatives will pass in Congress — or if they do, are likely to be vetoed by President Bush.

Mr. Bush has strong ties to Miami's Cuban-American community. His brother, Jeb, is Florida's governor, and many say the president owes his razor-thin victory in the 2000 election to the solid support of Cubans, as Florida proved to be the decisive state. While embargo opponents vow to keep up their fight to relax Cuba policies, supporters say they are just as firmly committed to maintaining the restrictions.

Dennis Hays of the influential Cuban-American National Foundation said the crackdown proved once again the ruthless nature of the Castro regime. He is confident that no major changes in Cuba policy will be implemented this year, noting that President Bush has made it clear he would veto any attempt to end the embargo. As for trade, the foundation has not opposed the food and medicine sales, and has no plans to try to roll back provisions allowing them. "We're holding our nose and won't oppose it," Mr. Hays said. "But Cuba is a deadbeat, bankrupt nation. This crackdown should discourage American companies from doing business there. But some individuals and companies will brush it aside in favor of making a quick buck."

# The Atlanta Journal-Constitution

Atlanta, Georgia

8 June 2003

## **Cuban crackdown stalls trade drive But farm groups still favor ending 40-year-old embargo**

By Mike Williams

The Atlanta Journal-Constitution

Just three months ago, the bandwagon to end the U.S. trade embargo against Cuba was gaining steam, with a growing list of American companies lobbying for Cuban business and a bipartisan group in Congress promising to reverse the four-decade-old policy.

Then came Cuban dictator Fidel Castro's April crackdown on his island's dissident movement. More than 70 people were given long prison sentences, while three men who hijacked a ferry and headed for the Florida coast were summarily executed. The repression stirred a storm of international protest, unnerved many American companies doing -- or considering doing -- business in Cuba, and threw new fuel on the always fiery debate over America's Cuba policy.

"Everything was going very favorably, and then they did this stupid thing," said Georgia Agricultural Commissioner Tommy Irvin, a longtime advocate of opening trade with Cuba. Irvin said Castro's heavy hand had hurt efforts to roll back the U.S. embargo. "It's made it extremely more difficult. Had he not done this, I think we would've moved more rapidly. Now it's slowed down the process. But I think it's still possible, and we should pursue it."

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## Farm groups steadfast

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But the new chill in U.S.-Cuba relations could be a problem. Visiting Cuban officials must get visas to travel here, and such approvals have been held up or denied in the past when spats broke out between the two countries. Shortly after Castro's crackdown, the Bush administration expelled 14 Cuban diplomats for inappropriate conduct, a byword for spying.

Most observers say the combination of Castro's heavy-handed repression and the upcoming American presidential campaign probably means no dramatic new Cuba initiatives will pass in Congress -- or if they do, they would likely be vetoed by President Bush. Bush has strong ties to Miami's Cuban-American community. His brother Jeb is Florida's governor, and many say the president owes his razor-thin victory in the 2000 election to the solid support of Cubans, as Florida proved to be the decisive state.

While embargo opponents vow to keep up their fight to relax Cuba policies, supporters say they are just as firmly committed to maintaining the current restrictions. Dennis Hays of the influential Cuban-American National Foundation said the crackdown again proved the ruthless nature of Castro's regime. The foundation has not opposed the food and medicine sales and has no plans to try to roll back provisions allowing them. "We're holding our nose and won't oppose it," Hays said. "But Cuba is a deadbeat, bankrupt nation. This crackdown should discourage American companies from doing business there."

# El Nuevo Herald

Miami, Florida

29 May 2003

## Cuba busca comprar carne de res en EE UU

By Wifredo Cancio Isla



UN GRUPO de visitantes cogen pedazos de un asado de carne de res durante la Exposición de Alimentos y Negocios Agroindustriales de Estados Unidos celebrada en el 2002 en La Habana. Las ventas de productos agrícolas de Estados Unidos a Cuba podrían incluir la carne de res y cerdo en una fecha próxima. Según reveló el Consejo Económico y Comercial EEUU-Cuba, con sede en Nueva York, inspectores de sanidad de la isla han recibido ya visados norteamericanos para una visita exploratoria a varias procesadoras de carne.

Aunque todavía no hay una agenda establecida para los potenciales visitantes, el Departamento de Agricultura de Estados Unidos ha venido trabajando con las firmas norteamericanas desde el pasado año en la preparación de una visita formal de inspección sanitaria. El Nuevo Herald no pudo contactar ayer a fuentes del Departamento de Agricultura para que confirmara la información.

"Es algo que pudiera ocurrir en cualquier momento", dijo ayer John Kavulich, presidente del Consejo. "Alimport [la firma estatal cubana] tiene un contrato para importar carnes de res y de cerdo de Estados Unidos bajo las provisiones de la ley aprobada por el Congreso". En octubre del 2000 EE UU autorizó las ventas de alimentos y medicinas a Cuba, bajo la condición de que los pagos del gobierno cubano fueran en efectivo. Las compras han incluido considerables cargamentos de pollo congelado --\$21.6 millones durante el 2002-- pero hasta el momento no se ha comercializado otro tipo de carne.

Sin embargo, los envíos de carne estadounidense pudieran viabilizarse este año, cuando las transacciones con Cuba parecen atravesar por un momento de auge, con una mayor diversificación de productos. Sólo en el primer trimestre del 2003 las ventas ascendieron a \$44.2 millones, lo que representó un incremento del 40 por ciento respecto al mismo período anterior.

Kavulich consideró que se trata de "una buena noticia para las compañías norteamericanas, tal vez no tan buena para los canadienses". Cuba importa anualmente unas nueve toneladas de carne de cerdo y apenas una de carne de res. Canadá es el principal proveedor en ambos rubros. En el caso de la carne de res, se destina fundamentalmente al turismo y las tiendas que venden en dólares.

El profesor Jaime Suchlicki, director del Centro de Estudios Cubanos y Cubanoamericanos de la Universidad de Miami, restó importancia a las posibles operaciones. "Esto sería una gota en el océano", opinó el académico. "Se trata de abrirle el apetito a los vendedores de estados como Texas, Dakota del Sur y Dakota del Norte, como parte de la misma ofensiva para levantar el embargo, pero en realidad serían cantidades mínimas del producto".

Cuba realizó compras a EE UU por \$138 millones durante el pasado año, situándose en la lista de los 50 países con mayores volúmenes de importación de bienes agrícolas del mercado norteamericano.



**Havana, Republic of Cuba**  
**23 May 2003**

## **Aumentan 40 por ciento ventas productos agrícolas de EEUU a Cuba**

Las ventas de productos agrícolas estadounidenses a Cuba subieron un 40 por ciento el primer trimestre del 2003 en comparación con el mismo periodo del 2002, según un informe divulgado el 23 de mayo en Nueva York.

De acuerdo con datos del Consejo Económico y Comercial EEUU-Cuba, con sede en esa ciudad, las compras cubanas de esos productos alcanzaron un valor de 44,2 millones de dólares en los primeros tres meses del año, reporta la agencia EFE.

Durante ese trimestre, marzo mostró un alza récord de 121 por ciento con respecto al mismo mes en 2002, con ventas por valor de 17,5 millones de dólares.

Los datos indicaron asimismo que ese mes se realizaron más de 70 envíos por barco a Cuba, principalmente desde los puertos de Tampa (Florida), Nueva Orleans (Luisiana), Mobile (Alabama), y Gulfport y Pascagoula (Misisipi).

Las principales compras fueron de maíz (4,72 millones de dólares), soja (4,71 millones), aceite de soja (1,9 millones), pollo congelado (1,8 millones), arroz (1,6 millones) y trigo (857.507 dólares).

John Kavulich, presidente del Consejo, informó de que Cuba se ha situado en el lugar 38 de la lista de países importadores de alimentos estadounidenses.

"Cuba se ha convertido en un mercado sin riesgo para los vendedores, con la atracción adicional del dinero en efectivo", dijo el directivo.

Estados Unidos autorizó las ventas de alimentos y medicinas a Cuba en 2000 a condición de que los pagos del Gobierno de La Habana sean en efectivo.

Kavulich agregó que, según sus proyecciones y en el marco de una economía debilitada en EEUU, las ventas a Cuba mantendrán el mismo ritmo a pesar de las crecientes tensiones políticas entre Washington y La Habana.

# The Miami Herald

Miami, Florida

23 May 2003

## Crackdown? Exports to Cuba go on

By Nancy San Martin

As Cuba's state security officers picked up scores of dissidents and threw them in jail in March, U.S. food and agricultural sales to the island continued at a brisk pace. The arrests led to worldwide condemnation of Fidel Castro's government, but they did not disrupt the flow of exports, even as some trips to Cuba by business executives and anti-embargo delegates were put on hold.

The value of U.S exports for March, the most recent data available, totaled an estimated \$18.2 million -- about \$17.5 million of it reported as agricultural products -- according to figures released this week by the U.S.-Cuba Trade and Economic Council, a New-York based group that tracks Cuba's economy. The March figures were 121 percent higher than during the same period a year ago. Export figures for April, when harsh sentences were issued against 75 Cuban dissidents and three ferry hijackers were executed, are not yet available. Shipments, however, are expected to continue to swell, with total sales for 2003 projected at about \$166 million, a 19 percent increase over last year's.

"Exports are on track," council president John Kavulich said. "There is no indication, as yet, that the fluctuations in food and agricultural purchases by Cuba have been impacted by noncommercial reasons." Since shipments to Cuba began in December 2001, total sales of food and agricultural products to the island have been valued at more than \$187 million, making Cuba an increasingly attractive export market for U.S. companies.

The direct commercial exporting of food products is allowed under the Trade Sanctions Reform and Export Enhancement Act, which requires that the transactions be on a cash basis. Some analysts point to agricultural sales as an example of solid bilateral relations, despite heated verbal exchanges between U.S. and Cuban government officials and the recent ouster of 14 Cuban diplomats accused of engaging in espionage. All 14 have left the United States, U.S. officials confirmed Thursday.

"The relationship is remarkably stable on core issues," said Jorge Domínguez, author and Harvard University expert on Cuba. "The building blocks either haven't changed or have gotten better under the Bush administration." In addition to the increase in sales, other "building blocks" cited by Domínguez as examples of stable bilateral relations are the ongoing amicable relationship between military officials on the Guantánamo Naval Base and their counterparts in Cuba as well as the continued cooperation between the U.S. Coast Guard and Cuban authorities in drug-interdiction efforts and repatriations. "All the big items haven't been touched," Domínguez said.

Underscoring a continuing desire among some for closer relations with Cuba was a visit to Havana this week by Rep. Leonard Boswell, a Democrat from Iowa who headed a delegation of several dozen farm representatives. Boswell announced \$4 million in new U.S. farm sales to Cuba and -- echoing dozens of other recent American visitors to the island -- called for an end to the United States' trade and travel restrictions.

# El Nuevo Herald

Miami, Florida

23 May 2003

## En auge las ventas de Estados Unidos a Cuba

By Wilfredo Cancio Isla

Las ventas de productos agrícolas de Estados Unidos a Cuba ascendieron a \$44.2 millones en el primer trimestre del presente año, cifra que representa un incremento del 40 por ciento con relación al mismo período del 2002.

De acuerdo con estadísticas reveladas por el Consejo Económico y Comercial EEUU-Cuba, sólo durante el mes de marzo las adquisiciones cubanas sumaron \$17.5 millones, situando a la isla en el lugar 38 de los países con mayor volumen de importación de bienes alimentarios en el mercado norteamericano.

"Son números verdaderamente impresionantes", consideró John Kavulich, presidente del Consejo. "La realidad es que Cuba se ha convertido en un mercado sin riesgo para los vendedores, con la atracción adicional del dinero en efectivo".

Los datos divulgados por esa entidad --con sede en Nueva York-- están confirmados por varias fuentes, incluyendo los departamentos de Agricultura y Comercio de Estados Unidos.

El ejecutivo pronosticó que las operaciones comerciales de la compañía estatal cubana Alimport y las firmas norteamericanas mantendrán el mismo ritmo en los próximos meses, a pesar de las crecientes tensiones políticas entre La Habana y Washington por la represión desatada en la isla.

"No hay evidencia alguna de que se ha producido un cambio de tendencia", agregó Kavulich. "Se han suspendido visitas e intercambios, pero ninguna compañía norteamericana ha detenido hasta ahora sus ventas, y Cuba sigue comprando".

El economista Jorge Sanguinetti, director de la firma consultora DevTech, coincidió en que "el factor político no va a afectar el flujo comercial" entre ambos países.

"Puede verse como una actitud mercenaria, pero es un hecho irrefutable que las compañías norteamericanas van a seguir sus propias agendas", explicó Sanguinetti. "El gobierno de Estados Unidos no puede ejercer poderes discrecionales una vez que el mercado existe y hay un mecanismo comercial que está funcionando".

Estados Unidos autorizó las ventas de alimentos y medicinas a Cuba en el 2000, bajo la condición de que los pagos del gobierno cubano fueran en efectivo. Las compras del gobierno cubano ascendieron de \$4.3 millones en el 2001 a \$138.6 millones el pasado año, y los expertos especulan que el aumento podría ser de un 20 por ciento al terminar el 2003.

Los datos indican que el pasado marzo hubo más de 70 envíos de productos alimenticios, mayormente desde las terminales marítimas de Tampa (Florida), Nueva Orleans (Luisiana), Mobile (Alabama), Gulfport y Pascagoula (Mississippi). Las principales compras fueron de maíz

(\$4.72 millones), soya (\$4.71 millones), aceite de soya (\$1.9 millones), pollo congelado (\$1.8 millones), arroz (\$1.6 millones) y trigo (\$857,507).

Las ventas de marzo significaron un aumento del 121 por ciento con respecto a la misma etapa del 2002, el salto más espectacular en la historia de estas operaciones.

Kavulich opinó que existe gran presión sobre las compañías agrícolas de Estados Unidos para buscar nuevos horizontes mercantiles en momentos en que la economía norteamericana atraviesa por un período de lento crecimiento y depresión en las tasas de ganancia.

En el envés del asunto, Sanguinetti opinó que el gobierno cubano está obligado a comprar para incentivar los envíos de remesas familiares desde el extranjero. "Si Cuba no puede venderle nada a la gente, las remesas pararían", indicó el economista.

(AP) EL JEFE de la Oficina de Intereses de Estados Unidos en Cuba, James Cason, izquierda, y John Kavulich, durante la Feria de Alimentos y Negocios Agrícolas celebrada en el 2002 en La Habana.

# Reuters News Service

London, United Kingdom

20 May 2003

## Iowa sells grain to Cuba, chides Castro on arrests

By Anthony Boadle

**HAVANA (Reuters)** - An Iowa trade delegation on Monday signed grain contracts with Communist-run Cuba, where U.S. business enthusiasm has cooled over recent political repression and diplomatic tensions with Washington.

The delegation was led by Democratic Representative Leonard Boswell who met President Fidel Castro and top officials in his one-party government.

"I looked them square in the eye and let them know that the American people as a group are united in condemning the arrests and sentences of 75 dissidents and requested that they be released," Boswell told a news conference.

Boswell said, however, the United States should continue to engage rather than isolate Cuba to foster political reform and said he supported lifting a ban on American tourism to Cuba.

FC Stone, a Des Moines-based commodity company, signed new contracts for 10,000 tonnes of corn and 20,000 tonnes of wheat with the Cuban state food importer Alimport, FC Stone sales director Chris Aberle said.

Iowa Agriculture Secretary Patty Judge said talks were underway to sell Cuba pork and beef, animal feed, eggs and ice cream.

Since a four-decade trade embargo was eased two years ago, U.S. agricultural firms have sold Cuba almost \$200 million in food, according to John Kavulich, of the U.S.-Cuba Trade and Economic Council, which monitors American business with Cuba.

But recent political events have affected trade and about a dozen U.S. companies have canceled business trips while state delegations from Maryland and Virginia have been postponed, Kavulich said.

"U.S. companies have traditionally sought to separate trade with Cuba from the politics of Cuba, but recent events have made that harder to do," Kavulich said.

Cuba, which has been governed by Castro since a leftist revolution in 1959, jailed 75 U.S.-backed dissidents and independent journalists last month for up to 28 years. It also executed three men by firing squad for hijacking a ferry in an attempt to reach the United States.

The Bush administration last week expelled 14 Cuban diplomats for alleged espionage.

# The Christian Science Monitor

Boston, Massachusetts

20 May 2003

## Not their fathers' Cuban-American politics

By Alexandra Marks  
Staff writer

**MIAMI** – Jorge Mas Santos stands in an elegant Coral Gables living room espousing what, until very recently, was heresy here - moderation toward Cuba.

"We do not need the 101st Airborne in Havana," Mr. Mas tells a group of the best and brightest young Cuban-Americans who've gathered for drinks and crudités. "We have to change the debate, talk about the violations of human rights, the need for elections, the enslaving of the Cuban people. That's what we need to show the world, that's a compelling argument that cannot be debated."

With Cuban-American relations more strained than at any time since the missile crisis 40 years ago, Mr. Mas Santos's words are particularly salient. But what makes them still more striking - and revealing - is that Mas Santos's father was Jorge Mas Canosa, powerful founder of the Cuban American National Foundation (CANF), which over the last 20 years has shaped the hard-line US policy toward Cuba as well as more than one presidential election in Florida.

Now, as the Bush administration prepares its response to Fidel Castro's recent crackdown on dissidents and emigrants, it's confronted by a new dilemma: Cuban-Americans, a key political constituency, are split between the traditional hard-liners and a new generation of moderates like Mas Santos, who has taken over the chairmanship of the CANF. The old guard is lobbying to have the US cut off the funds - more than a billion dollars annually - that Cuban-Americans send to their families on the Caribbean island, and to ban all travel there.

The moderates, made up of younger Cuban-Americans and newer migrants from the island, object to both those aims, and would prefer the administration to champion human rights and free speech - and indict Castro as a war criminal.

More complex politics

To come up with a policy that satisfies both sides, says Sergio Bendixen, a Florida pollster and political analyst, "is not going to be easy." For a generation, presidential contenders have come to Miami to court the powerful Cuban-American lobby here in Little Havana. Their goal: to win the blessings of the senior Mas Canosa, who often met with them at the Versailles Restaurant on 8th Street, where the staples are beans and rice and fried plantains, and the politics were fairly simple. Pledge a crackdown on Castro, and Mas Canosa could deliver 85 to 90 percent of the crucial Cuban-American vote - and potentially swing Florida in your favor.

But even before he died in 1997, Mas Canosa had grown more moderate, in part because of the hard-line policy's failure to bring on Castro's downfall, and in part because the demographics of Miami's Cuban-American community were already changing.



It's estimated that as many as 20,000 Cubans migrate to the US each year. Unlike those who came in the 1950s, '60s, and '70s - who were fleeing political persecution - many of the newer arrivals are economic refugees. And most, like Sulima Reyes, end up in Miami. She works selling items wholesale to the "dollar stores" around Little Havana.

She arrived six and a half years ago, leaving her father and sisters back home, and now, when she can, she sends them money for medicine and food. While she's no fan of Castro, she wants to maintain that contact with her family, and keep the option to visit. "I don't know about politics," she says, a clipboard in hand and cellphone wire dangling from her ear. "I'm here to work."

### How perspectives change

A recent poll by Mr. Bendixen for a group of businessmen called the Cuba Study Group found that more than 50 percent of Miami's Cuban-American population comprises these newer, more moderate migrants. That's been key in changing the community's political tenor. And then, in 2000, there was Elian Gonzalez, the little boy who survived the trip from Cuba to Florida, though his mother perished in the ordeal. The furor raised by the Cuban-American community when the US sent the little boy back to his father in Cuba alienated many in the US, including key political allies in Washington.

"It was an embarrassment to all of us," says Joe Garcia, CANF executive director. "It was a collective archetypal event that we all reacted to through emotion and not with the cold calculation that politics requires." Mr. Garcia doesn't judge the community, noting that many identified deeply with Elian's plight. But Garcia does consider the event a lynchpin in the transformation of the Cuban-American community's mind-set, a prompt for soul searching and a political spur to younger Cuban-Americans. "It's the responsibility of our generation to continue the battle and struggle that our parents and grandparents led," says Fred Balsera, a political consultant and trustee of the CANF whose father was one of the founders. "But obviously, being American born and raised, and not having the direct scars that an exile has, our perspective is different."

But these demographic and attitudinal shifts have taken a toll on Cuban-American unity. Two years ago, a group that held to the traditional line broke off from the CANF and created the Cuban Liberty Council (CLC) It continues to oppose dialogue with Cuba and advocates cutting off remittances and banning travel. "The weakest link in Castro's column is the economy," says Luis Zúñiga, executive director of the CLC. "If you cut it off, it collapses." Mr. Zúñiga believes the original foundation has "lost direction" and the new leaders' underlying goals are economic. Garcia dismisses that notion and counters that the hard line has not worked for the past 40 years, so it's time for an alternative.

The larger political impact is unclear. While polls show the community split, the traditional conservatives vote in far larger numbers than the newer migrants and younger Cuban-Americans. That disparity could be a critical factor when Washington weighs its response to the Cuban crackdown. Many analysts, like William Leogrande at American University, doubt the administration will cut off remittances. But others also doubt this administration will expand commercial, economic, and political ties to the country as President Nixon did in opening up relations with Communist China.

"Those who surmise that President Bush is likely to emulate President Nixon on China have the courage of their ignorance," says John Kavulich, president of the US-Cuba Trade and Economic Council, a nonpartisan business group. "It's not likely the administration will risk what they know to be a certain voting block for an unknown."

# Waterloo Courier

Waterloo, Iowa

11 May 2003

## Harkin visits Cuba to sell corn deal.

By MATTHEW WILDE

Courier Staff Writer

And

GABRIEL CABARROUY

Medill News Service

**REINBECK** -- Iowa Sen. Tom Harkin visited Cuba recently helping seal a \$2.5 million purchase of corn from a commodities broker in Des Moines.

On Thursday, another Iowa delegation will arrive in the island nation hoping to make that deal seem like chicken feed. But if they can sell chicken, hog or any other feed, they would be happy with that, too.

The Iowa Corn Promotion Board and the Greater Des Moines Partnership is sponsoring the first Iowa Food and Agricultural Mission to Cuba.

The group, which includes Rep. Leonard Boswell, D-3rd district, Iowa Secretary of Agriculture Patty Judge and nine Iowa food and agriculture companies, will spend five days trying to convince Cuba to buy everything from grain and distillers grain to feed livestock to ice cream and soymilk.

Since Congress eased embargo restrictions three years ago to allow U.S. farm products to be sold on a cash-and-carry basis, Cuban buyers have concentrated on bulk commodities. While any sales removing corn, soybeans and wheat from the market will help prices by increasing demand, Iowa trade officials are looking at other opportunities to help the state's farmers.

Tom Rial, GDMP export assistance director, said exporting goods to help Cuba's burgeoning tourist trade and helping the country become more self-sufficient could mean more dollars for Iowa farmers. The group will concentrate on marketing corn-fed beef, distillers grains, livestock for breeding purposes and animal vaccines and semen, among others.

"We wanted to take Iowa companies to get some one-on-one face time with Cuban officials and develop long-term contacts. There is potential there," Rial said.

The exporting of farm products has grown so much that Cuba now ranks 50th out of 226 countries in markets for U.S. farm products. Last year, Cuba brought about \$138.6 million in U.S. agricultural products, according to the U.S.-Cuba Trade and Economic Council. That figure is expected to increase this year to \$166 million.

Rial said Congress is considering lifting the travel ban to Cuba. He said an estimated 2 million Americans would visit the country in the first year. If that happens, tourists will want food like they get at home as well as the native cuisine.

"That means corn-fed beef. Cuba buys 65 percent of the pork imported to the region (Caribbean). Obviously that's good for Iowa," Rial said.

Le Mars-based Wells Blue Bunny Ice Cream is going on the trip. The demand is there. Cubans wait in line for several hours just for a taste of the cool dairy treat.

Pork and beef producers are exploring export opportunities and a representative from Midwest Grain Processors, an ethanol plant near Lakota, is going to hawk distillers grains, an ethanol byproduct.

Domestic livestock farmers are buying distillers grain as a cheap, healthy feed. Since Cuba is short of grain, it could be way to increase livestock production inexpensively while providing ethanol plants another sales opportunity.

Several containers will be taken to Cuba to be tested. The possibility of a new market excites Larry Meints, president of Pine Lake Corn Processors, an ethanol plant scheduled to begin construction in June near Steamboat Rock.

The 20-million gallon facility would produce about 70,000 tons on distillers grain initially, eventually doubling the output of both in five years. Distillers grain sells for about \$85 per ton.

"I'm not as concerned about getting rid of it now as I was six months ago. The marketing of distillers grain is important, and the more markets you have the better," Meints said.

During Harkin's visit a couple of weeks ago, he was told the Cubans wanted to buy corn. He immediately contacted the Iowa Corn Growers Association and a sale of 25,000 metric tons of corn from FCStone Co. followed.

While the opportunity does exist to increase exports, officials warn commodity prices probably won't rise dramatically as a result. However, any sales removing corn or soybeans from the market and increasing demand will help.

"These people are hungry," said Chris Abberle, a spokesman for FCStone Co. "They appreciate our products being shipped out there."

The Cuban government purchased about \$23 million worth in corn (second to wheat), \$21 million in soybeans and \$42 million in soybean oil and soybean oil cake. Those top purchasing products are among the specialty of Iowa. Pork has the potential to be another market but because of political reasons, trade has been delayed.

The FCStone Co. who represents about 750 cooperatives in Iowa and the Midwest has sold about \$10 million worth in corn and soybeans since 2000. The Archer Daniels Midland Co. based in Decatur, Ill. that represents some Iowa farmers sold \$70 million worth of corn last year to Cuba.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said the cash-only provision is what makes Cuba an attractive market. U.S. companies know they will be receiving cash immediately and there is no risk of default or delay payment.

However, he warns agricultural groups to not "over sell" Cuba. They buy about \$650 million in agricultural products every year and that isn't like to change, he said. "Find out what Cuba is buying and not what they want to buy and focus on that," Kavulich said.

# The New York Times

New York, New York

14 May 2003

## Striving to Punish Cuba, U.S. Expels 14 of Its Diplomats

By CHRISTOPHER MARQUIS

**WASHINGTON, May 13** — The United States ordered the expulsion of 14 Cuban envoys today for "inappropriate and unacceptable activities," a common diplomatic reference to spying.

The mass expulsion of Cuban diplomats is among the most sweeping ever undertaken by Washington in a long history of tit-for-tat ousters. It comes as the Bush administration is studying ways to punish Havana for its recent imprisonment of scores of government critics and human rights advocates.

The State Department notified the Cuban government this morning that seven diplomats from Havana's mission at the United Nations in New York, and seven officials at Cuba's de facto embassy in Washington, were being given 10 days to leave the country.

"In response to certain inappropriate and unacceptable activities, the United States has decided to take strong action," said Philip T. Reeker, a State Department spokesman. The Cuban diplomats in Washington were declared persona non grata, requiring their prompt departure, Mr. Reeker said.

The United Nations envoys, under a separate procedure, were ordered to leave for actions "deemed to be harmful to the United States." Mr. Reeker declined to discuss the charges against the Cubans, referring questions to the F.B.I. Bureau officials did not respond to requests for comment. "I think you're all familiar with the record of espionage by the Cuban regime against the United States," Mr. Reeker said. "It's a long record."

Officials at the Cuban Interests Section in Washington, which functions as an embassy in the absence of diplomatic relations, did not respond to requests for comment.

Administration officials privately insisted that the expulsions were independent of an overall review of Cuba policy following the crackdown on dissidents and the swift execution of three would-be ferry hijackers.

But administration officials have said for weeks that they were considering a wholesale reduction in the Cuban diplomatic presence in the United States as part of a menu of possible actions to be unveiled by the White House in coming days. Among the other options are curtailing cash payments to Cubans from their relatives here, restricting Cuban immigration, placing new curbs on already limited trade and enhancing United States government broadcasts to the island.

John S. Kavulich, the president of the U.S.-Cuba Trade and Economic Council, said the expulsions might be part of a drive by hard-liners in the administration to toughen the American position toward Havana and thwart moves in Congress toward greater liberalization.

Without discounting the possibility that the envoys engaged in spying, Mr. Kavulich, whose council advises businesses interested in investing in Cuba, said, "From what I know, they're far more political casualties."

There was no immediate reaction from Havana, but American officials braced themselves for retaliatory steps. In recent weeks, Cuban officials have complained bitterly about contacts between the top American diplomat in Havana, James Cason, and various dissident leaders, many of whom have since been sentenced to long prison terms.

The State Department refused to identify the Cubans being expelled, except to say that they did not include the chiefs of mission in Washington or at the United Nations.

The Associated Press said the third- and fifth-highest officials at Cuba's United Nations mission, Adrián Francisco Delgado González and Alfredo José Pérez Rivero, respectively, were among those told to leave.

The United States and Cuba have spied aggressively on each other throughout the four decades since the Cuban revolution. American intelligence operations were dealt a severe blow in the early 1990's from a counterespionage campaign by Mr. Castro that left Washington with few human sources on the island, government officials acknowledge.

In recent years Cuba has been more successful in deploying agents, even placing some in some top United States posts.

The most prominent of these was Ana B. Montes, a Pentagon analyst with influence over Cuba policy, who was sentenced last year to 25 years for spying for Havana. In 2000, a senior United States immigration official, Mariano Faget, was convicted of passing secrets to a Cuban diplomat, and a circle of Cuban spies known as the Wasp Network rattled South Florida two years earlier with efforts to penetrate exile groups and a military base.

Washington expelled four Cuban diplomats in November in response to the Montes scandal. Irritated by the restrictions placed on Mr. Cason and other diplomats in Cuba, the administration has also compelled Cuban diplomats here to seek State Department approval for routine purchases or hires, saying it insists on parity of treatment.

[NOTE: The New York Times was informed as to the error in describing the purpose of the U.S.-Cuba Trade and Economic Council. The organization does not advise businesses with respect to investing in the Republic of Cuba; rather, the organization provides commercial and economic information about the Republic of Cuba and assists businesses with respect to commerce with the Republic of Cuba.]

# Des Moines Register

Des Moines, Iowa

13 May 2003

## Trade mission heads for Cuba

### The Iowans will visit a nation where actions against dissidents have chilled relations.

By Jerry Perkins  
Register Farm Editor

Eight Iowa businesses leave Wednesday on a trade prospecting trip to Cuba. There they will face a chill in U.S.-Cuban relations from a crackdown on dissidents and a downturn in recent purchases of U.S. food and agricultural products.

U.S. Rep. Leonard Boswell, D-Ia., and Iowa Secretary of Agriculture Patty Judge will accompany the trade mission to Cuba from Wednesday to May 20. Also on the trip will be officials of Buena Vista University, Tom Rial and Alba Bassett-Armijo of the Greater Des Moines Partnership, and Don Mason of the Iowa Corn Promotion Board. The Des Moines partnership and the Iowa corn board are sponsors of the trip.

Mason said he hoped political fallout from Cuba's crackdown on dissidents wouldn't affect sales of Iowa products there. "It could have just the opposite impact," said Mason. "The Cubans might want to buy more to get people's minds (in the U.S.) off the crackdown." The U.S. government has maintained an economic embargo on trade with Cuba for more than 40 years. Medicine was exempted from the trade embargo in 1992, and food and agricultural products were exempted in 2000.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said the arrests and convictions of more than 75 opposition leaders will make commerce more of a problem. "The business community has always tried to distance trade with Cuba from the politics of Cuba," Kavulich said. "Recent events have made that increasingly difficult." Kavulich said about a dozen U.S. companies have canceled business trips to Cuba, as well as the states of Maryland and Virginia.

Rial, director of the Partnership's Iowa Export Assistance Center, said some Iowa companies also canceled their plans to go to Cuba. "We're standing on our principles that unilateral trade embargoes don't work and put U.S. businesses at a disadvantage. "I'm certain that we're doing the best thing by going to Cuba. We know this will be good for Iowa businesses," he said. There are economic reasons why trade missions face more daunting prospects for sales.

Cuba's purchases of U.S. food and agricultural products dropped 34 percent in February compared with a year ago, Kavulich said. Sales statistics for March are being gathered now, but it looks like they also will be down compared with a year ago, he said. Chris Aberle, director of sales for FC Stone, a West Des Moines-based commodity company, will be part of the Iowa trade mission. FC Stone sold \$5 million of soybeans and corn to Cuba last year and recently made a \$2.5 million corn sale to Cuba when Sen. Tom Harkin, D-Ia., visited the island nation of 11.2 million people April 21-25. A new sale isn't a slam dunk." They're tough negotiators, and you have to be competitive on price," Aberle said.

Tom Dixon, area manager for Latin American sales for Hy-Line International in Dallas Center, is making his second trip to Cuba for Hy-Line, which sells breeding stock for laying hens and is the largest poultry genetics company in the world.

Cuba has about half as many laying hens as it should have, and its poultry genetics are outdated, Dixon said. "As things open up and the economy improves, it could be a good market," Dixon said.

# The Dallas Morning News

Dallas, Texas

12 May 2003

## Cuban market falls short

### Rising political tension has limited Texas farmers' prospects

By BRENDAN M. CASE

**MEXICO CITY** – Texas farmers and ranchers need all the export opportunities they can get, even when hot-button political issues threaten to cool commerce.

Rising political tension between the United States and Cuba has diminished last year's hope that the two countries would foster growing trade ties in 2003.

But U.S. companies are still allowed to export food and agricultural goods to the communist-run Caribbean island. And dozens of Texas farmers and ranchers will attend a workshop on "doing business in Cuba" this week in Austin.

"Direct contact between people in the United States and people in Cuba is something that's worked to foster better relations," said Cynthia Thomas, president of TriDimension Strategies LLC, a consulting firm in Dallas that helped organize the event. "That hasn't changed because of the current situation."

When it comes to U.S.-Cuba trade, politics and business have been intertwined since Cuban President Fidel Castro took power in 1959 and the United States later struck back with a trade embargo.

But new U.S. laws allowed American companies to ship food and agricultural products to Cuba beginning in 2001. This week's Austin conference shows how the U.S. business community remains eager to sell more.

Of course, the political strains are impossible to ignore. In recent weeks, Mr. Castro has cracked down on independent journalists and political dissidents. He also executed three men convicted of hijacking a boat to go to the United States.

Cuban officials accuse the U.S. government of fomenting unrest. U.S. officials once again branded Cuba a state sponsor of terrorism, along with the likes of North Korea, Iran, Syria and Sudan.

"U.S.-Cuba relations are a series of peaks and valleys," said John Kavulich, the president of the U.S.-Cuba Trade and Economic Council Inc. in New York. "The general consensus is that the current situation is not an abyss, but it is a deep valley."

Would-be Texas exporters might face economic headaches as well. Cuba is reportedly experiencing even harder economic times than usual this year, including a downturn in its large sugar industry.

The island imported about \$140 million from the United States last year, according to Mr. Kavulich. That made Cuba the 50th largest export market for U.S. farmers. But initial results suggest that U.S. shipments to Cuba fell slightly between January and March compared with the same period last year, Mr. Kavulich said.

### Critical links

Still, Texas officials say, it's critical to develop commercial links with an island just a short boat ride away. "There's no way the political part can't have an effect," said Glen Jones, the research director of the Texas Farm Bureau in Waco. "But we feel that agricultural exports are so important that we need to open up trade. Eventually, Cuba will be a trading partner."

Texas companies know all about unfulfilled expectations when it comes to Cuba. Nearly all the state's rice exports went to Cuba before Mr. Castro took power in 1959. Gulf Coast ports once handled a bustling trade with the island. No longer. Illinois, Florida and Georgia now hold the top spots. "Texas isn't even on the radar screen," Ms. Thomas said.

Indeed, one concern at this week's conference lies in generating opportunities for smaller producers. So far, the benefits of trade with Cuba have been concentrated among a handful of companies, such as Archer Daniels Midland Co., the agribusiness giant from Decatur, Ill.

Although Cuba's 11 million people rank it far behind giant world markets such as China or even Mexico, experts say, it pays to develop new markets at a time when economic weakness halfway across the world can hurt U.S. farms and ranches.

Moreover, smaller markets are nothing to sneeze at. Over the last few years, Guatemala has significantly boosted its purchases of U.S. agricultural exports, according to Parr Rosson, an agricultural economics professor at Texas A&M University.

If something similar ever happens in Cuba, developing trade links now could lead to profits in the future. "Things change rapidly as an economy improves," said Mr. Rosson. "For U.S. products, the transformation can be quite dramatic in a short period of time."

### Tough question

Of course, the thorny question of U.S.-Cuba politics still looms over the emerging business opportunities.

For example, President Bush is reportedly considering a restriction of cash remittances from the United States to Cuba.

That move, and others designed to punish Mr. Castro for his recent crackdown, could hurt trade. "Anybody who's doing business with Cuba right now is put back a little by what's been going on," said Georgia businessman Charles Joyner, chairman of the U.S. Poultry and Egg Export Council, referring to the ratcheting up of tensions on both sides.

"But the embargo has failed, and the Cuban people are suffering," he said. "Deep down, we truly believe that things will change in Cuba for the better."



# The Delmarva Farmer

Easton, Maryland

6 May 2003

## Cuban ag trade hits a bump after Castro crackdown Md. postpones Havana trip

By MARK POWELL

Maryland's decision last week to postpone a high-profile agricultural trade mission to Cuba highlighted a bump in the road of increased farm exports to the Communist nation.

Gov. Robert L. Ehrlich Jr. ordered the state-owned clipper, the *Pride of Baltimore II*, to cancel its planned trip there in late May. The ship was going to be used to showcase the state's agriculture, including a Queen Anne's County-based dairy cattle genetics firm, two divisions of Salisbury-based Perdue Farms and Washington Quality Foods, a manufacturer of a variety of muffin and other flour mixes. Ten companies were to have been represented and have shared the cost of the trip.

Maryland Secretary of Agriculture Lewis Riley said, "While we are committed to expanding the market for Maryland's agricultural products, Gov. Ehrlich and I share the Bush Administration's serious concerns about making this visit to Cuba at this time."

Maryland's decision is the latest of several such moves since Cuban President Fidel Castro cracked down on political opponents of his regime. In the past several weeks, his administration has jailed at least 75 critics and human rights activists and executed three men who had tried to escape Cuba to the United States by hijacking a ferry.

John S. Kavulich, president of the New York-based U.S. Cuba Trade and Economic Council, said Iowa also had postponed agricultural promotion efforts in Cuba as had dozens of companies. Kavulich, whose organization represents companies doing business in Cuba, said the tense situation could worsen or improve based on Castro's May Day speech and President Bush's expected speech on Cuba on May 20.

In his May 1 speech, Castro accused the United States of trying provoke a war. "In Miami and Washington, they are now discussing where, how and when Cuba will be attacked," Castro said in Havana before hundreds of thousands of people, according to the Associated Press.

Meanwhile, Castro has faced a hailstorm of criticism from supporters as well as critics. Latin American leftist intellectuals, who have been a bastion of moral support for Castro since the fall of Communism in the former Soviet Union, are abandoning him. Mexican novelist Carlos Fuentes called Cuba a "suffocating dictatorship," while Uruguayan author Eduardo Galeano condemned Castro for imprisoning writers and human rights activists for speaking out against his government.

Kavulich said agricultural trade with Cuba, allowed by Congress since 2000, has been steadily increasing over the last two years. Maryland, he said, is a leader in that effort. "The Maryland Department of Agriculture is probably No. 4 or 5 in the nation in terms of their effectiveness in

Cuba,” Kavulich said. After one trade mission to Cuba last September, Maryland agricultural business have sold about \$1 million in products to the island nation. That puts the state at No. 12 of 25. Georgia’s done the best, Kavulich said, selling lots of poultry products, as has Maryland. North Dakota has sold quite a bit of high quality durum wheat to Cuba.

Ag trade to Cuba has gone from \$4.3 million in 2001, all of it from large agribusinesss Archer Daniels Midland, Riceland, Louis Dreyfus and Cargill, to an anticipated \$166 million this year from a variety of much smaller farms and firms scattered around the country. Kavulich said the 2003 estimate was higher, \$230 million, until Castro’s crackdown on dissidents.

“Cuba has gone from being the 144th largest ag market in 2001 to 50th in 2003,” Kavulich said. While trade missions, such as Maryland’s, are being postponed because of the volatile situation in Cuba, “no company has canceled sales to Cuba,” he said.

Next month soybean meal from Perdue is expected to be moved out of the Norfolk, Va., port to Cuba.

Virginia Department of Agriculture and Consumer Services marketing chief Tom Sleight said those in his business of promoting ag products overseas are taking a step back. But, he said, Virginia will continue to seek markets in Cuba. “Our job is to find markets for Virginia’s agricultural products,” Sleight said.

Sleight, a former representative for the U.S. grain producers overseas, said exports into the Soviet Union helped lead to the demise of Communism and the rise of free market capitalism. Many agricultural leaders, including the American Farm Bureau Federation, have pushed for increased ag trade with Cuba, many agreeing with Sleight that exposure to the abundance of capitalism will convince ordinary Cubans of the value of U.S. freedoms.

Virginia’s agriculture department has helped arrange sales of about \$700,000 in ag products to Cuba. One Virginia farmer, Henry Childs of Charlottesville’s Crown Orchards, shipped apples to Cuba last winter. “It worked out okay for us,” Childs said. “There’s a lot of red tape though.” He added that he would sell more apples to Cuba if possible.

Alexandria, Va., based marketing consultant Daniel Secondi helped arrange the apple sale. Secondi said it is important to make contacts in Cuba now. “Fidel is not forever,” he said. In Centreville, Md., dairy genetics marketer Kevin Leaverton was to have been on the now postponed MDA trip to Cuba. While he won’t be making that trip just now, he will be traveling with the ag department to the West Indies on May 20. He said he sees a lot of potential in many of the Caribbean countries, including Cuba.

Leaverton’s company sells dairy cattle, their semen and embryos in 45 nations, mostly in Europe.

The Caribbean countries, unlike many other parts of the world, are increasing their dairy herds. Nancy Wallace, director of international marketing at MDA, said she hopes to schedule another trade mission to Cuba later in the year, perhaps July or August.

During their September trade mission, Wallace said, hundreds of thousands of dollars in business was generated for Maryland firms.

# The Miami Herald

Miami, Florida

5 May 2003

## U.S. action after Cuba crackdown debated Florida reaction a concern for '04

BY TIM JOHNSON

**WASHINGTON** - The Bush administration has compiled several options -- ranging from mild action to confrontation -- in reaction to Cuba's recent offensive to smash the pro-democracy forces on the island.

The most radical options would virtually dare Fidel Castro's regime to unleash a new raft of exodus across the Florida Straits and risk military hostilities with the United States, although most observers expect the Bush administration to settle on a much more moderate approach. Senior Bush administration officials say the White House will soon announce measures in response to Cuba's arrests of about 75 pro-democracy activists since mid-March.

The repression by the Castro regime virtually erased a small but growing civic opposition. Following an island-wide dragnet, which led to summary trials and jail terms of six to 28 years for the activists, National Security Advisor Condoleezza Rice solicited memos from several senior Bush administration officials for options on U.S. action. The internal debate has been spirited, according to several officials. No final decision has been made, the officials said. A major concern is to avoid steps that could harm President Bush's chances of winning Florida, a linchpin state, in his reelection bid next year. Measures under active consideration, sources said, include:

- Reducing staffing levels at the U.S. Interests Section in Havana. Such a move would force Cuba to reciprocate with a reduction of diplomatic staff in Washington.
- Suspending the 30 or so weekly charter flights that carry exiles on humanitarian visits to Cuba.
- Placing new limits on remittances that Cuban Americans may send to relatives on the island.
- Suspending export licenses to U.S. companies selling agricultural goods to Cuba.
- Tightening existing restrictions on travel to Cuba. Last year, an estimated 176,000 U.S. citizens visited the island, mostly for family visits allowed by the Treasury Department, which regulates travel to nations hostile to the United States.

"Everything is being looked at," one senior official said. Some outside experts suggest the best course of action may be to do little -- leaving Cuban officials in post-Iraq jitters, unsettled by the route the Bush administration might take. Others note that the crackdown has triggered European action against the Castro regime, broadening a decades-old shouting match between Havana and Washington into a new arena.

Last week, the European Union held up Cuba's request to join the Cotonou Agreement, a preferential pact that provides beneficial trade terms and development assistance to former

European colonies. "When they crack down like this, it seems like we should do something. But maybe not," said Susan Kaufman Purcell, vice president of the Council of the Americas, a business group based in New York. Others expect the White House to announce tougher measures on Cuba by May 20, the anniversary of Cuban independence, or sooner.

As officials look at the pros and cons of each option, however, it is difficult to find steps that don't have drawbacks, several observers and officials said. On the issue of remittances and family visits to the island, Cuban Americans are permitted to send \$1,200 to family members and make one humanitarian visit a year. The remittances are an economic lifeline for the Castro regime, sending anywhere from \$400 million to \$1 billion in foreign exchange to the island.

"It is the single largest source of foreign exchange for the Cuban government," said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council, a nonpartisan business group. The remittances benefit as many as 30 percent of Cuba's 11 million citizens. Restricting remittances would hurt the Castro government -- but also impose suffering on average Cubans and limit the independence of pro-democracy activists. The Cuban-American community is divided over any new limits, even as spokesmen say existing restrictions are widely flouted.

"There are people who go down 30 times a year, and they have bulging suitcases and five hats," said Dennis Hays, a vice president of the Cuban American National Foundation, an exile advocacy group. Some believe that announcing a cutback on remittances would be merely symbolic. "I think it's unenforceable," said a congressional staff member who watches Cuba policy closely. "Are they going to strip-search people at Miami International? No."

If the White House were to end charter flights to Havana, Cuban exiles would likely travel to third countries, such as Mexico or Jamaica, to travel to Havana, slowing visits only marginally. "In effect, we'd be giving more passengers to Cubana," the staff member said, referring to the state-owned airline that carries tourists from destinations in the Caribbean and Latin America to Havana. Some observers say they expect the White House to announce action to overcome jamming of U.S.-operated Radio and TV Martí, issue a resounding call for regime change of Cuba's "cynical tyrant" and impose a lengthy review for any application for trade and travel to the island.

Within the administration, though, a few officials advocate a more confrontational approach with Castro. "They say, 'Let's push harder.' If that precipitates a Cuban attempt at repeating Mariel, then some of them say, 'bring it on,'" said one Washington-based analyst, who spoke on condition of anonymity. During the Mariel boatlift in 1980, 125,000 Cubans crossed the Florida Straits. In 1994, amid severe economic crisis, Castro allowed another 30,000 or so rafters to leave the island.

Hays said calls for inviting an intense crisis are limited. "There are very, very few who are advocating a military solution to this situation," he said. Any action that might provoke a new boatlift could be a high-stakes gamble -- for both the Castro regime and the Bush administration. Any exodus of rafters from Cuba could trigger a similar exodus from Haiti, leading to political and economic havoc in the state. Florida, a critical state in the 2000 presidential election, is even more critical in 2004. It has gained two votes -- to 27 -- in the Electoral College system that determines the presidency.

"[Castro would] be quite foolhardy to mess with a resolute George W. Bush," said Ana Navarro, an advisor to Florida Gov. Jeb Bush. "The administration has taken care of one tyrant already. I don't think they would vacillate about taking care of another one."

# Voice Of America

Washington, D.C.

3 May 2003

## Americas

### **Cuba's Crackdown on Dissidents Could Hurt Food Sales**

A non-profit group that monitors trade between Cuba and the United States says the Castro government's recent crackdown on dissidents could hurt food sales.

Despite a U.S. trade embargo against the island, Congress passed a law in 2000 that allows farmers to sell food to Cuba in cash-only transactions. The U.S.-Cuba Trade and Economic Council says American farmers had sales close to \$140 million to Cuba last year.

The trade council's president, John Kavulich tells VOA that U.S. farmers have postponed business this year because of the events of the past 30 days. He noted the governor of Iowa - a major farm state - had put off a planned delegation visit to the island.

Mr. Kavulich's organization says U.S. farm sales to Cuba last year included almost \$23 million in wheat and corn, and nearly \$22 million worth of poultry.

The group had estimated in December that food exports to Cuba this year would total \$166 million, up 19 percent. But Mr. Kavulich says the recent tensions could prevent sales from reaching that high.

Nations around the world have condemned Cuban President Fidel Castro's government for its round-up and prosecution of nearly 80 dissidents last month. After quick trials, the activists were sentenced to between six and 28 years in prison.

Some information for this report provided by AP.

# Prensa Asociada

New York, New York

3 May 2003

## Comercio EEUU-Cuba no sería afectado por represión en la isla

**WASHINGTON --** Las empresas estadounidenses vendieron a Cuba en el 2002 alimentos por un valor de 138,6 millones de dólares y están en vías de lograr un incremento del 19% en esas ventas este año a pesar de las medidas recientes del presidente Fidel Castro contra los disidentes.

La conducta del gobierno de Castro el mes pasado eliminó casi completamente las posibilidades de que el Congreso suavice el embargo comercial, mantenido durante 42 años, contra Cuba. Pero es igualmente improbable que los legisladores restrinjan las ventas de mercancías agrícolas al país comunista, que rápidamente se ha convertido en un cliente de trigo, maíz, soja, arroz, y pollos estadounidenses.

En el 2000, el Congreso permitió las ventas de productos agrícolas estadounidenses a Cuba pero las limitó a transacciones en efectivo. En realidad esa restricción beneficia a las empresas estadounidenses, según John Kavulich, presidente del Consejo Comercial y Económico Estados Unidos-Cuba. "Cuba es en la actualidad uno de los mercados de exportación más seguros del mundo para las empresas estadounidenses, porque la ley requiere que las transacciones sean exclusivamente en efectivo", dijo Kavulich. "Por ello no hay riesgo en la exportación de productos a Cuba. Ningún otro país del mundo que negocia con Cuba puede decir eso".

La ley no limita la cantidad o el valor de los alimentos y productos agrícolas que pueden ser vendidos a Cuba, que se convirtió en el 50mo mercado para la exportación agrícola de empresas estadounidenses en el 2002, en comparación con el 144to en el 2001. La oportunidad que brinda Cuba como mercado para las exportaciones ha atraído a un número creciente de legisladores republicanos, en especial los de estados agrícolas donde los bajos precios y el mal clima han afectado durante seis años consecutivos a los productores.

Los republicanos partidarios del libre comercio se han unido a muchos demócratas para pedir el fin, o por lo menos la moderación, de las restricciones comerciales contra Cuba. Señalan que las sanciones estadounidenses no han logrado retirar a Castro del poder y han privado a los agricultores estadounidenses de un cliente potencialmente importante.

"Si no vendemos trigo a Cuba, Francia lo hace", dijo Jerry Moran, representante republicano de Kansas, principal estado productor de trigo. "La falacia de los embargos unilaterales, particularmente de productos agrícolas, es que tales productos están allí; son vendidos a Cuba por otros". El trigo fue el producto más vendido a Cuba el año pasado; las ventas alcanzaron casi 23 millones de dólares. El maíz, en segundo lugar, se vendió casi en la misma cantidad. A estos dos productos les siguen los pollos, con casi 22 millones dólares de ventas; el aceite de soja, 21 millones de dólares; el frijol de soja, casi en la misma proporción; y la harina de soja, con ventas de 19 millones de dólares. El arroz fue la séptima exportación, con 6 millones de dólares.

En la internet:

Consejo Económico y Comercial EEUU-Cuba: <http://www.cubatrade.org>

# Associated Press

New York, New York

3 May 2003

## Cuba crackdown may not decrease U.S. farm trade

By LIBBY QUAID

Associated Press Writer

**WASHINGTON (AP)** -- U.S. companies sold food worth \$138.6 million to Cuba in 2002 and are on track for a 19 percent increase in sales this year despite Fidel Castro's recent crackdown on dissidents.

The Castro government's behavior during the past month makes it unlikely that Congress will further relax the 42-year-old trade embargo against Cuba. It is equally unlikely that lawmakers will restrict sales of farm commodities to a nation that quickly has become a big customer of American wheat, corn, chicken, soybeans and rice.

Congress in 2000 allowed sales of U.S. farm commodities to Cuba but limited them to cash-only deals. That restriction actually has proved to be good for U.S. companies, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

"Cuba is one of the safest export markets in the world for U.S. companies today, because the law requires cash-only transactions," Kavulich said. "So there is no risk to exporting products to Cuba. No other country in the world that trades with Cuba can say that."

The law does not limit the quantity or value of food and farm products that can be sold to Cuba, which became the 50th largest farm export market for U.S. companies in 2002, compared with No. 144 in 2001.

The promise of Cuba as an export market has won over growing numbers of congressional Republicans, particularly those from farm states where low prices and bad weather have squeezed farmers for six consecutive years.

Free-trade Republicans joined many Democrats in arguing for ending, or at least easing, trade restrictions against Cuba. They pointed out that U.S. penalties had failed to remove Castro from power and deprived American farmers of a potentially major customer.

"When we don't sell wheat to Cuba, France does," said Rep. Jerry Moran, a Republican from Kansas, the leading wheat-producing state. "The fallacy of unilateral embargoes, particularly for agricultural commodities, is that those products are there; they're just being sold to Cuba by somebody else."

Wheat was the No. 1 commodity sold to Cuba last year, accounting for nearly \$23 million in sales. Corn was second at about the same amount, followed by poultry at nearly \$22 million, soybean oil at \$21 million, soybeans at nearly that amount and soybean oil cake at \$19 million. Rice was No. 7 at \$6 million.

It was Moran who, in a surprise move in 2000, forced a significant vote by the House in favor of ending trade restrictions against Cuba. Soon afterward, he traveled to Cuba and concluded the need to end sanctions went beyond his own constituents' interests.

"It was very much an opportunity to bring greater freedom to the Cuban people. I still believe that personal freedom follows economic freedom," Moran said.

In recent weeks, the Cuban government has executed three men convicted of terrorism in the attempted hijacking of a ferry filled with passengers bound for the United States, although the incident resulted in no injuries. Cuban prosecutors have also convicted 75 dissidents and imposed sentences from six years to 28 years.

Castro's actions have led to harsh words from leaders of the effort in Congress to eliminate restrictions on U.S. trade and travel with Cuba, among them Rep. Jo Ann Emerson. The southeast Missouri Republican has visited Cuba three times, pushing for more trade because rice is grown in her district.

"Unfortunately, the latest actions by the Cuban government make it clear that they are more interested in suppressing freedom than promoting free trade, and that is simply unacceptable," she said.

Bush strongly supports the embargo and has threatened to veto any bill to weaken trade restrictions.

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On the Net:

U.S. Cuba Trade and Economic Council: <http://www.cubatrade.org>



# Successful Farming

Des Moines, Iowa

1 May 2003

## **Agricultural trade continues with Cuba—for now**

By Dan Looker  
Business Editor

In spite of growing tensions between the US and Cuban governments, agricultural trade continues. But the political environment has also added what one observer calls a new sense of sobriety about the potential for US agricultural interests to find profits on an island off Florida's coast that remains forbidden to most Americans.

An Iowa-based company has just completed a sale of corn to Cuba, said US Senator Tom Harkin, an Iowa Democrat who met briefly with Cuba's communist leader, Fidel Castro, on April 24 after meeting with Cuban trade officials earlier that week.

In a press conference Thursday, Harkin said FCStone, LLC, has negotiated a sale of 25,000 metric tons of corn to Cuba. Harkin said when he was in Cuba he was given a list of Cuba's food needs by Pedro Alvarez, the Cuban official in charge of his government's food imports.

Chris Aberle, an FCStone salesman who negotiated with Cuban buyers at an agricultural trade show in Havana last September, confirmed to Agriculture Online that his company picked up the new sale, worth approximately \$2.5 million. Delivery is expected in July. It is one of several sales FCStone has made to Cuba, he said. Aberle and others seeking sales to Cuba try to steer clear of politics. But that won't be easy in the coming months.

Harkin said Thursday that when he recently met with Castro, the Cuban leader gave him a 28-page report outlining recent problems with the US, including what Castro contends was the improper impounding of Cuban planes that had been hijacked to the US. Castro's government this spring executed three hijackers of a ferry boat and jailed 75 Cuban dissidents. "I basically said that nothing justifies this kind of crackdown," Harkin said Thursday. Harkin hopes, however, that the US will not take actions that would limit trade with Cuba.

So far, US trade hasn't been affected by the political tensions, said John Kavulich II, president of the US-Cuba Trade and Economic Council, a group that represents American companies doing business in Cuba legally.

But agricultural exports from the US to Cuba saw a 35% decline in February and another expected decline in March, he said. The causes were mainly "Cuba's chronic shortage of foreign exchange" and seasonal buying patterns, he said.

Not all states that have sent delegations to Cuba have seen much benefit in agricultural sales, either, he said. Some, including Iowa, North Dakota, and Illinois, have. But others, including Texas, have not gained much. Cuba's main imports have been limited to 10 commodities, with wheat, corn and poultry being the top three, he said. And only a few companies, mainly experienced exporters, have gained that business. Archer Daniels Midland (ADM) made more than half of the \$138.6 million in exports sales to Cuba in 2002, Kavulich said.

"There has been an extraordinary overselling of Cuba," Kavulich said. "Cuba should neither be oversold nor undersold." Recent tensions have added some sobriety to how US exporters view the potential in Cuba, Kavulich said.

The future of business with Cuba isn't clear. Even though Congress weakened the US embargo against Cuba in 2000 to allow cash sales of food to Cuba, the Bush administration could make it more difficult for exporters to get required federal licenses. And the administration is considering other restrictions the limited amount of travel and governmental relationships between Cuba and the US. "It depends on whether there is any more unpleasantness in Cuba and how the Bush administration elects to respond," Kavulich said.

Not all members of President Bush's own party are choosing to respond harshly to Cuba's recent crackdowns. Yesterday, Senator Michael Enzi, a Wyoming Republican, introduced the "Freedom to Travel to Cuba Act (S.950) which would allow Americans to travel to Cuba.

"Castro's cruelty might tempt us to tighten the already strong restrictions on the relations between our two countries, but I hope we will not do that," Enzi said in a statement. "If we increase the diplomatic pressure on the Cuban government that is now emanating from every corner of the world, we might be successful in bringing about a better way of life for the Cuban people."

"If, however, we stop Cuban-Americans from bringing financial assistance to their families in Cuba, and end the people to people exchanges that have been so successful, and stop the sale of agricultural and medicinal products to Cuba, we will not be hurting the Cuban government," he added, "we will be hurting the Cuban people by diminishing their faith and trust in the United States and reducing the strength of the ties that bind the people of our two countries."

"Founded in 1902, Successful Farming magazine was the first magazine published by Des Moines, Iowa-based Meredith Corporation. With a circulation of 465,000 and 1.2 million readers, Successful Farming is the largest paid circulation farm magazine in the United States as well as the largest advertising revenue farm publication."

# The Atlanta Journal-Constitution

Atlanta, Georgia

30 April 2003

## Castro's crackdown strains budding ties

By Moni Basu

While the world's gaze was affixed on the war in Iraq, Fidel Castro rounded up 75 political dissidents and independent journalists and sent them to jail for 28 years.

The Cuban dictator then ordered the execution of three men accused of terrorism in an unsuccessful hijacking of a passenger ferry headed to the United States. The three went before a firing squad April 11.

Cuba's fierce crackdown on dissidents and human rights activists prompted many nations to rethink their relations with the Communist island. Even those organizations that worked for years to bring an end to the decades-old U.S. embargo have thrown up their arms in frustration and despair. The sharp reversal of a trend toward normalization has been especially unsettling to Jimmy Carter. The Nobel Peace Prize laureate and former U.S. president had hoped to mark the first anniversary of his historic trip to Cuba with hopeful news.

"Needless to say, I have been very disappointed by what has occurred in Cuba," Carter said. "The dissident movement has been severely crippled, and I would presume Draconian measures adopted by Castro will be maintained." A year ago, Carter addressed the Cuban people directly in an uncensored speech broadcast live on radio and television across the island. The unprecedented speech and key meetings on Carter's six-day visit last May had boosted the potential for opening the doors to change in Cuba.

Dissidents expressed hope, saying Carter inspired them to continue their quest for democracy and human rights. They said Carter helped begin dialogue among Cuba's 11 million people.

"We didn't expect miracles, but we did expect dialogue and hoped to build relationships," said Jennifer McCoy, a professor of political science at Georgia State University and director of the Carter Center's Americas Program. But the tables seem to have turned, and Castro has clamped down harder than ever.

"Many of the dissidents, democrats, freedom fighters and human rights heroes with whom we met have been arrested and given extremely severe and unconscionable punishment," Carter said. "This has been an indication, I believe, that people working for improved human rights situations in Cuba have become more effective and more of a threat to Castro. It is obvious that he has decided to clamp down with extreme severity and, I have to admit, with a great deal of success."

Some Cuba experts say Castro is reacting to a burgeoning democracy movement within Cuba and what he perceives as increased U.S. hostility.

Retaliation possible

Carter said Castro's "deplorable" actions have meant a real setback to efforts of moderate voices on both sides of the Straits of Florida to improve relations between Washington and Havana.

The entire board of directors of the U.S.-based Cuba Policy Foundation resigned a few days ago in protest of what the members called "the regime's sudden wholesale repression of human rights." The group of Latin America experts and former diplomats said it still believes that engaging Cuba would further U.S. and Cuban interests but that Cuba doesn't share the enthusiasm for an open relationship.

Castro's clampdown has also knocked the breath out of the bipartisan congressional majority that favors lifting the ban on travel to the island and easing the U.S. trade embargo.

The Bush administration is threatening to tighten the sanctions already there. One proposal could lead to the suspension of a bilateral migration agreement negotiated in 1994-95 that allows 20,000 U.S. visas to Cubans each year. That could cause Cubans to once again get in rafts and cross the seas to Miami, ushering in another migration crisis, some experts fear.

The administration could also cut off personal remittances -- estimated at \$1 billion a year -- sent by Cuban-Americans to their families living in Cuba, McCoy said. Or cut off charter flights from Miami, New York and Los Angeles that mostly carry Cubans back for short visits to the island.

"All this hurts the people of Cuba," Carter said. "None of it hurts Castro. As a matter of fact, it just strengthens his hand and gives him an excuse to punish the people and also blame the United States for [Cuba's] economic failures."

In late March, the U.S. Treasury Department stopped awarding licenses for groups who wanted to travel for "people-to-people exchanges." A statewide Georgia delegation, organized by the Georgia Council for International Visitors, hoping to travel to Havana in June was forced to cancel its trip. Given the current political climate, the council's director, George Brown, said he was not optimistic about rescheduling the trip anytime soon. "We are looking at all the options to try to find a legitimate way for Georgians to travel to Cuba and to engage in a positive dialogue with Cubans," Brown said.

#### Business nervous

The chill in the air could strike a blow, too, to business between the two nations.

Both Georgia officials and private companies have fought to establish trade ties between the state's agricultural sector and Cuba. In May, Savannah will become Georgia's first authorized port for the direct export of food and agricultural products to the Communist nation.

But businesses are becoming increasingly nervous, said John S. Kavulich II, president of the U.S.-Cuba Trade and Economic Council.

"In 2002, U.S. companies acted in open defiance of the Bush administration with respect to engaging in authorized commerce with Cuba and lobbying for additional export opportunities," he said, "but because of the events of the last 30 days, companies are generally wanting to have less distance between their activities in Cuba and the Bush administration policies toward Cuba." Carter, who remains in touch with Cuban government officials, said he has written to Castro condemning the dictator's wave of repression and urging him to commute the harsh sentences meted out in the latest arrests. He said he has no plans to revisit Cuba. "Certainly for the time being, everything is coming to a halt," Carter said.

# Austin American-Statesman

Austin, Texas

30 April 2003

## Castro's crackdown strains budding ties

By Moni Basu

**ATLANTA** - While the world's gaze was affixed on the war in Iraq, Fidel Castro rounded up 75 political dissidents and independent journalists and sent them to jail for 28 years.

The Cuban dictator then ordered the execution of three men accused of terrorism in an unsuccessful hijacking of a passenger ferry headed to the United States. The three went before a firing squad April 11.

Cuba's fierce crackdown on dissidents and human rights activists prompted many nations to rethink their relations with the Communist island. Even those organizations that worked for years to bring an end to the decades-old U.S. embargo have thrown up their arms in frustration and despair. The sharp reversal of a trend toward normalization has been especially unsettling to Jimmy Carter. The Nobel Peace Prize laureate and former U.S. president had hoped to mark the first anniversary of his historic trip to Cuba with hopeful news.

"Needless to say, I have been very disappointed by what has occurred in Cuba," Carter said. "The dissident movement has been severely crippled, and I would presume Draconian measures adopted by Castro will be maintained."

A year ago, Carter addressed the Cuban people directly in an uncensored speech broadcast live on radio and television across the island. The unprecedented speech and key meetings on Carter's six-day visit last May had boosted the potential for opening the doors to change in Cuba.

Dissidents expressed hope, saying Carter inspired them to continue their quest for democracy and human rights. They said Carter helped begin dialogue among Cuba's 11 million people.

"We didn't expect miracles, but we did expect dialogue and hoped to build relationships," said Jennifer McCoy, a professor of political science at Georgia State University and director of the Carter Center's Americas Program. But the tables seem to have turned, and Castro has clamped down harder than ever.

"Many of the dissidents, democrats, freedom fighters and human rights heroes with whom we met have been arrested and given extremely severe and unconscionable punishment," Carter said. "This has been an indication, I believe, that people working for improved human rights situations in Cuba have become more effective and more of a threat to Castro. It is obvious that he has decided to clamp down with extreme severity and, I have to admit, with a great deal of success."

Some Cuba experts say Castro is reacting to a burgeoning democracy movement within Cuba and what he perceives as increased U.S. hostility. Carter said Castro's "deplorable" actions have meant a real setback to efforts of moderate voices on both sides of the Straits of Florida to improve relations between Washington and Havana.

The board of directors of the U.S.-based Cuba Policy Foundation resigned a few days ago in protest of what the members called "the regime's sudden wholesale repression of human rights." The group of Latin America experts and former diplomats said it still believes that engaging Cuba would further U.S. and Cuban interests but that Cuba doesn't share the enthusiasm for an open relationship.

Castro's clampdown has also knocked the breath out of the bipartisan congressional majority that favors lifting the ban on travel to the island and easing the U.S. trade embargo.

Instead, the Bush administration is threatening to tighten the sanctions already in place. One proposal could lead to the suspension of a bilateral migration agreement negotiated in 1994-95 that allows 20,000 U.S. visas to Cubans each year. That could cause Cubans to once again get in their rafts and cross the seas to Miami, ushering in another migration crisis, some experts fear.

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# Chicago Tribune

Chicago, Illinois

29 April 2003

## U.S. weighs new sanctions on Cuba

By Howard Witt

Tribune senior correspondent

**WASHINGTON** -- The Bush administration is considering a range of punitive economic measures against Cuba after the Castro government's harsh crackdown on political dissidents, while the interest of American corporations in greater trade relations with the communist regime appears to be cooling, U.S. government and business officials said Monday.

"We are reviewing all of our policies and our approach to Cuba in light of what I think is a deteriorating human-rights situation within Cuba," Secretary of State Colin Powell said.

Powell did not specify the measures under consideration, but other officials said they include possible restrictions on cash remittances sent by Cuban-Americans to relatives, a further tightening of rules on travel to Cuba by American citizens, the suspension of agricultural export licenses, and reductions in the sizes of the U.S. and Cuban diplomatic missions in each country.

"The intent is to maintain increased pressure on the government of Cuba while providing continuing support for civil society there," a State Department official said.

U.S. companies that had been seeking increased trade with Cuba against the wishes of the Bush administration are also now distancing themselves from the Castro regime.

"The events of the last 30 days in Cuba have resulted in U.S. companies back-channeling with the administration to lessen the distance between what the Bush administration wants and how these companies conduct their activities in Cuba," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York.

Bipartisan congressional advocates of lifting 40-year-old U.S. trade sanctions against Cuba--primarily farm-state representatives seeking to expand access to Cuba's agricultural market--are backing off as well, following Havana's recent jailing of 75 opposition figures and the execution of three ferry hijackers after summary trials.

The swift hardening of attitudes toward Cuba represents a victory for anti-Castro voices in the Bush administration, who have long championed the continued isolation of the last communist regime in the hemisphere and bristled at pressure from Congress and the U.S. business community to ease the economic sanctions.

But some Cuba experts are asking whether the White House intentionally tried to provoke Havana into cracking down on pro-democracy activists, to set off precisely the kind of chill that is descending on U.S.-Cuba relations.

Many of the Cuban journalists, jurists and other reform activists who were arrested and sentenced to long prison terms had been openly encouraged and supported by James Cason, the head of the U.S. Interests Section in Havana. After arriving in Cuba eight months ago, Cason began visiting the dissidents and inviting them to his home for meetings. Several turned out to be spies planted by the Cuban regime. Cason's activities drew a sharp rebuke last week from Cuban dictator Fidel Castro, who accused the top U.S. diplomat of fomenting a plot to overthrow his government.

The State Department strongly denied that Cason had been doing anything improper. "Jim Cason is doing nothing different than most diplomats do, going out and engaging as broad an array of Cubans as he can," said a State Department official, who declined to be named. "There was never an intention to provoke mass arrests and detentions of independent journalists and human-rights activists. To say that we have somehow orchestrated this by sending a bull into a china shop is just absurd."

Sources: White House pleased

But two sources, one a former U.S. diplomat and the other an advocate of closer American business ties with Cuba, said they had been told by Latin American policymakers in the White House that administration officials were not unhappy with the result of Cason's meetings. "They didn't intend for so many people to be sacrificed, but they were prepared for some arrests," said one of the sources.

William Leogrande, dean of the School of Public Affairs at American University in Washington, also questioned Cason's motives. "If the U.S. was interested first and foremost in providing moral support and assistance to Cuban dissidents, it could have continued doing it in the same manner as before Cason arrived, in a quiet sort of way, so as not to pose a public challenge to the Cuban government," said Leogrande, an authority on Latin America. "But by doing it very aggressively and publicly, that posed a public challenge to the Cuban government." In a speech Friday, Castro suggested the execution of the ferry hijackers was necessary to prevent large-scale illegal migration from Cuba.

The White House faces a number of conflicting pressures as it decides how to proceed. Powerful Cuban-American interest groups are themselves divided over whether to tighten economic restrictions to squeeze Castro further or try to wrest open Cuba's economy to provoke the kind of pressures that have led to political reforms in China.

Florida politics a factor

White House political strategists, meanwhile, must calculate every move with an eye toward Cuban-American votes in the crucial state of Florida. The prospect of limiting more than \$1 billion in annual remittances sent by Cuban-Americans to support family members back home is especially sensitive.

"What more can we do in terms of pressure? There's not much," Leogrande said. "They could ban remittances, but that strikes at the well-being of ordinary Cubans and the right of Cubans here to directly help their families there, so that can't be very popular. Beyond that, we've done almost everything we can, short of military intervention." Administration officials say they are not considering military action against Cuba. But senior officials publicly asserted last year without offering evidence that Cuba was pursuing biological weapons capabilities. Cuba experts say the allegation put Havana on edge that the Bush doctrine of pre-emptive strikes might be applied to Cuba.



# Arkansas Democrat-Gazette

Little Rock, Arkansas

27 April 2003

## Business leaders still hopeful about Cuba trade

BY CRISTAL CODY

ARKANSAS DEMOCRAT-GAZETTE

Cuba's crackdown on dissidents earlier this month quieted discussion of expanding trade with the island, but U.S. exports should continue, business leaders say.

"There's been a 180-degree shift," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc. in New York. "Traditionally, U.S. companies have sought to maintain distance between the politics of Cuba and commerce with Cuba, but the events of the last 30 days have made maintaining that distance increasingly difficult."

Cuba this month convicted 82 government opponents, librarians and journalists of being U.S. mercenaries and imposed prison sentences of up to 28 years, in addition to executing three men who had hijacked a passenger ferry in an attempt to escape the island nation. Since then, support for relaxing the four-decade trade embargo against Cuba has stalled, but advocates say the island remains a ripe market for U.S. products.

A U.S. law enacted in late 2000 allows American producers to sell food directly to the island through cash-only or non-U.S. financed sales. Proposed congressional amendments for extended softening of the embargo are now dead, analysts said.

Some business executives have postponed visits to Cuba, along with state delegations, Kavulich said. Even Home Box Office shelved an Oliver Stone documentary on Fidel Castro, Comandante, which was scheduled to air May 5. No future air date was set. HBO said Castro's recent actions show a more realistic picture of the dictator. But not everyone feels that way.

Ewell Welch, executive vice president of the Arkansas Farm Bureau, said Castro's crackdown hasn't changed the group's opinion "of the importance of establishing trade relations with Cuba. "What's really happened over there is nothing new," he said. "It's the Cuban people that the embargo has caused to suffer."

Welch said continued trade will help Cuba's population of 11 million to have a more "healthy diet at a much more affordable cost. The other side of the issue is the establishment of a good market for our commodities we produce in Arkansas and around the country."

Springdale-based Tyson Foods Inc. and Stuttgart-based Riceland Foods Inc. have sold millions of dollars in chicken and rice to the island since 2001, when the law was changed to permit cash-only private sales of food and medicine to Cuba.

At stake is a potential \$1.2 billion business in agricultural U.S. exports, according to a study released last year by the Cuba Policy Foundation, which supports lifting the embargo.

Arkansas, which the study says would be the biggest beneficiary of U.S. trade with Cuba, could sell up to \$167 million a year in agricultural products and reap up to \$500 million a year in other economic benefits.

Cuban inspectors have visited the United States to see plants that want to export to the island. Lynn Heinze, spokesman for the U.S. Meat Export Federation, which extended an invitation earlier this year to Cuban inspectors to tour U.S. meat operations, said "red tape" caused a delay but the inspectors are scheduled to visit the United States this year. Tyson Foods said it has offered to allow inspectors to visit its operations.

"We are still working on trying to get things set up. We have about a 60-day window that starts in May," Heinze said. "What we're trying to do is get them to understand and accept our inspection system instead of individually approving each plant."

In 2000 Cuba ranked last among 226 countries making U.S. food purchases. By 200[2] the country moved up to 50th with purchases of \$139 million, according to the latest figures from the U.S. Department of Agriculture. Exports to the island are expected to reach \$164 million this year, according to Kavulich.

While January exports were up 66 percent to \$16.8 million compared to the same period last year, February exports fell 34 percent to \$10.1 million, according to the U.S. Department of Commerce. That may be because Cuba, which has to buy U.S. products with cash, is running out of money, says one group that supports the embargo.

"There are people who believe you can do trade and tourism, make a profit and help the people you're working with. Unfortunately, that isn't true in Cuba," said Dennis Hays, a retired U.S. diplomat who worked on U.S.-Cuban issues and is now the chief Washington lobbyist for the Cuban American National Foundation, a Cuban exile group that opposes any lifting of sanctions. "It's a fool's dream to think Cuba can be a market for American products when it's a bankrupt dictatorship." Hays said it was "clear to Castro and those around him there wasn't going to be any major change in U.S. policy" this year.

"The Cubans were gambling heavily they could continue to buy U.S. products with cash by taking money away from what is owed to Canadians and Europeans, and they were running out of money," Hays said. "Castro recognized the growing dissident independent movement was a threat to his hold on power and he needed to do something quickly."

The Bush administration is reviewing several punitive measures, including suspension of direct flights to the island in response to Castro's crackdown.

Washington already overturned a Clinton-era policy last month that permitted "people-to-people educational licenses," which allowed Americans to visit Cuba for educational purposes. An estimated 135,000 licensed Americans, mostly of Cuban descent, visited the island last year, according to U.S.-Cuba Trade and Economic Council.

That doesn't include the thousands who go there annually via third countries. Public comment on the travel policy will be received until May 23, after which a final ruling will be issued. The policy does not affect trips by Americans visiting relatives in Cuba, or U.S. citizens in official capacities such as journalists, scholars and humanitarian workers.

# New York Post

## New York, New York

27 April 2003

### EMBARGO NO-NO

By MARCUS BARAM

Bronx resident Bonnie Massey regularly travels to Cuba - defying an embargo she believes is unconstitutional. She's one of a number of growing Americans who risk a heavy fine - \$55,000 - to spend time on the Caribbean island that has been under heavy economic sanctions since 1963. Massey, 22, made her latest jaunt there in July, and was greeted with a letter from the Treasury Department asking her to detail every facet of her trip and threatening her with a fine.

"This is the first time I've gotten a letter, and I've been going since 1998," said Massey, who makes an annual trip to Cuba to visit friends. "I've heard of many other people who've been fined and more groups that were being rejected permission to travel. It's gotten much worse," added the drug and alcohol counselor. Massey said she isn't taking the threat sitting down - and has begun the appeal process.

Under the terms of a 1963 embargo, Americans are not permitted to travel to the cigar-puffing paradise for vacation. The only U.S. citizens who may go to Cuba are government employees on official business, people visiting relatives, journalists and other full-time professionals on work-related business, religious figures and athletes.

All of them are required to get a special license from the State Department prior to departure. More than 20,000 Americans traveled to Cuba illegally last year, according to the U.S.-Cuba Trade and Economic Council. The number of Americans investigated by Treasury for illegally visiting Cuba grew from 188 in 2000 to 697 in 2001, according to a spokesman. The numbers for 2002 are not yet available.

"The [Bush] administration is making it very difficult to foster any contact with Cuba," said Rev. Lucius Walker Jr. of the Interreligious Federation for Community Organizations, who frequently organizes sanctioned trips to Cuba. The island has also become a popular destination among A-list celebrities bucking the boycott to hang in Havana - including Steven Spielberg, Jack Nicholson, Oliver Stone, Leonardo DiCaprio and Arnold Schwarzenegger. Even big names who haven't stepped foot in Castro's kingdom face fines. Yankees owner George Steinbrenner was ordered to fork over \$75,000 earlier this year for signing Orlando "El Duque" Hernandez and three other Cuban-born players without going through proper channels. The deal inked with newly acquired hurler José Contreras was done by the book.

"Recently the government has been enforcing the embargo much more vigorously," says Matthew Scott, the Cuba Travel Program coordinator at the Center for Constitutional Rights. His organization represents almost 300 Americans - 80 from the New York area - being investigated for their scofflaw sojourns. "Soon after coming back from Cuba, people get a questionnaire . . . informing them that they broke the embargo by spending money on food and lodging and are going to be fined, generally around \$7,500," Scott said. "You could spend \$10 in Cuba and still be liable for \$7,500."

# Associated Press

New York, New York

26 April 2003

## Cuba crackdown dims prospects for increased U.S. farm trade

By **LIBBY QUAID**

Associated Press Writer

**WASHINGTON (AP):** U.S. companies sold food worth \$138.6 million to Cuba in 2002 and are on track for a 19 percent increase in sales this year, despite Fidel Castro's recent crackdown on dissidents.

While the Castro regime's behavior during the past month makes it unlikely that Congress will further relax the 42-year-old trade embargo against Cuba, it is equally unlikely that lawmakers will restrict sales of farm commodities to a nation that has rapidly become a big customer of American wheat, corn, chicken, soybeans and rice.

Congress in 2000 allowed sales of U.S. farm commodities to Cuba but limited sales to cash-only deals. That restriction has actually proved to be good for U.S. companies, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

"Cuba is one of the safest export markets in the world for U.S. companies today, because the law requires cash-only transactions," Kavulich said. "So there is no risk to exporting products to Cuba. No other country in the world that trades to Cuba can say that."

The law imposes no limit whatsoever on the quantity or value of food and farm products that can be sold to Cuba, which became the 50<sup>th</sup> largest farm export market for U.S. companies in 2002, up from 144<sup>th</sup> in 2001.

The promise of Cuba as an export market has won over growing numbers of congressional Republicans, particularly those from farm states where low prices and bad weather have squeezed farmers for six consecutive years.

The free-trade Republicans joined many Democrats in arguing for ending, or at least easing, trade restrictions against Cuba. They pointed out that U.S. sanctions had failed to remove Castro from power but deprived American farmers of a potentially major customer.

"When we don't sell wheat to Cuba, France does," said Rep. Jerry Moran, a Republican from Kansas, the state which leads the nation in wheat production. "The fallacy of unilateral embargoes, particularly for agricultural commodities, is that those products are there; they're just being sold to Cuba by somebody else."

Wheat was the No. 1 commodity sold to Cuba last year, accounting for nearly \$23 million in sales. Corn followed closely at about the same amount, followed by poultry at nearly \$22 million, soybean oil at \$21 million, soybeans at nearly that amount and soybean oil cake at \$19 million. Rice was No. 7 at \$6 million.

It was Moran who, in a surprise maneuver in 2000, forced a significant vote by the full U.S. House in favor of ending trade restrictions against Cuba. Soon he traveled to Cuba and concluded the need to end sanctions went beyond his own constituents' interests.

"It was very much an opportunity to bring greater freedom to the Cuban people. I still believe that personal freedom follows economic freedom," Moran said.

His fellow Kansan, Democratic Rep. Dennis Moore, expressed similar motivation for supporting an end to the embargo. Moore traveled to Cuba in March, just before Castro's harshest crackdown in decades.

"Talking with people, rather than burying your head in the sand, is a better way and more mature way to handle things," said Moore, adding that when fights break out "between individuals, it's fists; between nations, it's bombs."

During the past few weeks, the Cuban government executed three men convicted of terrorism in the attempted hijacking of a ferry filled with passengers bound for the United States, although no one was harmed in that attempt. Cuban prosecutors have also convicted 75 dissidents and imposed sentences from six to 28 years.

Castro's actions have led to harsh words from leaders of the effort in Congress to eliminate restrictions on U.S. trade and travel with Cuba, among them Rep. Jo Ann Emerson. The southeast Missouri Republican has visited Cuba three times, pushing for more trade because rice is grown in her district.

"Unfortunately, the latest actions by the Cuban government makes it clear that they are more interested in suppressing freedom than promoting free trade, and that is simply unacceptable," she said. "My colleagues in Congress and those in the agriculture community deeply believe that exporting our food is good policy for the Cuban people. But unless the Cuban regime reverses course, peaceful political and economic change in Cuba will be impossible to achieve."

Kavulich, of the trade council, said events of the past 30 days have prompted U.S. companies to commence "back-channel discussions with the Bush administration." Bush strongly supports the embargo and has threatened to veto any bill to weaken trade restrictions. It remains to be seen whether the recent crackdown will move business closer to White House policy, he said.

"The relationship between the U.S. and Cuba has never been about a moment; it's always been about a series of moments," Kavulich said. "The relationship is defined by peaks and valleys, and this is a valley. The question is, how wide is that valley, and how deep is that valley?"

# Des Moines Register

Des Moines, Iowa

26 April 2003

## Crackdown in Cuba stalls talk on trade

By Philip Brasher  
Register Washington Bureau

**Washington, D.C.** - Cuba's repression of dissidents and executions of men who tried to hijack a boat to the United States have stalled efforts in Congress to ease the U.S. trade embargo, a dream of American farmers.

Cuba has become such a toxic issue on Capitol Hill that lawmakers might not even vote this year on ending certain restrictions on sales and travel to the island.

"It's harder for Congress to approve anything that seems more forthcoming to Cuba," said Rep. Jim Leach, an Iowa Republican who is a member of a congressional group working to loosen the four-decade-old embargo.

According to one study, Iowa stands to gain more than any other state except Arkansas and California from exports of food and agricultural products to Cuba.

Congress in 2000 voted to conditionally allow Cuba to purchase U.S. food and agricultural products, and farm groups were delighted when Fidel Castro responded by permitting sales in 2002 worth \$138 million.

Anti-embargo lawmakers made progress on a number of additional measures in 2002, winning House and Senate votes to block enforcement of travel restrictions to Cuba as well as some remaining curbs on sales of agricultural products.

Similar votes were likely this year. But then this month the Cuban government executed the three ferry hijackers and held one-day trials for 75 dissidents, including journalists, economists and reform activists, and sentenced them up to 20 years.

The fallout has been swift:

\* As many as a dozen state delegations have canceled trips to Cuba, according to the U.S.-Cuba Trade and Economic Council. A group of Iowa businesses led by the Greater Des Moines Partnership is going ahead with a trip to Cuba in May, but Iowa Gov. Tom Vilsack canceled plans to accompany them, citing Castro's recent actions.

\* The influential Cuba Policy Foundation, a U.S. group that has lobbied for loosening the embargo, announced this week that its board and executive director had all resigned in protest of Castro's crackdown.

\* The Bush administration has tightened travel restrictions to Cuba and is considering other steps to punish Castro, including cutting off remittances, the sending of money by mail, from U.S. residents to relatives. The European Union is reportedly threatening to cut some diplomatic programs in Cuba.

\* In Congress, supporters of the embargo are having trouble getting lawmakers to sign requests to the State Department to allow Cuban trade officials to enter the United States. The House voted 414-0 to condemn the crackdown.

The importance of Florida, with its significant Cuban-American population, to the 2004 presidential race already made it highly unlikely that the White House would go along with any changes in the embargo. Now, the crackdown has made it even more difficult for lawmakers to buck President Bush, say people on both sides of the issue.

"There is a visceral reaction by lawmakers that I haven't seen. In private conversations, people are angry," said Brian Alexander, the newly resigned director of the Cuba Policy Foundation. "Castro has done a great service to the pro-embargo lobby."

Sen. Charles Grassley, R-Ia., agreed. "Castro is his own worst enemy. He has spoiled a good thing that was happening by his arresting dissidents, jailing them and particularly executing three people."

Opponents of the embargo say that increased trade and travel will weaken, not strengthen, Castro's hold on Cuba.

Sen. Tom Harkin, D-Ia., visited Cuba this past week and says he raised human rights concerns in a private meeting with Castro. He also called for a thaw in U.S.-Cuban relations.

Rep. Leonard Boswell, D-Ia., and Iowa Secretary of Agriculture Patty Judge are expected to participate in the Des Moines trade mission in May, said Susan Ramsey, spokeswoman for the Greater Des Moines Partnership.

"Our organization's mission is growing business in Iowa. We feel there is a great opportunity there for us to do so," she said.

A Texas A&M University study in 2001 estimated that Cuba could import as much as \$1.2 billion in agricultural products, including \$71 million from Iowa.

But so far this year, those projections look wildly optimistic. Food and agricultural exports to Cuba dropped 34 percent in February from the same month in 2002, and sales also were down in March, according to the U.S.-Cuba Trade and Economic Council.

# National Public Radio

Washington, D.C.

22 April 2003

## MORNING EDITION

Title: PROFILE: CUBA'S RECENT CRACKDOWN ON DISSIDENTS

BOB EDWARDS, host:

Cuba's crackdown on dissidents has had some political fallout in Washington. The Bush administration has condemned Cuba for sentencing nearly 80 dissidents to long jail terms and it is considering further punitive measures. Advocates for easing the Cuban embargo see little chance the administration would consider such a move. NPR's Michele Kelemen reports.

MICHELE KELEMEN reporting:

Congressman Bill Delahunt, a Massachusetts Democrat, founded a bipartisan working group on Cuba that has been advocating the easing of travel and trade restrictions. He still argues that Fidel Castro's crackdown on dissidents reinforces the group's view that the 40-year-old embargo hasn't worked.

Representative BILL DELAHUNT (Democrat, Massachusetts): While we decried what recently occurred to the dissidents in Cuba, we remember what they have said to us, which is 'Open up. Lift the travel ban. Remove the embargo.' It helps us in the cause of our needs and our aspirations within Cuba.

KELEMEN: But another member of the Cuba Working Group, Iowa Republican Jim Leach, acknowledges that the Bush administration has what he calls a firm set of policies on Cuba, and Leach adds, 'Few on Capitol Hill are really ready to challenge the White House now.'

Representative JIM LEACH (Republican, Iowa): There are issues like opening up trade that Congress could deal with, but it would be likely to be vetoed at this time, and so Cuba's kind of a back-burner issue on Capitol Hill.

KELEMEN: The US business community is also easing up the pressure on the Bush administration, according to John Kavulich, president of the US-Cuba Trade and Economic Council.

Mr. JOHN KAVULICH (President, US-Cuba Trade and Economic Council): In 2002, US companies were acting pretty much in open defiance of the Bush administration with respect to not only wanting to engage in currently authorized commerce with Cuba, but wanting to do more. But the events of the last 30 days have resulted in the business community doing a 180-degree turn.

KELEMEN: Kavulich says companies have postponed trips to Cuba. Brian Alexander runs the Cuba Policy Foundation, an anti-embargo lobbying group. He says the Bush administration,



following its victory in Iraq, is feeling emboldened. He sees a diminishing political will to confront the administration on an issue like Cuba.

Mr. BRIAN ALEXANDER (Cuba Policy Foundation): At the very least, for the moment, we're in a holding pattern. Castro's actions have been so volatile and I think have upset so many people that the prospects are dimmer than ever that efforts to ease the embargo will succeed this year.

KELEMEN: In fact, the US this month imposed more restrictions on travel to Cuba by Americans involved in education exchanges. The Bush administration is now reportedly considering cutting the so-called remittances, payments that Cuban Americans send back to their families. Alexander says before making such a move, President Bush would have to carefully weigh the political ramifications in south Florida.

Mr. ALEXANDER: The mantra down there is that, 'We hate Castro, but we love Grandma.' And for the United States to embark on a policy that might punish Castro but would also hurt Grandma, I think could have a serious negative impact in south Florida.

KELEMEN: A White House press spokesman says it's premature to talk about such measures. He says the administration is just in the brainstorming stage as it considers how to respond to Cuba's crackdown. Even pro-embargo lobby groups are hesitant to propose cutting remittances. Michele Kelemen, NPR News, Washington.

EDWARDS: The time is 21 minutes before the hour.

# Sun-Sentinel

## Fort Lauderdale, Florida

23 April 2003

### U.S. farmers left leery of Cuba trade

By Rafael Lorente  
Washington Bureau

**WASHINGTON** • American farmers, so gung-ho to sell their wares in Cuba only a few months ago, are taking a wary second look at the island as a potential market in the wake of Havana's recent crackdown on dissidents and the execution of three alleged hijackers.

Companies have begun talking to the Bush administration, which generally frowns on food sales to Cuba, and are worried that if things get any worse in Havana they will be forced to pull out of the market. Used to separating commerce from politics in places such as China, American companies are having a tougher time making that distinction when it comes to Cuba.

"We're going to continue to carefully monitor the situation with the Bush administration and work cooperatively with them," said David Radlo, president of Watertown, Mass.-based Radlo Foods LLC. "And as long as the administration feels it is appropriate to trade, we will continue to trade." Radlo, who has contracted to sell 40 million eggs to Cuba and has met with President

Fidel Castro, said he has deals set through next month. He said Cuba came up during a broader trade meeting with Agriculture Department officials last week.

Sales of agricultural products to Cuba were up almost 70 percent to \$16.8 million in January from the same time last year, according to the U.S.-Cuba Trade and Economic Council. February's sales were down 34 percent from last year, though.

The drop could have been a function of a cash flow problem in Cuba where revenue from tourism, sugar and nickel, three of the island's biggest moneymakers, has been down. Cuba also could just have more than it needs or might be buying from other countries. Figures for March and April, which could reflect the dissident crackdown, are not yet available.

Although no companies say they have stopped or canceled sales, companies are re-evaluating the desirability of doing business with Cuba, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors trade between the two countries. Several have postponed trips to the island by their executives and are being more conciliatory toward the Bush administration.

It's not only companies, either. Iowa Gov. Tom Vilsack, a Democrat, canceled a planned trip to Cuba to market his state's products, saying he would wait until things improve for people on the island.

"In 2002, United States companies engaged in transactions with Cuba in spite of opposition to those transactions by the Bush administration," Kavulich said. "In 2003, because of the events of the last 30 days in Cuba, United States companies have commenced back-channel communications with members of the Bush administration."

Cuban officials have said the island plans to continue purchasing agricultural products, sales of which amount to almost \$170 million since late 2001. But in a statement last week, Cuba said it can live without the United States as a seller if the Bush administration decides to cancel the sales in retribution for the dissident crackdown.

"Such measures would only serve to show that, for strictly political reasons, the United States is not a safe and reliable food supplier," the statement said.

Just this past September, dozens of American farmers and agricultural companies stormed Havana, bringing with them products ranging from Jimmy Dean sausage links to live pigs and cattle. Deals were cut and the outlook for increased trade looked rosy.

But last month, the Cuban government arrested scores of dissidents, librarians and journalists, put them on trial in mostly closed proceedings and sentenced them to as many as 28 years in prison. The criticism over the dissident crackdown had barely started when Cuba executed three men accused of trying to hijack a ferry to the United States this month.

While American farmers and their organizations still generally favor opening up Cuba as a market, they also are uncomfortable with the crackdown. Many had been working to change U.S. law so that Cuba could buy on credit instead of the cash-only sales allowed now. Those efforts are likely dead this year.

"The concern is that you take a few steps forward and a whole bunch back when those things happen," said Jeremy Rich, director of public policy for the Oklahoma Farm Bureau, whose president was in Cuba in November. "I can tell you that the things Fidel Castro says when you go and meet with him don't match those kinds of actions."

Rich said the crackdown will almost certainly slow sales to Cuba, but he still thinks that in the long run engagement and commerce is best for the Cuban people.

"Economic sanctions hurt the people in those countries," he said. "They don't hurt the people we think they hurt. Fidel Castro has never gone hungry a day in his life."

Mary Kay Thatcher, a lobbyist for the American Farm Bureau in Washington, said her organization makes its policy once a year and has not changed its stance because of the dissident crackdown.

Last week, in a news conference in Havana, Cuban Foreign Minister Felipe Perez Roque addressed Americans who have been trying to ease sanctions against Cuba, saying they have to understand the crackdown was prompted by the provocative actions of U.S. diplomats on the island who have been openly meeting with dissidents.

"We support them in their effort to normalize relations with Cuba. If they have questions about the mercenaries, so-called dissidents, we will clear up their questions," Roque said. "We will explain our point of view, firstly that the U.S. should respect our right to have our own institutions, laws, norms, system."

## **St. Petersburg Times**

### **St. Petersburg, Florida**

**20 April 2003**

### **Crackdown on dissent a Cuban question mark Castro squeezes his opposition, despite - or to encourage - major political and economic consequences.**

By DAVID ADAMS, Times Latin America Correspondent

**MIAMI** -- Just when political opposition in Cuba seemed to have found its voice, down came the shutters. In the harshest crackdown on dissent in nearly four decades, the Cuban government has jailed 75 opposition activists and independent professionals for allegedly conspiring with U.S. diplomats against the state. Sentences of up to 28 years were handed down this month in a series of summary trials.

Cuba's latest wave of repression has caught politicians and analysts by surprise. While the arrest of dissidents in Cuba is not unusual, the number of detentions and the severity of the sentences is almost unheard of.

"This is a throwback to the 1960s," said Damian Fernandez, a Cuban-American scholar at Florida International University in Miami. "It's really retro. We have not seen these kinds of indictments since the early days of the revolution."

Cuba's action could have major consequences for its political and economic relations with the United States and Europe, according to analysts. The arrests will likely freeze efforts in Congress to relax the 40-year-old economic embargo against the island, and may hobble a new initiative to improve economic ties with the European Union.

With so much to lose, the question many observers ask is: Why would Cuban leader Fidel Castro take such a political risk? Many theories abound. More straightforward versions focus on Castro's ideological rejection of any democratic opposition to his rule, as well as possible fissures in Cuba's powerful one-party state apparatus.

Cuban officials are alarmed by talk of "regime change," the new buzz word in official Washington circles. "They may be next so they are battening down the hatches," said Wayne Smith, a former U.S. diplomat in Cuba who is now a leading critic of U.S. policy toward the island.

Others see more Machiavellian motives, such as Castro's record of picking fights with the United States to distract attention from domestic problems, such as energy shortages and food rationing. Any interpretation inevitably leads back to the dissidents themselves, who, while they remain few in number, have begun to play a more prominent role in challenging Castro's rule. "This is a regime that finally has an opposition and this is a regime that cannot tolerate an opposition," said Fernandez.

Cuban officials insist the dissidents aren't a threat to the government. Yet officials say the crackdown was necessary to protect Cuba's independence. Cuba accuses the Bush administration of organizing and financing the now-jailed dissidents as part of a subversive campaign to undermine the Castro government.

"What is really dangerous is the policy of the U.S. government ... to fabricate these groups," said Dagoberto Rodriguez, head of Cuba's diplomatic mission in Washington, known as the Cuban Interests Section. He pointed to the actions of his American counterpart in Cuba, the head of the U.S. Interests Section in Havana, James Cason, who meets regularly with island dissidents. Cuban officials are also angered by a U.S. government program to "develop civil society" in Cuba, including supplying books and equipment to local "independent" journalists, economists and librarians.

In a three-hour press conference in Havana last week, Cuban Foreign Minister Felipe Perez Roque laid out a long list of complaints. Among these was alleged U.S. encouragement of illegal emigration from Cuba, including seven recent hijackings of Cuban airplanes and vessels at sea. Perez Roque accused the Bush administration of ordering the Interests Section to be turned into a "headquarters of internal subversion in Cuba." As part of the evidence, Perez Roque described meetings between Cason and some of the jailed dissidents, including one meeting held at Cason's home. He accused Washington of providing \$22-million in funding in the past six years for dissident activities.

Ironically, U.S. officials do not deny much of Cuba's version. Instead, they say Washington has never hid its policy of support for civil society in Cuba. In a speech in Miami last week, Cason pointed out that his actions "were fully consistent with U.S. policy and with diplomatic protocol." He noted that Cuban diplomats in the United States enjoyed "full access to the breadth

of U.S. society," and were free to meet with critics of U.S. policy. He stressed that the U.S. government does not provide direct cash support, instead channeling about \$5-million to \$6-million annually through private groups in the United States.

While promotion of democracy and human rights is a feature of U.S. diplomacy worldwide, Cason's conduct in Havana has its critics. At least one Cuba analyst advised Cason that his "in your face" approach in Cuba was likely to backfire, potentially harming the nascent movement. The dissident groups were also deeply penetrated by Cuban state security agents, he warned. As it turned out, during the recent trials 12 supposed dissidents testified against their colleagues in court, revealing themselves to be undercover agents for the Cuban government.

Nestor Baguer, alias agent "Octavio," was considered one of the island's top independent journalists. The meeting at Cason's house was organized by another agent, Manuel David Orrio, posing as a dissident journalist. But the risk of penetration may have been one the administration was prepared to take. The net result -- widespread condemnation of Cuba -- could help the administration achieve a long-desired goal of broadening international pressure on Cuba.

Since the arrests, Cuba has endured an almost unprecedented avalanche of criticism from politicians, intellectuals, human rights groups and foreign governments. But, in a victory for Castro, the United Nations Commission on Human Rights meeting in Geneva last week voted against condemning Cuba's crackdown.

The arrests -- and the executions of three men who hijacked a Havana ferry -- are also having an impact on the U.S. business community. In recent years, companies have eagerly exploited business openings in Cuba created by a softening of the embargo during the Clinton administration. That interest had remained active, despite efforts by the Bush administration to discourage dealings with Cuba.

"Now there's been a 180-degree turn," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which represents U.S. businesses.

"Companies are postponing visits to Cuba, especially senior-level executives," he said. "If the overall relationship continues to be more problematic, then U.S. companies may lessen their interest in doing business with Cuba."

Proposed congressional amendments for any major softening of the embargo, including restrictions on travel to Cuba, are now dead, analysts said. But Tampa congressman Jim Davis, who visited Cuba for the first time last month, said he plans to press ahead with a less ambitious plan to ease restrictions on sales of medical products to Cuba. Davis condemned the recent arrests as "barbaric," and questioned whether Castro had any real desire to normalize relations with the United States. During his visit, Davis said he met several dissident figures. At least three are among those jailed in the recent crackdown.

Some Miami Cuban hard-liners are calling on Washington to punish Cuba by restricting charter flights between Miami and Havana, and cutting cash remittances sent by exile families to relatives on the island.

But more moderate exiles smell a trap, arguing that Castro needs someone to blame for rising dissent and worsening economic conditions. "What Castro is hoping is that the United States will overreact," said Joe Garcia, executive director of the Cuban American National Foundation in Miami. If remittances and travel to Cuba are cut, Garcia said Cuba could use that to turn the blame for its political and economic problems on the United States.

To be sure, the dissident movement has suffered a heavy blow, its supporters concede. But political opposition in Cuba may not be so easily crushed. Opposition to Castro has grown in recent years, coalescing for the first time around the so-called Varela Project, a pro-democracy movement seeking a referendum on political reforms.

Of those arrested last month, 42 were Varela Project organizers, according to its leader, Oswaldo Paya. "The Varela Project has a base, with tens of thousands of people supporting it," he said. "The government is frightened that people will learn about it. Everything else is a smokescreen."

He pointed out that the project delivered a petition to the Cuban National Assembly last year signed by 11,020 people. Since then the petition has grown to 30,000 nationwide.

The Varela Project has also won international support. During an official visit to the island last year, former President Jimmy Carter urged Cuba to heed the Varela Project.

In December, Paya was awarded the European Parliament's Sakharov Prize for Freedom of Thought. On a six-week trip, Paya was feted by foreign leaders, including a meeting with U.S. Secretary of State Colin Powell at the State Department. He has since been nominated for the 2003 Nobel Peace Prize.

Though Paya and others were under constant government watch, he said project members remain committed. "We will continue, and if we cannot because we are in jail or we have lost our lives, others will continue it."

## **Chicago Tribune**

### **Chicago, Illinois**

**18 April 2003**

By Gary Marx  
Tribune foreign correspondent

### **Latest crackdown by Cuba slows bid to ease sanctions**

**HAVANA** -- The campaign to ease U.S. sanctions against Cuba suffered a sharp setback this month when the Cuban government imprisoned dozens of dissidents and executed three ferry hijackers after summary trials.

The crackdown, which many experts consider the most severe in decades, also has Bush administration officials reviewing administration policy toward the island nation.

In recent years, support had grown in Congress and among the American public to shift away from the hard-line policy of isolating Cuba that many experts contend has hurt American businesses and the Cuban people without dislodging Cuban President Fidel Castro.

Just last year Congress voted overwhelmingly to ease travel restrictions that prohibit most Americans from visiting the island. The bill also softened financial constraints on U.S. companies selling agricultural products to Cuba under an exemption to the 40-year-old embargo. The measure was opposed by the Republican leadership and President Bush.

Cuba also played host to a U.S. agricultural trade fair last fall that attracted dozens of companies, and more and more U.S. political and business leaders have visited Cuba to secure a share of the booming trade and push the leadership toward political reform.

But the crackdown has stunned advocates of engagement and strengthened the hand of those campaigning for a tough line against the Cuban government. Last week, the House voted 414-0 in support of a resolution demanding the immediate release of the 75 newly imprisoned dissidents.

"U.S. companies have always sought to maintain distance in Cuba between commerce and politics," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors trade between the two countries. "The events of the last 30 days have made that increasingly difficult."

Kavulich said some U.S. companies and state delegations have delayed trips to Cuba because of the crackdown. Iowa Gov. Tom Vilsack announced this week that he is scrapping plans to visit the island to market Iowa products. "I'm not going today, tomorrow or until things improve dramatically for the people of Cuba," Vilsack said.

### **U.S. weighs response**

Another casualty was a canceled conference on immigration that was expected to draw hundreds of Cuban exiles to Havana.

U.S. officials have sharply criticized the crackdown but have not indicated what, if any, steps they may take in response. One U.S. official said "everything is on the table." "We are looking at how to advance our policy goals in light of the increased climate of repression," the official said.

Experts said Bush may try to punish Castro by further curbing American travel to Cuba or by limiting money transfers--called remittances--from Cuban exiles to friends and family members on the island. Tourism and remittances are the lifeblood of the Cuban economy.

"This administration is not going to let this go passively," said Jaime Suchlicki of the University of Miami.

On Thursday, the battle between the Bush administration and Cuba played out in the United Nations' top human-rights body, which called on Cuba to accept a visit by a UN envoy to investigate alleged abuses. Cuba has rejected such a visit and described as a "moral victory" the defeat of a tougher, U.S.-backed resolution demanding the immediate release of the 75 jailed dissidents.

U.S.-Cuba relations have been mostly in the deep freeze since the 1959 Castro-led revolution. U.S. attempts to assassinate Castro and the imposition of the economic embargo fueled an enmity exacerbated by Cuba's alliance with the former Soviet bloc and its financing of revolutionary movements. Brief periods of warmer relations often ended abruptly, such as in 1996 when Cuba downed two aircraft carrying anti-Castro exiles, drawing stiffer U.S. sanctions.

### **Anti-sanction movement**

In recent years U.S. policy toward Cuba has followed a two-track approach, experts said. Officially sanctioned visits to Cuba by Americans has increased sharply, as have U.S.

agricultural exports, which in the last two years rose to \$140 million from \$4.5 million. The visits and commerce have coincided with a growing sentiment in Congress that the most effective way to promote democracy and human rights in Cuba is by easing sanctions.

At the same time, the official diplomatic relationship between the two nations has deteriorated. James Cason, the top U.S. diplomat in Cuba, has openly backed the dissident movement while expressing contempt for the Cuban political system. The U.S. government also provides significant financial assistance to Castro opponents.

Since 1997, the U.S. government has allocated more than \$20 million to non-governmental groups in the United States to support the Cuban opposition movement and to promote democracy in Cuba, according to official figures. More than \$830,000 has gone to CubaNet, a Miami-based Web site that publishes the work of independent journalists in Cuba. Castro and other top Cuban leaders cite the U.S. financial support as the primary reason for its crackdown. They said the dissidents--several of whom wrote for CubaNet--were being used by the United States to foment counterrevolution.

Rep. Jeff Flake (R-Ariz.), one of the legislators who sponsored the bill to ease the travel ban, argued that the Cuban leadership acted now precisely because it did not want relations with the U.S. to improve. He said the embargo provides Castro with a "convenient scapegoat" for the nation's failed policies. For that reason, he said, it should be lifted to expose the regime's weaknesses. Flake vowed to keep at his campaign despite the unfavorable political climate. "Our policy has given him everything and he's played it like a fiddle," Flake said. "Maybe it's time to try something new."

## **The Miami Herald**

### **Miami, Florida**

**18 April 2003**

## **U.S. puts brakes on one popular path to Cuba**

BY CHRISTINA HOAG

Washington is clamping down on travel by non-Cuban Americans to the island, overturning a Clinton-era policy that allowed groups such as hummingbird conservationists, train enthusiasts and cinema buffs to visit the communist country.

Cuba solidarity groups as well as travel agencies are protesting the end to the nonacademic people-to-people educational licenses, but many acknowledge that numerous entities had simply used the licenses to build tour-operator businesses.

"It was an immensely abused program," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. "A few rotten apples ruined it for all."

The new travel restriction, contained in a sweeping set of changes to Cuba policy, is not related to the Cuban government's recent crackdown on dissidents or the April 11 firing-squad execution of three men who hijacked a passenger ferry in an attempt to escape the island.



The new travel policy also does not affect trips by Cuban Americans to visit relatives. In fact, the new rules broaden family visits and the amount of money that can be taken for relatives. The definition of a close relative now encompasses three generations instead of two, allowing a Cuban American to visit a second cousin or great-grandparent. Visitors can take up to \$3,000 in remittances for 10 households, up from \$300, per trip. Overall, an estimated 135,000 licensed Americans visited Cuba last year, mostly Cuban Americans. Thousands of others travel to Cuba via third countries.

The new policy, however, will eliminate the most popular way for non-Cuban Americans to visit Cuba and represents a Bush administration crackdown on U.S. tourism to the island. Public comment on the alterations will be received until May 23, after which a final ruling will be issued.

The Office of Foreign Control Assets has issued about 25,000 people-to-people educational licenses to groups, institutions and individuals since President Clinton instituted the program in 1999. The people-to-people licenses were valid for 24 months, during which unlimited trips could be made with any number of people. Under the new rules, which went into effect March 24, licenses will be allowed to expire; no new ones will be issued.

U.S. citizens may still travel to Cuba in official capacities, such as journalists, scholars, and religious and humanitarian workers. One people-to-people licensee has already applied for a religious license. "I saw this coming," said Cary Podell, who runs Los Angeles' Cuba Travel Culture Tours. He sends small groups weekly on trips that focus on music, religion and dance.

"I don't know what the Bush administration is doing. We let people have the humbling experience of what the Cubans are going through."

With many Americans intrigued by off-limits Cuba, the people-to-people educational licenses gave rise to a cottage industry in special-interest trips to the island, with some groups advertising tours in classifieds and on the Internet. Others marketed directly to alumni associations or organizations such as YMCAs.

Itineraries commonly revolve around Cuban traditions such as the tobacco industry, colonial architecture, salsa dancing and music, and religion, as well as visits to hospitals, schools, factories and farms. Some groups organize tours of the island by bicycle or old sugar trains.

Licensees say education can be cultural, as well as academic. The Bridge for Historic Preservation, a Cape Coral group, organized history-oriented trips to Cuba. "These are architects, historians. They're not going to vacation, they're going to learn," President Juan Romagosa said. Program participants say the trips offered a chance for interaction among Americans and Cubans, resulting in better mutual understanding by two nations at loggerheads for 44 years.

Carolyn Meanley, a librarian at the University of Houston who went on a people-to-people librarians' trip to Cuba in 1999, said the experience of seeing how the socialist country works was unforgettable.

"I don't get that kind of information here," she said. "The people were fantastic, I was totally amazed and in awe the whole time." She has since sent books to the National Library in Havana.

"These people-to-people exchanges gave ordinary people the ability to see and experience the complexity of U.S.-Cuba relations," agreed Lisa Valanti, president of the U.S.-Cuba Sister Cities Association, whose members have used the licenses to organize trips that studied items such as

museums or botanical gardens, as well as to cement city partnerships. ``We see ourselves as an educational organization, but we're not scientists, we're ordinary people."

Marazul Charters of Miami and New Jersey, a Cuba-specialist travel agency that organizes such trips, is urging people to protest the program's end. Participants "have traveled through the length and breadth of Cuba, visiting people from all walks of life, exchanging ideas and experiences, breaking through walls of prejudice and preconceptions nurtured through lack of contact," Marazul wrote. ``Lives have been enriched."

But many say the program had lost its original purpose. "The vast majority of these programs were guided tours, with participants seeing what the Cuban government wants you to see," said Dennis K. Hays, executive vice president of the Cuban American National Foundation, which supports the embargo. ``This was putting dollars in the pocket of the Cuban regime so they can continue their repression. This change is getting back to the original intent of the law."

Podell of Cuba Travel Culture Tours said he receives many inquiries from people who ``just want to party. But I tell them you can't do that. I guess it has been abused."

## **Bloomberg News**

### **New York, New York**

**16 April 2003**

### **U.S. Joins Allies in Attempt to Free Cuba Dissidents**

By Todd Zeranski

**Washington, April 16 (Bloomberg) --** The Bush administration is working with U.S. allies to win a United Nations Human Rights Commission resolution condemning Cuba's crackdown on dissidents and to use trade leverage in an attempt to free the political prisoners held by the Castro regime, officials told Congress.

The UN commission will vote tomorrow in Geneva on a resolution sponsored by the U.S., Peru, Uruguay and Costa Rica demanding that Cuba allow a visit by a representative for the UN high commissioner for human rights, U.S. assistant secretary of State Kim Holmes told the House International Relations Committee. Such a trip was sought in last year's resolution against Cuba, and Fidel Castro's regime has refused a visit, Holmes said.

Last month, Cuba arrested more than 100 dissidents and accused them of acting against the state and collaborating with a foreign power. At least 75 of the

defendants were given quick trials and sentenced to prison terms as long as 25 years, the State Department said. "This egregious act of political repression is an admission of failure by the regime, an expression of fear directed at the most basic and peaceful expressions of independent thought -- at journalists, librarians, even economists," Lorne Craner, assistant secretary of State for human rights, said.

Those arrested include democracy activist Marta Beatriz Roque, poet and journalist Raul Rivero, labor leader Pedro Pablo Alvarez and civil disobedience advocate Oscar Elias Biscet, the State Department said.

## **Crackdown, Trade**

The crackdown, dubbed by Secretary of State Colin Powell Cuba's "most significant in decades" may undermine the positions of business interests, some U.S. lawmakers and European countries that have called for relaxing the four-decade U.S. trade embargo on the Caribbean island.

Commerce between the two countries was valued at about \$140 million last year, according to John Kavulich II, president of the U.S.-Cuba Trade and Economic Council, a New York-based group that represents companies such as Archer Daniels Midland Co., Riceland Foods Inc. and Pilgrim's Pride Corp. This year the trade is projected to increase 19 percent to \$166 million of corn, soybeans, wheat, poultry, apples and other agricultural products, he said.

Craner said the U.S. was in discussions with individual European Union countries to have Cuba "prove progress" on human rights if it is to win entry into the Cotonou Agreement, a trade and aid accord signed in 2000 between the EU and 77 developing countries in Africa, the Caribbean and Asia.

## **Varela Project**

The U.S. said 20 of those arrested are involved in the Varela Project, a petition drive aimed at getting Cuba's National Assembly to call a referendum on whether citizens of the island want rights such as freedom of speech and open elections. "It's perverse that there's a massive crackdown occurring in Cuba just at the moment that the United Nations is examining Cuba's human rights record," said Jose Miguel Vivanco, head of New York-based Human Rights Watch's Americas division, in a statement last week.

Cuba earlier this month defended the arrests and quick trials of the dissidents. Foreign Minister Felipe Perez Roque said his country had been "patient" and "tolerant" and is obligated to apply its laws. The Cuban Interests Section in Washington didn't return two telephone calls for comment.

## **Discontent**

One analyst of Cuba's politics said the crackdown was in response to growing popular discontent with the one-party system and the trade embargo. "In effect, Cuba has two choices: open up the system, at least on the economic side, so there can be some improvement, or deal with frustration by cracking down, and relying more heavily on repression to keep control," said Dan Erikson, a Cuba specialist at the Washington-based Inter-American Dialogue policy analysis group. "They clearly saw the political opposition as an emerging threat," he said. "First things first -- what they want to work on is political control."

Mexico plans to vote in favor of the resolution condemning Cuba, the Reforma newspaper reported, citing unidentified Mexican and Cuban officials. The action would represent a blow to Castro from one of his traditional Latin American defenders and a boost for the U.S. after relations with Mexico were strained by its opposition to war in Iraq.

# **Sun-Sentinel**

## **Fort Lauderdale, Florida**

**15 April 2003**

## **U.S. fines 2 firms in S. Florida**

By Doreen Hemlock  
Business Writer

Every year, dozens of U.S. companies agree to pay millions of dollars in fines for running afoul of "The Trading With the Enemy Act" or other sanctions on business with such nations as Cuba, Iraq, North Korea and Libya.

Starting this month, and responding to pressures from Ralph Nader's consumer advocacy group Public Citizen, the Treasury office enforcing the sanctions now publishes weekly a list of companies that agree to those civil penalties.

Two South Florida businesses -- a unit of Israeli-shipping giant Zim and Miami-based A.B.Y. Paralegal Inc. -- surfaced among 59 companies on the first two lists that cover settlements made since last fall. They agreed to pay \$250,000 and \$750, respectively, for alleged violations on business with Cuba, advocates for greater public disclosure announced Monday in Washington, D.C.

The New York Yankees also agreed to pay \$75,000 for business with Cuba, Chevron/Texaco roughly \$14,000 for business with Iraq and Exxon Mobil \$50,000 in fines for business with Sudan, the advocates said at a news conference, calling attention to the little-noticed reports

published by Treasury's Office of Foreign Asset Controls since April 4. The companies on the Treasury list could not be reached for comment Monday.

Treasury officials and corporate executives say nearly all cases that result in the relatively small civil fines cover technical errors of the complex sanction laws, often inadvertent mistakes such as failing to put a license number on paperwork. Some are reported to Treasury voluntarily, and the settlements do not necessarily involve admissions of wrongdoing. More serious cases involving willful violation of sanctions for profit and concealment of trade through third-countries are prosecuted in criminal court, with far heftier penalties, according to government and corporate specialists.

Russell Mokhiber, editor of Washington-based legal publication Corporate Crime Reporter, who spearheaded the disclosure push with help from Public Citizen's Litigation Group, said Monday he neither backs the sanctions nor can assure they work but "adverse publicity is one of the greatest deterrents against corporate crime and wrongdoing." Mokhiber urged Treasury's OFAC office to provide far greater details on the civil fines that it now discloses in one-line entries, with no details on date or circumstances.

Executives familiar with trade with Cuba say they don't expect increased disclosure will influence business. Treasury is not cracking down on U.S. firms allowed to sell food to the communist island. And companies generally welcome disclosure anyway, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a New York-based group that monitors business with Cuba.

## **San Antonio Express-News**

**San Antonio, Texas**

**15 April 2003**

### **Economic change eclipses embargo**

By Bonnie Pfister  
San Antonio Express-News

**HAVANA** — When speaking of Caribbean culture, observers often talk of *sincretización*, the centuries-long process in which African slaves and their descendants melded Yoruba spirituality with the Catholicism of their Spanish conquerors.

But here on the region's largest, most singular island, a *sincretización* of another sort is underway: the blending of Cuban-style socialism with dollar-chasing capitalism despite a 42-year economic embargo and renewed tensions with the world's most powerful nation.

Most individual Cubans struggle mightily to stretch their small government salaries and food allotments, although healthcare, housing and education remain free. Meanwhile the centralized government has made tourism a cornerstone of its economic strategy, and low-skilled jobs catering to foreigners tantalize the island's engineers, teachers and doctors with the promise of better pay, often in hard currency.

"The U.S. dollar is now not only the primary measure of value, but also has replaced the revolution as (a) stimulus," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, an independent business advisory firm in New York.

With the demise of the Soviet Union, Cuba lost 85 percent of its source of foreign income almost overnight, said Omar Everleny Pérez Villanueva, an economic professor at the University of Havana. Then in 1992, U.S. legislators further tightened the terms of the embargo, leveling a six-month ban from American ports of any foreign vessel that had docked in Havana.

"We call it a blockade," Pérez said, because it meant foreign shippers choosing to deliver goods to Cuba would forego access to the world's largest consumer market for half a year. As a consequence, costs to import such staples as grains and beans tripled. In 1996, the law was retooled to deny travel visas to the United States for any foreign firm doing business with Cuba.

San Antonio attorney David Cibrian, a specialist in Cuban business law and no particular fan of Castro, described Washington's hard line as a failure. "It has ceased to be international policy," he said. "It has become a domestic-policy issue, a campaign-finance issue."

In recent years, however, the tide seemed to be turning, said Cibrian. The 1998 visit of Pope John Paul II, the death of virulently anti-Castro exile Jorge Mas Canosa, and negative reaction to the Miami-Cuban community's handling of the Elian González affair all helped to bring about a softening in rhetoric.

Meanwhile interest groups in Midwestern farm states have raised their voices about wanting access to the Cuban market. In late 2001, Cuba began legally importing American food products for the first time in nearly half a century. U.S. firms have already cornered 30 percent of that market. Texas growers, who so far don't have any contracts with Havana, are looking to get a piece of the pie. The two-month-old Texas Cuba Trade Alliance, whose members include Texas A&M University and the state agriculture department, will host an information conference in Austin on the subject next month.

Tourism has continued to be a major focus of the government. Last year, Kavulich said tourism brought gross revenues of \$1.8 billion to the island, thanks to foreign tourists, including licensed and illicit U.S. visitors who subvert the U.S. ban by traveling via a third nation.

Some critics worry tourism could be another one-crop strategy, like sugar, that is vulnerable to the vagaries of the international market. Since 9-11, tourism has declined here, as it has worldwide. Additionally, Cuba has a hard time attracting return visitors because its economic troubles mean inconsistent quality for international sun-seekers.

In recent weeks, the bilateral relationship has experienced another bout of whiplash. Incensed at the new U.S. Interest Section Chief James Cason's friendly relationship with dissidents and independent journalists, Castro arrested more than 70 citizens in March. Half of them were sentenced last week from 12 to 27 years for conspiring to undermine Castro's government. Among those convicted were promoters of the Varela Project, a petition drive for government reforms endorsed by Jimmy Carter during a visit to the island last year.

Organizers called off an emigration conference this weekend that was to bring exiles and natives together in Havana for the first time since the revolution. Cason last week called the crackdown on political dissidents a symptom of instability that could provoke mass flight reminiscent of the Mariel Boatlift in 1980 and the 1994 Balsero crisis.

Two airplanes and a ferry have been hijacked and headed across the Florida Straits in the past month by fleeing Cubans. The ferry ran out of gas not far from the Cuban coast. The airplane hijackers are awaiting prosecution in Florida.

As for the crackdown, described as the harshest in a decade, University of Miami professor of international studies Jaime Suchlicki theorized that Castro might be trying to arrange a trade for five Cuban spies in a U.S. jail while the world's attention is focused on Iraq.

"It is clear that this is not a reaction to the U.S. actions in Cuba or (the U.S.) distributing propaganda," Suchlicki told the Associated Press. "This is Fidel preparing for something and taking advantage of the international situation."

None of which is good for international trade, Kavulich said. "The business community has always attempted to maintain a substantial distance between politics and commerce. The happenings during the last month have made managing that distance more difficult."

How a post-Fidel era may unfold is anyone's guess. While several observers say future government leaders are unlikely to throw open the doors to capitalism in the way the former Soviet Union did, the international support and interest Cuba enjoyed may not be so forthcoming.

Some foreign governments that had extended economic or political largesse to the island as a way of taking jabs at the United States might be less interested when Fidel, with his political star power, is no longer on the scene, said a Washington-based analyst who spoke on condition of anonymity. "They just help Cuba because it annoys the hell out of the U.S.," he said. "Without Castro, it may as well be Haiti."

# **The Wall Street Journal**

**New York, New York**

**10 April 2003**

## **Cuba Crackdown on Dissidents Hurts Efforts to Ease Embargo**

**By JOSE DE CORDOBA**  
Staff Reporter of THE WALL STREET JOURNAL

The hammer blow President Fidel Castro has dealt Cuba's small dissident community with a wide roundup and long jail terms could cripple an active congressional effort in Washington to increase commercial and travel ties with Havana.

"These types of actions jeopardize the chance of developing a future relationship," says Rep. George Nethercutt (R., Wash.), who sponsored a law two years ago that allowed U.S. farmers to sell about \$140 million of food products to Cuba last year. Washington has for 42 years banned most trade with and travel to the Communist island.

"It vastly complicates the legislative agenda," says Robert Muse, a Washington lawyer who has often testified before Congress on the embargo. Mr. Muse says

embargo foes had imagined Congress possibly lifting restrictions on financing the purchase of U.S. agricultural products, which now must be paid for in cash by the Cuban government, as well as easing the travel legislation. But he observes that the first act of a new Senate working group on embargo policy was to send a letter to Havana's interests section in Washington condemning the crackdown.

The crackdown, which began three weeks ago with the arrest of 78 dissidents, including independent journalists, economists and human rights activists, is the harshest such action since the earliest days of the Castro regime in the 1960s. The dissidents were put on trial last week on charges of collaborating with U.S. diplomats to undermine the foundations of the Cuban regime. In some cases, prosecutors asked for life sentences.

This week, some sentences were handed down after closed-door trials. Dissidents were sentenced to 20 or more years in prison for associating with U.S. diplomats, writing "counterrevolutionary articles," operating independent magazines and libraries, and belonging to "illegal" groups of independent journalists. Among those sentenced are many of Cuba's best-known dissidents, including Raul Rivero, 57 years old, a respected independent journalist, and Marta Beatriz Roque, an economist who has written critical analysis of Cuba's economic situation.

The crackdown also imperils Cuba's relationship with the 15-nation European Union. European countries provide 35% of Cuba's trade and about half of its foreign investment and tourism. Cuba applied in January to join the Cotonou Agreement, a preferential trade and aid pact between the EU and 78 developing countries, many of them former European colonies. Joining the agreement could sharply increase the aid given Cuba by the EU, and the European Parliament is scheduled to vote on a motion Thursday warning Cuba that the crackdown jeopardizes its entrance in the Cotonou Agreement.

Rep. Jeff Flake (R., Ariz.) says he will nonetheless reintroduce a bill that would effectively permit travel to Cuba by cutting off funding to law enforcement agencies that enforce the travel ban. "Pro-embargo forces will profile this as a favor to Castro," he says. But he argues that Cubans need to hear more voices, such as those of U.S. visitors, rather than fewer. Mr. Flake says he isn't surprised by Mr. Castro's action. "It's par for the course," he says. "I've never been convinced that Castro wants to lift the embargo."

Some analysts say the crackdown shows that Mr. Castro makes good use of the embargo to rally international support, and as an excuse for Cuba's poor economic performance, and has little interest in improved relations with Washington. They believe he uses periodic confrontations with the U.S. to keep the Cuban population in a state of permanent mobilization, and they point out that Mr. Castro has short-circuited other periods of rapprochement -- most recently in 1996, when Cuban jets



shot down two small planes belonging to the Cuban exile group Brothers to the Rescue. That incident led to the swift adoption by Congress of legislation tightening the embargo.

As the island's economy continues to deteriorate, they say, the crackdown is a stark warning to Cubans of the perils of challenging the regime.



**Sun-Sentinel**  
Fort Lauderdale,

**Florida**

**6 April 2003**

## **Cuban arrests damage efforts to lift embargo**

By Rafael Lorente  
Washington Bureau

**WASHINGTON** -- The Cuban government's arrest and trial of at least 80 dissidents during the past two weeks will likely stymie congressional efforts this year at easing the U.S. embargo of the island and embolden those who prefer isolation of Havana over engagement.

It also could slow sales of U.S. agricultural products to the island and already has added to a growing diplomatic spat. Some worry the growing tensions could lead to a severe deterioration of what is at best a strained relationship between the two countries.

The crackdown is ostensibly in response to what the Cuban government calls provocative behavior by U.S. diplomats in Havana who have been meeting with dissidents and handing out books and radios -- sources of information and ideas not always welcomed by Cuban President Fidel Castro. Cuba has restricted travel by U.S. diplomats and prevented shipments of books to the island. Washington has responded by restricting travel by Cuban diplomats in this country.

Human rights groups, the European Union and former President Jimmy Carter, who visited the island last year and advocated ending the U.S. embargo, have condemned the arrests and trials that started this week and are scheduled to go through Monday. Cuban authorities have accused the dissidents of being traitors and working for the United States. Prosecutors are asking for life sentences for some of the accused.

According to a State Department official and families of accused on the island, lead witnesses against some of the dissidents in some cases have been close confidantes secretly working for the government.

Cuba's crackdown has coincided with several hijackings by Cubans trying to leave the island, including a ferry boat that was towed back there Thursday after running short of fuel. The hijackers were arrested. Two airplanes also were hijacked to Key West recently. The crackdown also has coincided with the war in Iraq, which has led to speculation that it was timed so the United States and other nations would be too distracted to respond to the Castro government's attempts to crush organized dissent on the island.

In Washington, the crackdown has longtime Cuba watchers wondering if the Castro government is abandoning a several-year-old lobbying campaign aimed at overturning the U.S. embargo. Dubbed by observers as the "charm offensive," the Cuban campaign, along with lobbying from business interests and others, has had limited legislative success. In 2000, for instance, Congress passed legislation to allow direct food sales from the United States to Cuba for the first time in four decades.

The campaign also has won over many members of Congress and helped reshape public opinion about U.S.-Cuba relations. There has been growing support in both branches of Congress for substantially easing the embargo and eliminating travel restrictions to the island. Congress has yet to pass legislation, however, that would lift the embargo.

But experts in U.S.-Cuba relations say Castro must know that the crackdown on dissidents -- including arrests of independent journalists, librarians, opposition political leaders and volunteers for the Varela Project, a pro-democracy petition drive -- will further isolate the island.

### **`A failed policy'**

"Fidel's acts are just fueling the fire of embargo supporters," said Brian Alexander, executive director of the Cuba Policy Foundation, an organization working to end the embargo. "They use these acts as justification to continue the embargo, a failed policy."

While the crackdown on dissidents has not stopped the sale of American agricultural products to the island, there is concern that American companies will feel pressure and curtail business with Cuba. "The ability of U.S. companies to continue to distinguish between commerce and politics is becoming ever more difficult," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors trade between the two countries.

Cuba also is putting in peril a coming decision by the European Union on an economic aid pact. And this month, the United Nations Human Rights Commission is meeting in Geneva. For years, Cuba has fought U.S.-backed resolutions condemning the island's human rights record. The crackdown is likely to hurt the Cuban position in Geneva this year.

### **Evoking Stalinism**

A conference on immigration with Cuban exiles scheduled for next weekend in Havana also has been canceled, further isolating Cuban-Americans who favor closer contact with the island. Embargo supporters say the crackdown justifies their policies.

"For all of those people who have said the regime has changed, I hope they now see it hasn't changed," said Rep. Peter Deutsch, D-Fort Lauderdale, who has co-sponsored a resolution condemning the arrests. "The only thing I can read into it is that maybe [Castro] has become so concerned about losing power that this is his only response."

Deputy State Department Spokesman Philip Reeker condemned the trials this week. The White House already has condemned the arrests. "The Castro regime's actions are the most despicable act of political repression in the Americas in a decade," Reeker said, in a statement. "While the rest of the hemisphere has moved toward greater freedom, the anachronistic Cuban government appears to be retreating into Stalinism."

William LeoGrande, dean of the School of Public Affairs at American University in Washington and a

Cuba expert, said Castro may be reacting to what he perceives as an offense against the sovereignty of Cuba on the part of U.S. diplomats, especially James Cason, chief of the U.S. Interests Section in Havana. Cason has been an outspoken critic of Castro's government since taking over the diplomatic mission last year. "[Cason] walks onshore and starts insulting them. The very public and in-your-face approach to meeting with the dissidents is different," LeoGrande said. "Castro takes offense, and when he takes offense he does these kinds of dramatic things."

The crackdown in Havana and the growing rift with Washington worry LeoGrande and others who say high tensions have led to major problems in the past, including the 1980 Mariel boatlift and the 1994 rafter crisis.

### **Isolation Advocates**

One concern is that some provocation will lead the United States or Cuba to close one of two so-called "Interests Sections," which have served in place of embassies in the Washington and Havana since the Carter administration. The countries do not have formal diplomatic relations.

Cuban Interests Section officials are reportedly telling people in Washington that if relations do not improve, they could be forced to close their mission. Officials at the Cuban Interests Section could not be reached for comment. Some who advocate isolation are quietly hoping the Cuban government expels Cason so the Bush administration will have a reason to shut down both interests sections.

Moderates in the Cuban-American community, who favor helping dissidents on the island as a way to promote civil society and change from within, also find themselves in a difficult spot because they may not have any dissidents to aid. That could embolden hardliners who want to further isolate Cuba and Castro.

# **Naples Daily News**

## **Naples, Florida**

### **4 April 2003**

## **Cuban hijackings echo start of migration crises in previous years**

**By ALEX VEIGA, Associated Press**

**MIAMI** — The recent spate of Cuban hijackings, internal strife on the island and the communist regime's tensions with the U.S. government parallel conditions that preceded an exodus of thousands of Cubans to the United States in 1980 and 1994.

Several Cuban boat hijackings occurred in the months before Cuba decided to allow departures from the port of Mariel in 1980. By the time Cuba stopped the exodus, 125,000 Cubans had arrived within months to U.S. shores.

In the summer of 1994, a slew of boat hijackings preceded a surge in Cuban rafters taking to sea. More than 30,000 attempted the perilous 90-mile journey before the United States agreed to accept at least 20,000 Cubans a year in return for Cuba's promise to stop the rafters.

In the past two weeks, Cubans hijacked two commercial flights and diverted the airliners to Key West. This week, another group of Cubans took over a small ferry boat in Havana.

The hijackings come amid a campaign by Cuban leader Fidel Castro to silence internal opposition. At least 80 dissidents, independent journalists and other pro-democracy activists have been jailed since March 18. Some already are being tried.

Jaime Suchlicki, a professor of international studies at the University of Miami, says the parallels between the present situation and events in 1980 and 1994 are hard to ignore. "This is the same pattern we saw before, so I'm concerned," Suchlicki said. "This is creating a situation of fear and desperation. The economy is not improving, Fidel is cracking down. You have the (potential) for a migration crisis."

There have been sporadic hijackings of boats and airplanes by Cubans over the years, but the island's economy is ailing. The Sept. 11 attacks and the ongoing U.S.-led war on terrorism have taken a toll on the tourism industry, a key to Cuba's economy.

The country is suffering a chronic shortage of foreign money, said John Kavulich of the New York-based U.S. Cuba Trade and Economic Council. "The Cuban government continues to talk about survival, not prosperity," Kavulich said. "Within that context ... the situation will likely continue to be unpleasant for Cuban nationals."

Cuba's sugar production had been ailing in the two years leading up to the 1994 exodus. Electrical and food shortages were also rampant as the financial aid from the former Soviet Union evaporated in the early 1990s.

Lisandro Perez, director of Florida International University's Cuban Research Institute, said all it would take to spark another exodus is a Cuban officer or official being killed in a hijacking attempt. "You see people like this, taking a boat, and eventually, someone in Cuba is killed, then the Cuban government says, 'OK, everybody can leave,'" Perez said. "The way this has developed in the past is exactly the way it is developing now."

Charles Barclay, a U.S. State Department spokesman, said the U.S. government hasn't received any indication from the Cuban government that it intends to relax migration controls and possibly trigger another exodus.

James Cason, the top U.S. diplomat in Havana, took to Cuban airwaves this week and warned them not to use hijacking as a means to leave the island. He promised that hijackers would be prosecuted and barred from staying in the United States. Cason also responded to a request by Cuban officials to help persuade accused hijacker Adermis Wilson Gonzalez not to divert a commuter flight to the United States on Wednesday. Gonzalez, 33, was denied bond during an afternoon hearing Thursday in Key West. Gonzalez and six other Cubans accused of hijacking a different flight to Key West on March 19 face U.S. federal hijacking charges.

Perez said that regardless of U.S. warnings, the special immigration status afforded to Cubans since the 1960s, which allows most who reach U.S. soil to gain residency, remains an incentive to Cubans who want to escape the communist system. "The only difference here is that we're post 9-11," Perez said. "The U.S. government will (react) differently this time."

Max Castro, a professor and expert on U.S.-Cuba relations at the University of Miami, said economic conditions would be a driving factor, rather than the crackdown on dissidents or the recent hijackings. "It's clear the situation in Cuba is tense, from an economic and political point of view now," Castro said.

Suchlicki speculated that if the pressure continues to build on average Cubans, they'll take to the ocean as the seas calm down. "We're going to see more people in boats coming," Suchlicki said.

# Houston Chronicle

Houston, Texas

1 April 2003

## Cash from exiles in U.S. lets Cubans live, a little

By JENALIA MORENO

HAVANA, Cuba -- Anthia Marquetty's son left this island for the Bronx more than 20 years ago. But like many Cuban-Americans, he's never forgotten his family struggling to make ends meet back home.

For years, William Allende, 39, has sent \$200 every three months to Marquetty, who earns her living singing sentimental songs in Havana bars. Every time Allende called to let his mother know money was waiting for her at Western Union, she rushed to an office to pick it up. In this country, these 100 branches with the yellow and black signs represent a world of difference in many lives. Although Marquetty lives in a dreary Old Havana building, these gifts mean she can sometimes afford to eat at a restaurant.

With the global economic crunch hurting tourism, Cuba's main industry, remittances take on a far greater importance than ever before. Most experts consider remittances Cuba's second source of hard cash. Yet these remittances create ironies for Cuba and the United States -- longtime foes. Remittances help undermine U.S. sanctions intended to topple Cuban dictator Fidel Castro. They also help create inequality in Cuba, a communist country Castro tried to design as free of socioeconomic classes.

However, for Marquetty and an estimated 60 percent of the Cuban population who receive money from relatives living in other countries, these payments boost them into a higher social class. "They realize that in Cuba, to make life easier, if you've got an extra \$400 or \$500 in your pocket, you can put a lot more good food on the table," said Enzo Ruberto, president of ICC Corp., a Canadian-based company. Through its subsidiary Cash2Cuba.com, the company provides money transfers to the island nation. Neither he nor officials from Western Union would disclose how much money is sent to Cuba, but both said transactions had increased every year. However, after Sept. 11, both companies experienced a dip.

It's impossible to calculate how much money is sent to Cuba from expatriates. Some experts say it may be as high as \$800 million to \$1 billion annually in the past few years.

The impact of the Sept. 11 terrorist attacks could have created a drop in remittances to between \$500 million and \$650 million last year, estimates Hans de Salas-del Valle, a research associate at the University of Miami's Cuba Transition Project Institute for Cuban and Cuban-American Studies.

"These payments mean so much because in socialist Cuba, workers earn such paltry salaries. Cuban doctors, for example, earn as little as \$20 to \$30 a month," said Luis Locay, economist at the University of Miami.

Remittances also include the money Cuban-Americans stash in suitcases and deliver to their family members during trips home or money sent via mules, hired cash carriers. With remittances, Cubans can afford to eat much more than their monthly government rations. The ration list is meager, with each person allotted six eggs, six pounds of rice and a quarter pound of ground beef mixed with soy. Plenty of sugar and 12 ounces of coffee are included on the list, as those are two of the few items Cuba produces in abundance. Those monthly rations can get a person through 10 days of the month, said de Salas-del Valle, adding, "What do you do for the other 20 days of the month?"

These payments also provide a huge economic boost. They helped make up for the financial aid lost after the collapse of the Soviet Union in 1989. "They were on a life-support system with Moscow holding the plug," said Larry Pascal, a partner with Haynes and Boone, a Dallas law firm.

When the money stopped flowing from the Soviets, the Cuban economy went into a tailspin. Many people lost their jobs, and everyone received even smaller rations. In 1993, Castro legalized the use of the U.S. dollar, thus encouraging Cuban exiles to send their families money. The money Cubans receive now can be spent in the black market or at state-owned grocery stores, which garner most of the cash. That is a source of controversy for many Cuban-American exiles who don't want to see any financial support flowing to the Castro regime.

"The notion is that with the desire of helping their own relatives, they're also giving aid and help and support to the Castro regime," said Locay, whose family escaped Cuba when he was 6. That's why bumper stickers saying "Don't support the regime. Stop sending money to Cuba" are common in Miami, where 840,000 Cuban-Americans live.

But many Cubans continue to send money because every U.S. dollar eases the daily burden of survival. A common joke on the island is that a Cuban wakes up facing only two problems every day: lunch and dinner. By American standards, the amount of money isn't huge.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, doubts estimates of \$1 billion sent last year from Cubans living abroad to their homeland is correct. After all, the majority of Cubans living abroad reside in the United States. And these 1.2 million Cuban-Americans can only send \$300 every three months to Cuba, according to a law passed under President Clinton's administration in 1999. That makes the \$1 billion estimate seem impossible, he said.

Regardless of how much is sent, it creates a social divide between the haves and have-nots of Cuba. And that division is often along racial lines. When Castro took control of Cuba in 1959, promising equality, more than half of the population was white. Many fled to the United States, and about 90 percent of Cuban-Americans are white.

But inequality seems to reign on the island, with whites more likely to receive remittance checks than blacks and those of mixed race, even though today blacks and mixed-race persons make up 62 percent of the island's 11 million people, according to the U.S. Department of State. Afro-Cubans tend to be more impoverished, said de Salas-del Valle, an issue the government glosses over.

Outside a Western Union branch in Havana, the few people who picked up money from their relatives in Miami or New Jersey were white.

Marquetty is one of the small group of blacks who receive money from the United States. But these days, she's receiving less money. Last year her son had to tighten his belt because of the weakening U.S. economy. In October, Allende could only send his mother \$50, so she did what little she could. This practitioner of the Afro-Cuban religion of Yoruba spent the money on religious items to help pray for her son to earn more.

# The Miami Herald

Miami, Florida

25 March 2003

## Rules changed on Cuba trips; Some stiffer, others relaxed

BY NANCY SAN MARTIN

The Bush administration released new rules Monday that will allow more Cuban Americans to visit relatives on the island, restrict the kinds of groups that can participate in exchanges and increase the flow of money to Cuba, including funds meant to reach government opponents.

"Overall, these changes are expansive, these are not constrictive," said John Kavulich, president of U.S.-Cuba Trade and Economic Council, a New York-based group that tracks the island's economy. Among the most dramatic changes in licensing rules:

- Travel permits no longer will be granted to organizations that take individuals to Cuba to participate in "educational" exchanges that are not related to academic course work. The change will require more scrutiny of license applications.

### UP TO \$3,000

- Travelers with relatives in Cuba can now carry as much as \$3,000 in household remittances, up from \$300, each quarter. The increased amount is intended to help up to 10 households per traveler. However, the households of senior-level Cuban government officials or senior-level Cuban Community Party officials will not be eligible to receive quarterly remittances from any remitters.

- Licenses will now also be issued to independent organizations designed to promote a rapid, peaceful transition to democracy.

- The so-called humanitarian activities will be expanded to include construction projects intended to benefit legitimately independent civil society groups" as well as promote educational training in such fields as civic education, journalism, advocacy and organizing.

### CUBAN CRACKDOWN

The revisions were released at the heels of a Cuban government crackdown on opponents with the arrests of at least 75 people whom Fidel Castro has accused of conspiring with American diplomats in Havana to dismantle the socialist system. Cuban government critics applauded the economic outreach to dissidents on the island. "This means more ability for funding for dissidents or independent actors," said Dennis K. Hays, executive vice president of the Cuban American National Foundation, an exile lobbying group that supports the U.S. embargo on Cuba. "The timing is welcome. Clearly, what the Castro regime hopes is to stop this kind of activity."

## **BUSH INITIATIVE**

The new rules were in response to President Bush's "Initiative for a New Cuba" announced last May, according to the Treasury Department's Office of Foreign Assets Control, which issues the travel licenses.

The president's initiative is intended "to encourage freedom within Cuba, make life better for the Cuban people and give the Cuban people greater control of their economic and political destiny." The revisions took effect Monday but written comments on the changes will be accepted through May 23, meaning that the provisions could be altered.

# **El Nuevo Herald**

**Miami, Florida**

**15 March 2003**

## **ENTRELINEAS**

### **Pollos de EU en el mercado negro**

Los pollos congelados que el gobierno cubano compró a empresas norteamericanas durante el pasado año, están vendiéndose en dólares en el mercado negro habanero.

Según el Consejo Económico y Comercial EU--Cuba, con sede en Nueva York, residentes en La Habana han confirmado que las cajas de 15 kilogramos de carne de pollo pueden adquirirse a \$25, mientras que las de 22 kg cuestan \$40. El costo de la libra de pollo que el gobierno distribuye a la población, por vía de la libreta de racionamiento y con frecuencia irregular, es de 70 centavos (\$0.03).

En el 2002, Cuba desembolsó \$21 millones para comprar pollo congelado a firmas como Koch Foods, de Illinois, y Sanderson Farms, de Mississippi. El pollo fue el tercer producto más comprado a compañías agrícolas después del trigo y el maíz.



# CQ TODAY

Washington, D.C.

5 March 2003

## Diaz-Balart Ready to Take Gloves Off Over Cuba

By Carolyn Skorneck, CQ Staff

Cuban-born Rep. Lincoln Diaz-Balart, R-Fla., is revving up his campaign against efforts to ease the four-decade-long economic and travel embargo on Cuba, even if that means taking on fellow Republicans.

He is irate that members of Congress travel routinely to Cuba where they meet with government officials and handpicked "ordinary" Cubans without insisting on visiting imprisoned dissidents and pressing Fidel Castro to improve human rights.

U.S. Exports to Cuba

"The thing is, no one's gone out to the prisons yet," Diaz-Balart said. "They come back, some of them saying they attempted to meet with people but were simply denied permission. That's simply inexcusable on the congressional delegation's part."

The push to ease the embargo, a series of executive orders that were codified by Congress in 1996 (PL 104-114), has come largely from agriculture-state GOP lawmakers whose farmers and food producers see Cuba as a good market.

Other Republicans decry the limits on Americans' freedom of movement, saying the ban on most travel to Cuba infringes on their rights. Another factor driving the efforts to ease the embargo is a generational shift among Cuban-Americans.

The Cuban-American community is now almost evenly split between older members, who favor Diaz-Balart's hard line, and younger people who prefer a more pragmatic approach.

Since 2000, sales of medicine, agricultural goods and prepared food stuffs to Cuba have been permitted as long as Havana pays for the goods in cash. Under those limits, U.S. export sales to Cuba totaled \$138.6 million last year, making Havana America's 50th largest trading partner, according to the U.S.-Cuba Trade and Economic Council, Inc., which provides nonpartisan commercial information about Cuba.

By contrast, last year the United States exported \$97.5 billion worth of goods to Mexico. Supporters of lifting the Cuba embargo say such a move could pump more money to U.S. exporters.

### 'Hard to Believe He Could Get Harsher'

Particularly galling to Diaz-Balart was last weekend's trip by Republican Rep. Jim Kolbe of Arizona, chairman of the Appropriations Foreign Operations Subcommittee, and Democratic Rep. Jim Davis, a fellow Floridian.

So, Diaz-Balart plans to "take the gloves off," with an OK from the House GOP leadership, an aide said. Neither Diaz-Balart nor his staff revealed exactly what that will mean in real terms.

And those who have been past targets of the lawmaker's outrage over Cuba wonder what he could possibly say that would be worse than what he has thrown at them already.

"It's hard to believe that he could get harsher or tougher, " said Rep. Jose E. Serrano, D-N.Y., who has long sought to ease the economic embargo on Cuba and allow U.S. citizens to travel freely to the island, which is only 90 miles off the coast of Florida.

Indeed, Diaz-Balart got extremely personal in a floor debate last July 23 over an amendment to end restrictions on Americans' travel to Cuba.

Noting that numerous House members had gone to Cuba, he singled out Democratic Rep. Jim McGovern of Massachusetts and Republican Rep. Jeff Flake of Arizona and said, "They love to go to Cuba. They love the mojitos [mixed rum drinks] on the beach where the Cubans cannot go." Rep. David R. Obey, D-Wis., interrupted him, demanding that "the gentleman's words be taken down." That is a way to punish a lawmaker for violating House rules that prohibit members from making personally disparaging statements about each other. The words can be stricken from the record, and the House can bar the offending lawmaker from speaking on the floor for the rest of the day. Diaz-Balart backed off that time, saying, "I certainly meant no offense." In response, Obey relented on his demand. When Flake took the floor minutes later, he began with a comment "for the folks at home: I am Mormon, and I do not drink mojitos, or whatever they are."

Kolbe said Wednesday he does not believe Diaz-Balart will target him – not because of his position in the House but because of how he and Davis conducted their visit. "We did meet with many of the dissidents," he said. "We saw the human rights conditions down there, and they are terrible."

In addition, Kolbe and Davis held a news conference, where he said they were "outspoken" in their criticism of Cuba's human rights record. Kolbe said he remains ambivalent about easing the embargo on Cuba because the country lacks a private economy that can absorb the goods. "They would just go to the government," he said. But Kolbe supports ending the limits on Americans' travel to Cuba, as long as Cuba reciprocates by giving its own people exit visas. "The more people they see, the more exposure they get [to Americans]; I think in the end, it will help," he said.

Asked about Diaz-Balart's plan to intensify his criticism of opponents on Cuban issues, Flake said, "Public opinion is running so fast in the opposite direction ... that I wouldn't be surprised if they tried to pull out all the stops."

### Lining Up With the President

Diaz-Balart's strongest ally may be the president himself. After the House voted last summer to ease the rules on travel to Cuba, a similar proposal popped up in the \$397 billion fiscal 2003 omnibus

appropriations bill (PL 108-7). But lawmakers quietly dropped the proposals after the White House threatened to veto the measure.

"We're punishing American citizens in an attempt to get at Fidel Castro," said Sen. Byron L. Dorgan, D-N.D. "He's lived through 10 presidencies and a 40-year embargo. At some point, it seems to me that those of us who would like to see freedom and democracy in Cuba might try another approach."

A Diaz-Balart aide said the office of Majority Leader Tom DeLay, R-Texas, had no objection to the lawmaker's plan to ratchet up the rhetoric regarding fellow Republicans and others over Cuba.

But Diaz-Balart's opponents say he is fighting a losing battle. "If he decides to take on Republicans who support easing the rules, he may very soon be taking on the whole Republican Party," Serrano said. "Once Wall Street, corporate America and farmers decide the embargo has to end, it's going to end," he said.

# CQ TODAY

## Washington, D.C.

5 March 2003

### **Trade, Travel Ban Foes See Issues From Different Sides**

By Carolyn Skorneck, CQ Staff

Lawmakers trying to maintain the four-decade-old embargo on most trade and travel to Cuba are battling business and farming interests. But they have perhaps the most important person on their side: President Bush. He has declared his staunch opposition to any easing of the embargo several times since taking office.

Before he took office, majorities in both houses of Congress backed sales of agriculture and food products to Cuba in 2000 when they reauthorized the Trade Sanctions Reform and Export Enhancement Act (PL 104-114). Those sales were allowed only if the transactions were in cash, with no loans to finance the deals or stretched-out payment plans.

But agricultural interests and others that want to trade with Cuba have what one person who studies the trade issue considers pie-in-the-sky expectations.

"You've got some numbers that Cuba imported \$1 billion worth of food products last year," said John S. Kavulich II, president of the nonpartisan U.S.-Cuba Trade and Economic Council, Inc. "That's way off. It was really about \$600 million."

Some proposals to expand trade could wind up hurting it instead, Kavulich said. Some businesses want to eliminate the cash-only requirement to facilitate larger sales. But Kavulich said the cash-only rule is the reason U.S. food and agriculture sales have worked so well thus far. "Companies are saying, 'If we get financing, we can sell more,'" he said. "No. Cubans will default, just like they have with Canada. That will get reported, stocks could tank. Why do we want to change something with no risk to something with all risk?"

The politics are somewhat different on the travel ban.

"The travel ban is not a sanction against Castro; it's a sanction against Americans," said Rep. Jeff Flake, R-Ariz. "We're better than that. We don't need to tell our citizens where they can and can't travel." Supporters of the travel ban say lifting it would give Fidel Castro much-needed foreign currency, a gift with no payback, such as improvements in human rights on the island.

Bush's interest in maintaining the ban was demonstrated last year when then-Treasury Secretary Paul H. O'Neill appeared before the Senate Appropriations Treasury and General Government Subcommittee, headed at the time by Democrat Byron L. Dorgan of North Dakota, who supports an end to the travel ban.

O'Neill told the panel he wished he did not have to spend money tracking down Americans who illegally travel to Cuba and could use that money instead to combat the war on terrorism. Within hours, the White House issued a statement over O'Neill's signature withdrawing that sentiment.

# The Tampa Tribune

## Tampa, Florida

### 6 March 2003

## Cuba's `Huge Credit Risk' Weighs On Tampa Trade

By ANDREW MEADOWS

**TAMPA** - Trade between Tampa and Cuba is gaining momentum, but the cash-strapped island nation is hardly an ideal customer. In the past decade, Cuba's foreign debt has soared to billions of dollars, and monetary aid from the former Soviet Union, which helped pad Cuba's economy, dried up long ago.

After importing almost \$139 million worth of agricultural products from the United States in 2002, Cuba watchers wonder how much more the communist island can afford.

"That is the question intriguing everybody right now," said William Messina, an economist with the University of Florida who has studied the Cuban economy. "Cuba is a huge credit risk. "I believe the Cuban government would like to buy huge volumes from the United States, but they just don't have the money."

When Congress allowed food exports to Cuba two years ago, the law authorized cash on delivery as the sole payment method. Cuba's bad credit was one of the reasons behind the policy. Cuba is \$11 billion in debt to European Union countries. Cuba also owes \$1.7 billion to Japan and \$1.6 billion to Argentina, according to the University of Miami's Institute for Cuban and Cuban-American Studies.

The country hasn't made a principal or interest payment on a portion of the EU debt since 1986. France, Italy and South Africa recently cut off further credit to Cuba in a bid to get some money back.

"The cash dried up long ago," said David Morrison, president of MFI Export Finance, an export lender in Toronto. "When you're trading with Cuba, you have to get a secured priority in line." Morrison has done business in Cuba for eight years. He said the country generates some money from nickel, coffee, cigars and tourism but not enough to cover its debt. Cuba's trade deficit tops \$2.7 billion.

But until Cuba can re-establish the island as a tourist resort, as it was in the 1950s, or gain some other commodity to sell in large quantities, the country has no way to pay for the things it wants to buy. So Cuban officials prioritize the debts and pay accordingly. Morrison said suppliers who provide products to Cuba's hotels are paid first. Suppliers who ship goods bound for the "average Cuban" are usually last in line. "You've got to know where your product is going," Morrison said. "I've never seen the Cuban government not pay because they didn't want to, it's always because of a limited amount of funds."

Mike Mauricio, owner of Florida Produce of Hillsborough County, has sold almost \$500,000 worth of produce to Cuba since the embargo was altered. He said he has had no problem getting paid, usually by a wire transfer from a French bank. Mauricio said his produce goes to hotels and street vendors. He ponders whether the purchases might stop one day.

"That's the \$64,000 question," Mauricio said. "The only thing I can go by is the present, and the present is that they're paying. How long they can continue to do it, I don't know."

Mauricio is part of a contingency of Tampa business people who have opened trade channels with Cuba the past few months. Home to a large population of Cuban-Americans who fled the island when Castro seized power, Tampa hasn't always pursued links to the nation.

Recently, the Tampa Port Authority said it will market trade opportunities with Cuba. The Greater Tampa Chamber of Commerce also said it will form a Cuban trade task force.

U.S. Rep. Jim Davis, D-Tampa, was in Cuba this week. Davis said he was interested in fostering trade that will help needy Cubans. "I don't think the question is, is Cuba ready for trade? It's what can the U.S. do to more effectively help the Cuban people who are suffering in this system of political and economic repression?" Davis said.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc., a nonpartisan trade information clearinghouse, said business people need to get "sober" about current opportunities with Cuba. He said Cuba isn't a country "with vaults of gold waiting to be spent."

Kavulich also said he didn't think the country will run out of cash.

Kavulich said Cuba has booked \$50 million in U.S. agricultural imports in the first quarter 2003. He expects U.S.-to-Cuba trade to rise 20 percent from the \$139 million shipped in 2002, which placed Cuba 50th of 226 countries receiving U.S. exports.

“People don't need to get irrationally exuberant about Cuba,” Kavulich said.

For Jerry Reilly, president of Reilly Dairy and Food Co., a Tampa dairy wholesaler, the issue isn't present trade but future trade.

Reilly has gone to Cuba several times on trade missions even though the country can't afford his liquid milk. Cuba gets most of its milk in powdered form from New Zealand.

Once U.S. travel restrictions are lifted and tourist cash begins to fill Cuba's coffers, Reilly said his company will be in a position to close deals.

“I'm doing missionary work now,” Reilly said. “I believe Cuba eventually will be an excellent market for us.”

# The Associated Press

New York, New York

28 February 2003

## United States becomes Cuba's No. 1 source of imported food

By ANITA SNOW, Associated Press Writer

**HAVANA** - The United States was Cuba's No. 1 source of imported food last year and is projected to remain top provider of farm products to the communist-run island in 2003 as Fidel Castro's government keeps buying American wheat, chicken and corn.

"The United States is likely to remain Cuba's primary source of imported agricultural products this year," John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said in a telephone interview from New York on Friday. The private, not-for-profit corporation is a clearinghouse of information on U.S.-Cuba commerce.

Kavulich projected that American food sales in Cuba this year could increase as much as 20 percent over those in 2002 — the first full year the Caribbean island began taking advantage of an exception to the U.S. embargo that allows American food sales on a cash-only basis. "As long as Cuba has a political reason to keep buying, it will," Kavulich said.

As anti-embargo forces in the United States battle to further chip away that the four-decade-old trade and travel sanctions, Cuba can encourage them by showing it has the political will — and the cash — to keep buying U.S. farm products at or above 2002 levels, Kavulich said.

At least \$138 million worth of farm products — more than one-fourth of the more than \$450 million in agricultural goods that Cuba imported last year — came from the United States, figures released by Kavulich's council this week show. The council figures are based on still incomplete numbers from last year from the U.S. Department of Agriculture's Foreign Agricultural Service, as well as the council's own calculations. They differ from the Cuban

government's estimate for American food purchases last year — \$189 million — because they do not include transportation, taxes and other additional costs, Kavulich said.

Kavulich, who played a key role in helping organize the huge U.S. agribusiness fair in Havana last fall, cautioned against overly optimistic projections for American food sales to Cuba — at least over the short term.

Because of its current cash crisis, Cuba is limited in how much American food it can purchase in cash — as is required by provisions of the U.S. law allowing the transactions. But even with the cash-only sales, figures show that the United States is pushing aside some of Cuba's traditional sources of imported food: Canada, France, Spain, Brazil and Mexico.

The USDA figures for the first nine months of 2002 showed China emerging as Cuba's No. 2 source of farm product imports with nearly \$70 million in sales through the end of September. France was in third with \$46.8 million — a 45.27 percent drop in sales from 2001, when it sold \$85.6 million during the same nine-month period. Food exports to the island by several other traditional Cuban trade partners also plunged in the first nine months of 2002, including drops of 40.54 percent for Brazil, 43.11 for Spain, 39.64 percent for Mexico and a whopping 81.05 percent for Argentina.

# Chicago Tribune

Chicago, Illinois

3 March 2003

## Illinois ranks No. 1 in food sales to Cuba

**HAVANA (AP)** -- Illinois companies ranked first in overall value of U.S. agricultural products sold to communist-run Cuba last year, trade statistics indicate.

The U.S.-Cuba Trade and Economic Council said in its weekly newsletter Monday that Illinois companies in 2002 sold nearly \$69 million of about \$140 million in American agricultural products sold under an exception to four-decade-old trade sanctions.

Companies in Florida, home to a huge Cuban-American community, sold about \$29 million in farm goods to Fidel Castro's nation last year.

Georgia was third, with about \$10 million in food sales, followed by Ohio with \$9.7 million and Arkansas with about 7.4 million.

The council's figures came from the U.S. Commerce Department's Census Bureau, Foreign Trade Division, and included all U.S. products exported to Cuba, including

donations as well as goods shipped to the U.S. Interests Section in Havana — the American mission.

The U.S.-Cuba Trade and Economic Council is a private, not-for-profit corporation based in New York that is a clearinghouse of information on U.S.-Cuba commerce.

The newsletter also listed the top 10 agricultural products — all commodities — that Cuba bought from American supplies last year. Top products included wheat, corn, poultry, soybeans, rice and eggs.

The United States was Cuba's No. 1 source of imported food in 2002 and is projected to remain top provider of farm products to the island this year.

Last year was the first full year Cuba began taking advantage of an exception to the U.S. embargo that allows cash sales of American food.

# **The Miami Herald**

**Miami, Florida**

**1 March 2003**

## **So who's putting food on Cuba's table? U.S.A.**

BY ANITA SNOW

Associated Press

**HAVANA** - The United States was Cuba's No. 1 source of imported food last year and is projected to remain the island's top provider of farm products in 2003 as Fidel Castro's government keeps buying American chicken, corn and wheat.

"The United States is likely to remain Cuba's primary source of imported agricultural products this year," John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said in an interview from New York on Friday.

The council, a private, not-for-profit corporation, is a clearinghouse of information on U.S.-Cuba commerce. Kavulich projected that American food sales in Cuba this year could increase by as much as 20 percent over those in 2002, the first full year that Cuba took advantage of an exception to the U.S. embargo that allows American food sales on a cash-only basis.

"As long as Cuba has a political reason to keep buying, it will," Kavulich said.



As anti-embargo forces in the United States battle to further chip away at the four-decade-old trade and travel sanctions, Cuba can encourage them by showing that it has the political will -- and the cash -- to keep buying U.S. farm products at or above 2002 levels, Kavulich said.

Figures released by Kavulich's council this week show that at least \$138 million worth of farm products -- more than a quarter of the more than \$450 million in agricultural goods that Cuba imported last year -- came from the United States.

Even with the cash-only sales, figures show that the United States is pushing aside some of Cuba's traditional sources of imported food, which have included Brazil, Canada, France, Mexico and Spain.

The USDA figures for the first nine months of 2002 showed China, with nearly \$70 million in sales through the end of September, emerging as Cuba's number-two source of farm-product imports. France was third with \$46.8 million, a 45.27 percent drop in sales from 2001.

## **El Nuevo Herald**

**Miami, Florida**

**1 March 2003**

### **EU es el que más alimentos vende**

WILFREDO CANCIO ISLA  
El Nuevo Herald

Estados Unidos figuró como el principal proveedor de productos comestibles a Cuba en el 2002, con ventas calculadas en \$138 millones, y los pronósticos apuntan a un incremento del 20 por ciento de las operaciones durante el presente año.

Según estadísticas del Consejo Económico y Comercial EU--Cuba, las adquisiciones cubanas de productos norteamericanos sitúan a la isla entre los 50 países con mayor volumen de importación de bienes agrícolas en el mercado de Estados Unidos.

"El salto ha sido realmente impresionante", dijo ayer John Kavulich, presidente del Consejo, con sede en Nueva York. "Y mientras Cuba tenga una razón política para mantener estas compras, lo va a hacer".

Los datos revelados por la entidad indican que las compras de Cuba fueron mayormente de trigo (\$22.78 millones), maíz (\$22.73), pollo congelado (\$21.6), aceite de soya (\$21.4) y granos (\$20.9).

Las cifras divulgadas fueron complementadas con información de los departamentos federales de Agricultura y Comercio. De hecho, las compras de Cuba en Estados Unidos significan más de la cuarta parte del total de los \$450 millones invertidos por el gobierno comunista durante el pasado año en el rubro de importaciones agrícolas.

Kavulich aclaró que el monto neto de \$138 millones difiere de los \$189 millones declarados por el gobierno cubano, debido a que éstos últimos incluyen los gastos de transportación, impuestos y otros costos adicionales.

El ejecutivo valoró el hecho como un reto al embargo y a la actual política de Washington respecto a Cuba, aunque advirtió sobre los pronósticos demasiado optimistas acerca del monto de futuras transacciones.

"Es obvio que esto resulta un incentivo de futuro para individuos, compañías y grupos de negocios que están reclamando una nueva política comercial hacia Cuba", consideró Kavulich. "Pero tan importante como no subvalorar las capacidades financieras de Cuba, es no sobreestimarlas".

Los expertos coinciden en que el mayor impedimento a corto plazo es la escasa liquidez del gobierno cubano. Las regulaciones para las ventas de alimentos y medicinas a Cuba aprobadas por el Congreso en el 2000, exigen que los pagos sean en efectivo.

"El blanco de Cuba sigue siendo el levantamiento del embargo para que pueda entrar el turismo norteamericano y el país pueda aumentar la base de ingresos", opinó el economista Jorge Sanguinetti, director de la firma consultora DevTech, con sede en Washington. "Porque el otorgamiento de créditos privados va a demorar por un tiempo en virtud del dañado historial crediticio de Cuba".

Sanguinetti señaló que el real significado de estas cifras dependerá del "impacto visible" que las importaciones de productos agrícolas norteamericanos tengan en el cubano de a pie.

"En la medida que esos alimentos lleguen al consumidor promedio y su distribución no se concentre en en turismo o la nomenclatura gubernamental, será mayor el impacto político dentro y fuera de Cuba", comentó el analista.

Para el congresista cubanoamericano Lincoln Díaz-Balart, las cifras de las transacciones cubanas ``son una manifestación dramática de los intensos esfuerzos de Castro por echar abajo el embargo".

El presupuesto aprobado este mes por el Congreso excluyó las medidas para flexibilizar el embargo, pero sus opositores en ambas cámaras han aseverado que reanudarán los esfuerzos por suprimir las barreras de viajes turísticos y otras prohibiciones de la ley.

**Sun-Sentinel**  
**Fort Lauderdale, Florida**  
**1 March 2003**

**Castro observes new China**

By Vanessa Bauzá  
HAVANA BUREAU

**HAVANA**• In the early 1960s, with Cuba's revolution still in its infancy and the Sino-Soviet rivalry collapsing into an open feud, Fidel Castro made a strategic decision to align with Moscow as his chief benefactor and ideological ally.

Today, hefty Soviet subsidies are but a fond memory here and Castro has turned to one of the last communist countries for trade and much-needed credit. China is Cuba's third-largest trading partner, and Castro, 76, has spent the past four days in Beijing, meeting with his contemporary and outgoing President Jiang Zemin as well as younger Communist Party leaders.

Touring a country transformed by aggressive, capitalist-style economic reforms

and an infusion of foreign investment, Castro seemed astonished by China's development since his last visit in 1995.

"I can't really be sure just now what China I am visiting, because the first time I visited, your country appeared one way and now when I visit it appears another way," he said. "You can say that every so often your country undergoes great changes."

Some have speculated Castro could implement similar market reforms to boost his country's economy, hard hit recently by low sugar prices and a regional decline in tourism.

"When he's praising the economic achievements of his socialist allies it begs the question, what does he think of the measures that got them there," said Philip Peters, of the Lexington Institute in Washington, D.C. "And is he considering that maybe Cuba can embark on the same path?"

The short answer is no -- at least not for now.

"To date there's been a political calculation that it would be risky to open up more," said Peters, who has written extensively on Cuba's economy. "They're not going to embark on a slippery slope."

In the early 1990s, Cuba spiraled into a deep recession following the collapse of the Soviet Union, its main trading partner and source of \$6 billion in annual subsidies. Castro enacted a series of limited economic reforms, including legalizing the use of dollars, creating foreign investment, forming farmers' markets, and establishing small, private enterprises, from popular sidewalk pizza stands to modest shoe repair shops set up in building doorways. But far from encouraging greater private enterprise, the Cuban government has hiked taxes several times and implemented strict regulations. About 50,000 of Cuba's private businesses have closed since 1996, leaving 150,000 still operating, experts said.

"China has been more pragmatic in terms of foreign investment and private enterprise in ways Castro would not contemplate," said Robert Pastor, vice president of international affairs at American University and former director of The Carter Center's America's Program. "If Fidel Castro were to release the energies of his people I think you would see dramatic growth very quickly."

China is Cuba's third most important trading partner after Venezuela, which provides payment plans for oil, and Spain, which has a chain of hotels on the island. Last year trade between the countries reached \$400 million, with China exporting about 600 products, from television sets and rice to plastics, iron and steel.

"Over the last three years trade [with China] has increased dramatically. The Chinese government is giving substantial financing for virtually every product they are exporting," said John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, who recently traveled to China. "They are communist brethren so they'll help each other out regardless of whether it's in their economic interests to do so."

On Friday, the front page of Cuba's Communist Party daily, Granma, headlined the "profound ties of brotherhood" with China. Analysts say Cuba has long looked to China as a counterbalance to the United States. China is the only communist country on the U.N. Security Council and has opposed a war in Iraq.

Academics and State Department officials have said China and Cuba's ties run deeper than ideology or economic cooperation. In 2001, James Kelly, assistant secretary of state for East Asian affairs, confirmed the delivery of Chinese military equipment to Cuba, but provided no details.

Other analysts say relations between two of the remaining one-party states are "more nostalgic and romantic than strategic."

"Fidel has a romantic flair among communists," Pastor said. "They look at him and say he's the last communist."

# Mobile Register

Mobile, Alabama

3 March 2003

## Havanadaydreaming

By GEORGE TALBOT  
Business Reporter

Monday morning, while many Mobilians are shaking off Carnival hangovers, a crew of workers will pump 25,000 tons of U.S. soybeans from a silo at the Alabama State Docks into the Perla, a bulk carrier sailing under the flag of Panama.

It will be a routine task for employees of the Farmers Grain Dealers Inc., the operators of the silo, but one that carries far greater significance for the rest of the city: The soybeans are bound for Cuba, making them the first direct shipment from Mobile to the island in four decades.

Officials in both places -- which share cultural and commercial ties that date back for centuries -- hope the shipment sparks the rekindling of an old flame between the two longtime trading partners.

The departure of the ship and its \$3 million payload, bound for Santiago, will add Mobile to a growing list of U.S. ports that have sent goods to Cuba since the federal government opened a crack in its 42-year-old embargo almost two years ago.

In the past 14 months, under an exemption approved by Congress allowing sales of agricultural and forest products to the communist nation, Cuba has purchased \$143 million worth of American wheat, beans, corn and other goods. Cuban officials, eager to break free of remaining sanctions, have said they'll spend \$230 million this year.

Proponents of trade with Cuba -- including a roster of Mobile business and civic leaders -- believe those contracts are just glimmers of a rich Caribbean gold mine, and that Alabama and other U.S. states stand to reap millions from sales to the island.

They see today's shipment as the first of many that will be launched from Mobile, energizing the city's port and reuniting two cultures that can trace their relationship to the late 1600s, when French explorers led by Pierre Le Moyne d'Iberville sailed out of Havana and dropped anchor in Mobile Bay.

"There are economic benefits -- oh my, can we do business with them -- but this is bigger than that. It's about doing the right thing, the Christian thing, for the Cuban people," said Mobile Mayor Mike Dow, who has traveled to the island a dozen times in the past 10 years -- including a trip in early February -- while lobbying to end the embargo.

Such overtures are scorned by critics, mainly people with low regard for the nation's communist dictator, Fidel Castro. They see the courtship as a slap against American values, bordering on treason, and argue that Mobile is selling its soul while getting scant prospects in return: Naive Southern belles shouldn't mix with desperate thugs, especially ones known for distilling fantastically potent rum.

"My advice to you is to find another dance partner, because you're dancing with the devil in Fidel Castro," said Joe Garcia, executive director of the Cuban American National Foundation, a Miami-based group that works to promote democracy in Cuba. "If you can't resist, then at least keep your eyes open. And get paid in cash."

No pot of gold:

Cuba, the largest island in the Caribbean, holds intoxicating allure as a sultry paradise, wafted by Gulf breezes, flamenco music and the aroma of hand-rolled cigars. Its aura of unrealized potential -- a trait it shares with Mobile -- is sweetened by the embargo, which has given the island a sort of outlaw mystique.

The bitter reality is that Cuba's economy is a splintered wreck in the middle of a widening sea. The island took a crippling shot when the Soviet Union, its longtime benefactor, collapsed in the early 1990s. Reeling from the loss of nearly 90 percent of its export market, and the source of 70 percent of its imports, Cuba took another wallop when prices crumbled for sugar and nickel, its chief resources. The island has shuttered at least 70 of its 156 sugar mills in the past year.

Cuba owes billions to foreign lenders, money it has no means to repay, according to some analysts. Compounding its woes, the island has been thrashed by three devastating storms in the past 18 months. Hurricane Michelle caused an estimated \$70 million in damage in November 2001, the worst storm in 40 years.

Cuba is a "Freddy the Freeloader" with a "'Jurassic Park' economy," said James Cason, the top U.S. diplomat in Cuba. The moribund state of finances makes any efforts at cultivating business ties with Cuba bewildering to Castro's detractors.

"We continue to spend thousands of dollars to foster a relationship with a guy who doesn't have two nickels to rub together," said Stephen Nodine, a Mobile city councilman who has harshly criticized Dow and other city officials for their trips to Cuba. "I want productive trade relations for Mobile. I want us to

promote commerce. Why aren't we focused on building relationships with Mexico or Jamaica or Brazil or some place that has potential? I don't understand this obsession with Cuba. It's not going to be a productive market for Mobile."

That's a view shared by many economists familiar with Cuba, who say Castro, 76, is fueling his purchase of U.S. goods with money that would otherwise be spent to pay interest on debts. Congress requires all sales to the island be paid in cash; the money is wired through European banks.

"The problem is that people are so hell-bent on lifting the embargo that they're putting aside questions of whether it would be a value -- and maybe even a detriment -- to their own interests," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc., a nonprofit, nonpartisan Cuba analyst based in New York.

Kavulich said Cuba has shrewdly spread its purchases among U.S. states -- even among Congressional districts -- in a ploy to whet interest and build opposition to the embargo, particularly among Republicans in Midwest farm states. He said Cuba's orders, which so far have been placed in 34 states, far exceed its bankroll.

"There's a political component to their purchasing patterns," he said. "It's created this frenzy of activity, and, as a result, there's a huge amount of overselling going on. I keep reading about all these new orders and I find myself saying, 'Do the math.' Cuba is not laden with gold."

That hasn't stopped a flood of governors, mayors and state agriculture officials to the island in recent months, all of them hungry for a piece of the action. Last month, a delegation of Alabamians brought back a promise from Cuba to buy \$10 million worth of homegrown commodities -- not including today's soybean shipment, which originated in Ohio.

"Cuba is buying American agricultural products. It's legal. And more importantly, their government purchasing arm is paying cash, at least for now," the Alabama Development Office's International Trade Division said in a recent report to state exporters.

Cuba's ray of hope is tourism, an industry stubbornly ignored by the Castro regime until recent years. Though visitation slumped after the Sept. 11 attacks, Cuba's tourist trade has far surpassed its sugar industry as the leading source of income. Tourists generated about \$1.5 billion for the Cuban economy last year; next was the \$800 million Cuba received through remittances -- cash sent home from expatriates.

Roughly 1.2 million tourists visited the island last year, including about 200,000 from America. Cuba is adding 2,000 hotel rooms to its existing inventory of 40,000 rooms. "Tourism is where their future is, and they're working hard to develop it," said Retirement Systems of Alabama chief executive David Bronner, who last month made his first trip to Cuba as part of the Alabama delegation.

Other delegates included Dow, Alabama Lt. Gov. Lucy Baxley, former U.S. Rep. Sonny Callahan, Alabama Power chief Charles McCrary and Mobilians Buffy Donlon and David Cooper. George Landeggar, who lives in New York but serves as chairman of Alabama River Pulp Co. in Claiborne, Ala., also made the trip.

Bronner, a man not known for making bad investments, said he saw "big time" potential in Cuba. The pension fund is a major investor in US Airways, and Bronner wants to build connections that could eventually bring flights to Cuba. Currently, only charter airlines from Los Angeles, Miami and New York are licensed as carriers to Cuba. "We do want to establish (commercial) airline service, and I'd love to be the first," he said. Bronner said U.S. investors will pump millions into Cuba once the embargo is lifted. "It'll happen at some stage. Everybody but us is already investing there, so even with the sanctions, it's a pretty attractive place as far as a market. I was very impressed by what I saw. I find it fascinating."

Common ancestry:

Alabama officials said Mobile is primely situated just 590 nautical miles -- about two days' shipping time -- from Cuba, and on a direct route from Midwest farm states. Besides its proximity, Mobile shares a common ancestry with Cuba that predates the city's founding in 1702, when ships carrying sugar and other supplies crossed the Gulf between the then-Spanish colony (Cuba was founded in 1519) and French Louisiana Territory.

Mobile's founder, Iberville, was the first governor of the French territory and a frequent visitor to Havana, where he is buried. A statue of the naval hero stands in the Cuban capital, and a similar one was unveiled in Mobile last fall. "It's fair to say that Mobile wouldn't exist without Havana," said Jay Higginbotham, a local historian who has traveled extensively in Cuba. "Mobile in the early days had a hard time getting food, and Cuba, which for years was the gateway to the Americas, was its lifeline."

Partly through Higginbotham's efforts, Mobile in 1993 became the first U.S. city to establish fraternal ties with Cuba. Dozens have followed -- from Brunswick, Maine, (with Sancti Spiritus) to Tacoma, Wash. (with Cienfuegos) -- and dozens more are pending. Havana alone is now claimed by 14 sister cities.

Unlike some of Havana's fair-weather friends, Higginbotham said, Mobile's bond was forged in hard times. They've shared beatings from many of the same hurricanes, and both barely survived a yellow fever epidemic in the 1890s. The cure for the disease was found by a Mobile doctor, William Crawford Gorgas, working in tandem with a Cuban counterpart, Carlos Finlay. Higginbotham said he believes the embargo will fade into history as a tragic failure -- the sooner, the better. "Let Cuba be Cuba, and in ten years they'll be economically prosperous," he said. "They are an extremely resilient, hard-working and intelligent people. They'll make it if we take the rope from around their neck."

What's in it for Mobile?:

Cuba's buying spree has lifted it from a dead-last ranking (226th) among U.S. trading partners to 50th last year, ahead of Portugal, Greece and Poland. If the island follows through on its \$230 million pledge, it will jump to 33rd in 2003. The fact that some Alabama staples are among the country's greatest needs -- lumber, plywood, paper and cotton -- has some officials figuring the state could claim a huge slice of the Cuban sales, which are expected to climb to \$1.4 billion by 2005. In Alabama, estimates have suggested annual sales of up to \$100 million. Others more familiar with the island anticipate a fraction of that, at best.

"It's an incremental market for us, really more of a long-term opportunity," said Jimmy Lyons, director of the Alabama State Docks. "The fact is, right now, they're strapped. I've invested some time in Cuba, but we're keeping it in perspective."

The Docks had a thriving trade with Cuba prior to 1961, when Castro defeated a CIA-backed assault at the Bay of Pigs and the U.S. imposed its embargo. Ships carrying Alabama lumber and forest products would make the 545-mile trip to the island and bring back sugar, rum and cigars, Lyons said.

"They probably won't ever re turn to that level of prominence," he said. "But we're not about to cede any ground to our competitors. There is some potential for us in Cuba, and it's a natural market for us to pursue."

A recent Texas A&M University study ranked Texas, Louisiana and Mississippi among states most likely to benefit from trade with Cuba; Alabama was not listed among the top 10. Some experts believe niche farmers in Alabama, Florida and other Southeast states could eventually face competition from Cuba, which is converting many of its sugar plantations into fruit and vegetable farms.

At least for now, any additional business would be good business for the state's hard-bitten farmers, said Alabama Agriculture Commissioner Ron Sparks. "We need all the help we can get," said Sparks, who is planning a trip to the island in April. "They need to be buying poultry, grain and wood from Alabama before they get it from somewhere else. Regardless of how people feel about the politics in Cuba, we have a responsibility to help Alabama farmers."



Jim Hayes, president of the Birmingham-based Economic Development Partnership of Alabama, said statewide interest in Cuba perked up when Baxley brought its \$10 million order to Montgomery last month. "That was a wake-up call for a lot of people in Alabama," Hayes said. "Right now, I think we're all feeling grateful for the hard work that Mobile has been doing to build these relationships over the years. Now that it's starting to pay some dividends, we need to make sure they're the port of choice for Cuba."

Mobile, which today will become the 10th Gulf Coast port to send goods to Cuba, faces a challenging field of competitors. The Port of Galveston, Texas, has shipped more than 150,000 tons of wheat to Cuba in the past year. Pensacola, Fla., is aggressively courting the island, pitching its port as the quickest route for getting products from the U.S.

Tampa, Fla., which initially refused to court Cuba, is exploring trade links with the island, and even Miami, the nation's hotbed of anti-Castro hostility, is warming to limited trade with Cuba.

White House opposition:

Alabama's congressional delegation leans heavily toward maintaining the embargo -- only U.S. Reps. Artur Davis, D-Birmingham, and Robert Cramer, D-Huntsville, favor ending the sanctions, and both said their votes would be contingent on Cuba meeting certain human rights conditions.

President Bush has said he will veto any legislation that would further ease trade restrictions until Cuba embraces democracy. A series of provisions designed to soften the embargo were removed from the 2003 spending bill approved by Congress last month.

"Although some are in a rush to give Mr. Castro the opportunity, he has not yet stiffed U.S. farmers, namely because he is required to pay cash," Bush said in a recent speech. "Mr. Castro is a Machiavellian tyrant. He knows what side he is on, and it is not ours."

Local and state officials, however, said they will continue to cultivate Cuba as a trade partner. Society Mobile-La Habana, the sister cities group, is organizing a trip to Cuba in June, and the University of Alabama will host a weeklong Cuba symposium next fall. State development officials are recruiting vendors for a massive exhibition in Havana early next year.

"I know what some people in Washington are saying, but it's a proven fact that embargoes have never been effective for creating political change," Dow said.

"There's a groundswell of support building to lift the sanctions. It's an exciting time for us and for the people in Cuba who so desperately need our help. We want the trade back, the ability to travel freely. We want Alabama to once again be a good friend of Cuba."