

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

New York, New York

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

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

Facebook: www.facebook.com/uscubatradeandeconomiccouncil

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

NPR

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U.S. Businesses Look To Cuba, But See Limited Opportunities So Far

Michele Keleman

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When the U.S. and Cuba re-opened their embassies this year, American businesses started to look for opportunities on the island. They are quickly learning though that it will be a tough slog.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, took a deep dive into the numbers and found that if you "make two columns and you have what the U.S. has gained and what Cuba has gained, Cuba has gained far more during the last year than has the U.S."

U.S. agricultural sales have been dropping steadily, falling by 37 percent, while U.S. travel to Cuba skyrocketed and U.S. dollar outflows were up 150 percent.

Even in the area of telecommunications, a priority for the Obama administration, U.S. companies have little to show but a couple of roaming agreements on the island.

That might benefit U.S. visitors, but it is a far cry from what secretary of State John Kerry told a prominent Cuban blogger in Havana in August.

"We want every person in Cuba to be able to be connected," Kerry said, adding, "Our companies are very anxious to become involved in Cuba in helping to create that connectivity."

The Obama administration must be disappointed by the results, says Kavulich, of the U.S.-Cuba trade council in New York. Still, he predicts President Obama will continue to ease restrictions on Cuba so that it will be harder for the next U.S. president to change course.

"Unfortunately, because of that, and because the Cuban government knows he wants to go to Cuba and they know he wants to create this landscape that can't be changed. Cubans, being good negotiators, they are basically sitting back and waiting for more," Kavulich said in an interview with NPR.

He would still like Obama to visit Havana to serve as the "gardener in chief," helping commercial ties take root so that American companies will become stakeholders in this new approach to Cuba.

Human Rights Issues

Ana Quintana, of the conservative Washington think tank, the Heritage Foundation, disagrees.

If the purpose of this new policy is to empower the Cuban people, she argues, there should be no commercial exchanges with the Cuban military or intelligence services.

"That's not at all what is been done. The new areas that have been opened for commercial exchanges have been directly through the Cuban government," she said.

If Obama wants to visit Cuba in 2016, Quintana says he should meet first with some of the dissidents, whose rights have been eroded even as diplomatic ties were restored.

She doesn't see the U.S. making human rights priority, though Kerry says that's what he's doing. On his one-day stop in Havana, Kerry told reporters traveling with him that the U.S. and Cuba won't have normal ties unless Cuba is "moving with respect to issues of conscience."

Obama, meanwhile, told Yahoo News he would go to Cuba if there's progress in the area of human rights.

Tampa Tribune

Tampa, Florida

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Though diplomatic relations between the U.S. and Cuba are warming, some in Tampa say establishing a Cuban consulate here would be a big mistake. ASSOCIATED PRESS FILE PHOTO

By Paul Guzzo | Tribune Staff

TAMPA — Whether people in the Tampa area should do business with Cuba has been hotly debated since relations between the U.S. and the island nation began to thaw a year ago.

Willing businessmen believe it is the best way to build Tampa's economy while enabling the impoverished citizens of Cuba to profit from new private sector opportunities.

Those opposed to the normalization of relations with Cuba say doing business only serves to prop up an oppressive regime that controls an economy stained by the blood of innocents. There could be a third position in this debate, though: Cuba might not want our business.

Diplomatic relations have been restored between the two nations for the first time in over five decades and interaction is replacing isolation.

So why are Cuba's purchases of U.S. agricultural products on pace to be the fewest since 2002 — the second year such trade was allowed for American citizens under U.S. law. And why, a year after President Barack Obama announced his Cuba initiative, hasn't Cuba made a single deal with U.S. companies to buy construction supplies and agricultural machinery now available? There may be several reasons.

For one, the U.S. still refuses to allow its businesses to sell agricultural products to Cuba on credit. Also, the way the two nations can do business with one another under existing laws are not always compatible. Or Cuba might not want to help businessmen from a nation that has long viewed it as an enemy. Cuba may prefer to move at a slower pace in order to ensure their socialist system can handle more capitalism.

It's also possible the island nation's government is skeptical of American intentions after a history of covert and overt efforts to depose the Castro regime.

"They don't trust the U.S. government," said John Kavulich, president of New York-based U.S.-Cuba Trade and Economic Council. "They don't trust the U.S. business community. That envelopes every decision they consider with respect to the U.S."



Since Obama announced his initiative Dec.17, 2014, he has said he wanted to bring about the positive change in the island nation's government that a long-standing policy of isolation had failed to do.

In a recent news conference about the one-year anniversary of the president's announcement, Jeffrey DeLaurentis, current charge d'affaires of the Embassy of the United States in Havana, echoed that sentiment. "Our aspiration for the Cuban people remains that they enjoy a peaceful, prosperous and democratic society," DeLaurentis said.

The word "democratic" may be cooling Cuban interest in doing business with America, said Albert Fox Jr., founder of the Tampa-based Alliance for Responsible Cuba Policy Foundation and a part of over 100 delegations to Cuba.

Fox was quick to note that he does not support Communism and considers the U.S. brand of democracy the greatest form of government in "the history of the world." Still, Fox said, the U.S. government is unwise to advocate for capitalism over communism then question why Cuba will not engage in more capitalism with American businessmen.

"The Cuban government wakes up every day wondering if today is the day the United States with a wink and nod will try to do something," he said. "Whether that is a realistic opinion does not matter. It is an opinion."

Among U.S. attempts at regime change was the failed Bay of Pigs military action against Cuba in 1961. Since then, the U.S. government has planned a number of covert methods to overthrow Cuba's communist government.

The British documentary "638 Ways to Kill Castro," released in 2006, described assassination plots on Fidel Castro including poisonous pens, exploding cigars, and bacterial poisons in his coffee or tea.

In more recent years, the U.S. Agency for International Development, the nation's provider of humanitarian foreign aid, created a social networking platform in Cuba to covertly spread propaganda aimed at inciting an uprising. USAID also used HIV prevention seminars to recruit Cuban youth as opposition leaders and attempted to foster an anti-government Cuban hip-hop network.

"You can see why Cuba may be reluctant to purchase items like telecommunications devices from the U.S.," Fox said. Such technology may now be sold to Cuba through a 2015 presidential order. "Whether true or not, they have to at least wonder if it will be used so U.S. intelligence can eavesdrop. Why buy anything from a country they can't trust?"



According to Kavulich's U.S.-Cuba Trade and Economic Council, Cuba has bought \$160 million in agricultural food through October this year. That's lower than any year since 2001, the first year the sales were allowed, when the total was \$4.3 million.

They hit \$138 million in 2002 and grew each year through 2008, peaking at \$710 million, then declined ever since.

Allowing sales on credit might help, Kavulich said, but even then, U.S. companies are unlikely to compete effectively on terms with trade partners from other Communist nations. Vietnam, for instance, allows up to two years for repayment.

Fox, of the Tampa-based alliance, has another theory: The purchases peaked when the Cuban government believed it was buying political clout with American businessmen, who would lobby government leaders to lift the travel and trade embargo.

“Instead, many of these Americans would say, ‘This is about business not politics,’” Fox said. “When Cuba realized these American businessmen had little interest in helping to bring about policy change, they took their business elsewhere, to those countries that are willing to work with their current form of government rather than against it.”

What Cuba wants before it completely opens to American businessmen, Fox said, is a wholesale lifting of the embargo. Only Congress can do that, though Obama has whittled away at it through executive orders.

With an election cycle underway, it may not be wise to wager on Congress acting soon, said John Gronbeck-Tedesco, an American studies professor at Ramapo College in New Jersey and author of “Cuba, the United States, and Cultures of the Transnational Left.”

“That is the question — when will Congress take up that matter,” said Gronbeck-Tedesco. “Will Congress even make it an issue to be discussed during an election year? The president can only do so much.”



Among Obama’s other executive orders in 2015 was one permitting American companies such as distribution warehouses to locate in Cuba. Yet, the U.S. and Cuba have yet to enter into such ventures, largely due to U.S. laws that conflict.

The U.S. government says items from a 2015 expanded list of allowable imports to Cuba can only be sold directly to privately owned Cuban business. But Cuba does not allow its citizens to purchase goods directly from another nation. Instead, the Cuban government must serve as the distribution outlet.

A middle ground, suggests Kavulich, may be for the U.S. to allow sales to state-run stores in Cuba that are only accessible to privately owned businesses. Otherwise, American and Cuban entrepreneurs may continue to be frustrated by the lack of opportunities.

“This past year has not really satisfied the expectations of many who were pro-normalization,” Gronbeck-Tedesco said. “The Obama administration has taken steps to drive a path toward normalization through high profile exchanges that have opened doors for trade, commerce and environmental work. But there is still more that needs to be done.” Further loosening business restrictions would prove divisive for Obama, Kavulich said.

After all, Cuba has not made the positive strides in human rights some had hoped it would. Cuban law enforcement, for example, continues to arrest political dissidents in an attempt to stifle freedom of speech — a practice condemned by Obama and others who favor of normalization.

So it now becomes a staring contest, Kavulich said, to see who will blink first. And he cannot envision that being Cuba.

“If anyone thinks that threatening Cuba by withholding commercial opportunities will bring meaningful change in the Cuban government’s behavior, they are hallucinating,” “The change in this relationship isn’t something Cuba needs as much as something the United States wants and that is a very important factor.”

He points to the ongoing negotiations on claims between the two nations as proof. The U.S. says Cuba owes \$1.8 billion for the American-owned properties and businesses it nationalized. Cuba responds that the U.S. owes it between \$300 billion and \$1 trillion for embargo-related damages.

“That does not sound like a country open to negotiations,” Kavulich said with a laugh. “People need to pay attention to nuances.” Gronbeck-Tedesco says there may be some truth to that.

“A rationale on the U.S. side is the Cubans are champing at the bit to have a everything from the U.S. and there is a certain validity to that but there is also a possibility that the Cubans want the benefits but the U.S. must also do things to comply.”



Fox of the Tampa-based alliance provided one example of a motive: The Cuban government may want its state-run tourist company Havanatur to be allowed to set up an office in the U.S. in return for American businesses opening warehouses or offices in Cuba.

Obama has less than 400 days left in office and it is unclear whether his successor would continue his normalization policy or roll it back.

If the embargo eventually is lifted, one prediction — by Miami-based Havana Consulting Group, which follows business trends in Cuba — is that investment by U.S. companies could reach as high as \$20 billion soon after.

Kavulich sees the prospect of money flowing in, too, from some of the 2 million Cuban-Americans living here who want to see improvement in the lives of their families back home and may be willing to invest in private businesses there.

But he also notes that all this cash may scare off the Cuban government because it would come at a pace too fast to handle.

Instead, Cuba may feel safer holding out to determine its future relationship with allies such as Venezuela, which has provided it so much oil in recent years, as well as China, Russia and the European Union, Kavulich said.

“The Cuban government continues to struggle mightily in defining success and how much success someone can have without it defining the class structure that the Cuban Revolution sought to extinguish,” he said.

“How Cuban Americans could influence the beliefs of their relatives is an unknown. And until that is known, Cuba may prefer they maintain a distance.”

Reuters

London, United Kingdom

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After half a century, U.S. and Cuba to resume scheduled flights

WASHINGTON/NEW YORK | By Arshad Mohammed and Jeffrey Dastin



An American Airlines airplane prepares to land at the Jose Marti International Airport in Havana September 19, 2015.

Reuters/Carlos Garcia Rawlins

The United States and Cuba have agreed to restore scheduled commercial airline service for the first time in more than five decades in a deal allowing 110 round-trip flights a day between the former Cold War foes.

Announced a year to the day after the two countries embarked on a process of normalizing ties, the latest accord will not go into effect immediately but should eventually increase tourism and business on the communist-ruled island.

Under the pact, U.S. airlines will be able to sell tickets on their websites for flights to Cuba but they must first apply for permission from U.S. regulators to fly specific routes. Charter flights operated by U.S. carriers already connect the countries.

The United States and Cuba have agreed to allow 110 round-trip flights on U.S. airlines to Cuba per day, according to Thomas Engle, deputy assistant secretary for transportation affairs at the U.S. State Department. That includes 20 flights to Havana and 10 to each of the other nine international airports in Cuba, he said, adding that no date has been set for final signing of the aviation pact but that nothing was expected to derail it.

There will likely be a 60-to-90 day process during which U.S.-based air carriers will submit proposed routes, suggesting scheduled flights would not begin until the first few months of 2016 at the earliest.

The decision to restore ties, made by U.S. President Barack Obama and Cuban President Raul Castro a year ago, in part reflected Washington's judgment that its policy of isolating Havana politically, economically and diplomatically had failed.

While U.S. officials still oppose Cuba's lack of political rights, Obama concluded these goals could be better served through engagement.

Although the agreement will eventually make it easier to travel back and forth between the countries, the U.S. ban on general tourism to the Caribbean island remains in force.

U.S. travelers still must meet at least one of 12 criteria to visit, such as being Cuban-American or taking part in educational tours or journalistic activity.

STILL MANY U.S.-CUBAN DIFFERENCES

"We continue to have differences with the Cuban government, but we raise those issues directly, and we will always stand for human rights and the universal values that we support around the globe," Obama said in a written statement.

The United States broke diplomatic relations with Cuba in 1961, two years after Fidel Castro ousted U.S.-backed dictator Fulgencio Batista in a revolution that steered the island on a leftist course and made it a close ally of the Soviet Union.

Since last year's detente, the countries have restored diplomatic ties and reopened their embassies. Obama has also taken steps to encourage closer business ties with the island.

However, the longstanding U.S. trade embargo on the island remains in place and Republican-controlled Congress has resisted Obama's calls to lift it. Cuba's human rights record still draws criticism from Washington, and Castro's government has made clear the diplomatic opening does not mean Havana plans to change its one-party political system.

SURGE IN TOURISM

The large 110 round-trip flights per day quota was negotiated in anticipation of an end to the tourism ban, and designed to encourage airlines to lobby Congress for access, said John Kavulich, president of the nonprofit U.S.-Cuba Trade and Economic Council, which promotes trade between the two nations.

"This is as much a political document as it is a transportation document," he said. "That's by design... Both countries are recognizing that the numbers need to be high so there's a heightened interest by the carriers to want the routes."

Kavulich said that a flood of U.S. visitors might be "disruptive" to Cuba's one-party political system, but stressed that the Cuban government needs the revenue.

Cuba's embassy in Washington said in a statement on the airline deal that the countries reiterated their commitment to flight security and to protecting civil aviation "from acts of unlawful interference."

Kavulich said this was likely a reference to the possibility that people with claims against Cuba might seek to seize Cuban assets in the United States and he suggested that the United States might do its best to protect such assets.

Aircraft landing in the United States must meet U.S. safety standards, so ageing Russian planes in the Cuban fleet will likely only fly domestically within Cuba.

Under the deal, airlines from both countries will be able to make commercial agreements such as sharing flight codes and leasing planes to each other, it said.

New York-based JetBlue Airways Corp, which already operates charter flights to the island, said in a statement it plans to apply to schedule service once it has fully reviewed the terms of the aviation deal.

Other U.S. airlines - American Airlines Group Inc, Delta Air Lines Inc and United Continental Holdings Inc - have expressed interest in scheduling flights to Cuba.

Obama's decision to relax travel restrictions to Cuba earlier this year has led to a boom in U.S. citizens' visits to Cuba, which are up 71 percent this year, with 138,120 Americans arriving through November.

Politico

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GOP falling for Cuba's allure

Republican opposition is fading as pressure grows to lift trade embargo on Havana.

By Nahal Toosi



As President Barack Obama plots a path to Cuba, the big question isn't whether he'll visit the island during his final year in office. It's how many Republicans will beat him there.

A year after the U.S. and Cuba announced they would restore diplomatic ties, Republican resistance to the idea has faded to the point that some insiders predict the next Congress will lift the U.S. embargo on the communist-led island.

A GOP-led Senate panel has already voted to lift an oft-circumvented ban on travel to Cuba. A Republican is spearheading a House bill to end the U.S. embargo.

And Republican lawmakers and governors are hopping on planes to check out the scene in Havana. Just days ago, Texas Gov. Greg Abbott, who revels in suing the Obama administration, became the second GOP governor to visit Cuba since diplomatic ties were restored, and he spoke glowingly of the potential for economic cooperation.

The GOP shift comes as polls show that a majority of Americans, including Republican voters, favor increased engagement with Cuba. U.S. firms are scouring the island for business opportunities, and pressure is growing on Congress to rescind Cold War-era restrictions including the embargo and travel ban imposed after diplomatic relations were severed in 1961. Both require congressional action to lift.

On Wednesday, a bipartisan group of House members announced it would launch a "Cuba Working Group" that "will seek to draw attention to how reforms in the U.S. and Cuba are opening new opportunities for commercial, diplomatic and people-to-people relationships."

A notable number of Republicans, including some running for president — two of them of Cuban descent — still adamantly oppose restoring ties to the Castro-led government in Havana. But sometimes quietly, sometimes loudly, what were once minor cracks in the GOP facade on Cuba are now spreading.

"To the extent that there was some resistance, maybe some broad resistance, there's now [just] pockets of resistance to diplomatic relations," said Arizona Sen. Jeff Flake, a Republican who has long championed engaging Cuba. He said many of his Republican colleagues tell him privately that they support the rapprochement but can't say so publicly. Even many who genuinely oppose restoring ties are staying quiet because they know their constituents, especially if they are farmers or business owners, support it, he said. "The problem is, particularly for members who have been here long enough to have a history of voting on Cuba, it's tough to change," Flake said. "It's tough to turn around, particularly because the Castros are still alive and there."

Since Obama and Cuban President Raul Castro, the brother of now-ailing Cuban revolutionary leader Fidel Castro, announced on Dec. 17, 2014, that their countries would set aside half a century of enmity, both supporters and opponents of the move can point to developments to bolster their stance.

Castro and Obama met in person, and the two countries formally restored diplomatic ties on July 20, upgrading their diplomatic missions to embassies. The Obama administration removed Cuba from the U.S. list of state sponsors of terrorism and the president has, through executive actions, loosened trade and travel restrictions, including easing the way for telecommunications companies to operate in Cuba. Cuba has expanded Internet access for its citizens, while holding groundbreaking talks with the U.S. on issues such as human rights and battling the drug trade.

The two sides recently opened talks on an especially thorny issue: settling claims by Americans, including U.S. companies and Cubans who fled the island for the U.S., whose property was confiscated by the Cuban government after Fidel Castro seized power in 1959. (The Cubans argue that the U.S. owes them damages because of the embargo and other measures it has taken over the years against their country.)

Bill Lane, director of global government relations for heavy equipment manufacturer Caterpillar, which has long advocated for improving U.S.-Cuba ties, predicted that Congress would lift the travel ban in the coming year and that the embargo would be lifted by the next Congress.

"I've been giving presentations around the country — I even had a former Bay of Pigs veteran say it's about time," Lane said. "Baby boomers want to travel to Cuba. They view the current policy as a sanction on them."

Still, it will be years, perhaps many years, before Cuba and the U.S. are on the same page on key issues. Opponents of the restored ties note that the Castro-led government continues to arrest political dissidents and harbor U.S. fugitives. They point to a spike in the number of Cubans trying to reach the United States as evidence of fear among Cubans that the U.S. overtures will only strengthen the communist government. They also argue that U.S. businesses who venture onto the island will ultimately fill the coffers of the state, not the people.

Much of the anti-rapprochement effort is led by lawmakers from Florida, including Republican Reps. Ileana Ros-Lehtinen and Mario Diaz-Balart, whose constituents include Cuban-Americans with strong views. Thanks to a push by Diaz-Balart earlier this year, the House approved provisions in appropriations bills that strengthen sanctions on Cuba, although those measures face long odds of making it into law. Other efforts to thwart the Obama administration's actions, such as its removal of Cuba from the terrorism list, got little traction.

Opponents of the détente nonetheless insist they have the upper hand. "Castro sympathizers like to mislead the public by pushing a false narrative that they are making progress, but in reality the only things they have to show for their efforts are more repression of everyday Cubans and enriched despots on the island," Ros-Lehtinen said.

Diaz-Balart said the House votes on the Cuba-related provisions showed there is strong support for stopping the diplomatic opening to the island. He also noted that Cuba has relations with most other countries in the world, but the regime hasn't changed as a result. Obama "gives concessions to every enemy of freedom and every enemy of the United States and gets very little in response," Diaz-Balart said.

Supporters of the rapprochement dismiss the House votes as convoluted, rushed and not representative of what most Republicans really believe. When asked about whether they'd support lifting the embargo or similar legislation, "most Republican lawmakers that we deal with are in the camp of 'I don't care. I don't want Mario and Ileana to yell at me, but I'd vote for it if it came up,'" said James Williams, president of the Engage Cuba coalition.

Obama administration officials acknowledge plenty of hurdles lie ahead. The regulatory environment in Cuba has a long way to go before being welcoming to U.S. companies, and the two countries have very different points of view on human rights. The future of the U.S. military prison and naval base at Guantánamo Bay, territory that Cuba wants back under its control, remains a sore spot. In an interview with Yahoo! News released Monday, Obama said he expected that issue would be resolved after he leaves office.

Obama and his aides argue, however, that Cuba is more likely to change with U.S. engagement. In his talk with Yahoo!, Obama said that if Cuba, which lies just 90 miles off U.S. shores, "wants the full benefits of rejoining the world economy," its leaders need to accelerate reforms.

"Normalizing our relationship ... is a complex, long-term process, and we will continue to work with Cuba to address areas of mutual concern as well as areas of difference," a senior administration official told POLITICO in a statement.

In his interview, Obama said he wants to visit Cuba next year, but that if he goes he would want to meet with dissidents as well as Cuban officials. Sources familiar with the White House's planning said the odds are Obama will go earlier in the year — late winter or early spring.

However, if it appears that Democratic presidential front-runner Hillary Clinton is well ahead and poised to win, Obama could wait to visit Havana until closer to the election. If she appears certain to lose, he may want to go anyway, in part to urge Cubans to speed up reforms on their end to make it harder for a succeeding Republican administration to reverse the rapprochement policy, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

The GOP split over Cuba is evident in its presidential field. Contenders such as Sens. Marco Rubio of Florida and Ted Cruz of Texas have come out against the rapprochement, with Rubio especially vocal about his intent to roll back the reforms in the Cuba-U.S. relationship. Cruz and Rubio, both of Cuban descent, also have vowed to block any attempt by Obama to confirm an ambassador to Cuba, and for now it appears the White House won't be nominating one. But other GOP 2016 contenders, such as Sen. Rand Paul of Kentucky and firebrand front-runner Donald Trump, have said they support restoring ties to Cuba (although Trump asserts that "we should have made a better deal").

For many insiders, however, what's been most intriguing is that Cuba barely gets a mention on the campaign trail, suggesting Republicans don't think it's a winning issue to push.

"Nobody brings it up. It doesn't come up at one debate from a moderator," Williams said. "If this had any vote traction whatsoever, somebody would be talking about it."

The Miami Herald

Miami, Florida

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Obama wants to go to Cuba, but only if he can meet with dissidents
This week marks one year since Obama announced changes to U.S.-Cuba policy
Obama hopes he can say soon that's there's been enough progress for presidential trip



President Barack Obama speaks about the Paris climate agreement from the Cabinet Room of the White House in Washington, Saturday, Dec. 12, 2015. Jacquelyn Martin AP

By Lesley Clark
WASHINGTON

President Barack Obama, who a year ago ended decades of estrangement between the U.S and Cuba, would like to visit the island nation, but only if he gets to meet with dissidents opposed to the government in Havana.

In an interview with Yahoo to mark the one-year anniversary of his pitch to renew ties between the two countries, Obama said he "very much" hopes to visit Cuba during his last year in office.

But he added that "part of the deal is that I get to talk to everybody." He said he told Cuban President Raúl Castro "that we would continue to reach out to those who want to broaden the scope for, you know, free expression inside of Cuba."

Speaking in the Cabinet Room of the White House, Yahoo says, Obama "strongly hinted that he would make a decision over the next several months."

"The president said he hopes that 'sometime next year' he and his top aides will see enough progress in Cuba that they can say that 'now would be a good time to shine a light on progress that's been made, but also maybe (go) there to nudge the Cuban government in a new direction,' " the site reported.

The U.S.-Cuba Trade and Economic Council argues that Obama should go to Cuba, saying that he needs a "bilateral commercial landscape that is impactful enough" that a successor wouldn't try to dismantle Obama's outreach.

During the past year, U.S. product exporters have gained little from the outreach, “nearing nothing,” council President John S. Kavulich wrote.

Capitol Hill Cubans, a blog run by Mauricio Claver-Carone, executive director of Cuba Democracy Advocates, which has opposed Obama’s outreach, argues that “by all metrics, Obama’s new policy has not only proven to be irresponsible, but counterproductive,” citing what it says has been a historic number of political arrests as well as a decline in U.S. agricultural sales to Cuba.

Austin American-Statesman

Austin, Texas

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What Greg Abbott’s trip to Cuba says about his politics

By Jonathan Tilove - American-Statesman Staff

Cuban artist Jesús Nodarse Valdés was born a dozen years after the Cuban Missile Crisis. All of his life, his island has been the United States’ neighborhood pariah. So, when he found out that Greg Abbott, the governor of Texas, was going to have dinner at his friend, Charles Farigola’s restaurant, La California in Old Havana, he was moved to finish a painting he had been working on, frame it and present it that night to Abbott after his dinner.

“A few years ago, I would have thought a Republican governor from Texas was the devil incarnate,” Nodarse said. But Abbott’s relaxed presence at a festive restaurant nestled on a dim side street in Old Havana, led him to see the Texas governor — and what he represents — in a new light.



Gov. Greg Abbott with Saba Abashawl, chief external affairs officer, Houston Airport System, at La California Restaurant in Old Havana

For Texans too, their first term governor’s recent trade mission to Cuba may lead them to see him in a new light.

Abbott rose to power as a man whose stated vocation as attorney general was suing President Barack Obama. As governor, he has courted every opportunity to be the anti-Obama on Fox News. His Cuba trip was bracketed by his efforts to be the governor most defiantly opposed to the administration’s policy of resettling Syrian refugees in Texas or anywhere else in America.

But Abbott seized on Obama’s initiative to normalize relations with Cuba to lead a business delegation to Havana. Abbott said he was there as Texas’ CEO, determined to extend the state’s 13-year streak as the top exporter in the nation.



Gov. Greg Abbott on Dec. 1, with one of the baseballs signed by Nolan Ryan he gave to Cuban officials

During two days of back-to-back meetings with Cuban officials, Abbott didn't lecture the Cubans or patronize them. Unlike New York Gov. Andrew Cuomo, a Democrat, who visited in April to much more fanfare, he did not placate the Cubans with a denunciation of the 55-year-old American embargo.

But Abbott's trip was predicated on a realpolitik assessment that, sooner or later, the embargo is going to go away and that no state has more to gain from the Cuban market than Texas, whether it's restoring the once robust export of agricultural products to the island, establishing Houston as a gateway city for commercial air travel to Cuba, or, ultimately, developing a lucrative energy trade, including providing the technology and know-how for Cuban oil exploration in the deep waters of the Gulf.

Business Development 101



Jesús Nodarse Valdés presents a painting to Gov. Greg Abbott at La California restaurant in Old Havana on Tuesday. Behind Nodarse

"It's Business Development 101," said Jorge Piñon, director of the Latin America and Caribbean Energy Program at the University of Texas, who left Cuba for Florida in 1960 at the age of 13. "Nobody expected him to come back with signed deals. You've got to start working now so, when and if the embargo is lifted, Texas gets its fair share of the pie."

"I think it took quite a bit of courage for him to do it," Piñon said. "Just the mere optics of the trip itself, certainly for those of us, whether we are from the Cuban American community or not, who believe that the embargo should be lifted, that was a very clear sign, and he didn't have to do it. He didn't have any political capital to gain by going to Cuba."

Despite minimal national or international press coverage, Abbott's visit resounded on Capitol Hill, according to James Williams, president of Engage Cuba, a nonprofit advocacy group lobbying Congress to end travel and trade restrictions with Cuba.



Painter Jesús Nodarse Valdés, left, presented Abbott with a painting on Dec. 1 at a restaurant owned by Charles Farigola, right.

"I think in many ways, the trip will have a bigger impact than people realize over the course of the next year," Williams said. "There are a whole group of Republicans that are in Congress, other governors, other intellectually respected thought leaders, who are interested in going but who sort of needed the permission. I think that this does definitely blaze a trail. If Greg Abbott can go, basically anybody can go."

And the Abbott who went to Cuba was not the "Jade Helm Abbott," ready to appease every disgruntlement of the right, but the business-minded governor very much in evidence during his first legislative session, but here with a dash more daring, said University of Houston political scientist Brandon Rottinghaus. "It may suggest that he is growing into a different kind of governor," Rottinghaus said.

Abbott arrived in Cuba with an air of confidence and was accompanied by much of his inner circle, including his chief of staff, deputy chief of staff, policy director, senior advisor, economic development director and communications director.

Somewhere over the rainbow

As he got into his car at José Martí International Airport, an instrumental version of “Somewhere Over the Rainbow” was on the radio. “And I was, ‘I can’t believe I’m here in Havana and I’m hearing, ‘Somewhere Over the Rainbow.’ We’re clearly not in Kansas any more, because, the first thing I’m reaching for is my cell phone and have no access, and it’s like a completely different universe.” Abbott said. “The other component of the song — the promise of a brighter future — captures what the people of Cuba hunger for, but they’ve lost their ability grasp it,” Abbott said.

“The first thing you see are the decades-old cars, but more significantly you see both the impoverishment and the challenges here. I saw lot of dilapidated buildings, a lot of which are see-through buildings,” Abbott said. On his drive into the city, he passed a donkey cart, and a man plowing a field with a hoe.

“There is almost a time period disconnect between where we are now, where Cuba is now and where the rest of the world is,” Abbott said. As he exited the car at his hotel, the radio was playing an easy listening version of Gloria Gaynor’s “I Will Survive.”

The “time period disconnect” is perversely essential to Cuba’s tourist appeal as a place frozen in time, thanks to the Cold War, and yet, simmering with warm and welcoming people. “They just seemed so open. The people here are just phenomenal,” said Cecilia Abbott, the first lady, a former principal, who made her own visits to the University of Havana and the Latin American Medical School.

“We’re just so used to disposing of things, right and left, and here they preserve because they have to,” she said. “It’s kind of the way I grew up in San Antonio in the 60s and 70s. It reminded me very much of Old San Antonio.” It brought to mind her grandmother’s house, and the family car with the hole in the floor in the back seat.

Abbott’s idea

Going to Cuba was Abbott’s idea.

The week after he named Tracye McDaniel to head TexasOne – the public-private partnership charged with promoting Texas beyond its borders — last December, Obama announced plans to normalize relations with Cuba. In one of her early conversations with Abbott, McDaniel said, Abbott told her, “I want to go to Cuba.”

Abbott’s first foreign trip, in September, was to Mexico, the state’s top trading partner, and, she said, other possibilities to come include established trading partners like Canada, England, Japan, India and Israel. But Cuba was an “exploratory trip,” McDaniel said. “That’s a part of that Texas spirit, that pioneering, we are the state of prosperity, spirit.”

Aside from the cost of the governor’s state Department of Public Safety security detail, the trip was paid for by non-taxpayer money from TexasOne, and from the non-staff members in the delegation, including officials from the ports of Houston, Beaumont and Corpus Christi and the Houston Airport System. Arkansas’ Republican governor, Asa Hutchinson, led a business delegation to Havana in September, and before that was Cuomo.

“That trip was all about Gov. Cuomo. It was all about how many column inches he could get and not about what he could accomplish,” said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which, with the cooperation of the Cuban government, keeps U.S. businesses informed on relations between the two countries.

Kavulich praised the tone and the tenor of the Hutchinson and Abbott visits, though he said Abbott might have done better to bring more business people and fewer staff.

Behind the iron curtain

In her report on Abbott's visit, Rosa Miriam Elizalde, a prominent Cuban journalist, wrote about waiting for Abbott's arrival at a meeting the last day of his visit with the Cuban minister of foreign trade and investment.

"I ask one of the twenty companions, who entered the room in advance: What is the message of the governor in Havana?" she wrote. "'That we are here,' he smiles and says something about the difficulty connecting to the Internet, which in Cuba is like 'going to stick to rumba'" — rolling with the punches.

"The irony of the message is that Abbott, a Republican manual" — a textbook case — "bet on an initiative of Barack Obama — to re-establish economic ties with Cuba and lift the embargo — despite disagreeing with the president in almost everything else." So here Abbott is, Elizalde wrote, "venturing behind the iron curtain that Washington had lifted."

"Texas Governor Greg Abbott Defects to Cuba," read the headline on a Breitbart story faulting the governor for not meeting with dissidents in Cuba. "Once there, he happily obeyed the regime's rules."

Cruz's silence

Two Cuban-Americans — U.S. Sens. Ted Cruz of Texas and Marco Rubio of Florida — are vying for the Republican nomination for president. Cruz has called Obama's reestablishing diplomatic relations, "a policy of unconditional surrender to Fidel and Raúl Castro by rewarding one of the most violently anti-American regimes on the planet with an embassy and an official representative of our government." Rubio has vowed to roll back Obama's rapprochement with Cuba.

But, perhaps the most significant response to Abbott's trip to Cuba was a rare silence from Cruz, who was Texas solicitor general under Attorney General Abbott. The Cruz campaign declined comment on Abbott's Cuba trip. Abbott has not endorsed a candidate for president. "In today's world," Piñon said, "Ted Cruz and Marco Rubio's position on Cuba is unrealistic."

At La California, which only closes when there is no one to serve, Farigola, the irrepressibly entrepreneurial owner, said Abbott was right to come to Havana because Americans who hesitate will lose. We are at a "moment" in history, Farigola said, and Americans "must seize the moment."

CEO Update

Washington, DC

13 November 2015

Surge in associations calling on Cuba

U.S. policy changes spur more delegations, but many hurdles to collaboration remain

By Lori Sharn

Some associations eager to do business or make cultural connections in Cuba are hoping to get a head start by visiting the Caribbean nation sooner rather than later.

Since President Barack Obama ordered the restoration of diplomatic ties with Cuba in December, a number of association executives have made the trip or are planning one. The latest: A high-profile delegation of representatives from 33 companies led by the U.S. Chamber of Commerce. The Chamber held the first board meeting of its new U.S.-Cuba Business Council Nov. 2, in conjunction with the annual International Trade Fair in Havana.

Chamber executives in Cuba included Myron Brilliant, executive vice president and head of international affairs, and Jodi Bond, vice president for the Americas.

Other association leaders visiting Cuba this year include National Corn Growers Association CEO Chris Novak, U.S. Grains Council CEO Tom Sleight, Credit Union National Association CEO Jim Nussle and American Association of State Colleges and Universities

President Muriel Howard. Zane Kirby, CEO of the American Society of Travel Agents, witnessed the flag being raised at the re-opened U.S. embassy in Havana in August.

"We were genuinely welcomed,"



(Continued on page 6)

said Howard of AASCU. "They are ready to do partnerships with us now, which we can do around education."

If and when the U.S. Congress decides to lift the half-century old embargo of Cuba, however, the Cuban government still must decide whether to accept American products and investments or to ease economic and societal controls. U.S. companies are allowed to sell food to Cuba, such as frozen chicken and soybeans, and medical supplies. But the value of agricultural exports to Cuba has fallen 44 percent this year, to \$125 million, according to the U.S.-Cuba Trade and Economic Council.

The number of U.S. visitors, on the other hand, is reportedly up 40 percent. Although tourism is still prohibited, U.S. citizens can now travel to Cuba under 12 categories, including visiting family members, business and research and "people-to-people" cultural exchanges. Cuban government statistics show fewer than 100,000 U.S. visitors in 2014, out of a total of 3 million visitors from around the world.

Many visitors are drawn by the lure of seeing a forbidden place seemingly frozen in time before it changes, where classic American cars drive streets lined with colorful old buildings rather than modern high rises.

"It makes good dinner, golf course, health club, board room discussion. The phrase 'I just returned from Havana' is by definition going to receive a raised eyebrow response," said John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council.

Kavulich said many of the trade missions taking place today are premature because the Cuban government is not willing to authorize more commerce with the U.S. For the majority of companies and organizations "there is no compelling reason to visit Cuba," he said.

Others do see value in cultivating contacts now. Brian Branch, CEO of the Madison, Wis.-based World Council of Credit Unions, visited Cuba in July to meet with economists and entrepreneurs. He returned in October with a delegation of U.S. credit union leaders, including CUNA CEO Jim Nussle, the CEOs

of several regional credit union leagues and Dan Mica, former CEO of CUNA. Mica's firm, the DMA Group, organized the trip. The group met with officials from the Central Bank of Cuba and with the Ministry of Exterior Relations.

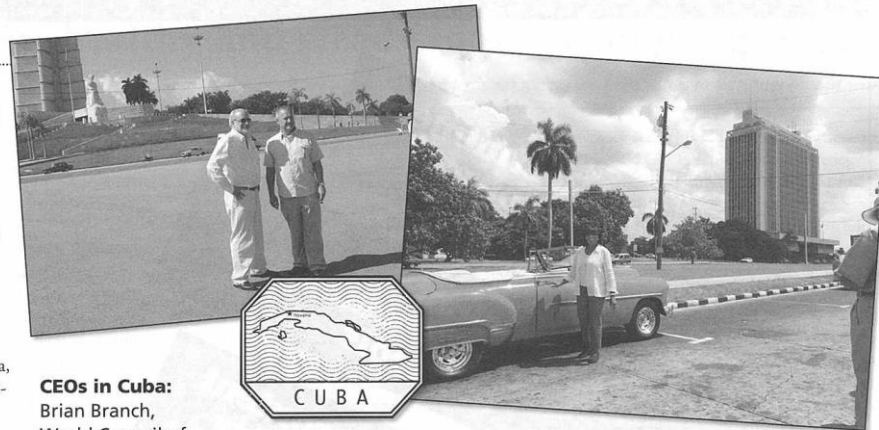
Branch said he found a demand for knowledge and management training, and for mutual respect. Next steps include more dialogue with government officials, entrepreneurs and agricultural cooperatives outside of Havana.

"Credit unions are a new idea to them. They say, 'This doesn't fit our model, but we'll take another look at it,'" Branch said. "We expect small incremental changes. We're looking at this for the long view."

Howard traveled to Cuba with 16 university presidents in September. Although spouses along for the trip (who paid their own way) went on cultural tours, the university presidents went to meetings. The education ministry invited the leaders of all Cuba's colleges and research centers to Havana for a one-day conference with the AASCU delegation; 41

representatives attended. On the final day, Howard said she spent two hours hammering out an agreement to pursue academic collaboration. Howard and José Ramón Saborido Loidi, first vice-minister in Cuba's higher education ministry, signed the document.

Although this was Howard's first trip to Cuba, AASCU led a similar presidential mission in 2003, at a time when the U.S. Treasury Department required a license to travel to Cuba. About 40 American universities had developed partnerships with Cuban institutions, she said. But in 2004, the U.S. tightened travel to Cuba, and today only about five such programs are in place.



CEOs in Cuba: Brian Branch, World Council of Credit Unions (left) with Jim Nussle, Credit Union National Association at Plaza de la Revolución; Muriel Howard, American Association of State Colleges and Universities next to a classic car.

Howard said planning for a return trip began shortly after Obama's announcement last December: "As soon as we heard the

announcement, we said 'Let's plan it.'"

"We're going to be the first to go back to Cuba and rekindle those relationships." ■

Pittsburgh Tribune-Review

Pittsburgh, Pennsylvania

17 November 2015

Western Pennsylvania leaders explore potential in Cuba



By Aaron Aupperlee

In the streets of Havana, alongside exquisite architecture, Allegheny County Executive Rich Fitzgerald saw ways Pittsburgh could help. Crumbling buildings, peeling paint and sagging infrastructure showed decades of neglect.

“Obviously, this country has needs for a lot of things,” Fitzgerald said Monday upon his return from a weekend in Cuba. “Our companies could provide a lot of those products if we could sell down there.”

He was accompanied on the trip by U.S. Rep. Mike Doyle, D-Forest Hills; Pittsburgh Councilwoman Natalia Rudiak of Carrick; PPG Industries executives; representatives from three universities; and others. Their goal was to lay the groundwork for trade and other opportunities on the island.

The trip, organized by the Pittsburgh-Matanzas Sister Cities Partnership, took them to Havana and to Matanzas, a coastal city about 70 miles west of Havana. The sister cities partnership paid for Fitzgerald's trip. The Hibernian Celtic Athletic Fund paid for Doyle's trip.

The delegation met with the officials from the Ministry of Trade and the Ministry of Energy and Mines, among others. With aviation officials, they discussed a possible charter flight from Pittsburgh International Airport to Havana. University officials talked about preservation efforts.

Pittsburgh Mayor Bill Peduto visited Cuba six months earlier with representatives from companies. The island republic has a population of 11.38 million and a gross domestic product of \$77.15 billion in U.S. dollars.

President Obama in December restored diplomatic relations with Cuba, and the country opened an embassy in Havana for the first time in more than a half-century.

Pittsburgh's politicians and business leaders are among several from across the U.S. to visit Cuba. They're not alone: National Basketball Association star Steve Nash led a delegation of basketball players through Cuba in April. Penn State University's baseball team is scheduled to travel there this month for exhibition games.

Doyle's trip is the first by a Pennsylvania congressman, according to data from the U.S.-Cuba Trade and Economic Council in New York.

“A lot of challenges, but a lot of potential,” Doyle said of Cuba. “There's tons of opportunity on the energy side and the telecommunications side.”

John Kavulich, president of the trade council, said travel to Cuba has increased more than 30 percent since Obama eased the travel ban — some of it questionable.

“Ninety percent of the business delegations that have gone in 2015 include individuals who have no need to visit Cuba for commerce,” he said. “Most of it is aspirational and curiosity, as opposed to a rational business need.”

But Kavulich didn't scoff at Fitzgerald's and Doyle's trip. Cuba wants goods like those made by H.J. Heinz Co., PPG Industries, Mylan and other food, manufacturing and health care companies in Western Pennsylvania.

That doesn't guarantee that Cuba will buy U.S. products. Cuba buys rice from Vietnam, for example, and is given two years to pay for it, Kavulich said.

Pam Martin, a consultant at Molimar Export Consultants in Upper Dublin in Montgomery County, who organized Peduto's trip to Cuba, said the political and business visits aren't media stunts but genuine opportunities to make first impressions.

“It's very important to get your foot in the door now, because (otherwise) when it really opens up and anyone can go, the Cubans won't know you,” she said.

Tony Plantz, national sales manager for Charleroi-based Ductmate Industries, went to Cuba with Peduto and continues to pursue business there. He sent proposals to the Ministry of Trade and private industries. His company makes heating and air conditioning systems and sees a need in Cuba.

“It's good to develop relationships as much as you can,” said Plantz, who hopes to return to Cuba in February. “I know as soon as that embargo is lifted, everyone is going to try and get their piece of that pie.”

The Des Moines Register

Des Moines, Iowa

14 November 2015

Vilsack: Cuba is great opportunity for U.S. agriculture

Christopher Doering



(Photo: Carolyn Kaster, AP)

WASHINGTON — The United States stands to gain a significant portion of Cuba's import market, Agriculture Secretary Tom Vilsack said Friday.

Vilsack, who is in Cuba to meet with government officials and tour agricultural operations in the country, said Cuba's food imports are about \$2 billion annually, with the U.S. holding about 16 percent of that total. Before sanctions were put in place, the U.S. was responsible for nearly half.

“There is no reason why if barriers can be reduced and eliminated that we wouldn't be in a very competitive circumstance,” Vilsack told reporters from Cuba. He said a number of U.S. agricultural products could be attractive in Cuba, including several produced in Iowa such as pork, corn, soybeans and poultry.

The White House announced last year plans to expand trade, increase travel, and establish diplomatic relations with Cuba's communist regime. Trade sanctions against Cuba have exempted food and agricultural exports since 2001. But even agriculture is slowed by obstacles — products must be paid for in dollars and Cubans do not have access to credit when purchasing American products — that have limited opportunities.

Vilsack said these challenges must be addressed in Washington for U.S. producers to benefit from eased relations with Cuba. During his visit, Vilsack said Cubans have embraced organic agriculture, one of the fastest-growing food segments in the United States. Cuba, he said, has a strong organic sector because it hasn't had access to chemicals and pesticides.

“They had no other alternative but to be organic,” Vilsack said. “I did emphasize this is an ... opportunity for them because only 1 percent of America's land mass is committed to organic production. There is no question the demand is there.”

Agricultural shipments to Cuba have remained volatile during the last decade, peaking at around \$700 million in 2008. In 2013, shipments totaled nearly \$350 million, with frozen chicken making up 41

percent of the figure, according to the U.S.-Cuba Trade and Economic Council. Soybean oil cakes, corn and soybeans made up an additional 48 percent.

The Washington Post

Washington, DC

9 November 2015

Obama's olive branches are lifelines for authoritarian regimes



President Obama and Cuban President Raúl Castro at the United Nations Headquarters on Sept. 29. (Andrew Harnik/Associated Press)



By Jackson Diehl Deputy editorial page editor

At the heart of President Obama's foreign policy is a long bet: that American engagement with previously shunned regimes will, over time, lead to their liberalization, without the need for either a messy domestic revolution or a bloody U.S. use of force. By definition, it will be years before we know whether the policy works.

It nevertheless is becoming clear that the regimes on which Obama has lavished attention have greeted his overtures with a counter-strategy. It's possible, they calculate, to use the economic benefits of better relations to entrench their authoritarian systems for the long term, while screening out any liberalizing influence. Rather than being subverted by U.S. dollars, they would be saved by them.

So far, the dictators' bet is paying off. The latest evidence of that came Sunday in Burma, when the generals who still rule the country staged an election carefully structured to preserve their power. The constitution under which it was held bans opposition leader Aung San Suu Kyi from becoming president and reserves a quarter of parliamentary seats for the military.

Obama might claim that the lifting of U.S. sanctions and the two trips he made to the country helped prompt this limited democratic opening. The generals see it another way: The restricted system, and the inflow of U.S. and European investment it enables, makes their political supremacy sustainable for the long term. As proof, they can point to the fact that they rebuffed U.S. appeals for constitutional reforms before the election with no consequence for the new economic relationship.

That Iran's supreme leader is pursuing a similar course became clear in recent days as the arrests of two businessmen with U.S. citizenship or residency came to light. Having allowed reformist president Hassan Rouhani to negotiate the nuclear deal with Obama, Ayatollah Ali Khamenei and the Revolutionary Guard intend to pocket the \$100 billion or so in proceeds while forcibly preventing what they call the "penetration" of Western influence that Obama hopes for.

Hence the taking of more U.S. hostages. To the imprisonment of The Post's Jason Rezaian and two other Iranian Americans, add Nizar Zakka, a U.S.-based Internet specialist, and Siamak Namazi, an Iranian American who has publicly advocated for better relations between the countries. The lack of any U.S. response means that the open season on Americans will continue in Tehran.

Khamenei, however, doesn't get the prize for the best jujitsu on Obama. That goes to Raúl I Castro, the 84-year-old ruler of weak and impoverished Cuba, who has managed to transform the resumption of U.S.-Cuban relations into an almost entirely one-sided transaction.

Since announcing the end of the 50-year freeze between the countries 11 months ago, Obama has twice loosened restrictions on U.S. travel and investment in Cuba. Thanks to that, tourism arrivals are up 18 percent this year, and billions in fresh hard currency are flowing into the regime's nearly empty treasury. The White House has dispatched a stream of senior officials to Havana, including Commerce Secretary Penny Pritzker. The deputy secretary of homeland security, Alejandro Mayorkas, last month paid court to the general who heads Castro's repressive internal security apparatus.

In response to this, Castro has done virtually nothing, other than reopen the Cuban Embassy in Washington and allow a cellphone roaming agreement. His answer to repeated pleadings from U.S. officials for gestures on human rights has been to step up repression of the opposition. According to the independent Cuban Commission for Human Rights and National Reconciliation, there were at least 1,093 political detentions in October, the highest number in 16 months.

Castro has meanwhile shunned offers from U.S. businesses and dramatically cut U.S. imports. Pritzker did not sign a single deal during her high-profile visit last month. Instead, Cuban officials are using the prospect of increased U.S. trade and investment as "chum" to strike bargains with other countries, according to a report by the U.S.-Cuba Trade and Economic Council. While imports of U.S. food are down 44 percent this year, imports from China are up 76 percent.

Remarkably, the administration appears happy to accept this. The latest high-level envoy, State Department senior adviser David Thorne, told Reuters in Havana last week: "The pace is really going to be set by the Cubans, and we are satisfied with how they want to do this." What about the lack of progress on human rights? "As in other parts of the world," Thorne grandly replied, "we are really trying to also say: Let's find out how we can work together and not always say that human rights are the first things we have to fix before anything else."

So the message is: It's okay to capture U.S. dollars while excluding U.S. business and cracking down on anyone favoring liberalization. No wonder the dictators are winning.

Newsday

Melville, New York

6 November 2015

Cuba's new appeal to LI businesses: A tale of two islands

By JAMES T. MADORE

The re-establishment of full diplomatic relations between the United States and Cuba offers Long Island businesses that rarest of opportunities: access to a brand-new market.

JFI Jets, which operates from East Farmingdale's Republic Airport, is already flying to Cuba.

The air charter service began taking passengers, including some from here, to Havana in August. The cost of the plane, which typically picks up passengers at Kennedy or another major airport after leaving Long Island, starts at \$35,000 to \$40,000 for a round-trip.

JFI Jets executives expect to have completed about a dozen flights by Dec. 31. They predicted Cuba would be among their top destinations next year.

"Cuba is a place of incredible opportunity. . . . I wanted to be in on the ground floor," said David J. Rimmer, who began researching the Caribbean island in January after being named company president. "We are pioneering a new market, and that's an advantage we want to preserve for as long as we can."

Rimmer, like the heads of companies across the United States, was spurred to look at Cuba after the surprise announcement on Dec. 17 that diplomatic relations would be fully restored, ending more than a half-century of hostility.

In the past 11 months President Barack Obama has eased restrictions on U.S. companies doing business with Cuba.

Even though numerous hurdles remain, deals are being struck. Netflix is streaming U.S. movies and television shows. Americans can now use Airbnb to book a room in Cuba. And JetBlue Airways Corp., based in Long Island City, is flying weekly to Havana.

In April, JetBlue participated in a first-of-its-kind trade mission to Cuba led by Gov. Andrew M. Cuomo. "We placed New York State businesses at the front of the line for new prospects in Cuba, and that will, in turn, support jobs and economic activity here at home," he said in May.

Trade opportunities seen

On Long Island, executives are optimistic about doing business in Cuba, a country with a population of 11 million. A May workshop by the Long Island Import Export Association on trade opportunities in Cuba and elsewhere in Latin America drew about 80 people to a Woodbury catering hall, according to association founder Pat Moffett.

Trade experts identified transportation, health care, agriculture and hospitality as local industries that could benefit from ties to Cuba over the next few years.

"Cuba represents an excellent medium- to long-term business opportunity," said Antonio C. Martinez II, a trade attorney of counsel to the Garden City law firm of Gerstman Schwartz & Malito.

At this point, the key is laying the ground work, said Martinez, who has been traveling to Cuba since 1999. "You need to go down there, meet the people, see how the business structure works there. You have to establish relationships. . . . The Cubans are only going to do business with people that they know," Martinez said.

To be sure, obstacles abound. Congress has yet to lift the 55-year-old trade embargo, which, among other things, stipulates that Cubans pay for imported goods before receiving them. That's difficult because Cuba has two currencies, one for Cubans and one for foreigners, and cash is hard to come by when monthly wages average just \$22 per person.

President Raúl Castro is loath to take steps that could weaken the Communist Party's grip on power.

The Cuban legal system also doesn't yet provide adequate protections for foreign investors, experts said. And the creaky infrastructure, particularly the absence of cellphone and Internet service in some areas, makes communications difficult.

Still, the Cuban government has expanded what can be imported, allowed for entrepreneurship, and permitted joint ventures in telecommunications.

Martinez said Long Island firms shouldn't hesitate: "I see Cuba being a major trading partner with New York State."

State officials forecast that sales to Cuba could eventually equal those to the nearby Dominican Republic, which totaled \$218 million last year.

New York exported \$88 billion worth of goods and services in 2014, according to U.S. Commerce Department data, with Canada and Hong Kong being the largest buyers.



Jon Cooper, president of Westbury-based Spectronics Corp., is hoping to sell his company's automobile fluid leak detection kit in Cuba. Cooper poses with the kit in the manufacturing area of the plant on Friday, Oct. 16, 2015. Photo Credit: David L. Pokress

Westbury-based Spectronics Corp. is looking to sell its leak-detection equipment in Cuba, part of a plan to double the company's annual sales to \$50 million by 2020.



The maker of ultraviolet lighting and fluorescent dyes already exports to 120 countries. Next year Spectronics plans to secure distributors in Cuba to supply the repair shops that fix airplanes, automobiles and farm equipment. Photo Credit: David L. Pokress

The maker of ultraviolet lighting and fluorescent dyes already exports to 120 countries. Next year it plans to secure distributors in Cuba to supply the repair shops that fix airplanes, automobiles and farm equipment.

Cuban mechanics can use the lights and dyes to find leaks of oil, coolants and industrial fluids. The equipment could be extremely popular in a country where 1950s-vintage American cars are still a major form of transportation.

"The rest of the world is doing business with Cuba," said Jon Cooper, president of Spectronics, which has 185 workers. "It's just the United States that has been left out, and that makes no sense because we're the closest to Cuba."



Cuban mechanics can use the lights and dyes of Spectronics' kit to find leaks of oil, coolants and industrial fluids. The equipment could be extremely popular in a country where 1950s-vintage American cars are still a major form of transportation. Photo Credit: David L. Pokress

He said he's patient about expanding in Cuba: The embargo is "a straitjacket which President Obama has loosened, but it's still there."

Embargo vote possible

Experts such as Diego Moya-Ocampos of the research firm IHS Country Risk don't expect Congress will remove the embargo before 2018, when Castro has said he will step down. Key stumbling blocks are reparations for U.S. assets seized in the Cuban revolution of the 1950s and Cuba's claim to the Guantanamo Bay Naval Base.

Rep. Tom Emmer (R-Minn.), lead sponsor of an embargo-lifting bill, said a vote could come next year. Democrats in both houses of Congress would join with small groups of Republicans to back the bill if U.S. businesses clamored for its approval, he said in Manhattan.



In Cuba, Long Island businesses have access to a brand-new market. Photo Credit: Newsday / Ned Levine photo illustration

December's diplomatic thaw started a race among businesses from Asia, Europe and South America to strengthen their positions in Cuba before corporate America arrives. U.S. companies that wait for the embargo's cancellation risk seeing competitors from other nations capture the lion's share of Cuban sales.

"U.S. companies that take advantage of the Cuban market in the early stages will have a much better position than those that wait to see what's going to happen," said Robert P. Imbriani, international executive vice president for Team Worldwide, a Texas-based freight forwarder. From his Valley Stream office, Imbriani is helping businesses navigate the process of selling to the Caribbean island.



Robert P. Imbriani, executive vice president of Team Worldwide, at its warehouse in Rosedale, Queens on Wednesday, Nov. 4, 2015. Photo Credit: Linda Rosier

Some experts are worried the Castro government's reluctance to remove trade barriers suggests the regime is using the enthusiasm of U.S. businesses to get better deals from those of other nations.

"The U.S. business community is being used as bait," said John S. Kavulich, president of the Manhattan-based research group U.S.-Cuba Trade and Economic Council Inc.

Local firms should continue preparing for a more open Cuba, but not spend money going there unless it and the United States have approved a transaction, said Kavulich, who has provided research to local makers of medical care products.

Asked about the slow pace of change under Castro, a professor from the University of Havana's Center for the Study of the Cuban Economy said considerable progress has been made, if one takes the long view.



Products that are part of Westbury-based Spectronics Corp.'s automobile fluid leak detection kit. Photo Credit: David L. Pokress

"You don't get everything you want at the beginning," economist Ileana Díaz Fernández said last month at a meeting of the Americas Society/Council of the Americas, Manhattan-based groups calling for an end to the embargo. Officials at the Cuban embassy in Washington did not respond to requests for comment.

NY officials optimistic

New York officials said businesses across the state are likely to "realize benefits over time" from trading with Cuba.

"There is no shortage of interest among the Cuban people for rapid change," said Howard Zemsky, the state's economic development czar who accompanied Cuomo on his trade mission to Cuba.



Zemsky, a Buffalo businessman raised in Woodbury, said Long Island executives "would be warmly and eagerly received. But you have to respect the fact that you are doing business in a different culture. Be adaptable and be patient."



Holding a Cuba cigar is David J. Rimmer, president of JFI Jets, inside one of his company's charter jets, which began flying groups to Cuba in August, at the hangar in Farmingdale on Oct. 9, 2015. Photo Credit: Uli Seit

At JFI Jets in East Farmingdale, Rimmer, the company's president, said his flight crews have been treated well in Cuba. "We were just another private jet flying into their airspace," he said.

JFI Jets can accommodate groups of eight to 14 people -- but none can be tourists. The U.S. Treasury Department issues licenses for only 12 categories of travel to Cuba, including research and professional meetings, educational activities and family visits.

"I'm pleasantly surprised by the demand" for flights to Cuba, Rimmer said. "It really has caught on quickly."

CCTV

Washington, DC

4 November 2015

How US manufacturing plans to help Cuban agriculture

By Michael Voss



Cuba has agreed to allow a U.S. company to assemble low cost tractors on the island. If the deal is approved by Washington, it would become the first American manufacturing company to operate in Cuba in more than half a century.

The tractor was on display at this week's Havana International Trade Fair. It's cheap to build and simple to maintain.

Many of Cuba's farmers still rely on oxen to plow their fields. Those with access to tractors mainly rely on old Soviet models in constant need of repair.

U.S. President Barack Obama has authorized the sale of agricultural equipment to Cuba's private farmers and co-operatives.

The Cuban authorities have approved a plan to assemble the machines at the new tax free Special Development Zone around the port of Mariel, but when it comes to food imports, it's the Cubans who are holding back.

More details:

Washington has allowed US food companies to sell produce to Cuba for more than a decade but now that the two countries have restored diplomatic relations, Cuba is buying less than before.

There are 25 American companies and trade organizations represented at this year's Havana International Trade Fair, the first since Cuba and the United States restored diplomatic relations.

Agricultural sales so far this year total around 125 million dollars, according to the US-Cuba Trade and Economic Council. That compares to almost 300 million dollars in sales in 2014 and more than 700 million at its peak in 2008.

Korea Portal

New York, New York

4 November 2015

Korea Trade-Investment Promotion Agency See 'Big Opportunities' In Cuba And Iran As Both Nations Agreed To A Timeline Of Economic Sanctions Relief

by Czarelli Tuason



Cuba poised for change as diplomatic relations reestablished with U.S. (Photo by Chip Somodevillia / Getty Images)

The Korea Trade-Investment Promotion Agency (Kotra) is planning to pave the way for businesses to enter the markets of Cuba and Iran following the easing of economic sanctions on both countries earlier in July, reported Nikkei Asian Review Oct. 20.

"Big opportunities are coming to Cuba and Iran, with markets that were once closed due to the sanctions opening up all at once," said Kotra President Jeohong Kim.

Earlier reports of USA Today on Aug. 23 noted that Cuba and Iran are not quite prepared yet to accommodate new commercial businesses as both countries need to first establish regulations and infrastructure.

"What we have now are companies chasing dreams as opposed to chasing reality," said president of the U.S.-Cuba Trade and Economic Council John Kavulich. "It's important to be excited about a new market opportunity. ... But it's equally and necessarily responsible to make certain that the opportunity that is being sought is reasonable for the existing environment."

Fortunately, in addition to sanctions being lifted on both nations, many companies are clamoring to establish businesses in Cuba and Iran as both are "about to be infused with a lot of money, which means a lot of investment and a lot of infrastructure and opportunity," noted Ed Daly from iJET International.

"Those who get in early ... are likely to fare better and have better relations with locals, which is key to establishing a long-term presence," Daly added.

Kotra, which opened an office in 2005 at Havana, will be joining the international fair in Cuba on November and have invited representatives of South Korean firms to explore and survey the market.

South Korean companies are also very much interested on business opportunities in Iran. Most likely to be seen emerging is the oil markets, as soon as Iran complies with the long list of tasks given by the Obama administration in order to fully relieve the nation of sanctions from nuclear-related issues, noted Forbes on July 15.

Kotra also reportedly plans to open a couple of offices in Slovakia and Serbia within the year, giving them a total of 125 offices overseas in 85 countries.

Tampa Tribune

Tampa, Florida

30 October 2015

Tampa firm clearing hurdles to open warehouse in Cuba



Manuel Fernandez, left, and Michael Mauricio's Florida Produce is licensed to trade in agricultural products with Cuba.

By Paul Guzzo | Tribune Staff

TAMPA — Exporter Florida Produce made history in 2001 when it became the first company in the Sunshine State licensed to conduct food sales in Cuba since the U.S. imposed a travel and trade embargo in the early 1960s.

Now, Florida Produce is seeking to become the first company in the U.S. to establish operations on the island nation since the embargo was imposed, with an eye toward distributing and storing a variety of goods allowed under new federal regulations. Such a venture is permitted under general U.S. trade licenses established Sept. 18.

Florida Produce pitched a proposal Monday to representatives of the Cuban government at the new Cuban Embassy in Washington, D.C.

"To my knowledge, we are the first to have actually met with the Cuban government and are further along with our proposal than any other company," said Tim Hunt an attorney with Tampa law firm Hill Ward Henderson, representing Florida Produce.

Today, Florida Produce partners Manuel Fernandez and Mike Mauricio visit Havana to continue negotiations.

In January, through executive orders, President Barack Obama expanded the list of exportable items to Cuba to include telecommunications, restaurant and agricultural equipment as well as construction supplies. Florida Produce wants to store and distribute all of those goods.

“We know what our government will allow us to do,” said Florida Produce partner Fernandez. “Now we need to see what Cuba will allow.” U.S. agricultural sales to Cuba have been allowed since 2001.

Cuban officials with whom the local businessmen have met were receptive and excited over the proposal yet sent a mixed message by steering discussions into politics, attorney Hunt said.

“They candidly spent a lot of time talking about the embargo, or as they call it the blockade,” he said. “They are not happy that it continues. And they are upset that U.S. companies are still forbidden from selling anything to Cuba on credit and all deals are payment upon transfer of goods. Other countries can extend credit to Cuba.”

Despite the restoration of diplomatic relations between the two countries for the first time in five decades, the island nation is buying fewer American goods than it has in years. The reason, in the view of some analysts, may be the continuing embargo and denial of credit.

Through October, total Cuban purchases of U.S. goods for calendar year 2015 was \$124.7 million, according to the New York-based U.S.-Cuba Trade and Economic Council Inc. That’s on pace with 2002, the first full year American agricultural products could be sold to Cuba again, when the total was \$138.6 million. But it’s far below the peak of \$710 million in 2008.

Still, ending the embargo or allowing sales on credit might not improve trade, John Kavulich, president of the economic council, told the Tribune earlier. Cuba may still prefer to do business with nations like Vietnam that allow up to two years for payment of goods. Kavulich said it is unlikely U.S. companies would allow such extended credit lines.

Florida Produce is licensed to trade in agricultural products with Cuba but hasn’t done much lately because there has been little interest in Cuba.

But partners Mauricio and Fernandez have kept their hand in trade with Cuba as founders of the Ybor City gallery Habana Art, which imports art from Cuba for sale. In May, they promoted a dinner show in Havana’s Hotel Nacional featuring the Fabulous Rockers, a nine-piece Tampa rock band from the 1950s and 1960s.

Improved relations between the U.S. and Cuba prompted Florida Produce to take the initiative again. “It made sense to have some sort of warehouse and distribution center there,” Hunt said, “as opposed to bringing a ship to Cuba and dropping the stuff off on the dock.”

Florida Produce applied for a warehousing license in March from the U.S. Treasury Department and continued talks with the federal government over the next few months. At the time, it was not yet legal to operate a business in Cuba so they hoped to obtain a federal exception.

Then in September, the change in regulations allowed the business model proposed, including maintaining bank accounts there, employment of U.S. citizens working in Cuba, and employment of Cuban nationals.

Their endeavor might get another boost if Cuba decides to open a consular office in Tampa.

Among duties of a consulate is helping with trade and other business in the country it represents.

The Tampa City Council, Greater Tampa Chamber of Commerce and Hillsborough County Commission have approved resolutions to bring a consulate to Tampa. So has the St. Petersburg City Council.

It’s not clear when Florida Produce will hear back from the Cuban government on its warehouse proposal. While he prefers a warehouse in Havana, Fernandez said, the company would not do any serious scouting

for locations until the Cuban government gives them a thumbs up.

Still, Fernandez is confident.

“We have an opportunity to change the course of history by further opening up business between U.S. and Cuba. “Florida Produce wants to be at the forefront.”

Rutland Herald

Rutland, Vermont

18 October 2015

Shumlin joins call to end trade embargo with Cuba

By BRUCE EDWARDS

Correspondent

Nine months after President Barack Obama moved to end the Cold War relationship with Cuba, Vermont has added its voice to those calling for an end to the 55-year-old U.S. trade embargo.

Gov. Peter Shumlin along with eight other governors sent a letter this month to congressional leaders urging an end to the embargo, which the U.S. slapped on Cuba shortly after Fidel Castro seized power and imposed a communist government.

“Lifting these sanctions would give Vermont farmers and businesses an opportunity to reach a new market with their goods and services,” Shumlin said in a statement. “It would also allow our state to attract more tourists, establish new business partnerships, and cultivate a stronger and more positive relationship between our two nations. It’s simply the right thing to do.”

In their letter, the governors argued that lifting the embargo would give U.S. farmers greater access to Cuba’s market of 11 million people. Shumlin in his statement said lifting the embargo would benefit other Vermont industries, including renewable energy, consumer and manufactured goods, technology and tourism.

Since 2001, the U.S. has permitted food and agricultural exports to Cuba. But in their letter to Senate and House leaders, the governors point out that sales are under strict financial terms putting U.S. farmers at a disadvantage. Medical supplies and equipment were previously exempt. “Our thriving food and agriculture sectors coupled with Cuba’s need for an affordable and reliable food supply; provide opportunities for both our nations that could be seized with an end to the remaining trade restrictions,” the governors wrote in their Oct. 9 letter. “Foreign competitors such as Canada, Brazil, and the European Union are increasingly taking market share from U.S. industry, as these countries do not face the same restrictions on financing.”

Cuba imports up to 80 percent of its food and agricultural needs. Last year, its food and agriculture imports totaled \$2 billion with U.S. exports to Cuba totaling \$291 million, according to the U.S.-Cuba Trade and Economic Council. Through August of this year, U.S. exports to Cuba totaled just \$124.7 million, far below last year’s pace. In 2007, U.S. exports to Cuba hit a record \$710 million.

John Kavulich, president of the U.S. Trade and Economic Council, said while a letter to the congressional leadership is helpful, the governors would be better off lobbying the Cuban government to allow U.S. companies to take advantage of initiatives put in place thus far this year by President Obama.

“Also important to know that many non-United States companies exporting products to Cuba are either government-operated or have government payment guarantees,” Kavulich wrote in an email. “Vietnam provides Cuba with two years to pay for rice and many companies incur substantial payment delays. United States laws and regulations which impact United States companies are only 50 percent of the commercial equation.”

Ten years ago Vermont sold several dozen cows to Cuba to rebuild its dairy herd. The state also had a tentative deal to sell apples but that deal fell through.

Right now the best prospects for Vermont exports to Cuba remain food and agricultural products, especially given the proximity of Cuba to the U.S., said Chuck Ross, secretary of the Agency of Agriculture Food and Markets.

“I think one of the best opportunities would be around dairy,” Ross said, citing the previous dairy deal between Vermont and Cuba. He also said dairy genetics, whey, powdered milk and apples are other possibilities and even value-added products like Vermont maple syrup and cheese. But Ross said until there is two-way trade it will be difficult to truly gauge the Cuban market.

John Parke Wright IV, the Florida businessman who brokered the sale of the Vermont cows, said the governors’ letter will help build momentum to end the embargo. But Wright also cautioned that developing the Cuban economy will take time. “The problem of the Cuban economy is it’s not really a consumer economy,” Wright said. “If the average salary is \$20 to \$50 a month, it’s hard to buy Ben & Jerry’s ice cream.”

Ross agreed, saying because Cuba is neither big or wealthy it would be a mistake to expect too much. “It’s not a panacea for Vermont but it may be an opportunity for certain product lines,” he said.

When Obama announced in December he would re-establish diplomatic relations with Cuba, he cited the failure of the embargo and the need to try a new approach.

The call to end the embargo has the unanimous support of Vermont Sens. Patrick Leahy and Bernard Sanders and Rep. Peter Welch.

Leahy and Sen. Jeff Flake of Arizona have introduced a bill that would lift the ban on U.S. travel to Cuba. Although Obama has eased travel restrictions, travel to Cuba for tourism is still prohibited.

The governors in their letter said that beyond the business benefits, ending the trade embargo would have other benefits. “Expanded diplomatic relations, corporate partnerships, trade and dialogue will put us in a better position to boost democratic ideals in Cuba. This goal has not been achieved with an outdated strategy of isolation and sanctions.”

There are members of Congress who remain opposed to lifting the trade sanctions, including Republican presidential hopefuls Sen. Marco Rubio of Florida and Sen. Ted Cruz of Texas. Both, who claim Cuban ancestry, said lifting the embargo without an end to the Cuban dictatorship will only delay a return to democracy.

In addition to Shumlin, the letter was signed by the governors of Virginia, Washington, Pennsylvania, Montana, Minnesota, Idaho, Alabama and California.

Knowledge@Wharton

University of Pennsylvania

Philadelphia, Pennsylvania

14 October 2015

When the Allies won a crucial victory at El Alamein during World War II, many thought that it meant they would soon defeat the Nazis for good. But British Prime Minister Winston Churchill countered with a different observation in a 1942 address. “This is not the end,” Churchill said. “It is not even the beginning of the end. But it is, perhaps, the end of the beginning.”

A similar realization has developed for U.S. businesses hoping to break into the Cuban market. In the 10 months since President Barack Obama announced plans to normalize relations with Cuba, more has changed than in the previous five decades: Cuba was removed from the U.S. list of state sponsors of terrorism; the U.S. reopened its embassy in Havana, the Cubans did the same in Washington, and the U.S. implemented a number of new rules to ease restrictions on American firms doing business on the island.

“This is the new normal, and isn’t that a wonderful feeling?” said Pedro A. Freyre, partner and chair of the international practice at Miami-based law firm Akerman LLP. “It doesn’t mean all the issues have been resolved. We are dealing with two very different political systems and economic systems — that’s the reality. But now we can work from an atmosphere of normalcy instead of being adversaries *Twitter*.”

But as Freyre and other speakers pointed out at the recent U.S.-Cuba Corporate Counsel and Cuba Finance, Infrastructure and Investment summits in New York, there is ample work left to be done, and many economic and political unknowns on both sides of the Straits of Florida. The conferences were organized by Knowledge@Wharton, The Lauder Institute, Tres Mares investment firm in Miami, and Momentum Event Group.

The current environment creates a unique challenge for U.S. businesses that would like to do business in Cuba. While firms have more freedom to plan and pursue opportunities than ever, they also face significant roadblocks — most notably the U.S. embargo and uncertainty over when (or if) it will be lifted, as the President grapples with an unfriendly Republican-controlled Congress and prepares to leave office in 2016.

There are also questions over how the two countries will deal with claims by U.S. residents and businesses on property that was seized by the Cuban government in the 1960s; uncertainty over how far or in what direction the Cuban government is willing to go in opening up its largely state-run economy to development, and unfamiliarity with the Cuban mindset for doing business.

“We are dealing with two very different political systems and economic systems — that’s the reality. But now we can work from an atmosphere of normalcy instead of being adversaries.” – Pedro A. Freyre

“You do not resolve 54 years of confrontation in five months,” noted Freyre, who was born in Havana and left for the U.S. with his parents in 1960 following the Cuban Revolution that brought the current Communist regime to the country.

Among the notable forward movements in the past year, according to Freyre: Home sharing site Airbnb is now operating in Cuba; the Discovery Channel is airing *Cuban Chrome*, a reality series shot on the island; long distance calls to the U.S. and roaming services are now available, and Florida-based Stonegate bank has signed a deal that allows it to handle financial transactions with Cuba.

A Sense of Urgency

However, Freyre added that yet to come are an agreement that would restore airline service between the two nations; a continued pushing of Obama’s executive authority to ease regulations for doing business in Cuba, and legislative action on the embargo.

“We need to build on success,” Freyre noted. “When we accomplish something in a given area, we need to define it and we need to build on it. We need to have a sense of urgency — we’re coming up on an election year. My sense is that the toothpaste is out of the tube and it can’t be put back in, but there are people who want to put it back on both sides.”

For Cuba to become more viable for investment, the Cuban government also needs to move forward on a number of issues, including its dual currency system, lack of Internet access and a need for bureaucratic streamlining. “There have to be clear rules of the game for investment,” Freyre said. “The Cuban government has to build more employment bases. Will they establish small and medium-sized enterprises? There are also questions about expansion of the private sector, the issue of private property, labor law reform, electoral reform.”

But it’s not clear that the Cuban government feels a sense of urgency to act on many of these issues, said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council. Though the government agreed to reestablish diplomatic relations with the U.S., there is plenty Cuban leadership hasn’t agreed to — including confirming itineraries for commercial vessels, allowing Cuban entrepreneurs to buy or lease goods directly from U.S. firms and establishing Internet services.

“They haven’t been responding in a timely manner to inquiries from U.S. companies — they are absolutely overwhelmed,” Kavulich noted. “But even auto replies to e-mails ... that would be a good step.”

He added that the Cuban government has actually decreased food and agricultural purchases from the U.S. “If anything seems counterintuitive, it’s that. They established the relationship — wouldn’t you want to reward Obama? They haven’t.” Nearly 11 months have passed since the reestablishment of relations, “with no demonstration of urgency by the government of Cuba,” he continued, noting that the Cuban government has made clear that before a completely normalized relationship can exist, the issue of “between \$100 billion and \$1 trillion” in reparations for seized property needs to be settled and Guantanamo Bay must be returned to Cuba, among other issues. “What the U.S. sees as pressure with a smile is perceived by the government of Cuba as weakness,” Kavulich noted.

Moreover, he said, Cuban President Raul Castro is “unlikely to see the necessity of quid pro quo” with the Americans, while Obama is unlikely to walk back any of the changes the U.S. government has already made. “Cuba recognizes that Obama’s desire to visit Havana is greater than the host country’s belief that the visit is required to further its global interest,” Kavulich said.

The Cuban government has instead used the changes that have taken place in the relationship with the U.S. to market itself to the world, Kavulich noted. “The Cuban government is very skillful at using all of this to go to Spain, Germany, France, Brazil [and say,] ‘Look at all these companies that have been down here, or [are] in *The New York Times* saying they want to be here or have come and visited. You better hurry up ... or there isn’t going to be any room left because the Americans are going to take everything. But the reality is, the Cubans are not going to allow that.”

“They haven’t been responding in a timely manner to inquiries from U.S. companies — they are absolutely overwhelmed.” –John S. Kavulich

Kavulich added that it is unlikely that any legislation will be enacted in the U.S. until the new president takes office. “It’s important to understand that there is a lot more aspirational thinking than practical analysis going on,” he said. “Everyone needs to take a proverbial deep breath — or three or four — and understand what Cuba is. Cuba should not be oversold or undersold; it should be sold for what it is.”

What Cuba likely isn’t, observers at the conferences noted, is an economy hurtling toward capitalism. “The Cubans updating their systems — and they started that process well before regulations changed in the U.S. — doesn’t necessarily mean they’re going to go to capitalism,” said Uriel Mendieta, a partner at law firm Hunton & Williams LLP. “It means they’re going to try different things.”

Even if the embargo were to be lifted next year or the year after, “it doesn’t mean listed U.S. companies would be opening shops all over Cuba,” Mendieta added. “I don’t think that’s realistic. Cuba is trying to balance a socialistic model and basically maintain wage parity and struggling to do that with all the new money coming in.”

According to Pamela Falk, an expert on Cuban foreign policy, the Cuban government is faced with the challenge of figuring out “how they get a piece of what we all want to give them — business.” Falk is former staff director of the subcommittee on Western Hemisphere Affairs for the U.S. House of Representatives International Affairs Committee.

Further Reform

Following a year of whirlwind change in U.S.-Cuba relations, the near future will see much more incremental developments, according to Ed Rubinoff, a partner at international law firm Akin Gump Strauss Hauer & Feld LLP.

While the executive branch of the U.S. government doesn’t have the power to lift the entire embargo — which after the passage of the Helms-Burton Act in 1996 prohibited recognition of a government that included the Castros and endorsed the implementation of a democratically elected government there — there is more flexibility on altering or refining it, Rubinoff said.

“There is some concern about provoking Congress too much and being accused of overstepping the boundaries of legislative authority,” he noted. “The changes that may happen may be fairly limited, substituting engagement for isolation and ... providing economic and other opportunities for ordinary Cuban citizens.”

Restrictions on individual travel have been relaxed about as much as they can be, Rubinoff said, though a civil aviation treaty and regularly scheduled flights between the two countries would make travel easier for those who are able to make the trip.

While Stonegate will handle U.S. banking transactions in Cuba, there is “no reciprocity; Cubans can’t open up corresponding accounts in the U.S.,” which might be a constraint on future banking relationships, Rubinoff said.

**“The Cubans updating their systems ... doesn’t necessarily mean they’re going to go to capitalism.”
–Uriel Mendieta**

The politics behind the U.S. relationship with Cuba is different from the Democrats vs. Republicans dynamic that has characterized most other issues in Congress, Rubinoff said. There is support on both sides of the aisle for strengthening the Cuba relationship, he noted, though Republican leadership “has been pretty uniformly opposed to change — but now that leadership may be changing” with Ohio Rep. John Boehner leaving his post as Speaker of the House.

“There is a dispute over whether advocates should push for a full or partial lifting of the embargo,” Rubinoff added. “The prospects for a full lift are probably limited; as we get further into the election cycle, the chances of that happening are fairly slim, though there are some prospects for partial relief.”

‘Win-win Scenarios’

Beginning in 1964, the Foreign Claims Settlement Commission (FCSC) — an independent arm of the U.S. Justice Department — has registered more than 5,000 certified American claims from individuals, families and corporations of lost property in Cuba. The claims total about \$1.9 billion in 1960s dollars, meaning they’re worth about \$7 billion today applying an annual 6% interest rate set by the FCSC.

Freyre noted that there are a number of challenges involved in finding some resolution for those claims. Though there is a methodology of compensation already on the books in Cuban law, “the issue then becomes, what is the method? ... It’s unrealistic to believe that the Freyre family comes back from Coral Gables to our houses in Cuba, which are now occupied by Cubans born after the revolution who have

lived in those houses for their whole lives,” he says. “It’s also unrealistic that the Cuban government pulls out of its pocket to compensate us.”

What would be realistic, he added, would be to give Cuban-Americans the opportunity to have “first right of refusal” to capitalize corporations that were taken over by the Cuban government, or to rebuild and reactivate mills or factories that have been inactive. “Cuba needs to think about this and figure out a way to build a win-win situation,” Freyre said.

For solutions to many of these issues, Freyre and others at the conferences said the governments in both countries could look to average citizens and to the business and personal relationships that have existed for decades between people in the U.S. and people in Cuba.

“Cuba is one nation living in two countries,” Freyre noted. “The Cuban nation, which is by definition the Cuban people, live on two sides of the Strait. That relationship has never stopped through [the last] 54 years.”

McClatchy News (Miami Herald)

Washington, DC

13 October 2015

Despite White House opening, exports to Cuba continue to drop

New monthly data shows value of food, agricultural shipments at just \$2.3 million

Farm groups eager for more trade with island nation 90 miles from U.S.

Expert: Cuba engaged in ‘a political game of chicken’



Francisco Gil reads the announcement of the reopening of embassies in Havana and Washington, Wednesday, July 1, 2015, in the Little Havana area of Miami. President Barack Obama has moved this year to usher in a new chapter in relations between the U.S. and Cuba after a half-century of hostility. Alan Diaz AP

By Chris Adams
WASHINGTON

U.S. agricultural and food exports to Cuba continued dropping in recent months, despite this being the year the United States is working to substantially open trade with the island nation.

In August, exports of food and agricultural products authorized under a 2000 trade law dropped to \$2.3 million, according to new data from the U.S.-Cuba Trade and Economic Council.

That’s off substantially from the start of the year – despite the much ballyhooed thawing of trade and diplomatic relations with Cuba. Announced in December by President Barack Obama, the opening aims to undo a decades-old policy the White House considers outdated and ineffective. It already has led to renewed diplomatic relations with Cuba, and American farmers are particularly excited about the potential for a thriving market with 11 million people just 90 miles from U.S. shores.

So far this year, however, food and agriculture exports to Cuba are going down, not up. In December 2014, the month Obama announced the first initiatives, exports to Cuba were \$25.2 million, according to

the trade council's data. They dropped to \$3.3 million this past July and then \$2.3 million in August. A year ago, in August 2014, exports were \$14.4 million.

John S. Kavulich, president of the trade council, said that some short-term issues explain part of the drop. Poultry shipments, for example, dropped due to avian flu issues but are expected to rise in October. It's also unclear what an additional round of changes announced in September will have on shipments to Cuba. Those changes include giving U.S. firms the ability to maintain physical operations in Cuba, a significant help for firms looking to boost business ties with the island.

But to Kavulich and other experts, the Cuban government – which controls the purchases of such food and agricultural products – is slowing its activity with U.S. firms as a way to exert leverage on the U.S. political process, hoping for even greater concessions.

While the trade embargo on Cuba is still in place, the changes announced by the Obama administration have chipped away at it. But significant restrictions remain – particularly one that prohibits U.S. growers from selling to Cuba on credit. Getting that restriction lifted is a goal for both the Cuban government and many U.S. farm groups.

“The concessions made by the president were significant – and yet you don't see any evidence of Cuba reforming their economy or addressing U.S. concerns such as certified claims or human rights,” said Jason Poblete, an international regulatory lawyer with Poblete Tamargo LLP. “My sense is that nothing that has happened this year is going to move the needle in any appreciable way. They're playing a political game of chicken, hoping Congress will ease sanctions, especially the credit prohibitions.”

The City Wire

Fort Smith, Arkansas

13 October 2015

Arkansas poultry industry eager for increased trade with Cuba

story by Kim Souza



While most U.S. businesses have been shut out of Cuba for 55 years, Arkansas' poultry industry has exported broiler meat to the tiny island nation for more than a decade. In fact, frozen chicken has been the top grossing U.S. export to Cuba since 2009, according to the U.S.-Cuba Trade and Economic Council.

U.S. poultry companies including Tyson Foods have sold \$63.284 million of frozen chicken to Cuba through July of this year, according to the council records. Chicken comprises 51% of the total exports to Cuba. That said, chicken exports to Cuba are down this year due to an Avian Influenza trade ban since August. U.S. officials recently confirmed that Cuba has purchased at least 30 million pounds of U.S. chicken to be delivered some time in October.

With improved government relations between the U.S. and Cuba and increased demand for poultry products there, Cuba is viewed as a growth area for U.S. chicken exports. That's why officials from Springdale-based Tyson Foods and Siloam Springs-based Simmons Foods were part of the recent trade delegation visiting Cuba from Arkansas. Arkansas Gov. Asa Hutchinson (R) led the delegation.

“The Cubans can’t raise enough food to feed their people, and there is an opportunity for Arkansas to help in so many ways,” said Randy Veach, president for the Arkansas Farm Bureau, who also took part in the trade trip to Cuba.

“Tyson and Simmons Foods were both present in meetings with Cuban Alimport, the import-export company run by the Cuban government,” Veach said. “We also met with animal science professors and discussed their poultry research, dairy research, duck, geese and pork research. Then we met with professors doing research on rice, feed grains and soybeans. There is a great opportunity to exchange ideas on agricultural research.”

Mark Simmons, board chairman, who accompanied Gov. Hutchinson on the recent trip to Cuba, said there is still a lot of work to do. Simmons Foods does not have regular customers in Cuba and is eager to change that. “We are certainly looking forward to the possibility of longer term business relationships,” Simmons said.

Simmons Foods’ business primarily serves food service and restaurants, along with private label chicken for retail. Tyson Foods is among the U.S. companies already selling chicken to Cuba, through the company did not disclose how much.

“We support Governor Hutchinson’s efforts to eliminate trade barriers to Cuba for Arkansas’ agricultural products, especially protein-rich chicken. Representatives from Tyson Foods were with the Governor’s group in meetings there recently. We’re hopeful those talks will soon benefit both the farmers of Arkansas and the people of Cuba,” said Worth Sparkman, corporate spokesman for Tyson Foods.

FULL POTENTIAL

Arkansas poultry companies are not the only ones vying for the Cuban market. Given its 11 million residents and its close proximity to the United States. Producers and processors in Alabama and Georgia also are eager to boost chicken exports to Cuba.

Dr. H.L. Goodwin, professor and agri-economist at the University of Arkansas, said Cuba holds sizable potential for poultry exports from U.S. processors. He said, like most poultry exports, Cuba prefers dark meat and having another dark meat market so close to the U.S. could yield more sales for local companies if the required cash-only terms that now exist can be reviewed. He said if the cash-only terms required by the U.S. could be transformed into a credit program that likely would improve sales of U.S. poultry and other food commodities.

Gov. Hutchinson also has said the cash-only policy is holding back sales of Arkansas agri products because Brazil and other countries extend credit to Cuba. He said cash-only terms put U.S. and Arkansas companies at an unfair trade advantage with Cuba.

“Congress needs to work (on this issue) selling to Cuba on credit,” he said during a recent interview on Talk Business.

Cuba’s per capita consumption of U.S. chicken is about 35 pounds per year. Goodwin said Cuba’s imports of U.S. chicken have increased gradually since 2004. But as Cuba’s economy becomes more open to the U.S., and income among Cuban citizens improves, their meat consumption levels should also rise. At the full potential Goodwin estimates the U.S. poultry markets could see about a 30% jump in its chicken exports to Cuba if the per capita consumption of chicken were to reach 50 pounds per person.

He said Cuba is a tiny nation in terms of all U.S. chicken exports comprising at the very most roughly 10% of the total, or 20% of the dark meat. However, Goodwin said Cuba is an important trading partner for Arkansas. Goodwin said Arkansas poultry and other agri exports could travel down the Mississippi River through the Port of New Orleans and then travel the around 573 nautical miles to Havana.

In the short term, Hutchinson said increased commercial flights into Cuba from the U.S. should help promote tourism dollars that fuel the Cuban economy. He said the Cuban government also must win the trust and confidence of working with the private sector to spur more economic investment there. He also said there are educational sharing opportunities likely between the University of Arkansas and the University of Havana.

Arkansas Democrat-Gazette

Little Rock, Arkansas

13 October 2015

Bird flu fears push Cuba exports down

By Scott Morris

U.S. food and agriculture exports to Cuba fell 84 percent in August compared to the same month a year ago, a New York-based research organization said Monday.

Soybeans valued at \$2.3 million were exported to Cuba in August 2015, according to a report by the U.S.-Cuba Trade and Economic Council.

Total U.S. food and agriculture exports to Cuba were about \$14.4 million in August 2014, according to the council.

The report said poultry sales have fallen because of concerns about avian influenza but added that exports are expected to increase this month.

Limited trade between the two countries is permitted despite of the U.S. trade embargo. Health care products also may be exported to Cuba, but those figures were not included in the council's report.

President Barack Obama has called for lifting the embargo but faces opposition from Republicans in Congress. Arkansas rice, pork and poultry producers are eager to sell to Cuba, and U.S. Sen. John Boozman and U.S. Rep. Rick Crawford have introduced legislation to loosen trade restrictions without ending the embargo entirely.

El Nuevo Herald

Miami, Florida

12 October 2015

En declive las exportaciones de alimentos de EEUU a Cuba

La venta de productos agrícolas disminuyó un 44% pese al interés de las empresas estadounidenses
La exportación de medicinas y productos médicos alcanza su nivel más alto
Whisky y tequila entre los diez productos más exportados a la isla



Un granjero conduce su tractor cerca de un sembradío de frijoles de soya cerca de la población de Ladora, en el estado de Iowa. Charlie Neibergall AP

Nora Gámez Torres

La exportación de productos agrícolas de Estados Unidos hacia Cuba disminuyó un 44 por ciento en lo que va de año pero el gobierno de la isla ha importado más de \$3.6 millones en productos médicos, la cifra más alta en la última década, según cifras del U.S.-Cuba Trade and Economic Council.

En agosto, Alimport—la empresa estatal que controla las importaciones y exportaciones de productos agrícolas—compró alrededor de \$2 millones en frijoles de soya, comparados con más de \$14 millones de alimentos importados en julio.

En lo que va de año, el valor de las exportaciones a Cuba alcanza los \$124,695,833 y aunque la cifra podría remontar en el último trimestre, es improbable que alcance los \$291,258, 881 que alcanzaron en el 2014.

La tasa descendente en las exportaciones a la isla no puede explicarse solamente por el cese temporal de las compras de pollo congelado debido a un brote de gripe aviar en EEUU, pues las compras de otros productos disminuyeron proporcionalmente. Por ejemplo, el año pasado Cuba importó alrededor de \$28 millones en maíz pero este año solo ha comprado unos \$4.8 millones.

Según John Kavulich, presidente del U.S.-Cuba Trade and Economic Council—una organización que monitorea el comercio entre ambos países—, el decrecimiento podría deberse no solo a las ventajas crediticias de negociar con entidades de gobiernos aliados sino también a una decisión de las autoridades cubanas de limitar las compras para estimular mayor presión de compañías de Estados Unidos y congresistas para eliminar el embargo.

De acuerdo con un reciente reporte comisionado por los miembros del Congreso, mientras las importaciones agrícolas provenientes de Estados Unidos han ido disminuyendo desde el 2009, las compras de alimentos se han mantenido más o menos estables, ahora con Brasil y la Unión Europea a la cabeza como principales proveedores.

Entre las principales causas de la caída en las exportaciones el reporte cita las regulaciones que limitan el otorgamiento de créditos para estas compras a Cuba así como el posible interés del gobierno cubano en diversificar su red de proveedores o establecer alianzas con aliados como Brasil, China y Vietnam. Dos compañías estatales vietnamitas ofrecieron a Cuba créditos de hasta dos años para pagar el arroz comprado, según reportó Kavulich.

Sin embargo, las ventas de medicinas y otros productos médicos alcanzaron su máximo histórico desde el 2003, cuando Cuba realizó compras por un poco más de \$9,000. Estas ventas aumentaron significativamente en el 2006 (\$814,866) y en el 2013, cuando superaron los dos millones de dólares. En el 2015, las exportaciones en esta área suman \$3,690,531 hasta el 31 de agosto.

Cuba presentó el borrador de una resolución contra el embargo que será votada en Naciones Unidas a fines de este mes, en el que estima afectaciones en el sector de la Salud que ascienden a \$2,541 millones. El informe incluye casos de hospitales y centros de investigación que han reportado no poder adquirir medicamentos o instrumental porque son manufacturados en Estados Unidos, pese a que las exportaciones de productos médicos están permitidas.

EEUU vende whisky y tequila a Cuba

Por otra parte, el whisky y el tequila llegaron por primera vez a la lista de los 10 productos más comprados por Cuba, aunque las cifras son modestas en comparación con los importaciones de alimentos. En lo que va año, Cuba importó unos \$61,335 en whisky y bourbon, y otros \$13,340 en tequila procedente de Estados Unidos, los cuales probablemente iban dirigidos al turismo y a ventas minoristas, con los paladares como destino final.

Los dueños de estos negocios no tienen personalidad jurídica para importar o exportar y tampoco existe un mercado mayorista, por lo que deben comprar sus insumos en las tiendas estatales que venden productos a la población en la moneda convertible de Cuba, el CUC.

Las reformas lentamente implementadas por el gobierno de Raúl Castro para estimular la producción de alimentos aún no han obtenido los resultados esperados y el país continúa importando alrededor del 75 por ciento de lo que consume la población por unos \$2,000 millones anuales.

Arkansas Democrat-Gazette

Little Rock, Arkansas

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Cuba markets nowhere ripe, Arkansans say

By Scott Morris

Burt Hanna saw just one candle when he joined Gov. Asa Hutchinson's recent economic development mission to Cuba.

Hanna, president of Hanna's Candles in Fayetteville, made the trip because he's interested in locating a manufacturing facility in Cuba. What he found, he said, was a country that lacks the underpinnings of a modern economy. "It's like going back 100 years in America," he said. "I don't know where you would find a hammer, a saw or a screwdriver."

Mark Simmons, chairman of Simmons Foods, the Siloam Springs-based poultry producer, came away from a visit to a Cuban grocery store with a similar impression. "There was a lot of white space on the grocery store shelves where they didn't have product," Simmons said.

Hutchinson has predicted Arkansas eventually will become a "trading partner of significance" with Cuba but cautioned that it will take time to develop normal commercial ties between Cuba and the United States. Hanna's Candles is not the only nonagriculture Arkansas business with an interest in Cuba. And the state's rice, poultry and pork producers are especially keen to take advantage of improving relations between the two countries.

Even under the limitations of the longstanding U.S. embargo, companies based in the United States export hundreds of millions of dollars' worth of food, health care products and agricultural commodities to Cuba each year. But current federal law prohibits financing exports to Cuba and requires upfront cash payments, hampering the ability of farmers and ranchers to increase sales.

President Barack Obama has called on Congress to lift the embargo, but the White House has acknowledged that is unlikely to happen anytime soon because of opposition from Republican lawmakers who argue President Raul Castro's government is a brutal dictatorship that should remain isolated.

In the interim, Hutchinson said, Congress should authorize credit sales to cash-poor Cuba and the Cuban government should overhaul its centralized economy. The benefits of increased trade, the governor said, could pave the way to greater political freedom for Cuban citizens.

That's not a message the Castro government is likely to welcome, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a nonprofit research organization in New York.

Indeed, Castro said last month at the United Nations that relations between the two countries wouldn't be fully normal until the U.S. lifts the embargo, returns Guantanamo Bay to Cuba and stops trying to undermine the Cuban government.

Kavulich said Castro's deep distrust of the U.S. government and U.S. business isn't likely to change quickly.

Kavulich noted the value of U.S. food and agricultural exports to Cuba fell from \$710 million in 2008 -- the last year the U.S. sold meaningful quantities of rice to the Castro government -- to \$291 million in 2014.

The trend continues this year, with food and agricultural exports down 40 percent to date compared with 2014, Kavulich said. Cuba reduced its purchases from U.S. companies to punish them for failing to persuade Congress to loosen the restrictions on trade, Kavulich said.

Arkansas produces about half the rice the U.S. exports, so the impact on the state's growers and processors can be significant. In the 2007-08 market year, the last period when more than a token amount of rice was sold to Cuba, the U.S. exported about 9,700 tons on a milled basis to the island, according to the U.S. Department of Agriculture. That was down from a high of almost 198,400 tons in the 2003-04 market year, USDA said. Currently, U.S. experts agree, Cuba imports about 551,000 tons of rice annually.

Much of that rice comes from Vietnam, which allows Cuba to finance its purchases for up to two years. Greg Yielding, executive director of the Arkansas Rice Growers Association, was not part of Hutchinson's delegation but has been to Cuba. He said he believed U.S. companies would extend credit to Cuba on terms they found acceptable if the federal restriction is lifted. "It's a huge market," Yielding said. "They eat a lot of rice."

Terry Harris, senior vice president of marketing and risk management at Stuttgart-based Riceland Foods, did not join Hutchinson's trip but has visited Cuba in the past. He said his company would never give two years' credit to any customer and conceded U.S. rice is more expensive than rice from Cuba's traditional suppliers. However, he said U.S. producers have advantages of their own. Rice can be transported to Cuba much more quickly from the United States than from Asia. In addition, Harris said, U.S. rice can be shipped on small vessels that are able to enter ports other than Havana, which cuts ground transportation and storage costs for the Cubans.

In addition, Harris said, the Cuban government wants to export products such as rum, citrus fruit and cigars to the United States, which may make it more amenable to paying higher prices for high-quality U.S. rice. Cuba also is eager to entertain American tourists, another source of hard currency, Harris noted. "And certainly a lot of Americans want to visit Cuba because it's been forbidden for so long," he said.

Mike Preston, director of the Arkansas Economic Development Corporation, said increased American tourism would give Cuba another incentive to buy the high-quality U.S. products those tourists would expect.

Simmons, whose company sold chicken products to Cuba before trade between the two countries dried up, said he joined Hutchinson's delegation because he wanted to re-establish the company's relationships with Cuban officials. But he agreed that normalizing commerce between the two countries would take time. "The people in charge are not really, at this point, ready to embrace a free market economy," Simmons said. "That's not really surprising considering where they've come from. It may be a slow process."

Melanie Wells, co-owner of ETW Enterprises, which sells poultry bedding among other products, said officials she met in Havana seemed mostly interested in joint-ventures that would be controlled by the Cuban government. "They're not quite ready for the type of business that any of us in the U.S. would want," Wells said.

Robert Coats, extension agricultural economist for the University System Division of Agriculture, said the political leaders of both the United States and Cuba have good reason to overcome their philosophical differences. "The global economy is extremely weak right now," Coats said. "That creates economic, energy, food and homeland security issues for every country in the world."

Russia's invasion of Crimea and military presence in Syria alarm Washington, Coats said, while Cuba has lost some support from longtime patrons Venezuela and Brazil that are suffering their own economic woes.

"We [both] need neighbors around us that are friendly to us in a world that's very unstable," Coats said.

The Washington Post

Washington, DC

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U.S. officials are frustrated by lack of progress in trade with Cuba



US Secretary of Commerce Penny Pritzker (L) speaks with a Cuban schoolgirl as she walks along a street in old Havana, on Oct. 7. (YAMIL LAGEYAMIL LAGE/AFP/Getty Images) (Yamil Lage/AFP/Getty Images)

By Nick Miroff

HAVANA — U.S. trade sanctions against Cuba have been in place for 54 years, but never before have the presidents of both countries said the same thing about them.

Lift the embargo, Raúl Castro says. Lift the embargo, President Obama says, urging Congress to do so. Exactly how that is supposed to happen is the emerging point of contention in a still-fragile relationship marinated in distrust. Nearly a year has passed since the presidents put the countries on a path toward normalization, but with Obama out of office in 14 months, their window of opportunity is shrinking.

After announcing last month the most significant loosening of Cuba sanctions in decades, the White House says there is little else it can do without Havana's help. If the Castro government engages more readily with American businesses, signs new contracts and green-lights more connections for travel and telecommunications, business interests will poke so many holes in the embargo that it will fold, engagement advocates say.

But so far Cuban authorities have demonstrated little appetite for such "carrots," as Obama has described them, saying the sanctions are still too big a stick.

Senior U.S. officials say that the full removal of the embargo will only be possible if Cuba makes democratic reforms, describing embargo opponents in Congress as "desperate" for gestures from the Castro government.

A visit to Havana this week by U.S. Commerce Secretary Penny Pritzker only seemed to underscore how far the governments have to go. With no new agreements or business deals to announce, the commerce secretary — the first to make an official visit to Cuba in 65 years — seemed like one more in the parade of U.S. lawmakers and corporate leaders who have returned from Havana with little more than rum and cigars to show for it.

"There is much we in the United States do not fully understand about the Cuban economic system," Pritzker told reporters Wednesday evening at the end of a 36-hour visit. "I'm here because we need to develop relationships with each other and start to learn from one another."

Business ties will not be rebuilt overnight, nor in a tit-for-tat way, she said.

"The president wants to see the embargo lifted. I think the president recognizes that's going to take time and we're going to have to demonstrate progress in the relationship, and that both President Castro and

President Obama have a limited amount of time. That's a point [Cuban] leaders did raise with me," Pritzker said.

"But we're very clear: There are things that have to happen on both sides."

Trade analysts say even less is happening on the Cuban side this year despite the normalization of diplomatic relations in June and Obama's latest move authorizing some U.S. businesses to trade with Havana, hire Cuban workers and establish a physical presence on the island.

Cuba has implemented a roaming agreement with U.S. carrier Verizon and signed a deal with a New York state-based drug company to market a Cuban cancer drug.

But other new opportunities remain unfulfilled. The U.S. government has eased restrictions on sales of goods and services to private entrepreneurs and cooperatives, but because imports on the island must be routed through state agencies, Cuba's hairstylists, computer technicians and restaurateurs continue to bring in American supplies the old way: in travelers' suitcases.

More notable, analysts say, is the decline of U.S. food exports to Cuba by more than 40 percent to a projected \$150 million for 2015, down from a peak of \$710 million in 2008. Because the U.S. sanctions don't allow food sales on credit — a norm of international trade — Cuba says it can get better deals in Brazil, Canada and elsewhere.

When pressed, Cuban officials insist the limits to trade between the two countries are all on the U.S. side. The trade sanctions have a lot of teeth left, they say, continuing to ban most Cuban exports, block U.S. tourism and make banking nearly impossible.

And the threat of U.S. fines continues to squeeze the Cuban economy by scaring away foreign investors. At a news conference Thursday organized by Cuba's Foreign Ministry on the effects of the sanctions, tourism official Maria del Carmen Orellana said a French real estate investor interested in signing a condominium deal recently pulled out because his Paris-based bank, PNB Paribas, now bars its clients from doing business with Cuba. The bank agreed to a \$9 billion fine last year by the U.S. Treasury Department for violations of economic sanctions related to Cuba, Sudan and Iran.

The steps Obama has taken to date don't go far enough to ease the stigma, officials said.

"These measures have led to something that is better than what we had before, and help create an atmosphere for engagement, but they don't create the conditions for normalization," Cuban Chamber of Commerce President Orlando Hernandez Guillen said after Pritzker's visit.

John Kavulich, whose U.S.-Cuba Trade and Economic Council tracks bilateral commerce, called Pritzker's visit this week "premature" and "ill-timed."

"It devalued the prestige and significance of a visit by a Cabinet member," Kavulich said. "When a commerce secretary goes to Cuba, it should be to preside over an agreement that's been reached."

If U.S. businesses don't get a clearer signal about Cuba's intentions, he said, the government risks losing the momentum built up so far this year in favor of lifting the embargo.

"There needs to be action to get a reaction," Kavulich said. "Cuba doesn't trust the United States business community and doesn't trust the U.S. government, and both sides recognize that. But the Cuban government needs to demonstrate an interest in commercial relations other than visits to discuss commercial relations."

Retired Cuban diplomat Carlos Alzugaray, now a trade consultant, said Cuban officials would "be stupid not to want more trade." "They know they have to advance as much as possible in the time that Obama has left," he said. "But Cuba thinks the U.S. can do more. If they give what the Americans want right now, they won't be stimulated to do more."

Pritzker said Castro government officials made it clear to her they want a two-way street — and access to U.S. markets for Cuban goods and services, most of which are under the control of state companies run by the military.

An aviation agreement between the two countries that would allow U.S. airlines to resume regular service is likely to be held up if Cuba insists its jets be allowed to land in the United States, because U.S. plaintiffs have won massive judgments against the Cuban government in federal courts, and Cuban planes could be impounded when they touch down on American runways.

El Nuevo Herald

Miami, Florida

9 October 2015

Gobierno cubano reacio a responder a nuevas medidas de Obama

Funcionarios insisten en que Cuba no hará “concesiones”

Pritzker regresa a EEUU sin acuerdos firmados

Advierten que la isla debe reaccionar o arriesga perder el interés de las compañías



Un empleado de una tienda estatal de comestibles en La Habana. Desmond Boylan AP



La secretaria de Comercio de EEUU, Penny Pritzker, y el canciller cubano Bruno Rodríguez, durante su encuentro el miércoles 7 de octubre en La Habana. Yamil Lage AFP/Getty Images



La delegación de EEUU, que preside la secretaria de Comercio, Penny Pritzker, derecha, se encuentra en La Habana con Rodrigo Malmierca, izquierda, al frente de su contraparte cubana. YAMIL LAGE AFP/Getty Images



Pescadores habaneros miran al carguero Helen III, de Maybank Shipping Co., entrando al puerto de la capital cubana en esta foto de archivo. ADALBERTO ROQUE AFP/Getty Images

Nora Gamez Torres

El gobierno cubano volvió a dejar claro esta semana que no será recíproco en las negociaciones con Estados Unidos y que condiciona el progreso en la relación a la eliminación del embargo.

“Hablar de concesiones es decir: ‘qué vamos a dar a cambio de...’ y realmente es el pueblo cubano el que ha sido afectado. Tenemos derecho a nuestra soberanía y nuestra independencia. No es Cuba la que debe hacer concesiones, son los Estados Unidos, quienes han impuesto todas esas medidas”, dijo la directora de la Zona Especial de Desarrollo del Mariel, Ana Teresa Igarza Martínez durante una conferencia el jueves sobre los daños económicos que ocasiona el embargo de EEUU.

La conferencia de prensa –transmitida en vivo por el canal de YouTube del Ministerio de Relaciones Exteriores y en la que participaron también Orlando Hernández Guillén, presidente de la Cámara de Comercio de Cuba y María del Carmen Orellana, directora general de mercadotecnia del Ministerio de Turismo– sucedió al viaje de la Secretaria de Comercio de EEUU, Penny Pritzker, quien regresó de La Habana sin ningún acuerdo firmado.

“La secretaria Pritzker tenía prohibido por ley promover las exportaciones americanas, así que nadie la esperaba de vuelta con ningún tipo de progreso sobre comercio”, comentó al Nuevo Herald, James Williams, quien dirige la coalición de cabildeo en el Congreso, Engage Cuba.

Sin embargo, John Kavulich, al frente del U.S.-Cuba Trade and Economic Council, y quien participó en un evento en Miami este viernes sobre comercio con Cuba, considera que el viaje de la Secretaria fue “prematureo” y debió haber esperado a que el gobierno de Raúl Castro respondiera a las regulaciones implementadas por la administración del presidente Barack Obama este año.

En septiembre, los Departamentos de Tesoro y Comercio autorizaron que organizaciones religiosas y educativas así como compañías de telecomunicaciones o de viajes, entre otras, pudieran abrir oficinas y cuentas bancarias en la isla. También eliminaron otras trabas para que ferrys, cruceros y aerolíneas establezcan servicios regulares en Cuba.

Hasta ahora, el gobierno cubano no ha respondido a ninguna de estas medidas, pese a que, según Kavulich, esto no debilitaría sus posiciones y sería positivo para la economía de la isla, pues una mayor presencia de compañías estadounidenses ayudaría también a establecer mayor credibilidad ante acreedores internacionales.

Las compras de productos agrícolas a compañías estadounidenses han disminuido en el último año un 44%, lo que expertos consideran ha sido utilizado como un mecanismo de presión a los empresarios para que exijan al Congreso la eliminación del embargo.

Igarza respondió en la conferencia del jueves que “no es que no queramos comprarle a EEUU, es que las medidas impuestas nos afectan demasiado”.

Al mismo tiempo, el gobierno cubano sí ha permitido el establecimiento de más vuelos *charters*, la llegada de más visitantes estadounidenses y ha cuadruplicado las importaciones de productos médicos de EEUU, autorizando “todo lo que no conlleva un esfuerzo demasiado grande y trae grandes dividendos. Lo que no quieren hacer es tomar los pasos que permitirían a las compañías estadounidenses tener una presencia física en la isla” agregó el experto.

“El presidente Obama no tiene capacidad de ejercer presión porque renunció a ella cuando dijo que quiere todo normalizado” John Kavulich, U.S.-Cuba Trade and Economic Council

Pritzker llegó a la isla con la intención de explicar el nuevo marco regulatorio y presionar por más liberalización por la parte cubana.

Los funcionarios reaccionaron a la visita de Pritzker señalando que “casi todas las medidas que se han flexibilizado hasta el momento se dirigen al sector privado, aspecto en el que no estamos en desacuerdo. Pero los Estados Unidos están buscando que las operaciones sean directas y omitan los canales cubanos establecidos”, según declaró Igarza.

En enero, la administración de Obama dictó regulaciones que autorizan determinadas exportaciones a los trabajadores por cuenta propia en Cuba. Sin embargo, cualquier exportación a la isla solo puede ser procesada a través de empresas estatales, lo cual ha impedido en la práctica el impacto de esa medida.

Estas circunstancias no serán modificadas en el futuro inmediato, según indicó la funcionaria, quien agregó que “en cuanto a las telecomunicaciones, ETECSA tiene exclusividad en ese sector y revertir esto, sería alterar lo que hoy tenemos aprobado para realizar concesiones a los Estados Unidos”.

Mientras, empresas de otros países continúan haciendo negocios con ETECSA sin temor a la competencia de compañías estadounidenses. La irlandesa Ding acaba de abrir un servicio que permite recargar desde el extranjero las llamadas cuentas “Nauta”, un servicio para acceder a internet que ofrece ETECSA .

Ding lleva trabajando con ETECSA desde el 2010, en la recarga de celulares y ya ha realizado 8 millones de transacciones de ese tipo. La directora de Operación para las Américas de Ding, Erika Zambrano, elogió la profesionalidad de los trabajadores de Etecsa y comentó que su compañía no se ha visto perturbada por el interés de las empresas de EEUU para entrar en el mercado cubano.

“Sentimos que todo va caminando igual. Es decisión de ETECSA si quieren añadir otros proveedores”, dijo. Hasta ahora, Verizon, Sprint, Metro PCS e IDT han firmado acuerdos modestos con ETECSA para ofrecer algunos servicios de llamadas y *roaming*.

Una danza de elefantes

Kavulich advierte que la estrategia del gobierno cubano de insistir en el fin del embargo antes de reaccionar ante las medidas de EEUU puede tener un efecto limitado, porque “en algún momento, las compañías se van a cansar de visitar una Disneylandia –y esto es solo una analogía– y no disfrutar de las atracciones. Los negocios no van a estar esperando porque hay muchos otros mercados que son más abiertos.”

“El presidente Obama ha tomado mucho riesgo político y empleado su capital político para crear oportunidades. Sería útil que el gobierno cubano diera algunas garantías de que ese esfuerzo no ha sido desperdiciado”, sugirió.

Si el gobierno cubano no está reaccionando a las oportunidades ofrecidas por la Administración es “porque el presidente Obama no tiene capacidad de ejercer presión porque renunció a ella cuando dijo que quiere todo normalizado, que iba a hacer todo lo que pudiera desde el punto de vista regulatorio. Él quiere ir a Cuba y, si tú eres Cuba y sabes que le quedan unos meses en el cargo, vas a esperar a ver qué más puedes sacar”, subrayó.

“Creo que estamos viendo una danza de elefantes aquí” Ted Piccone, Brookings Institution

Asimismo, alertó que “si lo que el gobierno está diciendo es que ‘mientras no hagan todo, no queremos nada’, entonces hay que mirar la realidad: el embargo no se va a levantar antes de que el presidente Obama deje el cargo y ciertamente tampoco antes de que Raúl Castro lo deje en el 2018”.

Williams y el director de la revista económica *Cuba Standard*, Johannes Werner, difieren de ese juicio.

“Cada día el impulso para cambiar la política de EEUU hacia Cuba es mayor. Las mismas personas que dicen que no pasará nada en el Congreso, decían hace un año que no había manera de que el presidente Obama actuara sobre la política hacia Cuba”, opinó Williams, mientras que Werner se mostró optimista de que la eliminación de las sanciones es posible, “ahora que el gorila de 800 libras del cabildeo, la Cámara de Comercio de EEUU, fundó un grupo específico para Cuba”.

Por su parte, Ted Piccone, investigador principal de Brookings Institution y experimentado observador de las relaciones EEUU-Cuba, comparó las negociaciones entre ambos países a “una danza de elefantes”.

“Estados Unidos finalmente se está moviendo hacia la pista de baile, de un modo bastante ágil, para estimular el progreso hacia un aterrizaje suave en Cuba”, observó. El gobierno de Castro, por otra parte,

actúa como el “bailador tímido, y se está moviendo muy lentamente para no poner en peligro su posición en casa mientras también continúa cortejando a otros candidatos extranjeros. El tiempo dirá si la apuesta de Obama da dividendos, pero va a ser un proceso lento”.

“Cuba tiene su identidad existencial por proteger, así que lo que está en juego es más grande para ellos”, concluyó.

NPR

Washington, DC

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U.S. Regulators Visit Cuba To Explore Boundaries Of New Trade Opportunities

Scott Horsley

Officials from the Treasury, Commerce, and State Departments visit Cuba this week to grasp a better understanding of the country's economy. They want to know how far the U.S. can go in doing business with Cuba under the limits of the half-century old embargo. Commerce Secretary Penny Pritzker led the delegation, despite criticism from those who say the move comes too soon.

KELLY MCEVERS, HOST: It takes more than a presidential handshake to rebuild trade ties between the U.S. and Cuba after a half-a-century of official isolation. President Obama opened the door to more travel and trade with Cuba, but U.S. businesses are still constrained by the congressionally mandated embargo and by the mysteries of Cuba's own government. This week, regulators from both countries are meeting in Havana, trying to figure out where the commercial boundaries are drawn. NPR's Scott Horsley was there.

SCOTT HORSLEY, BYLINE: Commerce secretary Penny Pritzker led the U.S. team in Havana this week. She and her colleagues toured the old city, drank a lot of Cuban coffee and spent hours talking with their Cuban counterparts, many of whom they were meeting for the first time.

PENNY PRITZKER: After almost 55 years, there's so much we don't know, and we have to begin to develop trust because that's the basis of our ability to move forward as two countries.

HORSLEY: I spoke to Pritzker in an office in the newly rechristened U.S. embassy in Havana. She conceded her hands are still partially tied by the U.S. embargo against Cuba. For example, she was not allowed to bring any American executives along to strike business deals on this trip.

PRITZKER: I can't have a trade mission. I can't do a lot of the things that we typically do in other countries. But I can fact find, and that's what we're trying to do.

HORSLEY: That's how Pritzker wound up on a bus this week, touring the Port of Mariel about 30 miles west of Havana. Charles Baker, who runs the port, was our tour guide. He showed Pritzker where Cuba is dredging the channel to accommodate larger cargo vessels that'll soon be plying an expanded Panama Canal.

CHARLES BAKER: Those large vessels will have a draft of about 15 meters if they're fully laden when they arrive.

HORSLEY: Baker says Mariel will be a natural stopping off point for cargo coming to and from the Pacific with docks just 45 minutes from the open ocean.

BAKER: Compare that to somewhere like Savanna, of course, where they've got to set up a river, which takes many hours and there's quite a complex maneuver. I'm sure they do it expertly, but I'm sure that the captains would very much like a bay like ours to sail into.

HORSLEY: Mariel has room to expand its cargo capacity nearly tenfold, Baker says, but that depends on a further loosening of U.S. shipping restrictions. Back in the states, businesses are also eager to capitalize on new opportunities in Cuba. Steve Joyce of Choice Hotels International wants Congress to lift the embargo so his company can take advantage of what he expects will be at least a fourfold increase in American tourist visits.

STEVE JOYCE: There is a huge pent-up demand for two reasons. One is 'cause it's closest and it's the Caribbean, and everybody loves the Caribbean anyway. But two is, there's a natural tie to Cuba.

HORSLEY: The administration is also pushing Congress to lift the embargo, though officials are not holding their breath. Secretary Pritzker says if Cuba wants more foreign investment, it should make its own regulations more predictable, fix its confusing currency and allow more foreign companies to hire Cuban workers directly.

PRITZKER: Look; I come from the business community. I spent 27 years in the private sector. Those issues are impediments to their achieving their goals.

HORSLEY: Some critics say Pritzker should've waiting for the Cuban government to take those steps before she made this trip. John Kavulich, who heads the U.S.-Cuba Trade and Economic Council says a high-profile cabinet visit at this stage of negotiations is like offering the Cuban leaders dessert or maybe an after-dinner cigar before they've eaten their vegetables.

JOHN KAVULICH: They're getting the entire meal. They've gotten an appetizer, a main course, dessert and a great bottle of wine without having to do much of anything.

HORSLEY: But Pritzker can't stomach the argument that this week's visit was ill-timed.

PRITZKER: We can't even have salad, let alone our main course or dessert until we understand this situation on the ground.

HORSLEY: Pritzker calls this week's trip a first step towards that understanding and towards rebuilding the personal and commercial ties that were severed for so many years. Scott Horsley, NPR News.

Reuters

Havana, Cuba

7 October 2015

Cuba resumes U.S. chicken imports after bird flu halt: traders

HAVANA | By Marc Frank

HAVANA Cuba has purchased at least 30 million pounds (13 million kg) of U.S. chicken for delivery in October, traders told Reuters, ending a two-month suspension that Cuba attributed to a bird flu epidemic affecting the U.S. poultry industry.

A letter emailed in June to traders from Alimport, the Communist-run country's food importer, said Cuba would not accept bids for delivery of chicken in August and September, "taking into account the animal health situation."

Alimport has not publicly commented on the issue and did not immediately respond to requests from Reuters to confirm the lifting of the ban.

Cuba is allowed to purchase U.S. agricultural goods for cash under a 2000 exception to the trade embargo.

U.S. chicken exports to Cuba totaled \$147.5 million in 2014, according to the New York-based U.S.-Cuba Trade and Economic Council, which monitors the trade.

Chicken accounts for about half of U.S. agricultural exports to Cuba, which are down about 40 percent this year, the council said.

The United States is dealing with its worst outbreak of bird flu on record. More than 50 million chickens, turkeys and other birds were culled by August of this year. This is not the same avian influenza virus that has caused human infections in Africa, Asia and Europe.

The New York Times

New York, New York

6 October 2015

U.S. Commerce Chief Makes a Pitch in Cuba

By JULIE HIRSCHFELD DAVIS

HAVANA — The United States commerce secretary, Penny Pritzker, told Cuban officials on Tuesday that the Obama administration wants to create as many business opportunities as possible in their nation for American companies despite the long embargo and more than five decades of Cold War estrangement.

“We want to make sure that you understand how our regulations work, because I think there’s business opportunity in that,” Ms. Pritzker said as she toured a newly built port and economic development zone in Mariel.

“What we’re trying to do is be as open as we can until the blockade is lifted,” she added, using the term Cubans use for the American laws that have banned most trade and commerce between the two countries.

Ms. Pritzker, the first commerce secretary to visit Cuba since 1950, is the second member of Mr. Obama’s cabinet to make the trip since Mr. Obama and President Raúl Castro announced last year that they would begin normalizing relations. It comes as American and Cuban commerce and finance officials begin a round of technical discussions of the process this week.

Her assignment is a tricky one, highlighting the obstacles to the opening that Mr. Obama has championed. Despite the regulatory changes that have followed the president’s groundbreaking announcement, including new Treasury and Commerce rules to allow more travel and limited business activities between the United States and Cuba, the embargo is still in place, leaving strict limits on the vast majority of commerce, including tourism.

“We’re leaning in — the president is leaning in — to this relationship,” Ms. Pritzker said of the Cubans in an interview on Tuesday, “but we’re limited in what we can do to help them.”

“The signal, hopefully, that they’ll understand is that we’re trying to lean in as far as we can under the law,” she added.

On Tuesday, Ms. Pritzker witnessed both the frozen-in-time glamour and the poverty of Cuba, where the average wage is now about \$20 a month.

She rode on highways dotted with colorful 1950s-era automobiles and palm-tree-lined boulevards replete with stately Spanish colonial homes, then passed ramshackle houses and apartment buildings in communities where shortages of food and other daily necessities are common.

She dined on Tuesday night with Cuban entrepreneurs and plans to participate in the technical talks on Wednesday, when she will also meet with senior government ministers.

Her mission comes amid questions about how quickly Cuba is willing to make changes in its state-run economy to accommodate closer commercial ties, and whether the impoverished nation could even absorb the onslaught of business that might follow.

John S. Kavulich, the president of the U.S.-Cuba Trade and Economic Council, said the Cubans would likely use Ms. Pritzker's trip as "bait" to further its relationships with other countries, while stalling on making any changes to facilitate business ties with the United States.

"Her visit should not have been scheduled until the Cuban government had, at minimum, formally responded to each of the initiatives announced by President Obama since December, and then put into regulation, so this trip is premature," he said.

"No matter what our rules are, the Cuban government is unlikely to permit American businesses to have a presence in Cuba. It neither trusts the intentions of U.S. companies nor the intentions of the U.S. government."

Touring the port — it was financed largely by Brazilian capital, operates on Chinese equipment and is managed by a Singapore firm — Ms. Pritzker saw firsthand the degree to which the long-running feud between the United States and Cuba has translated into lost American business.

"We do have a certain hamstring in terms of handling traffic from the United States," one port official told Ms. Pritzker, noting that United States law requires that any foreign shipping vessel that docks in Cuba must wait six months before docking in the United States.

"If you could take that message back to Washington," he told Ms. Pritzker, "we'd be thrilled."

Politico

Washington, DC

6 October 2015

Cuba to US: We don't want your food



As the White House tries to open up a trade relationship, Cuba shuts off the spigot. What's going on?

By Danny Vinik

As President Obama's Commerce Secretary Penny Pritzker journeys to Havana tomorrow to promote the idea of a warmer U.S. trade relationship with Cuba, she's shadowed by an awkward fact: The existing trade between the two nations is vanishing, and nobody is quite sure why.

Strange as it might sound for a country under a 53-year embargo, Cuba does buy a significant quantity of American goods every year, thanks to a little-known exception that allows American companies to sell

food and medical supplies there. But as the two countries grow diplomatically closer, that business relationship has dropped off sharply.

Agricultural exports to Cuba slid from \$710 million to \$291 million between 2007 and in 2014. In the first seven months of this year, they've fallen to \$122 million, a 41 percent drop. In July, the only agricultural product that Cuba imported from the United States was poultry, according to the U.S. Cuba Trade and Economic Council.

As Pritzker arrives on Tuesday for two days of high-level talks with senior Cuban officials, the drop-off is a stark reminder of how much control the Cuban government can exert over the relationship—and the limits of the White House's ability to promote U.S. interests.

"What the Obama administration does is only 50 percent of the equation. This is also about what the Cuban government wants," said John Kavulich, the president of the U.S.-Cuba Trade and Economic Council. "And right now the Cuban government is showing a less than enthusiastic focus on what the president's done."

In part the numbers are going down because of pure economics: falling commodity prices push down the value of all trade. Many experts also point to the fact that Cuba can buy agricultural products in a global market. The U.S. has some major competitive advantages—high-quality products and a coastline less than 100 miles from Cuban soil—but American producers still have international competition. And a U.S. law forbids domestic producers from selling agricultural goods on credit to Cuba, putting U.S. producers at a disadvantage.

But many experts say economics is only part of the reason for the decline in exports. They also point a finger at politics. All U.S. agricultural goods must be sold to one state-owned company, Alimport, and many Cuba observers generally believe the Castro regime uses it as a political lever. During much of the 2000s, Alimport purchased U.S. agricultural products from dozens of states with the hope of garnering support from the states' respective lawmakers to repeal the embargo.

"Alimport can certainly make decisions on imports that aren't purely economic," said Michael Gershberg, the special counsel at Fried Frank who focuses on trade issues. "If they receive orders from the government to make decision based on political reasons, that can certainly have an effect [on purchases]." When the strategy failed, the Cuban government moved in the opposite direction: Instead of buying from many different states, it decided to dramatically cut back on all U.S. agricultural products.

"They tried the carrot. That didn't work," said Parr Rosson, the head of the department of agricultural economics at Texas A&M University. "This may be the stick."

As diplomatic relations improved over the past year, the "stick" approach remains. In 2007, U.S. producers sold \$109 million worth of corn and \$67 million worth of soybeans to Alimport. Through July of this year, they've sold less than \$5 million worth of corn and less than \$7 million worth of soybeans. In fact, total U.S. food sales to Cuba fell to less than \$4 million in July, one of the lowest numbers since the law allowing such U.S. agricultural exports took effect in 2001.

Just a few years ago, WestStar Food, a Texas agricultural company specializing in pinto beans, was selling 5,000 tons of beans to Cuba each year, worth around \$3.2 million at today's prices. Then those sales disappeared. "We haven't exported anything there for almost four years now," WestStar's president, Patrick Wallesen, said. "For the most part, the way I see it, they pretty much quit buying everything except chicken and grains."

At the diplomatic level, all the formal moves have been toward openness: Secretary of State John Kerry reopened the U.S. embassy in Havana in August; a month later the Commerce and Treasury departments relaxed a rule to allow U.S. companies to establish warehouses, storefronts and offices in Cuba. The government also loosened its telecom restrictions, allowing U.S. telecom and Internet providers to do business on the island. It's possible that those moves will open new business channels—but it's also possible the farm sales are a sign Cuba isn't biting

“The U.S. can do what it can do,” said David Salmonsens, the senior director for congressional relations at the American Farm Bureau Federation. “Fully having normal trade relations will help. But the focus at the same time is on what does Cuba want to do.”

Despite the Obama administration’s desire to renew diplomatic relations with the Cuban government, increased trade still requires cooperation on the part of the Cubans. Pritzker’s visit to Havana this week is intended to push Cuba towards a more open business climate. But if President Raul Castro intends to restrict purchases of U.S. agricultural products as leverage to pressure American politicians into repealing the embargo entirely—a job that falls to Congress—the White House is stuck.

As for Patrick Wallesen, he’s not confident that the Cuban government will be interested in his company’s beans anytime soon. But he’s hopeful that someday, that will change.

“If they would allow me to lease a warehouse and import product into Cuba,” he said, “I would be there tomorrow.”

The Connecticut Mirror

Hartford, Connecticut

2 October 2015

Connecticut tobacco farmers eyeing Cuban market

By: ANA RADELAT



Photo by Elipongo A shade tobacco field in East Windsor.

Washington – Before the Cuban Revolution brought on the U.S. economic embargo on the island about 55 years ago, Cuba’s world-class cigars were often wrapped in special tobacco leaves grown in Connecticut.

With the market for cigars shrinking, and President Obama making openings to Cuba, Connecticut farmers want access to that market again.

“Cuba is known for the Cuban cigar. We want to be part of that,” said Ed Kasheta, a tobacco grower in South Windsor.

Kasheta Farms, a family operation since 1906, has grown as much as 40 acres in tobacco. That acreage has dropped to 15 because of declining demand.

Connecticut produced about 3.8 million pounds of tobacco in 2012, according to the latest figures available from the U.S. Department of Agriculture. It ranks eighth among all states in the production of tobacco. But the industry has shrunk as the popularity of smoking wanes.

Kasheta is hoping to reverse the trend. Besides providing Cuba with wrapper leaf, which can determine much of the cigar’s overall flavor, Kasheta said Connecticut tobacco could be used as filler to add additional taste.

Since the embargo cut Cuba off from Connecticut-grown tobacco, the island has been producing its own Connecticut wrapper leaf, which is distinguished by its thinness and light color. But Cuban cigar makers remember the quality of Connecticut-grown tobacco.

A law enacted in 2000 allowed U.S. farmers to sell food and agricultural products to Cuba for humanitarian reasons. Tobacco was not included in the list of products that could be sold.

Kasheta and other Connecticut tobacco farmers, want to change that. So does Sen. Chris Murphy, D-Conn., who is a co-sponsor of the “Freedom to Export to Cuba Act,” a Senate bill that would abolish the embargo.

Murphy said the time to end the embargo is here, in the wake of Obama’s steps re-establish diplomatic relations and allow more travel to Cuba and increased, if still limited, trade with the island.



Sen. Chris Murphy

“This issue is moving very fast,” Murphy said. “I don’t think that before the president acted, it was in the realm of possibility to end the embargo. We’re living in a different world today.” Murphy also said a marriage between the Connecticut and Cuban tobacco industries would be idyllic. “They are both in the premium tobacco business,” he said.

But John Kavulich, president of the U.S. Trade and Economic Council, said the time is not ripe politically for an end to the embargo.

He says Cuba has had a tepid response to U.S. overtures. Purchases of U.S. agricultural products by Cuba actually *dropped* by 40 percent since Obama first moved to ease sanctions in December.

“There is an increasing belief that the Cuban government has to reciprocate before additional steps are taken,” Kavulich said.

He also said that GOP leaders in the House and Senate will block consideration of the embargo –ending legislation because they don’t want to give Obama a foreign affairs victory, or any advantage, even as more lawmakers of both parties oppose keeping the embargo.

Kavulich also said “there is a general deference in Congress to members who have a connection to a country...there are members of both parties in both chambers who are of Cuban descent.” Those Cuban-American lawmakers are fierce defenders of the embargo.

Kavulich also said Congress would be more likely to change the embargo in 2018, when President Raul Castro said he’ll retire. Current law prohibits lifting of sanctions unless Raul Castro, or his brother Fidel Castro, are no longer in power.

The Washington Post
Washington, DC
29 September 2015

Obama presses Cuban president to respond to U.S. moves

By Karen DeYoung

UNITED NATIONS — With two rounds of regulatory reform since December, President Obama has expanded opportunities for American to travel, spend money and set up businesses in Cuba. So far, Cuba seems to have done little beyond reopening its Washington embassy.

In a meeting here Friday with Cuban President Raul Castro, held on the margins of the U.N. General Assembly, Obama pressed for a more energetic Cuban response. “The President welcomed the progress made in establishing diplomatic relations,” a White House statement said after the meeting, “and underscored that continued reforms in Cuba would increase the impact of U.S. regulatory changes.”

Prior to the meeting, which began with a smiling handshake and included top national security aides on both sides, senior administration officials were more direct in their description of Obama’s message, saying that if Cuba wants progress on its demand that Congress lift the long-standing U.S. embargo, it must demonstrate that it is prepared to take steps opening its economy and respecting human and political rights.

Lawmakers who are supporting bills against the embargo, which the Republican leadership has thus far declined to bring to the floor, “are desperate for gestures” from Cuba, “and they aren’t getting those gestures,” said one official, speaking on condition of anonymity to discuss administration thinking. “There’s been no real give at all” from Havana.

“At the beginning, we were saying ‘You don’t have forever’ to make progress,” the official said. While the Cubans may think they are on a schedule pegged to Castro’s stated intention to depart from office in 2018, “they’re really on a schedule for Obama’s stepping down” in January 2017.

Opponents of the U.S.-Cuba rapprochement, first announced by Obama and Castro on Dec. 17, have repeatedly noted that Cuba’s detentions of political dissidents have only increased since then. Some dissidents were blocked in attempts to see Pope Francis during his recent visit there. While most detentions do not result in arrest and dissidents are usually released within hours, many have been roughed up by security forces with the aim of disrupting any attempt at political assembly or public expression.

Another way to demonstrate human rights progress, the official said, would be to allow access to the International Committee of the Red Cross, which has never been permitted to visit Cuban prisons.

Although the 1961 trade embargo and other subsequent legislation restrict most direct U.S. exports to Cuba, prohibit credit transactions and most interactions with the U.S. financial system, and ban U.S. tourism, Obama has pushed through regulatory changes that broadened the number of Americans who can travel there for specific purposes, allow correspondent banking in Cuba, and permit U.S. businesses in certain sectors to set up offices and hire workers in Cuba.

A series of bilateral dialogues are underway on civil aviation, telecommunications and other potential areas of interaction.

In an assessment distributed Friday of what has happened since December, the New York-based U.S.-Cuba Trade and Economic Council described the U.S. measures as “chum” that Cuba is using to attract investment and cooperation from other countries who may fear losing out to U.S. businesses.

On the plus side, the council noted that while Cuban agricultural imports from the United States have decreased significantly this year, health-care product purchases have increased. Both items are largely exempt from the embargo. Direct long-distance telephone service between the United States and Cuba has resumed, and Cuba has authorized a roaming agreement with Verizon. Limited postal service between the two countries has resumed, and Cuba has allowed operations there of Airbnb.

But despite significant outreach from U.S. Internet providers and other telecommunications companies, Cuba has not yet taken up any offers. No new U.S. companies have been allowed to establish a Cuba presence or hire Cuban workers.

“Visits to the Republic of Cuba by Members of Congress, Governors, trade organization members, advocacy group supporters, company representatives, and sole proprietors increased,” the Council said. “None have resulted in payments by the Republic of Cuba for any of the newly-authorized exports from the United States.”

In his speech Monday to the General Assembly, Castro briefly mentioned the opening to the United States, repeating his demand that the embargo be lifted and offering a litany of long-standing Cuban foreign policy positions, including independence for Puerto Rico.

Arkansas Democrat-Gazette

Little Rock, Arkansas

30 September 2015

Trade with Cuba needs time, Hutchinson notes Allow island to buy on credit as 1st step, he says on visit with other Arkansans

By Scott Morris



PHOTO BY SPECIAL TO THE DEMOCRAT-GAZETTE

Gov. Asa Hutchinson takes questions from reporters on Arkansas' trade mission Tuesday at the Hotel Nacional in Havana.

Gov. Asa Hutchinson said Tuesday from Havana that there are opportunities for Arkansas companies to do more business in Cuba but cautioned they won't develop overnight.

“This is a gradual, step-by-step process,” Hutchinson said. “The first step in my judgment is to authorize credit sales to Cuba, and that would open up the doors of opportunity for Arkansas products.”

Hutchinson is leading a delegation of government and business leaders who are exploring ways Arkansas companies can increase trade with Cuba as relations between that country and the United States improve. Arkansas' rice and poultry producers are particularly eager to sell more of their products to Cuba.

Even under the limitations of the U.S. embargo, U.S. companies export hundreds of millions of dollars' worth of food, health care products and agricultural commodities to Cuba each year. But current federal law prohibits financing exports to Cuba and requires cash payment upfront, hampering the ability of farmers and ranchers to sell their products to the island nation.

President Barack Obama has called on Congress to lift the legislative ban on trade with Cuba, but the White House has acknowledged that it is unlikely to happen because of opposition from Republican lawmakers who say President Raul Castro's government is a brutal dictatorship that should continue to be isolated.

The two countries have restored diplomatic relations, and on Tuesday, Obama met with Castro at the United Nations to discuss ways they can deepen cooperation. Obama urged Castro to open Cuba's economy and respect human and political rights, The Associated Press reported.

Castro said in a Monday address to the U.N. General Assembly that relations wouldn't be fully normal until the U.S. lifts the embargo, returns Guantanamo Bay to Cuba and stops trying to undermine the Cuban government. He also said the U.S. must compensate Cuba for \$1.1 trillion in damages it has sustained during the 56-year-old embargo.

Hutchinson, speaking Tuesday with reporters by phone from Havana, called it "disappointing" that Castro had employed "revolutionary or anti-U.S. rhetoric," and said Cuba must make economic and political changes before trade between the two countries can be significantly increased.

"Let's start with extension of credit opportunities, allow businesses to compete, and let's see the response of the government in Cuba," he said.

Hutchinson said U.S. Sen. John Boozman has sponsored legislation that would allow private banks and companies to offer credit for agricultural exports to Cuba. Boozman added his proposal to an appropriation bill in July, but the bill is held up by a separate congressional fight over the federal budget.

Hutchinson said that competing in Cuba would be challenging for U.S. companies even if the credit restriction was lifted, because other countries already extend generous terms to the Castro government. Vietnam allows Cuba to finance imports over two years, he said, and Brazil allows up to a year.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York, a nonprofit research organization, sounded an even more cautionary note in an interview.

He said few, if any, U.S. companies would be willing to allow Cuba to finance purchases for extended periods of time, and added that, because Cuba is cash-poor, it is willing to buy inferior goods at higher prices from countries that offer generous credit terms.

"Cuba is not Dubai sitting 90 miles southwest of Florida," Kavulich said. "It's constantly rolling over debt."

He agreed there is potential for increased trade with Cuba but said American companies should temper their expectations for what he called "an incremental opportunity."

Hutchinson said tourism could offer the fastest way to inject much-needed cash into the Cuban economy. He said the U.S. is negotiating rules for commercial airline flights that should increase the number of tourists visiting Cuba.

"Tourism really is one step," Hutchinson said. "Agricultural credit is another simultaneous step. Both of those are going to take adjustments by Congress to give Cuba a chance to develop a cash economy."

Hutchinson's delegation of about 45 people flew to Cuba on Sunday and returns late today. It included representatives of Riceland Foods, Tyson Foods and the Little Rock-based American Taekwondo Association, among other companies. Michael Lamoureaux, Hutchinson's chief of staff, and Alison Williams, his director of state and federal relations, made the trip, along with Mike Preston, director of the Arkansas Economic Development Commission; Wes Ward, Arkansas secretary of agriculture; and state Sens. Jonathan Dismang, R-Beebe, and David Sanders, R-Little Rock.

El Nuevo Herald

Miami, Florida

29 September 2015

Cuba condiciona progreso en la normalización con EEUU al fin del embargo

En Resumen

Bruno Rodríguez envía un mensaje directo a Washington al enfatizar la necesidad de poner fin al embargo

Dice que las medidas tomadas por Obama en relación al comercio, los viajes y las transacciones financieras son “limitadísimas”

Reunión de Castro con presidente de EEUU fue un poco más tensa que el encuentro previo en Panamá

Nora Gámez Torres
Nueva York —

El canciller cubano Bruno Rodríguez envió este martes un mensaje claro a Estados Unidos: el avance en la normalización de relaciones diplomáticas dependerá del levantamiento del embargo.

“El embargo... no ha sido en lo absoluto modificado, el ritmo del proceso hacia la normalización de relaciones entre los gobiernos de EEUU y Cuba dependerá del levantamiento del bloqueo”, dijo en una conferencia de prensa en Nueva York.

En otro momento, calificó las medidas tomadas por la administración de Obama para facilitar el comercio, los viajes y las transacciones financieras con Cuba como “limitadísimas”, pero recriminó al presidente por no emplear sus prerrogativas “amplísimas” para modificar el embargo.

“No habrá progreso sustancial en el proceso de normalización sin un cambio sustancial en la aplicación del bloqueo”, enfatizó.

Según el recuento hecho por el canciller de la reunión bilateral sostenida la mañana del martes con el presidente Barack Obama, “el presidente Raúl Castro enfatizó que la normalización de relaciones entre Estados Unidos y Cuba dependerá del levantamiento del bloqueo y abordó la necesidad de que mediante decisiones ejecutivas se modifique sustancialmente la aplicación práctica del bloqueo, tal como está en las manos del presidente de EEUU hacer”.

Una fuente de la Casa Blanca dijo que la reunión duró unos 35 minutos.

El día anterior, el presidente Obama había reiterado ante la Asamblea General de la ONU su confianza en que el Congreso levantaría el embargo, al que llamó una vez más “una política fallida”. Sin embargo, Castro ofreció un áspero discurso, en el que no mencionó a Estados Unidos al referirse al deshielo.

El canciller cubano Bruno Rodríguez dijo en una conferencia de prensa el martes en las Naciones Unidas, en Nueva York, que en Cuba "se garantiza el pleno ejercicio de los derechos políticos y las libertades civiles".

OBAMA PIDE MÁS REFORMAS Y PROTECCIÓN A LOS DERECHOS HUMANOS

Pese a las sonrisas en la foto oficial, la versión de la reunión publicada por la Casa Blanca confirma un encuentro más tenso que el anterior en la Cumbre de las Américas en Panamá.

Según el comunicado, el presidente Obama “enfatizó los cambios regulatorios de EEUU que permitirán que más estadounidenses viajen y hagan negocios con Cuba, a la vez ayudando a mejorar las vidas del pueblo cubano. El presidente dio la bienvenida al progreso logrado en la normalización de relaciones diplomáticas y enfatizó que las reformas continuas en Cuba incrementarán el impacto de los cambios regulatorios de EEUU. El presidente también recalcó los pasos que EEUU espera tomar para mejorar los lazos entre el pueblo estadounidense y cubano y reiteró nuestro apoyo hacia los derechos humanos en Cuba”.

Ya a bordo del avión presidencial, el vocero de la Casa Blanca, John Earnest confirmó que Obama había enfatizado el tema de los derechos humanos en su reunión con Castro.

“El Presidente también reafirmó nuestro compromiso de ver al gobierno cubano hacer un mejor trabajo no solo respetando sino proactivamente protegiendo los derechos humanos básicos del pueblo cubano y

continuamos creyendo que unas relaciones más profundas entre Estados Unidos y Cuba tendrán el efecto de mover al gobierno y a la nación en una dirección positiva”.

“Nosotros nos sentimos muy orgullosos en la ejecutoria de Cuba en materia de derechos humanos
Bruno Rodríguez, canciller cubano

Por el momento, el mensaje no parece haber tenido mayor impacto en la delegación cubana.

En sus declaraciones a la prensa, Rodríguez se rehusó a responder sobre una posible apertura política, si el proceso de normalización avanzaba. Tampoco comentó sobre nuevas reformas en Cuba y se limitó a decir que ambos mandatarios “coincidieron en la necesidad de trabajar en la agenda de temas que ambos países han acordado para los próximos meses”.

Sobre los derechos humanos en la isla, el canciller no anunció cambios sino que refrendó la actual política.

“Nosotros nos sentimos muy orgullosos en la ejecutoria de Cuba en materia de derechos humanos”, afirmó y reiteró el mensaje de Castro en la ONU el lunes: los derechos humanos “no deben ser objeto de manipulación política ni de selectividad”. También aseguró que Cuba garantiza “el pleno ejercicio de los derechos políticos y las libertades civiles”.

El canciller dijo estar preocupado por la situación de derechos humanos en Estados Unidos debido a la “brutalidad policial” en contra de los afroamericanos.

“En Cuba existen leyes y los tribunales juzgan y sancionan conductas tipificadas en leyes que violan nuestro ordenamiento legal” y sugirió que los opositores eran considerados “agentes de gobierno extranjero”.

“Las ley de agente de gobierno extranjero en los EEUU o en algunos países europeos es muchísimo más severa que cualquier ley cubana”, dijo.

El canciller destacó que la devolución del territorio que ocupa la Base Naval de Guantánamo es un asunto de “alta prioridad” para Cuba, se refirió a las “grandes diferencias” con Estados Unidos en cuanto al derecho internacional y política exterior y recordó que Cuba había sido víctima de “agresiones terroristas”, en su mayoría concebidas en territorio de EEUU.

No obstante, consideró que “había una oportunidad de avanzar significativamente en la normalización de las relaciones bilaterales en el periodo del presidente Obama” y aprovechó la oportunidad para defender las “libertades civiles y de viajar” de los estadounidenses a Cuba.

La reunión transcurrió en un ambiente “respetuoso y constructivo”, agregó, y en ella ambos mandatarios abordaron “cuestiones referidas a la cooperación” en temas como la lucha contra el narcotráfico, el salvamento de personas en el estrecho de la Florida, el enfrentamiento al terrorismo y la cooperación médica en Haití. En ese sentido, el canciller anunció que EEUU y Cuba presentarán un programa de cooperación en el área de salud al gobierno de Haití para su aprobación.

También aseguró que Castro había ratificado su voluntad de “trabajar para construir un nuevo tipo de relación con Estados Unidos”.

Los comunicados de prensa del MINREX y la Casa Blanca mencionan además que Obama y Castro conversaron sobre la reciente gira del papa Francisco a ambos países.

En la reunión estuvieron presentes el secretario de Estado John Kerry así como los asesores de seguridad nacional, Susan Rice y Ben Rhodes. Por la parte cubana, estaban presentes el canciller y la directora para Estados Unidos del Ministerio de Relaciones Exteriores (MINREX), Josefina Vidal.

Antes de entrar a la sala donde se celebró la reunión bilateral, Castro saludó brevemente al Secretario General de la ONU, Ban Ki-Moon.

El lunes, sostuvo un breve encuentro bilateral con el presidente francés François Hollande y en la noche saludó a Barack Obama y a su esposa Michelle Obama durante la recepción que el presidente ofreció a los jefes de Estado presentes en las actividades de la ONU. Según Granma, “el General de Ejército solo estuvo unos momentos allí pues en su agenda de trabajo todavía le quedaban otras actividades pendientes”.

Este martes, concluyó la participación del gobernante cubano en Naciones Unidas.

RAÚL CASTRO EN NUEVA YORK: “UNA GRAN VISITA”

Conversando con periodistas al finalizar la conferencia, Rodríguez consideró que esta había sido “una gran visita” para Castro, “confortable”, pues había sido “cálidamente recibido” en la ciudad de Nueva York y había cumplido un programa “intenso pero placentero” en la ONU.

Rodríguez resaltó que el gobernante había defendido en sus discursos “las posiciones tradicionales de la política exterior cubana, totalmente vigentes desde el 1ro de enero de 1959”.

El canciller hizo un resumen de los argumentos ofrecidos por Castro, muchos de los cuales pueden encontrarse en los discursos de su hermano Fidel en esa misma sede décadas atrás.

“Defendió los principios del derecho internacional, de la carta de las Naciones Unidas, de la igualdad soberana de los estados; denunció el orden económico internacional como egoísta y excluyente; abordó la necesidad de demoler la arquitectura financiera internacional actual. Se refirió también a la crisis de los refugiados y llamó a los responsables que con guerras no convencionales y políticas de explotación y saqueo de esos países y que son la causa, las guerras y la pobreza, de esa oleada de refugiados, que asuman su responsabilidad”.

LAS NEGOCIACIONES SE ESTANCAN

Críticos del Presidente Obama en el Congreso no tardaron en reaccionar ante la retórica empleada por el gobernante cubano en la ONU.

“Raúl Castro reforzó su intransigencia, lo que demuestra aún más que la administración de Obama ofreció concesiones a un régimen que han resultado en una mayor opresión por esa odiada dictadura cubana”, dijo en la Cámara de Representantes este martes la congresista Ileana Ros-Lehtinen.

La representante acusó a Obama de no presionar al gobierno cubano para la liberación de los presos políticos, convocar elecciones libres y respetar los derechos humanos como condiciones para levantar el embargo, además de debilitar al Congreso y sugerir una eventual abstención en el voto en las Naciones Unidas sobre el embargo contra Cuba, que tendrá lugar a fines de octubre.

Algunos expertos señalan que el gobierno cubano tampoco ha dado mucho en términos comerciales (de hecho las compras de productos agrícolas ha disminuido drásticamente), pese a una intensa campaña de marketing para empujar a las compañías de Estados Unidos a presionar por el fin del embargo.

De acuerdo con el presidente del Consejo Económico y de Comercio EEUU-Cuba, John Kavulich, Obama podría hacer más para flexibilizar el embargo, por ejemplo permitir que Cuba emplee el dólar estadounidense para las transacciones internacionales pero debería condicionar nuevos pasos a que Castro permita a las compañías de EEUU beneficiarse de las nuevas regulaciones de los Departamentos del Tesoro y Comercio que se han estado promulgando desde enero.

“Visitas a Cuba de miembros del Congreso, gobernadores, miembros de organizaciones de comercio, cabilderos, representantes de compañías y dueños han aumentado. Ninguno ha resultado en pagos de la República de Cuba por concepto de las recientemente autorizadas exportaciones desde los Estados Unidos”, advirtió.

Este martes, el canciller cubano recalcó el interés de las compañías estadounidenses por entrar al mercado cubano (“probablemente el único donde las compañías de terceros países no tienen la competencia de las compañías estadounidenses”) y aseguró que “Cuba no discrimina de modo alguno los intereses de Estados Unidos en materia de comercio o inversión sino que invita a aprovechar las oportunidad que producen las transformaciones que están en curso”.

Para Kavulich, “lo que Estados Unidos puede percibir como una ‘presión con una sonrisa’ es percibido por el gobierno de la República de Cuba como debilidad y como una carnada para atraer intereses de otros países a costa de los Estados Unidos”, opinó.

Tampa Tribune

Tampa, Tribune

27 September 2015

Warmer relations with U.S. mean new ways to export to Cuba



Baggage handlers load an airplane with heavy items before a charter flight to Cuba from Tampa International Airport.



By Paul Guzzo | Tribune Staff

TAMPA — More Cubans living in the United States are making it back to the island to visit relatives, bringing with them love, family photos — and the occasional chainsaw or flat-screen television.

Travel has loosened up more than trade since the U.S. imposed an embargo on Cuba five decades ago, so visitors assume the role of pack mules, hauling along small mountains of sought-after goods from America on charter planes.

This bloat of luggage headed toward departing flights at airports in Tampa, Miami and Orlando has emerged as a symbol of the unusual relationship between the U.S. and Cuba. But as relations improve under the Obama administration, the mountain soon will start to shrink.

“The average American will notice the difference in the airports and luggage,” said Antonio Martinez II, a New York attorney specializing in Latin America relations. “Seeing things like a dishwasher going to Cuba on a plane will decrease or at least not be the norm.”

The reason: There will be other ways to bring such cargo to Cuba under new U.S. policies announced Sept. 18, with more changes expected in the coming weeks or months. Today, direct shipping options to Cuba for individuals are limited to taking items on charter planes with them. Only licensed exporters use the cargo ships sanctioned by the U.S. government.

But under the new policies, the U.S. will allow cruise ships, ferries and privately owned sea vessels to travel to Cuba and carry authorized goods as part of their baggage. It is now up to Cuba to reciprocate on a general or case-by-case basis.

In addition, direct mail to Cuba — cut off in 1963 after the embargo was imposed — is expected to start by the end of the year. No official announcement has been made yet, so mail from the U.S. to Cuba still must pass through a third nation first. Meanwhile, the parade of products continues through the passenger terminals of Cuba-bound flights.



On a recent Thursday morning at Tampa International Airport, the 63 passengers arriving on one charter flight from Havana filled just one cargo trailer with their checked baggage, largely small duffel bags and suitcases.

Later that day, the 89 passengers taking the same plane to Havana needed four trailers for their luggage. Goods that made their way to the cargo hold included a chainsaw, microwave, shower curtain and bike, as well as items stuffed into bags and beneath layers of plastic wrap that weighed up to 70 pounds.

There is little you won't see loaded onto charter planes bound for Cuba, said Tom Popper, president of New York-based Insight Cuba, which has been taking American tour groups to Cuba since 2000. "TVs, strollers, garbage cans, car parts, cables, toilets — anything we take for granted in the U.S.," Popper said.



Some of the goods already are available in Cuba, said Johannes Werner, editor of Cuba Standard, an online publication based out of Sarasota that follows Cuban business news. But they come at a high price through a government-owned store with limited supplies or competition. "Sometimes buying in the U.S. and taking them back on a plane is more affordable," Werner said.

Charter company Cuba Travel Services, operating the Thursday flights from Tampa, charges \$20 for each piece of luggage — plus \$2 for every pound over 44 pounds of total luggage. That includes carry-on. The company also charges \$3 a pound for boxes or baggage deemed to be an irregular size. It is not yet clear what it will cost to take luggage on a ferry or cruise or to mail it.



Still, Popper said those who want their friends and family in Cuba to enjoy products purchased in America may prefer bringing the goods with them on boats and planes rather than using the post office. "There is a security in that you are actually delivering it to the home," Popper said. "There is always a fear when shipping things abroad that it may not make it there.

"There is also tremendous satisfaction in bringing a giant flat screen to their mom in Cuba and seeing her face when they set it up and turn it on. To make your mom so happy is as good as it gets."

Still, with more options for delivering goods, expect passenger planes to carry less of them, said Peter Quinter of Miami, head of the international trade-law group for Orlando-based Gray Robinson. And Quinter predicts that when these new opportunities become reality, more Cubans will visit Florida with shopping lists and send shopping lists to friends and relatives here. "It's already the market of Latin America. People from all over Latin America look to Florida for what they need," Quinter said. "So have Cubans, but on a limited scale. Now, we may finally add Cuba to that mix on a grand scale."

The changing U.S. policies may also usher in a day when Cubans can shop for American-made products in their own country, said John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council.

One new policy already allows for American companies to have a physical presence in Cuba as long as their business falls into one of the categories allowed by the U.S. government.

These include agriculture, health care, communication devices, and home improvement and construction supplies. A physical presence could include retail outlets or distribution warehouses. That means Cuba might see stores operated by companies like Home Depot, Verizon, Sysco and Grainger, Kavulich said.

"It all depends on how broadly the Commerce and the Treasury departments look at this," he said. "What we know is the president has said since January to these departments to find ways to say yes rather than no when companies come with license applications."



What's more, Cubans will have access to more cash for making purchases thanks to another of the policy changes announced Sept. 18, removing limits on remittances that can be sent from the U.S. to Cuba.

"This is all staggering," Kavulich said. "But it also puts immeasurable pressure on Cuba."

The Cuban government has not reciprocated with corresponding policies of its own for U.S. business interests. It has yet to approve a U.S. ferry, for instance, or announce whether it will allow U.S. corporations to set up shop there.

And there is no guarantee Cuba will act soon. Rather, its government could use the prospect of U.S. businesses and products flooding the market as a bargaining chip to win favorable deals with other nations, some already in business there. Cuba already has taken this approach with trade, Kavulich said.

Even as relations between the two countries return to normal, there was a decrease of 40 percent in food and agricultural exports from the U.S. to Cuba for the first six months of 2015 compared with the same period the year before. Cuba used the threat of turning to the U.S. in order to get better deals from other nations, said Kavulich.

Tend Tudo, Brazil's version of Home Depot, is already in negotiations to open stores in Cuba and will likely be first to the market there, said Werner of Cuba Standard. "Tend Tudo would be the first time Cubans have access to washing machines and power tools and whatever else is needed to start a business or renovate a home at more affordable prices," Werner said. "That may be the first challenge to shipping stuff from the United States to Cuba."



Whatever happens with trade, travel already is increasing from the U.S. to Cuba. Through August, the number of passengers flying to Cuba from Tampa International was 66,504, already eclipsing 2014's total of 61,408.

Suzanne Carlson of Carlson Maritime Travel attributes this to the ease of travel since January, when the U.S. began issuing general licenses to travel to Cuba for 12 reasons. These include educational activities and support for the Cuban people. "The mainstream perception previously was that it was totally illegal for U.S. citizens to travel to Cuba," Carlson said.

In addition, the changes in U.S. policy announced Sept. 18 allow family members of the qualifying traveler to make the trip as well. Another big bump in travel is likely once commercial airlines begin scheduled flights to Cuba. The industry is hoping to see this by December.

"The biggest change that you will notice is that Havana and other Cuban cities that you cannot book on aa.com today will become part of our network," said Howard Kass, American Airlines vice president of regulatory affairs. Kass predicts scheduled flights will take to the air by the "first half of 2016 if not sooner." Once this happened, he added, veterans of travel to Cuba can expect to see an improvement in luggage service.

Today, with travel limited to charter flights, passengers have to haul their own checked luggage back through security to the right gate if they are flying into an airport with service to Cuba. There is no baggage connection between charters and other carriers. The transfer will be seamless, however, with commercial flights.

"It will be just like flying from Washington to anywhere else in the Caribbean," Kass said. "I'll change planes, walk down a few gates, get on the next airplane and go. Bags will transfer automatically."

Inside US Trade

Washington, DC

25 September 2015

BIS, OFAC Regulations Allow U.S. Companies To Expand Presence In Cuba

By Ryan Rainey

The Obama administration this week put in place two sets of final rules that will allow eligible U.S. companies to boost their business presence in Cuba, lease or loan their goods to Cuban nationals, and hire

Cuban nationals in what experts called a significant step forward in the opening up of trade relations between the two countries.

However, U.S. businesses authorized to bolster their operations in Cuba will still need to get approval from the Cuban government, including for day-to-day operations issues like paying employees and renting commercial space.

John Kavulich of the U.S.-Cuba Trade & Economic Council and Robert Muse, an attorney and expert on Cuba, said these are the most significant elements of these broader rules which were issued by the Treasury Department's Office of Foreign Assets Control (OFAC) and Commerce's Bureau of Industry and Security (BIS) and implemented on Sept. 21. Some of the policy changes are under the purview of BIS, others under the purview of OFAC, and some are administered jointly.

The new regulations apply to companies that are eligible for the "Support for the Cuban People" (SCP) license exception administered by BIS which covers building supplies, farming equipment and other goods to be used by the Cuban private-sector. It also covers companies eligible to use the BIS license exceptions for Consumer Communications Devices (CCD) and Aircraft, Vessels and Spacecraft.

On boosting their presence in Cuba, eligible companies can now set up retail outlets or distribution centers to sell goods to members of the burgeoning private-sector Cuban construction industry. U.S. airlines also could benefit by being able to set up ticket offices in Havana, and food companies could store shelf-stable processed foods at distribution centers.

However, these companies will have to pay the state for renting properties for the simple reason that Cuba is a command economy where the state controls real estate assets, according to Muse.

The regulations also contain a payment term simplification under the SCP and the CCD license exceptions that will allow U.S. companies to lease or loan goods -- except for food and agricultural products -- to Cuban individuals. Agricultural goods still are subject to "cash-in-advance" payment terms since such restrictions are codified in the so-called Helms-Burton Act of 1996, even though the Obama administration earlier this year redefined that term as covering payment prior to transfer of title (*Inside U.S. Trade*, Jan 16).

BIS said the loan and lease provision was inadvertently omitted from regulations released in January under both license exceptions. The loan-lease provisions as well as the hiring of Cuban nationals are not subject to a requirement that funds not go to the Cuban government or Communist Party.

The new lend-lease provisions will have the effect of making eventual purchases of high-value goods like tractors or combines easier for eligible end-users, since lessors can purchase goods at a discounted price once the term of the lease has expired, Muse said.

Previously, the regulations only said that sales or donations of eligible goods were available for export. However, U.S. companies urged the administration to make this change because the previous rules would have required changes in business practices. For example, a senior government official said, cable companies generally only loan or lease the set-top boxes often found in homes, and therefore would have been inadvertently been excluded under the January regulations.

By allowing eligible companies to hire Cuban nationals to staff their business facilities on the island, OFAC lifted a prohibition under the embargo that applied to everyone except news bureaux. This restriction hindered companies in their ability to export because they had no Cuban staff to promote their products or sell them, sources said.

This ability to hire Cuban nationals is permitted under an amendment to a nearly two-decade-old regulation that allowed U.S. media companies to hire Cuban nationals to support news bureaux in that country.

According to Kavulich, under this regime U.S. companies will inform the Cuban government of who they wish to employ, and the government will then vet those prospective employees. For wage and salary payments, for example, the companies will have to use the Cuban government as an intermediary to their employees.

The government also receives what Kavulich described as a big break because it will accept wage payments from the companies in U.S. dollars or the Cuban convertible peso, which is pegged directly to the USD. But it will disburse wage payments to Cuban nationals at the much less valuable Cuban national peso.

The regulations contain a range of other provisions including a change in BIS licensing policy to a case-by-case review of licenses for exports of items like aircraft parts and components, along with software and technology related to air safety, air traffic controls, aviation communications, and security screening of passengers to "ensure the safety of civil aviation and the safe operation of commercial passenger aircraft."

The senior government official said this will apply to both U.S. and foreign airlines, and that U.S.-origin parts used for foreign aircraft serving Havana's airport like France's ATR will be eligible for export, even to the Cuban flag carrier Cubana.

The rule also amends the SCP to allow exports of goods necessary for the repair of items already eligible under the SCP or CCD license exceptions, this official said.

Specifically, the new rules allow "temporary sojourns" for aircraft of up to seven days, meaning a U.S. airline serving the airport in Havana, for example, can keep its aircraft to stay in Cuba for an extended period of time. For naval vessels, the period is up to 14 days, depending on the type of vessel.

The regulations also change the remittances policy so that U.S. nationals will not face a quarterly cap on the amount of money they can send to Cubans. Previously, this limit was \$2,000 per quarter. Muse noted that even though these restrictions are gone, a large flow of capital is not likely to flow to entrepreneurs in Cuba because U.S. individuals do not have great incentives to simply grant Cuban businesspeople funds without making an investment, which is still not permitted.

Separately, OFAC Associate Director for Sanctions Policy & Implementation Mike Mosier acknowledged business complaints that U.S. banks are not operating in Cuba as they are now authorized to do because of lagging infrastructure.

Mosier told the Sept. 14 meeting of the President's Export Council Subcommittee on Export Administration that the issue seems to be a question of whether improved telecommunications systems can take hold in Cuba under new U.S. regulations. But he said part of the problem is the Cuban government's stance on this issue.

A private-sector expert said that correspondent accounts would be more widely used if the U.S. loosens its restriction on Cuban banks creating correspondent accounts in U.S. banks to create reciprocity. Until this is achieved through a future regulation, he said, "uptake" of the correspondent account language would remain limited.

In the January regulations, the U.S. allowed U.S. financial institutions to establish correspondent accounts with Cuban banks to help process the payments of U.S. firms doing business on the island.

One source said that this provision has not been used effectively yet because U.S. banks and companies still have not had the time to enter the Cuban market. This could change if companies expand their presences in Cuba in a way that requires more access to funds through a correspondent account, he posited.

The New York Times
New York, New York
21 September 2015

What New Rules Mean for Travel to Cuba



Americans wanting to travel to Cuba have more options starting on Monday. Credit Todd Heisler/The New York Times

By VICTORIA BURNETT

A month after raising the flag at its new embassy in Havana, the United States on Monday will further loosen travel regulations for Americans visiting the island. Sun and sand tourism will still be illegal, but the new rules make it possible for practically anyone who wishes to visit Cuba to do so. Here is what you need to know before you go:

Q. Can any American citizen visit Cuba now?

A. As of January, Americans wishing to visit Cuba for one of 12 purposes have been allowed to do so without having to apply for permission, in the form of a license, from the government. The 12 categories of legal travel include visits to close relatives, academic programs for which students receive credits, professional research, journalistic or religious activities and participation in public performances or sports competitions. As Robert Muse, a Washington-based lawyer who specializes in U.S.-Cuba related law, put it: If somebody wishes to travel to Cuba and they “can’t think up a way to fit into those categories, they are not trying.”

Still, ordinary tourism remains off limits and travelers have to mark a box to denote the purpose of their trip, and they are required to keep travel receipts for five years after they return. In most cases, they are also expected to have a full-time schedule of activities related to their category of travel.

What has changed?

Now, in many instances, family members can go, too. If you are traveling for academic or research purposes, professional research, or for journalistic, religious or humanitarian reasons, you can take family or have them visit you. So, if you are going to Cuba to research the market for soft drinks or to spend three months researching Judaism, say, the new regulations indicate that you could take your family or have them visit. The rules, said, John Kavulich, president of the U.S.-Cuba Trade and Economic Council, lay the ground for “exponential” growth in American visits to Cuba.

Can I fly to Cuba on a commercial carrier?

Not yet. Right now, flights between the United States and Cuba are operated by charter companies. There are dozens of daily flights from airports in Florida and elsewhere, including Miami, Tampa, Fort Lauderdale, New York, Los Angeles and New Orleans.

However, the Federal Aviation Administration is in talks with Cuban aviation authorities to allow American carriers to offer regularly scheduled commercial flights. Regulations issued by the Department of Commerce in September allow American companies to establish offices and premises in Cuba and airline crews to stay overnight on the island. They also allow the sale of equipment related to aviation safety to Cuba. The rules appear to be a prelude to commercial air connections, Mr. Muse said. “You’ll be able to go into their offices and buy an airline ticket,” he said. “They’re coming close to re-establishing commercial traffic.”

Of course, non-American commercial airlines fly to Cuba from many destinations. Americans who meet Treasury Department requirements can fly through a third country, such as Mexico, Panama, Grand Cayman or Canada — an option that can be less expensive and more convenient than taking charter flights.

Will cruise ships sail to Cuba?

Under the new regulations, owners of cruise ships and passenger ferries can operate between the United States and Cuba without a license, so long as the people they are carrying are licensed to travel there. The infrastructure to accommodate a cruise ship is available since ships owned by non-American companies, which are usually smaller than American ones, have been sailing to Cuba in recent years.

The government had awarded licenses to a handful of ferry and cruise companies earlier this year, including Carnival Corporation, which said in July that it would begin sailing to Havana in April.

Now, though, offering cruises to Cuba will become easier, said Steve Cox, executive director of International Expeditions, a specialized travel company based near Birmingham, Ala. International Expeditions' first Cuba cruise for 40 American travelers using a people-to-people license is set to sail in December. This cruise is using a Greek boat, but the new regulations mean the company can use American boats in the future, Mr. Cox said. "All the good hotels in Havana are completely booked, and overbooked, through April," he said. "If you want to go to Havana, a cruise is a good alternative."

What are people-to-people trips?

People-to-people trips are educational programs that fall into one of the 12 categories of general-license travel. They're one of the most popular ways to go to Cuba because anybody can join a trip and your itinerary is worked out for you. Because they are organized trips with full schedules of meetings, lectures and visits to artists' studios or small businesses or community projects, they are pricey — about \$2,500 to \$4,000 per week including accommodations and flights.

Who will keep track of what I do in Cuba?

Good question. Senior officials at the departments of Treasury and Commerce said the government continues to take restrictions on travel to Cuba seriously. But there are no reports of officials prosecuting people who travel to Cuba and end up spending their time on the beach. "We all know that enforcement has collapsed," Mr. Kavulich said. That said, if you sign an affidavit saying you are going to Cuba for a particular purpose and, in fact, spend a week at the beach, you would be breaking the law.

Where would I stay?

Cuba has a shortage of high-end hotels, and that will become more acute if the number of American visitors rises significantly. An estimated 400,000 Cubans and Cuban-Americans visited from the United States last year, as well as 100,000 non-Cuban Americans. Some tour operators are already block-booking rooms through 2016. There are about 61,000 hotel rooms in Cuba, according to the tourism ministry, of which 65 percent carry four- and five-star ratings. Bed-and-breakfasts are an attractive alternative to hotels, as they include the chance to make contact with Cuban families and often provide good meals. There are hundreds of bed-and-breakfasts, known as *casas particulares*, in Havana and popular tourist towns like Trinidad, Viñales and Cienfuegos. Searching for *casas* on the Internet is not easy, but you can book them through travel agents like Cubania Travel or look on TripAdvisor. Airbnb started offering its service on the island in April, and now says it has more than 2,000 homes in Cuba. The company, which lets users list their homes and apartments for short-term rentals, said payments to the Cuban hosts are deposited into their bank accounts by intermediaries or any other manner they select, including door-to-door payments. For now, the service is open only to licensed United States travelers.

Can I use credit cards?

Under the new regulations, American travelers to Cuba may open a bank account there and pay for expenses with an American credit card. In reality, few people who take the short trip abroad have cause to open a bank account. But A.T.M.s are few and far between in Cuba, and many establishments do not have the means to process credit card payments. So, cash will be king for some time to come. It may be a good idea to take British pounds and euros, which get a better exchange rate in Cuba than the United States dollar.

How do I call home?

Calls on the Etecsa network, the Cuban state-owned telecommunications company, are expensive, and getting a phone can involve long lines. But Verizon Wireless announced in September that it would allow its users to make voice calls, send text messages and use data services through the company's pay-as-you-go International Travel option. At \$2.99 a minute, you will not linger on the line.

What can American citizens bring back?

Americans can now bring back up to \$400 in souvenirs, including \$100 worth of cigars. Mr. Kavulich notes that, according to State Department records, Secretary of State John Kerry, who inaugurated the embassy in Havana in August, brought back an \$80 humidor, \$80 worth of cigars and a bottle of rum.

Stockwirenews.com

Atlantic City, New Jersey

21 September 2015

U.S. STOCKS to Watch: Starbucks Corporation (NASDAQ:SBUX)

By Wesley Harry -

U.S. STOCKS NEWS: On Friday, Shares of Starbucks Corporation (NASDAQ:SBUX), lost -0.77% to \$56.84.

Starbucks Corporation can move to Cuba, but it still cannot sell lattes there, according to *Reuters*. The Obama administration on Friday tore down barriers to U.S. companies doing business on the Communist-ruled island just south of Miami, but plenty of regulatory and legal roadblocks remain on both sides of the Florida Straits.

Airlines and cruise ships will see less meddling with their plans, although the new rules approved by President Barack Obama will not lead to a noteworthy boost in visitors, as U.S. law still prohibits most Americans from traveling there. *Reuters Reports*

But Starbucks can still not sell prepared drinks like a latte or a cappuccino, only packaged coffee, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc.

The new rules of engagement have opened the door for Internet companies, but a Cuba government-owned company has the local monopoly on Web services. The prospects for retailers and restaurants are murky. Cuba's mostly poor population of 11 million has limited spending power and remaining U.S. law tightly restricts what can be sold to the former Cold War foe. *Reuters added*.

Starbucks Corporation operates as a roaster, marketer, and retailer of specialty coffee worldwide. The company operates in four segments: Americas; Europe, Middle East, and Africa; China/Asia Pacific; and Channel Development.

The New York Times

New York, New York

18 September 2015

Restrictions on Cuba Travel and Business Lifted by U.S.

By JULIE HIRSCHFELD DAVIS

WASHINGTON — The Obama administration on Friday announced wide-ranging changes to loosen travel, commerce and investment restrictions on [Cuba](#), moving to fulfill [President Obama](#)'s goal of

breaking down barriers between Washington and Havana even as the American embargo remains in place.

The rules will allow American companies to open locations and hire workers in Cuba, facilitate financial transactions between the nations, and remove limits on the amount of money that can be brought to the island nation. They are to take effect on Monday on the eve of the visit to Washington by Pope Francis, a proponent of the reconciliation between the United States and Cuba who quietly helped broker the agreement last year between Mr. Obama and President Raúl Castro to forge it.

Jacob J. Lew, the Treasury secretary, said the rules could lead to “constructive change for the Cuban people.”

“A stronger, more open U.S.-Cuba relationship has the potential to create economic opportunities for both Americans and Cubans alike,” Mr. Lew said in a statement. “By further easing these sanctions, the United States is helping to support the Cuban people in their effort to achieve the political and economic freedom necessary to build a democratic, prosperous, and stable Cuba.”

They also hold out the prospect of new business opportunities for American companies in Cuba, which some observers said were intended to increase pressure on Havana to take corresponding action to open its economy.

The White House is working to show momentum in the rapprochement with Cuba before Dec. 17, the one-year anniversary of when it was announced.

“In addition to expanding our commercial engagement with the Cuban people, these additional adjustments have the potential to stimulate long overdue economic reform across the country,” Penny Pritzker, the secretary of commerce, said in a statement.

American corporations have been working behind the scenes with the Obama administration for months to bring about the normalization the president promised, which began with an initial set of regulatory changes in January. But the new rules exceeded the expectations of some business leaders, who said they had sent a clear message to Cuba that it must do more to hold up its end of the process.

“They’ve gone farther at one time than most anyone expected,” said John S. Kavulich, the president of the U.S.-Cuba Trade and Economic Council. “It’s in keeping with President Obama’s strategy, agree or disagree, which is, ‘I’m throwing the proverbial ball into the Cuban court.’ ”

In Havana, Mr. Kavulich added, the changes are “too much, too fast.”

The regulations will for the first time in decades allow United States firms to do business directly in Cuba, setting up subsidiaries or opening offices or warehouses there, and allowing Americans to have bank accounts and Cubans to maintain bank accounts outside of their country. Cruise ships will be able to travel between the United States and Cuba without making a stop in a third nation. And close relatives will be able to visit family members in Cuba for a wider array of purposes.

The rules will also allow American telecommunications and Internet companies to situate in Cuba and market their services there, as well as to import mobile applications made in Cuba for development in the United States.

The changes came as the diplomatic opening between Washington and Havana inched forward. On Thursday, Mr. Obama received credentials at the White House from the first Cuban ambassador to the United States since 1961. The envoy, José Ramón Cabañas Rodríguez, had been the chief of the Cuban Interests Section in Washington for three years.

NPR
Washington, DC

18 September 2015

White House Posts Comprehensive Changes To Trade Regulations With Cuba

By MICHELE KELEMEN

AUDIE CORNISH, HOST: The Obama administration has just made it a lot easier for U.S. companies to do business in Cuba and for airlines and cruise operators to service the island. One expert describes the regulations published today as the most comprehensive change to the U.S. embargo in decades. NPR's Michele Kelemen has more.

MICHELE KELEMEN, BYLINE: As the administration posted new regulations easing restrictions on travel and trade to Cuba, John Kavulich offered some examples of how this could lead to a U.S. business presence on the island.

JOHN KAVULICH: A Home Depot, a Verizon store, United Airlines ticket office, a UPS drop-off location.

KELEMEN: Kavulich, who runs the U.S.-Cuba Trade and Economic Council, calls it a seismic change, saying U.S. companies will now be able to open offices, create joint ventures, hire Cuban nationals and pay their leases.

KAVULICH: For those who oppose President Obama's initiative, this is a Pepto-Bismol moment. But at the same time, it's a Pepto-Bismol moment for the Cuban government because this places the Cuban government under pressures that it hasn't seen before.

KELEMEN: He says the Cuban government will either have to allow this or explain to the Cuban people why not. The U.S. commerce secretary says the idea behind this is to promote Cuba's emerging private sector. But Mauricio Claver-Carone, of the U.S.-Cuba Democracy PAC, says there's a problem with that argument.

MAURICIO CLAVER-CARONE: Every single trade and commercial transaction with Cuba has to be done through an entity owned and operated by the Cuban dictatorship. And until that changes we can continue to talk about and we can continue to discuss how to help the Cuban people, but it's that monopoly that needs to be broken.

KELEMEN: He worries that the increased trade and travel will only support the Cuban government's control of the economy. And while the Obama administration argues that this new opening should promote changes on the island, Claver-Carone says, so far, there's been more political arrests and more Cubans trying to flee. Michele Kelemen, NPR News, Washington.

McClatchy News

Washington, DC

18 September 2015

Administration takes move to further liberalize rules on trade with Cuba

New rules would allow for more U.S. business activity

Treasury Secretary Lew: U.S. 'helping to support the Cuban people'

Expert: Intention is to 'bring American businesses to the island'



A man sells onions and garlic from a shopping cart on the streets of Havana, Cuba, on Sept. 18, 2015. Emily Michot Miami Herald



Dylan Batista, 11, plays soccer across the Sierra Maesta Terminal at the Port of Havana, Cuba, on Sept. 18, 2015. The terminal is being renovated for tourism after all existed commercial activity transferred to Mariel Harbor. Al Diaz Miami Herald



A vintage car and horse-drawn carriage on a road along the Port of Havana, Cuba, on Sept. 18, 2015. Al Diaz Miami Herald

The Obama administration on Friday moved to further change U.S.-Cuba trade rules, ushering in what experts called a major development that would significantly open the door to expanded business on the island.

The rules will be formally published and take effect Monday. Treasury Secretary Jacob J. Lew said they underscore “the administration’s commitment to promote constructive change for the Cuban people.”

“A stronger, more open U.S.-Cuba relationship has the potential to create economic opportunities for both Americans and Cubans alike,” he added in a statement. “By further easing these sanctions, the United States is helping to support the Cuban people in their effort to achieve the political and economic freedom necessary to build a democratic, prosperous and stable Cuba.”

The rules amend existing ones to boost engagement between American and Cuban people, accelerate the free flow of information to and from Cubans, and ramp up independent economic activity generated by Cubans.

Experts who have reviewed the new rules described them as significant and sweeping, as the administration intended. The rules significantly chip away at the embargo that has governed trade with Cuba for some five decades. Still, that doesn’t mean trade between the U.S. and the island will be free and open.

For starters, current trade law still restricts major commercial activity between the U.S. and Cuba. And whatever the intent of U.S. rulemakers -- and the hopes of U.S. companies -- actually getting businesses open on the ground in Cuba will require the assent of the Cuban government.

In a press call with reporters Friday morning, administration officials -- unnamed according to the ground rules of the call -- said that the U.S. has taken major steps. But that’s not all that is necessary to actually establish a business presence on the island.

“That is beyond our control, in terms of determining what the government of Cuba is going to allow to happen,” a senior administration official said. “But we ... have done what we can to lower all barriers to allow U.S. companies to go down there and really figure out how to get this done with the government of Cuba.”

“By further easing these sanctions, the United States is helping to support the Cuban people in their effort to achieve the political and economic freedom necessary to build a democratic, prosperous and stable Cuba,” U.S. Treasury Secretary Jacob J. Lew

Lawmakers began to react to the moves early Friday. There are still major steps that can be taken to further open trade with Cuba, and Congress has so far shown little inclination it is going to act on the issue any time soon.

U.S. Rep. Ileana Ros-Lehtinen, a Republican from Miami, said in a statement that the rule changes announced Friday “naively fuel expectations of a non-existent new Cuba.”

“The mislabeled private sector in Cuba is part of a police state that is under military control and maintaining its closed economy is the only way the regime will survive,” she said. “These new regulations are another desperate attempt to ignore the iron grip that the Castro regime maintains on the island’s economy and will only serve to benefit the coffers of the regime. By repeating the lie that Cuba has a private sector, the administration is using U.S. regulations to advance the regime’s political agenda in the United States.”

According to the administration, the rules will allow further travel to Cuba for authorized purposes; allow certain businesses to establish a physical presence, such as an office or other facility, in Cuba to facilitate authorized transactions; allow certain persons to open and maintain bank accounts in Cuba to use for authorized purposes; and authorize additional financial transactions, including those related to remittances. The rules make several other technical changes to current regulations.

In many ways, the rules are a continuation of the process begun Dec. 17, when President Barack Obama announced that the U.S. was seeking to thaw the five-decade freeze in its relations with the island nation 90 miles from Florida.

After that momentous December announcement, the Commerce and Treasury departments in January took steps to put in place parts of the president’s policy. The new rules announced Friday amend the terms of existing license exceptions available for Cuba, create new licensing policies, and take other steps to further promote economic activity in Cuba.

Going to Cuba for any economic transaction is risky business because the Castro regime has proven time and time again that it will not pay its bills or its creditors and will continue to ignore U.S. certified claim holders. . . . Our regulations do not have to change, it is Cuba that needs to change and the Castro brothers will not let that happen.

U.S. Rep. Ileana Ros-Lehtinen, Republican from Miami

Robert L. Muse, a Washington-based lawyer and expert on Cuba trade, said the moves were significant. “They’re greater than the ones in January,” he said in an interview. “The rules in January were important – they established the precedent. But it was more of a beachhead, and it was a bit murky. Now they are engaging the business community in a way that’s going to be interesting and important to them. It begins to give them some real commercial traction.”

Among the key changes, Muse said, was that companies engaged in exporting authorized items to Cuba will be able to establish, maintain and operate physical premises in Cuba.

“Maintaining a presence is brand new – that’s the big further step they have taken here,” Muse said. “The intention is to bring American businesses to the island.”

An example, he said, would be an agricultural commodity company allowed to export to Cuba that would now be able to establish a sales office – or possibly even a warehouse – on the island, thus furthering its prospects.

Several other types of businesses could also be affected, including aircraft; telecommunications equipment; medicine; and materials, equipment, tools and supplies.

According to John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council, the new regulations could permit a U.S. company to open a distribution center within the Mariel free trade zone; or shipping companies such as FedEx to have drop-off locations; U.S. airlines to have a ticket office; home renovation chains to sell building materials and supplies; or rice companies to have a sales office.

“And the companies can hire Republic of Cuba nationals as employees,” he said.

He added that regulations “would permit the most comprehensive trade and investment changes to the United States relationship with the Republic of Cuba in decades.”

However, just because the U.S. is authorizing such activity doesn’t mean the Cuban government will allow it.

“This is the U.S. saying to U.S. companies and individuals: You can do these things,” Kavulich said. “You will now have to convince the Cuban government to let you do them.”

Reuters

Chicago, Illinois

18 September 2015

Starbucks? OK. Lattes? No! Cuba business rules still complex after U.S. changes

BY NATHAN LAYNE AND LISA BAERTLEIN



A Cuban flag flies attached to a vintage car in Havana September 18, 2015.
Reuters/Carlos Garcia Rawlins

Starbucks Corp can move to Cuba, but it still cannot sell lattes there.

The Obama administration on Friday tore down barriers to U.S. companies doing business on the Communist-ruled island just south of Miami, but plenty of regulatory and legal roadblocks remain on both sides of the Florida Straits.

Airlines and cruise ships will see less meddling with their schedules, although the new rules approved by President Barack Obama will not lead to a significant boost in visitors, as U.S. law still prohibits most Americans from traveling there.

But Starbucks can still not sell prepared drinks like a latte or a cappuccino, only packaged coffee, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc.

The new rules of engagement have opened the door for Internet companies, but a Cuba government-owned company has the local monopoly on Web services. The prospects for retailers and restaurants are murky. Cuba's mostly poor population of 11 million has limited spending power and remaining U.S. law tightly restricts what can be sold to the former Cold War foe.

And then there is the biggest wild card of all: the Cuban government, which will have the final say on who is licensed to do what.

"You don't just go down to Cuba and hang up your shingles. That's not how it operates," said Kirby Jones, head of Alamar Associates, which has advised companies on business in Cuba since the 1970s. Starbucks, for one, said it had no plans to enter Cuba.

To be sure, executives described the relaxing of U.S. rules as an important step toward opening up the Cuban economy to U.S. investment in a wide range of industries.

United Parcel Service Inc said it "welcomes the opportunity to provide logistics services in and out of Cuba as regulations are changed".

A spokeswoman for Archer Daniels Midland Co, which has exported goods to Cuba under existing regulations, said the agribusiness group "will be ready to adapt to new opportunities as they arise."

U.S. telecoms Verizon Communications Inc and Sprint Corp on Thursday and Friday said they planned to offer cell phone roaming in Cuba.

But other companies showed a more cautious tone. Both Wal-Mart Stores Inc, the world's biggest retailer, and home improvement chain Home Depot Inc, said they were focused on growing in their existing markets. Kurt Jetta, head of the TABS Group, which provides consulting for some of the top consumer and retail firms, said: "we have over 50 clients, and no one is talking about Cuba."

While the new regulations would allow U.S. companies to open retail outlets, there are limits on what can be sold based on U.S. trade law enacted in 2000.

It is these restrictions, along with uncertainty over what the Cuba government will allow, that should keep U.S. executives cautious about the potential for business in Cuba. The new rules started a process that would take time, he added.

"Obama took a sledgehammer to U.S. regulations today, but he's 50 percent of the equation," said Kavulich of the U.S.-Cuba Trade and Economic Council. "No one should be fuelling up their corporate jet and filing a flight plan for Havana today."

CREDIT CONCERNS

The new rules do not allow U.S. companies to extend credit to Cuba, nor do they permit Cuba to use dollars in international transactions.

Even if such rules were eased, non-U.S. companies that do business in Cuba right now are working with credit terms of anywhere from nine months to two years, said Gary Heathcott, a special consultant to CJRW, an advertising and public relations firm in Arkansas, who soon will be traveling to Cuba with Arkansas Governor Asa Hutchinson and representatives from businesses such as farmer-owned cooperative Riceland Foods. "They are a cash-poor country," Heathcott said.

Just getting there remains a hurdle, with a prohibition on regular scheduled flights still in place. The new regulations allow U.S. airlines to set up local offices, and to hire Cuban nationals as gate agents, airline sources said.

Some former Cuban companies want a lot more. On the heels of the 1959 revolution, communist leader Fidel Castro's government seized privately owned homes and businesses and nationalized all foreign businesses with little in the way of compensation or restitution for Americans.

Bacardi, the largest privately held spirits maker in the world, was among the most successful companies in Cuba before its Cuban assets were seized by the government and its founders exiled in the 1960s. In a statement, the company said it was too early to comment about a possible return to the island nation.

"We believe that the issue of properties expropriated from U.S. citizens and Cuban Americans will need to be addressed," a Bacardi spokeswoman said in an emailed statement.

The Washington Post

Washington, DC

18 September 2015

Obama administration to further ease travel, business restrictions with Cuba

By Karen DeYoung

Certain U.S. businesses will be permitted to open offices and bank accounts in Cuba, establish joint ventures with some Cuban government entities and hire Cubans to work for them under major regulatory changes announced Friday by the Obama administration.

The changes also lift virtually all restrictions on how much money can be sent by individuals in this country to Cuban nationals on the island.

The new rules amount to President Obama's largest effort to date to use his executive power to sidestep the U.S. embargo on trade and financial dealings with Cuba. They come after initial changes made in January and the restoration of formal U.S.-Cuban diplomatic relations this summer.

In a telephone conversation Friday afternoon, Obama and Cuban President Raúl Castro discussed the changes, as well as Pope Francis's upcoming visit to the United States and Cuba, both governments announced.

Commerce Secretary Penny Pritzker said the regulatory changes "are designed to support the emerging Cuban private sector and bring us one step closer to achieving President Obama's historic policy goals" of stimulating economic and human rights reforms.

The modifications also stem from U.S. commercial pressure to further facilitate business with Cuba. Agricultural, telecommunications and building industries — among those now permitted to trade there — had complained that the rules still were too restrictive and complicated.

What remains unclear is whether Cuba will alter its own policies to allow the loosened U.S. policies to be implemented. So far, Havana has been slow to open up to an increased U.S. presence and greater trade. Agricultural imports from the United States have decreased by 40 percent this year, according to the New York-based U.S.-Cuba Trade and Economic Council.

Cuba's communist government controls all imports and exports, as well as all hiring by foreign enterprises on the island. Outreach by American telecommunications companies to expand Internet and cellphone access, now permitted on the U.S. side, has not resulted in any significant new business for them.

"This creates incredible challenges for the Cuban government, because it is President Obama handing the U.S. business community a playbook, and now the Cuban government has to decide whether it wants to accept the return of U.S. companies to Cuba," said John Kavulich, president of the U.S.-Cuba council.

"It's great that Home Depot or Lowe's could set up shop there," as allowed under the new permissions for vendors of construction materials, said Sen. Jeff Flake (R-Ariz.). "But a lot of it depends on the willingness of the Cuban government to lift restrictions on imports."

A senior administration official described the changes as unprecedented since the embargo was established in 1962, later to be augmented with stricter measures. What is beyond U.S. control, the official said, "is determining what the government of Cuba is going to allow to happen." The Treasury and Commerce departments have now "done what we can to lower all barriers to allow U.S. companies to go down there and figure out how to get this done," the official said. This official and others spoke on the condition of anonymity imposed for a briefing of reporters.

In some ways, the changes announced in January and on Friday make U.S. dealings with Cuba more difficult rather than less difficult to navigate. “Part of the intrigue here is that as we get more and more complex exceptions and rules and regulations, it just becomes more obvious that we have to lift the embargo,” said Sen. Amy Klobuchar (D-Minn.), whose bill to do just that has 22 co-sponsors.

But Republican leaders in the Senate and House have refused to allow votes on that measure and other proposals to remove remaining bans on travel by Americans to Cuba.

Cuban American lawmakers, including Democratic Sen. Robert Menendez (N.J.) and two Republican presidential candidates, Sens. Marco Rubio (Fla.) and Ted Cruz (Tex.), vehemently oppose removing any of the restrictions that remain on Cuba.

Menendez said Friday that the policy that Obama says is designed to encourage reforms on the island has been ineffective, even before the latest rules changes.

“The administration is engaged in one-way change, because there’s no change in Cuba,” he said, noting that there have been more than 4,000 arrests of dissidents and human rights activists this year alone.

The Obama administration, Menendez said, is “dangerously engaged in a regulatory effort to circumvent and maybe violate the law.” He said opponents are studying how to challenge the administration’s actions in court.

While agricultural exports have decreased, travel by U.S. citizens to Cuba has increased by 40 percent this year. Tourist visits remain prohibited, but self-declared travel in 12 categories — including for religious and humanitarian purposes — is permitted. So-called “people-to-people” visits remain subject to specific Treasury Department licenses, but a change in that category could vastly increase the number of U.S. visitors to Cuba.

“It would essentially allow tourists,” said Flake, who has introduced a bill to lift all travel restrictions. “My own view is that if somebody goes and happens to go to the beach sometimes, if they’re staying in a B&B, and eating in private restaurants and going around in a private Cuban taxi, that’s wonderful. It liberates a lot of Cubans from reliance on the state.”

Under the new regulations, which go into effect Monday, commercial and private vessels may travel by sea directly between the United States and Cuba. Aircraft are also permitted, and the administration’s expectation is that this will open the door to ferry and non-charter airline travel in the near future.

“Close relatives” can accompany or visit authorized travelers, and travelers can open bank accounts in Cuba. Limits on remittances sent or carried to Cuban nationals — except prohibited government or Communist Party officials — have been removed. Previously, a limit of \$2,000 per quarter was in effect.

U.S. businesses in authorized sectors such as telecommunications and construction will be allowed to establish what a senior administration official called a “business presence” in Cuba and to develop joint ventures, including with Cuban state-owned enterprises. They also can employ Cuban nationals, hiring them through the government, maintain bank accounts on the island and provide materials to Cuban nationals on a lend or lease basis, rather than the previously authorized cash sales or donations.

Authorized companies also can ship previously banned goods, including computers and software to be used in conjunction with their business activities.

Wall Street Journal

New York, New York

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**Obama Administration Announces Further Loosening of Sanctions Against Cuba
Changes to further facilitate travel to the island, and expand telecom and Internet services**



Medical student Electo Rossel, 20 years old, wearing a shirt with a photo of President Barack Obama, listens to music at the Malecon seafront next to the U.S. embassy in Havana, Cuba. PHOTO:

By Felicia Schwartz

The Obama administration moved to loosen more restrictions on doing business with Cuba, opening up more travel to the island, expanding telecommunications and allowing some Americans to establish offices and bank accounts there.

Treasury Secretary Jacob Lew said the actions, set to take effect Monday, build on regulatory changes implemented in January and demonstrate U.S. commitment to promoting change in Cuba.

Friday's steps are a demonstration of President Barack Obama's commitment to pushing his policy objective forward even as Congress is unlikely to fully lift the embargo before he leaves office.

On Friday he spoke with Cuban President Raúl Castro to discuss normalization ahead of Pope Francis' visits to Cuba Saturday and Washington next week. The leaders discussed unilateral and cooperative steps the U.S. and Cuba can take to advance bilateral ties, according to the White House.

The regulations aim to simplify travel to the island and help pave the way for U.S. businesses to do business on-site with Cuba's growing independent entrepreneurial class, senior administration officials said.

Under the new policies, cruise ships and cargo ships can go to Cuba without a special license, helping to accommodate rising demand for travel from the U.S. to the island, officials said. U.S. citizens traveling to the island for journalistic or humanitarian work or to carry out professional research can now bring close relatives with them.

U.S. individuals and businesses will be able to open up bank accounts in Cuba, and Cuban citizens can open bank accounts in the U.S. American businesses can also legally have a presence in Cuba and open up offices, warehouses and storefronts.

The new rules also ease restrictions on telecommunications companies and Internet-based service providers to make it easier for them to conduct business on the island. They also remove limits on remittances to Cuban nationals and to the amount of money U.S. citizens can bring to the island.

While Friday's steps are significant, Congress must act to fully lift the trade and travel embargoes. Businesses are likely to be cautious about how much they invest in Cuba as long as there is uncertainty about how the policy will fare beyond 2017, when President Barack Obama leaves office. Lawmakers supportive of the shift hope looser regulations will increase pressure from U.S. companies on Congress to pass legislation that further loosens restrictions, or scraps them altogether.

"This is tremendously helpful," said Sen. Jeff Flake (R., Ariz.), a co-sponsor of a bill to lift the travel embargo and a supporter of normalization. "Once these changes happen nobody seriously moves to change them or turn back the clock. So at some point with some of the changes, members of Congress will simply say 'we're just going to adjust our policy to match the reality and the reality is Americans are doing business in Cuba.'"

Officials cautioned that the effect of the looser regulations depends partly on buy-in from the Cuban government. "The changes we are announcing today will in fact have impact, but they can have even greater impact if the Cubans take additional steps on their part," a senior administration official said.

Friday's actions came partly in response to suggestions from companies trying to do business on the island since some restrictions were loosened earlier this year. They have told the U.S. government they would like to see Cuba allow for greater investment and for the private sector to flourish. U.S. companies also can't import directly into the country but must go through the Cuban government, another policy they would like to see Havana change, the official said.

Critics of Mr. Obama's engagement with Cuba said further loosening regulations was misguided and would bolster the Castro regime. "These new regulations are another desperate attempt to ignore the iron grip that the Castro regime maintains on the island's economy and will only serve to benefit the coffers of the regime," said Rep. Ileana Ros-Lehtinen (R., Fla.).

Sen. Marco Rubio (R., Fla.), a 2016 Republican presidential candidate, said loosening regulations wouldn't help Cubans. He faulted the Obama administration for easing U.S. policy toward Cuba without reciprocal actions from Havana.

Supporters of the policy shift welcomed the looser regulations. "It's especially important to see steps toward opening up market engagement in telecommunications and Internet services, as we believe the increased flow of information and communication is the lifeblood of a modern economy," said Jodi Bond, a vice president for the U.S. Chamber's International Division who oversees the Americas.

Augusto Maxwell, a partner at Akerman law firm in Miami who advises companies looking to do business in Cuba, said the changes lay the groundwork on the U.S. side to broaden business ties but would take time to take effect. "It's going to take two governments to do this," he said.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said the regulations set to take effect Monday could permit a wide range of U.S. business activity in Cuba, including allowing shipping companies to have drop-off locations and airlines to have ticket offices.

"This is a legacy builder and will create for the Republic of Cuba the type of pressure that will be challenging to manage," he said.

Other supporters said the loosening of regulations would show Cuba that the U.S. is serious and committed to moving ahead with normalization. "We're putting the onus on Cuba, not the other way around," said James Williams, president of Engage Cuba, a group lobbying to end the embargo.

President Obama and Cuban President Raúl Castro said in December that Cuba and the U.S. would move to normalize ties after decades of Cold War enmity. Since then, Havana and Washington have restored diplomatic ties and travel from the U.S. to Cuba has jumped. Mr. Obama has taken several steps to loosen the trade and travel embargoes on his own, but only Congress can act to fully lift them. That is unlikely to happen in the Republican-led Congress before Mr. Obama leaves office in 2017, though Republican support for his policy is growing.

The Obama administration is hoping to chip away at the embargo before the president leaves office and is working on further loosening of trade and travel restrictions beyond those announced Friday, officials have said. A civil-aviation agreement to resume commercial flights is expected to be completed by the end of the year. Administration officials hope to advance the policy shift with Cuba enough unilaterally that it will be untenable to reverse it in future administrations, officials have said.

Mr. Castro plans to attend the United Nations General Assembly in New York this month. The U.S. and Cuban governments haven't said if Messrs. Obama and Castro would meet on the sidelines. Pope Francis' visit to the U.S. will also increase pressure on lawmakers to take steps to lift the embargo. The pontiff helped broker the historic shift in relations and is likely to call for an end to the embargo when he visits the U.S. next week after a trip to Cuba.



18 September 2015

U.S. announces new easing of limits on travel, trade with Cuba

EFE

The U.S. government announced Friday a new easing of the limits on travel and trade with Cuba, which includes the authorization, under certain conditions, of offering telecom services, opening bank accounts and doing business on the island.

"The regulations published today are designed to support the emerging Cuban private sector," U.S. Commerce Secretary Penny Pritzker said in a statement, when announcing the new measures together with Treasury Secretary Jack Lew.

For his part, Lew said that these regulations, which are added to a previous easing of sanctions announced last January, and which will take effect next Monday after they are published in the Federal Register, reflect the "commitment" of the government of U.S. President Barack Obama to "promote constructive change for the Cuban people."

The announcement comes just before Pope Francis, who played a key role in bringing Cuba and the U.S. closer together last December, visits the two countries.

With the new rules, U.S. companies with the appropriate authorization will be able to establish a physical presence in Cuba and hire Cuban workers, as well as offer loans.

From now on it will also be easier for airlines and passenger ships to get authorization for making trips to Cuba, while limits on remittances have been eliminated.

"These are the most comprehensive expansion in U.S. trade and investment regulations with Cuba in decades," John Kavulich, head of the U.S.-Cuba Trade and Economic Council, an organization of American companies, said.

Meanwhile, Verizon announced Thursday that it will be the first U.S. company to offer roaming services for mobile phones in Cuba.

Last week, Obama renewed for another year the so-called Trading with the Enemy Act which imposes the economic embargo on Cuba, in order to maintain his executive authority to ease sanctions on the island as part of the normalization process.

The reenactment of that law "maximizes the president's flexibility to administer the embargo on Cuba and authorize certain transactions," a high U.S. official told EFE.

The process of rapprochement initiated last December has led to the reestablishing of diplomat relations, broken off since 1961, with the reopening in July of the respective embassies in Washington and Havana. On Thursday, the previous chief of the Cuban Interests Section in Washington, Jose Cabañas, presented Obama with his credentials as ambassador to the United States.

Cabañas is the first Cuban ambassador in Washington since Ernesto Dihigo Lopez de Trigo, who was called home from the mission for consultation indefinitely in 1959, less than two years before diplomatic relations were terminated in 1961. EFE

Al Jazeera America

18 September 2015

Washington, DC

US relaxes trade, travel restrictions on Cuba

One expert calls the new rules a ‘full frontal assault’ on the more than 50-year-old embargo

by David Ariosto

HAVANA — Doing business in Cuba could soon get a lot easier for Americans.

The U.S. Treasury and Commerce departments announced Friday what analysts describe as the most comprehensive change to trade and investment on the island in more than half a century.

Twenty-seven pages of new regulations authorize American entrepreneurs to engage with Cuban government-owned companies as well as the more 200 categories of independently licensed businesses on the island.

That means that, starting Monday, the U.S. government will not prevent companies such as FedEx from opening drop-off locations in Cuba, John Deere from opening showrooms or Microsoft from opening a Havana office and hiring Cuban employees.

“This isn’t end-run around the embargo,” said John Kavulich, the president of the U.S.-Cuba Trade and Economic Council. “It’s a full frontal assault.”



Orlando Hernandez, 38, a street seller, wears a shirt with a U.S. flag in Havana, July 21, 2015. Apparel featuring the flag is not an uncommon sight in Cuba. Alexandre Meneghini / Reuters

The U.S. slapped a trade embargo against Cuba in 1960, which was strengthened over the next two years, after Fidel Castro’s government began nationalizing private property of American businesses. Only an act of Congress may lift it.

While the embargo specifically restricts trade, it has also historically granted the White House a certain degree of leeway in determining how those restrictions are interpreted and applied. “The embargo has more holes than Swiss cheese,” said Pedro Akerman, the chairman of Akerman’s International. “You’ve just got to know where the holes are.”

The regulatory shift further eases restrictions on travel, allows Americans to open bank accounts and expands general licenses for telecommunications and Internet services.

It also gets rid of restrictions on remittances to Cuba, which in 2014 totaled roughly \$1 billion, according to the U.S.-Cuba Trade and Economic Council.

Before Friday’s announcement, the U.S. maintained a \$2,000 quarterly maximum on funds that U.S. residents were allowed send to friends and family in Cuba. Unrestricted cash flow from the U.S. is therefore expected be a boon to the cash-strapped Cuban economy.

“These resources are catalyzing a host of positive developments,” wrote Ted Piccone, a senior fellow at the Brookings Institution, referring to the use of remittances to reduce dependence on the socialist state.

The announcement comes two days before Pope Francis is scheduled to address hundreds of thousands of people in Havana's Revolution Plaza — the third such visit by a pontiff in less than two decades.

After President Barack Obama announced an accord to normalize relations between Cuba and the United States, on Dec. 17, 2014, Roberta Jacobson, a U.S. assistant secretary of state, told Congress that Francis "was crucial to both sides" in brokering the agreement behind the scenes. Many in Havana wonder openly whether Sunday's Mass will turn political.

Cuba insiders say the focus now largely shifts to the Cuban government and how it will handle newfound attention from U.S. businesses. The Cuban government typically has foreign companies partner with the state before setting up operations on the island — something about which many of the more than 250 foreign companies in Cuba have complained.

The new policy "will create for the Republic of Cuba the type of pressure that will be challenging to manage," said Kavulich. American "companies will continue to be used as bait, but now the Republic of Cuba will need to reciprocate or risk a lessening of interest by the United States business community."

Despite lingering questions for American companies about the business climate, the buying power of Cuban consumers, the influence of the government and the lack of infrastructure needed to facilitate business, there are signs of change.

On Thursday, Verizon Communications Inc. began offering roaming wireless service on the island — becoming the first U.S. carrier to provide cellphone coverage in Cuba.

The Record

Bergen, New Jersey

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Kelly: The revolution gap; Cuba's younger generation ready to move on

BY MIKE KELLY
RECORD COLUMNIST



HANNAH BERKELEY COHEN/SPECIAL TO THE RECORD

Ronald Menendez, 17, wearing a Ché Guevara T-shirt as he sold magnets and cards in Havana. "I respect what Ché Guevara and the Castros did," he said. "But it's more of my grandparents' generation that was affected. Not me so much."

HAVANA — The old revolutionary moves slowly now, much like the revolution he fought so hard to win.

Almost six decades ago, Luis Alberto Clerge Fabra fought side by side with Fidel Castro, Raul Castro, Ché Guevara and other Cuban revolutionaries to turn his island homeland into what they believed could be a communist model of social and economic reform.



HANNAH BERKELEY COHEN/SPECIAL TO THE RECORD

Jacqueline Martinez, 53, has owned and operated Cafeteria Doña Laura, which is located in Cuba, since 1994.



Fabra's loyalty later earned him an officer's commission in the Cuban army, diplomatic posts in Japan, the Netherlands and Czechoslovakia and a job as a history professor at the University of Havana.

But he's 79 — no longer the young man in his 20s who went by the nom de guerre of "Pomponio" and hid with Castro and Guevara in the Sierra Maestra Mountains before storming into Havana on New Year's Day 1959 and seizing power from Cuban strongman Fulgencio Batista.

Now, with Cuba struggling to lift itself out of decades of economic morass, Fabra finds himself wondering about another struggle that he sees on the horizon — to convince Cuba's youth that the revolution he fought so hard for was not a mistake. "It's hard for young people to identify with the revolution," Fabra said. "It's like a mystical thing. What I'm seeing is kids with music, with iPods."

Such is the quiet battle now being fought in the hearts and minds of Cubans as this nation prepares for a four-day visit from Pope Francis, which begins today and precedes stops in New York, Washington, D.C., and Philadelphia. At the heart of this battle — and the concurrent hope expressed by many for the pope to call for greater freedom for this nation's burgeoning dissident movement — is the deeper question of whether Cuba's communist revolution is still relevant in the 21st century.

On its most basic level, this debate has divided generations. Older Cubans still cling to the memory of a communist uprising that transformed their lives. But their children and grandchildren wonder why that revolutionary spirit has left many of them mired in low-wage jobs and unable to buy homes. Several miles from Fabra's two-story, stucco home in Havana's Miramar section, 17-year-old Ronald Menendez showed up for work one day recently at a gift shop on 23rd Street in a white T-shirt emblazoned with a photograph of the curly, bearded Cuban revolutionary Che Guevara.

Menendez hardly considers himself a revolutionary — or even a die-hard communist. The gift shop he runs is an example of how the government, now led by Fidel Castro's younger brother, Raúl, allows Cubans to open small businesses in private homes. Menendez pays \$3 a day to rent a postage stamp-sized patio and closet-sized room where he sells refrigerator magnets and greeting cards.

"I respect what Che Guevara and the Castros did," Menendez said. "But it's more of my grandparents' generation that was affected. Not me so much." Instead, Menendez now wants a technological revolution in Cuba, starting with more access to the Internet. "I want to be able to communicate with my friends who have left Cuba for other countries," he said.

Around the corner from Menendez's gift shop, Jacqueline Morejon Martinez, 53, operates a café on the patio outside her apartment and shares many of the same concerns about how Cuba needs to have renewed revolutionary spirit that includes more economic and political reform. "I travel outside Cuba, but when I come back to Cuba, I feel like we are stuck in time," she said.

That sense that the rest of the world is embracing more democratic and economic reforms while Cuba persists in preserving its communist heritage of control over a wide swath of ordinary life has become a major source of discontent for increasing numbers of young Cubans.

"In Cuba, for every one or two steps forward, there are five steps backward," said John Kavulich, an economist at the U.S.-Cuba Trade and Economic Council, which is based in New York City.

For some, Cuba is not changing fast enough, especially in responding to demands for greater democratic reforms. To others, however, the revolutionary spirit of Fidel Castro is still inspiring.

On a recent afternoon, Damian Swarez, 32, of Edison stopped by Martinez's café for lunch after a shift at a nearby hospital where he is finishing up his medical training to become a physician.

Seven years ago, Swarez graduated from Rutgers University and applied to study medicine in Cuba, in part because he admired the country's policy of free and universal health care and education — a much-touted achievement of Castro's revolution.

After graduating from Havana's Latin American School of Medicine, Swarez said, he plans to return to New Jersey — but not to a high-paying physician's practice. He said Cuba's revolutionary spirit has inspired him to work as a family physician in New Jersey's poorest neighborhoods. "Perhaps Paterson or Newark," he said. The idealism that Swarez embodies — as an American, no less — is what some observers say is disappearing from Cuba's youth.

"To most people under 40, Fidel is just a historical figure," said Mario Gonzalez-Corzo, a Cuban-born economist at New York City's Lehman College who also teaches at Rutgers and Columbia universities. Gonzalez-Corzo, who lives in Cliffside Park, said he believes that Cuba has evolved into a "transitional state, not just in the economy but in terms of cultural values. "Needless to say," he added, "it doesn't imply greater political openness."

Here, in Havana, many Cubans speak openly of their hope that Pope Francis will draw attention during his public appearances to Cuba's slowness in allowing democratic reforms. But the pope has not indicated one way or the other whether he will comment about Cuba's politics during his trip, which has been officially described by the Vatican as a "mission of mercy."

Francis' official schedule for his four-day visit to Cuba does not include any time for meetings with political dissidents. However, the Vatican has announced that he plans to meet with several hundred students on Sunday evening after he celebrates Mass at Havana's Plaza de la Revolution.

"I don't plan to talk about religion," said Laura Alvarez, 19, who is studying finance at the University of Havana and was invited to the pope's meeting. "I want him to bring change and more freedom politically."

Grisel Penalver, also 19 and a finance student with Alvarez at the university, said she too plans to attend the pope's meeting. "The Cuban revolution has brought success to us," said Penalver. "But it also has its faults. One of my hopes is that those high up in power listen to us."

Back in his home on the other side of Havana, Luis Alberto Clerge Fabra, the old revolutionary, said he doesn't plan to attend the pope's Mass in Revolution Square. "I'll watch it on TV," he said. As for Cuba's youth, he said he fears that far too many will go to Revolution Square without any sense of the sacrifice he and his revolutionary compatriots made. "You see these kids," he said, "and they're thinking about other things."

Tampa Bay Times

Tampa Bay, Florida

18 September 2015

Obama plans major loosening of travel and commerce restrictions on Cuba



New York Times- Residents walk in front of the National Capitol Building in Havana last week. The Obama administration on Friday announced changes to loosen restrictions on Cuba.

WASHINGTON — The Obama administration on Friday announced sweeping changes to loosen travel, commerce and investment restrictions on Cuba, moving to fulfill President Barack Obama's goal of breaking down barriers between Washington and Havana even as the American embargo remains in place.

The rules will allow American companies to open locations and hire workers in Cuba, facilitate financial transactions between the nations, and remove limits on the amount of money that can be brought to the island nation.

They are to take effect on Monday on the eve of the visit to Washington by Pope Francis, a proponent of the reconciliation between the United States and Cuba who helped broker the agreement last year between Obama and President Raúl Castro to forge it.

The development was hailed by some in the Tampa Bay area as a positive step that might open business opportunities for an area with a strong Cuban-American community. Those with ties to the cruise industry

are particularly keen on the Cuban market opening as Tampa is one of the closest U.S. ports to Havana. "I think it's great news for Tampa and the people of Cuba," said Bill Carlson, president of Tucker/Hall, a public relations firm with offices in Tampa. "The challenge now is that we in Tampa Bay have to move at lightning speed to start offices in Cuba and engage the Cuban entrepreneurs before we're beaten by other cities."

He said the Cubans will eventually need to build a new business and tourism infrastructure and will need to tap U.S. business expertise and investment. "Over the next few years there will be billions of dollars of investment in Cuba and it's our position to lose if we don't move quick enough," Carlson said.

Jacob J. Lew, the Treasury secretary, said the rules could lead to "constructive change for the Cuban people."

"A stronger, more open U.S.-Cuba relationship has the potential to create economic opportunities for both Americans and Cubans alike," Lew said.

They also hold out the prospect of new business opportunities for American companies, which some observers said were intended to increase pressure on Havana to take corresponding action to open its economy.

"When we receive word from the president and Congress that the embargo has been officially lifted, we will look forward to being a major gateway for people and cargo, to and from Cuba, for years to come," said Paul Anderson, Port Tampa Bay president and CEO.

U.S. Rep. Kathy Castor, D-Tampa, said she applauded the easing of restrictions and thought Congress will eventually vote to lift the trade embargo. But she said some in Congress and the Cuban government could yet delay full relations between the nations. She said the administration's first steps at easing relations in December 2014 "cracked the door open. These steps will open that door further. But until Congress lifts the embargo, we can't say the door is wide open."

American corporations have been working behind the scenes with the Obama administration for months to bring about the normalization the president promised, which began with an initial set of regulatory changes in January. But the new rules exceeded the expectations of some business leaders, who said they had sent a clear message to Cuba that it must do more to hold up its end of the process.

"They've gone farther at one time than most anyone expected," said John S. Kavulich, the president of the U.S.-Cuba Trade and Economic Council.

The regulations will for the first time in decades allow U.S. firms to do business directly in Cuba, setting up subsidiaries or opening offices there, and allowing Americans to have bank accounts and Cubans to maintain bank accounts outside their country. Cruise ships will be able to travel between U.S. ports and Cuba without stopping in a third nation. And close relatives will be able to visit family in Cuba for a

wider array of purposes. The rules will also allow American telecom and Internet companies to situate in Cuba and market their services there.

USA Today

Arlington, Virginia

18 September 2015

Obama removes more trade restrictions with Cuba



Alan Gomez



Cuban and U.S. flags hang from a resident's balcony on the day the U.S. opened its embassy in Havana, Cuba, on Aug. 14, 2015. (Photo: Ramon Espinosa, AP)

MIAMI — A Home Depot in Havana? It could happen under a sweeping set of new rules by the Obama administration.

The departments of Commerce and Treasury announced Friday they will remove a series of restrictions on Americans traveling to and doing business with Cuba.

The new rules, set to go into effect Monday, cover a wide range of issues from investment to banking to hiring Cubans to develop Cuba-specific software. The U.S. economic embargo on the island nation, however, will remain in place — only an act of Congress can change that.

The announcement comes as Pope Francis, who helped broker the historic agreement between the two countries to re-establish diplomatic relations, prepares for a four-day tour of the island beginning Saturday.

The new measures represent the latest steps toward normalizing relations with the communist nation, following the raising of the U.S. flag over the recently reopened U.S. Embassy in the capital of Havana and a Cuban flag-raising in Washington, D.C.

"A stronger, more open U.S.-Cuba relationship has the potential to create economic opportunities for both Americans and Cubans alike," Treasury Secretary Jack Lew said in a statement. "By further easing these sanctions, the United States is helping to support the Cuban people in their effort to achieve the political and economic freedom necessary to build a democratic, prosperous and stable Cuba."

One of the biggest changes announced would allow American businesses to establish a "physical presence" in Cuba, meaning they could operate offices, retail outlets and warehouses. The U.S. firms will be able to hire Cubans to work in their offices and create joint ventures with some Cuban companies in order to maximize their operations.

There won't be a McDonald's or Starbucks in Cuba just yet, however. The rules limit the new openings to American companies selling agricultural products and building materials for privately-owned homes. That limitation is important because it follows rules passed by Congress that allow for the sale of such "humanitarian" goods to the island.

The new rules will also allow transportation and delivery companies to set up shop in Cuba, which could include companies like FedEx and UPS. Internet and telecommunications companies will also be given new authority to work on the island, and educational institutions will be able to expand study programs for their students and researchers.

Obama will also eliminate long-established limits on the amount of money Cuban-Americans can send back to their relatives. Shortly after taking office, Obama allowed relatives to send up to \$2,000 each quarter in remittances back to Cuba. That limit will now be lifted, allowing people in the U.S. to help private entrepreneurs in Cuba build and expand their burgeoning businesses.

John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, said the changes could be a "legacy builder" for Obama as even more trade and travel heads to Cuba. But he warned the pressure is now squarely on the Cuban government to catch up with and institute their own changes to allow for the increased flow of goods.

"United States companies will continue to be used as bait, but now the Republic of Cuba will need to reciprocate or risk a lessening of interest by the United States business community," he said.

Other changes announced Friday:

- American vessels no longer need trip-by-trip approval from the Department of Treasury for visits to the island. That means companies considering new air and sea routes to Cuba to carry passengers or cargo have more freedom to go to Cuba, so long as their trips fall into the categories allowed by the U.S. government.
- Americans operating in Cuba will be allowed to establish bank accounts in Cuba to facilitate their work. Americans can already visit Cuba through 12 categories, including trips for humanitarian, educational and religious purposes. Now those visitors, who sometimes spend long periods in Cuba or make repeated trips, can use Cuban banks so they're not carrying around large amounts of cash.
- Some Americans traveling to Cuba will now be able to bring their "close relatives" with them. Americans traveling on educational, research, religious, humanitarian, government and journalistic visas will be able to bring their spouses and children.
- American companies will be able to hire Cubans to create software and mobile phone applications that utilize American technology but are designed specifically for the Cuban market.

Many of the changes are aimed directly at Cuba's burgeoning private sector. The island's economy has long been run entirely by the state, but Cuban President Raúl Castro has opened a limited number of jobs to Cubans to work on their own. There are now about 500,000 Cubans working on their own, paying taxes and hiring their own employees.

Those opposed to the new relationship with the communist nation, however, feel the Cuban government has no interest in creating a true private sector. Rep. Ileana Ros-Lehtinen, R-Fla., a Cuban-American, said Cuba's regime retains too much control over those businesses, so any attempts by the U.S. to help them will only end up helping the Cuban government.

"The sad reality is that the Castro regime is taking full advantage of the Obama administration's willingness to concede on loosening the regulations while expecting nothing in return from the communist dictatorship," she said. "Our regulations do not have to change, it is Cuba that needs to change and the Castro brothers will not let that happen."

By opening the door to so many new business ventures, Obama has effectively removed one of the biggest excuses Cuba's leaders have long used to justify their economic struggles, said Pedro Freyre, a Miami-based attorney who chairs the international practice at the Akerman law firm. The American funding, equipment and technological expertise that can now come to the island will finally allow Cubans to build up successful, lasting businesses that can give them economic independence from the Cuban government, he said.

"Consider this American flip flops on the ground," Freyre said. "If you empower these Cubans to do this high-power, high-tech work, you can build an industry in Cuba. And you have given Cubans a source of income that isn't sugar, that isn't selling trinkets to tourists."

Bloomberg News

Washington, DC

18 September 2015

White House Eases Cuba Trade for Company Travel, Subsidiaries



Toluse Olorunnipa

U.S. company executives will be able to travel more freely to Cuba under rules the Obama administration issued Friday that also allow easier exports of software and telecommunications equipment to the island nation.

Companies would be able to establish subsidiaries and more easily do business in Cuba under the regulations, which take effect Monday. The new rules will make Obama's diplomatic overtures to Cuba more difficult for his successor to reverse, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

"No one can minimize the impact of this in terms of the magnitude of what the president has done," said John Kavulich, president of the Cuba Trade Council. "To allow this all at once, is massive."

Kavulich said the new rules might allow FedEx Corp. or United Parcel Service Inc. to open drop-off locations in Cuba, or Deere & Co. to have a showroom there. On Thursday, Verizon Communications Inc. said it would begin offering roaming wireless service in Cuba. Sprint Corp. also said it would be entering Cuba soon.

"Today's announcement underscores the administration's commitment to promote constructive change for the Cuban people," Treasury Secretary Jacob Lew said in a statement. The new regulations were reported earlier by Reuters.

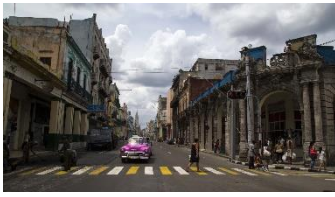
NPR

Washington, DC

18 September 2015

In Further Thaw With Cuba, U.S. Relaxes Rules On Visiting, Money And Business

Bill Chappel



New rules issued by the U.S. on Friday will make it easier for cruise ships and airlines to service Cuba.
Desmond Boylan/AP hide caption itoggle caption Desmond Boylan/AP

Next week, it will be easier for people, money, and goods to flow between Cuba and the U.S., which announced a new round of relaxed sanctions Friday. The changes also allow U.S. companies to provide Internet and communications services in Cuba.

The new rules by the Department of the Treasury and the Department of Commerce will take effect Monday.

"This qualifies as huge," John Kavulich, president of the U.S.-Cuba Trade and Economic Council, tells NPR's Michele Kelemen. "We'll see what the Cubans do with it, but from the U.S. side, this is just unprecedented." Michele reports for our Newscast unit:

"Treasury Secretary Jacob Lew says a stronger more open U.S.-Cuba relationship has the potential to create economic opportunities for Americans and Cubans alike. The Commerce secretary says the goal is to support Cuba's emerging private sector.

"U.S. companies will be allowed to establish offices or warehouses in Cuba, as well as have joint ventures on the island. It will be easier for airlines and cruise ships to service Cuba, and regulations will be eased on software sales.

"John Kavulich says these moves could be difficult for Cuba to manage. Cuba would still have to ease its restrictions for U.S. businesses."

Here are some highlights of the new regulations, from the Treasury Department's statement issued Friday morning:

Academic exchanges and joint non-commercial academic research with universities or academic institutions in Cuba will also be authorized.

Persons subject to U.S. jurisdiction will be allowed to establish a business presence in Cuba, including through joint ventures with Cuban entities, to provide certain telecommunications and internet-based services, as well as to enter into licensing agreements related to, and to market, such services.

The limits on donative remittances to Cuban nationals other than prohibited Cuban Government or Cuban Communist Party officials, currently set at \$2,000 per quarter, will be removed entirely. The limits on authorized remittances that individuals may carry to Cuba, previously \$10,000 for persons subject to U.S. jurisdiction and \$3,000 for Cuban nationals, will also be removed entirely.

Banking institutions will be able to open and maintain accounts for Cuban individuals for use while the Cuban national is located outside of Cuba, and to close such accounts.

Persons subject to U.S. jurisdiction engaging in the following categories of authorized activities will be allowed to establish and maintain a physical presence, such as an office, retail outlet, or warehouse, in Cuba: news bureaus; exporters of certain goods authorized for export or reexport to Cuba by Commerce and OFAC, such as agricultural products and materials for construction or renovation of privately-owned buildings; entities providing mail or parcel transmission services or certain cargo transportation services; providers of telecommunications or internet-based services; entities organizing or conducting educational activities; religious organizations; and providers of carrier and certain travel services. These individuals and entities will also be authorized to employ Cuban nationals, open and maintain bank accounts in Cuba, and employ persons subject to U.S. jurisdiction in Cuba.

Pravda

Moscow, Russia

18 September 2015

US works out new trade rules with Cuba



Source: Pravda.Ru photo archive

The White House has worked out new trade rules with Cuba, which are to weaken previous embargo restrictions.

The **easing will concern the American companies**, which run business with Cuba, as well as the US citizens, who wish to travel to the island.

New regulations should be officially announced on 18 September. They are expected to **allow the American companies to open subsidiaries in Cuba**, possibly via joint companies with the Cuban agencies, as the telecommunications monopoly **ETECSA**, for instance.

It is also intended to weaken rules on port calls. Now, the US ferries won't need to have a special license, but a general one.

John Kavulich, head of the U.S.-Cuba Trade and Economic Council said, "These are the most comprehensive expansion in U.S. trade and investment regulations with Cuba in decades."

"The result will be an exponential increase in interest towards Cuba by US companies and pressure upon Cuba by those same companies to permit access to the marketplace," Kavulich added.

Marti Noticias

Washington, DC

18 September 2015

Entran en vigor nuevas medidas de Estados Unidos hacia Cuba

Se trata de los cambios "más significativos" en cuanto a la inversión y el comercio con Cuba "en décadas", valoró John Kavulich, presidente del Consejo Comercial y Económico EEUU-Cuba.

El Gobierno de Estados Unidos anunció este viernes la remoción de numerosas restricciones legales al comercio bilateral con Cuba, los viajes a ese país y la operación de empresas estadounidenses, así como la eliminación de límites a determinados tipos de remesas de dinero.

Ag Pulse

Camdenton, MO

18 September 2015

Ag firms cleared to open facilities in Cuba

By Philip Brasher

WASHINGTON, Sept. 18, 2015 - American agricultural exporters can start opening offices and storage facilities in Cuba, under a series of steps finalized by the Obama administration to ease restrictions on business and travel.

The businesses also will be authorized to hire Cuban nationals and maintain bank accounts in the country, under regulations released by the Treasury Department's Office of Foreign Assets Control.

The regulations allow companies handling agricultural commodities and other authorized exports to have offices, retail outlets and warehouses in Cuba.

“It seems like it should be positive,” said Dave Salmonsens, a trade policy specialist with the American Farm Bureau Federation. But Cuba's actual demand for U.S. food will depend on what the Cuban government ultimately allows, he said.

In July, U.S. food exports to Cuba were down by more than 8 percent from the year before, according to the U.S.-Cuba Trade and Economic Council. Cuba imported \$3.3 million in food and agriculture products this July, compared to \$17 million in 2014.

The release of the regulations came just before Pope Francis' arrival in Cuba ahead of his U.S. visit next week.

Treasury Secretary Jacob Lew said that easing U.S. sanctions on Cuba shows that the administration is committed to promoting “constructive change for the Cuban people.”

“A stronger, more open U.S.-Cuba relationship has the potential to create economic opportunities for both Americans and Cubans alike. By further easing these sanctions, the United States is helping to support the Cuban people in their effort to achieve the political and economic freedom necessary to build a democratic, prosperous, and stable Cuba.”

The new regulations also will relax restrictions on passenger and cargo vessels and allow Americans to provide some telecommunications and Internet services in Cuba.

The New York Times

New York, New York

17 September 2015

U.S. to Announce Loosening of Business and Travel Restrictions on Cuba

By JULIE HIRSCHFELD DAVIS

WASHINGTON — The Obama administration on Friday will announce an array of regulatory changes to loosen travel, commerce and investment restrictions on [Cuba](#), according to people familiar with the plans, the latest move forward in the thaw in relations with Havana.

The rules will allow American companies to open locations in Cuba and will clarify how they can conduct transactions and finance operations there, according to a draft submitted to the Office of Management and Budget this month. The changes will also make it easier for cruise ships and other vessels to travel to Cuba.

The White House declined to comment on the rules. But one person who had reviewed them said they were a sweeping set of changes that would raise expectations among American companies about business opportunities in Cuba and could increase pressure on Havana to open its economy.

“They’ve gone farther at one time than most anyone expected,” said John S. Kavulich, the president of the U.S.-Cuba Trade and Economic Council, who has read the regulations. “Not only are companies able to establish a physical presence in Cuba and hire Cuban workers, but they are also extending loans and lease payment terms for authorized products.”

Restrictions on food and agricultural products will remain, Mr. Kavulich said, “but this allows everything else to move in a much more normalized way.”

The White House is working to show momentum in the rapprochement with Cuba before the Dec. 17 anniversary of Mr. Obama’s announcement that he and President Raúl Castro had agreed to normalize relations between their countries.

The changes come shortly before Pope Francis, who played a pivotal behind-the-scenes role in the two nations’ reconciliation, is to visit Havana and Washington.

On Thursday, Mr. Obama received credentials from the first Cuban ambassador to the United States since 1961. The ceremony took place in the Oval Office without fanfare. The envoy, José Ramón Cabañas Rodríguez, had been the chief of the Cuban Interests Section in Washington for three years.

The regulatory changes, which were first reported by The Associated Press, are part of a push by Mr. Obama to use his power to re-establish travel and commercial ties between the United States and Cuba in the face of congressional obstacles to lifting the embargo outright.

Reuters Americas

Washington, DC

17 September 2015

White House preparing new rules to weaken Cuba embargo: sources

HAVANA/WASHINGTON | BY MARC FRANK AND [PATRICIA ZENGERLE](#)



A vintage car drives next to the U.S. embassy in Havana September 17, 2015.
Reuters/Carlos Garcia Rawlins

The White House is drafting sweeping regulations to further weaken the U.S. trade embargo on [Cuba](#) that would ease restrictions on U.S. companies and make it safer for Americans to travel there, U.S. government sources said on Thursday. The regulations could be announced as soon as Friday.

U.S. companies would be allowed to establish offices in Cuba for the first time in more than half a century, according to a draft of the new rules seen by Reuters.

The regulations make it easier for airlines and cruise ships to import parts and technology to improve safety in Cuba; loosen restrictions on software exports; and allow authorized companies to establish subsidiaries with Cuba, possibly via joint ventures with Cuban firms such as state telecommunications monopoly Etecsa.

However, they do not authorize private financing of trade nor change current rules on who can travel to Cuba, though it is possible regulations could still be modified by other agencies or updated later in the year, according to people familiar with the White House's thinking on Cuba policy. There was no immediate comment from President Barack Obama's administration.

"These are the most comprehensive expansion in U.S. trade and investment regulations with Cuba in decades," said John Kavulich, head of the U.S.-Cuba Trade and Economic Council, who is familiar with the new rules.

"The result will be an exponential increase in interest towards Cuba by U.S. companies and pressure upon Cuba by those same companies to permit access to the marketplace," Kavulich said.

The regulations expand on others that Obama announced in January to ease the 53-year-old embargo of the Communist-ruled island. Those rules were an initial gesture after Obama and Cuban President Raul Castro announced on Dec. 17 they would move toward normal relations between the former Cold War foes for the first time in more than half a century.

Although legislation seeking to promote commercial ties between the two countries has support from Democrats and some Republicans, efforts to pass bills that would ease trade and travel restrictions have been stymied by opposition from Republican congressional leaders.

Given the resistance from Congress, Obama is using executive powers to ease the trade barriers. The administration was preparing the new regulations as Jose Cabanas, a veteran diplomat, on Thursday became Cuba's first ambassador to the United States in 54 years. Washington has yet to name an ambassador to Cuba. Cuba is also preparing for a three-night visit from Pope Francis starting on Saturday.

One advocate of U.S. engagement with Cuba who has been briefed on the matter said administration officials first discussed the regulations with supporters of Obama's Cuba policy in July. "The focus is on ease of doing business, and (the regulations) have been in hopper to be released for a couple of weeks. Interesting that they're choosing it to coincide with the pope's visit," said Felice Gorordo, co-founder of the Cuban-American group Roots of Hope.

McClatchy DC

Washington, DC

17 September 2015

Administration moving to further liberalize rules on trade with Cuba

**Commerce rules in the works would allow for more U.S. business activity
Proposal latest move in efforts since last December to thaw relations
Expert: Intention is to 'bring American businesses to the island'**



Cuban Foreign Minister Bruno Rodriguez holds up the government's annual report on what Cuba loses due to the U.S. embargo, as he gives a news conference in Havana, Cuba, Wednesday, Sept. 16, 2015. Bruno reiterated that the continuation, or ceasing, of the U.S. embargo depends on the U.S., not Cuba, but that talks between the two countries to normalize relations are on the right track. Ramon Espinosa AP

By Chris Adams
WASHINGTON

The Obama administration is working to finalize a change in U.S.-Cuba trade rules that experts called a major development that would significantly open the door to expanded business on the island.

The regulation has not yet been released, although a 27-page document, dated Sept. 7 and marked to be reviewed by the White House's Office of Management and Budget, was provided to McClatchy.

It couldn't be determined if the version that is ultimately released will match the Sept. 7 version. The Department of Commerce didn't respond to a request for comment about it.

As indicated in the document, the rules could amend existing ones to boost engagement between American and Cuban people, accelerate the free flow of information to and from Cubans, and ramp up independent economic activity generated by Cubans.

In many ways, the rule would merely be a continuation of the process begun Dec. 17, when President Barack Obama announced that the U.S. was seeking to thaw the five-decade freeze in its relations with the island nation 90 miles from Florida.

The new rules, which could be announced as early as Friday, could amend the terms of existing license exceptions available for Cuba, create new licensing policies, and take other steps to further promote economic activity in Cuba.

After that momentous December announcement, the Commerce and Treasury departments in January took steps to put in place parts of the president's policy. The new rules, which could be announced as early as Friday, could amend the terms of existing license exceptions available for Cuba, create new licensing policies, and take other steps to further promote economic activity in Cuba.

Robert L. Muse, a Washington-based lawyer and expert on Cuba trade who reviewed the Commerce document Thursday, said the moves could be significant.

"They're greater than the ones in January," he said in an interview. "The rules in January were important – they established the precedent. But it was more of a beachhead, and it was a bit murky. Now they are engaging the business community in a way that's going to be interesting and important to them. It begins to give them some real commercial traction."

Among the key changes, Muse said, was that companies engaged in exporting authorized items to Cuba will be able to establish, maintain and operate physical premises in Cuba. That, he said, is significant. "Maintaining a presence is brand new – that's the big further step they have taken here," Muse said. "The intention is to bring American businesses to the island." An example, he said, would be an agricultural commodity company allowed to export to Cuba that would now be able to establish a sales office – or possibly even a warehouse – on the island, thus furthering its prospects. Several other types of businesses could also be affected, including aircraft; telecommunications equipment; medicine; and materials, equipment, tools and supplies.

According to John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council, the new regulations could permit a U.S. company to open a distribution center within the Mariel free trade zone;

or shipping companies such as FedEx to have drop-off locations; U.S. airlines to have a ticket office; home renovation chains to sell building materials and supplies; or rice companies to have a sales office.

“And the companies can hire Republic of Cuba nationals as employees,” he said.

He added that regulations “would permit the most comprehensive trade and investment changes to the United States relationship with the Republic of Cuba in decades.” However, just because the U.S. is authorizing such activity doesn’t mean the Cuban government will allow it.

“This is the U.S. saying to U.S. companies and individuals: You can do these things,” Kavulich said. “You will now have to convince the Cuban government to let you do them.”

Mission Network News

Grand Rapids, Michigan

21 September 2015

Cuba: proceed with caution

BY Katey Hearth



(Photo credit: Cubaminrex)

Cuba (MNN) — A historic thaw in tensions between the U.S. and Cuba is resulting in less travel and business restrictions. A Reuters alert on Thursday broke the news, and the White House confirmed suspicions on Friday.

“These are the most comprehensive expansion[s] in U.S. trade and investment regulations with Cuba in decades,” John Kavulich, head of the U.S.-Cuba Trade and Economic Council, told Reuters.

Though many missionaries are eager to bring Christ’s hope to the Communist nation, Faith Comes by Hearing’s Phil Kenney advises proceeding with caution. “It’s important to realize that there IS a strong and vibrant Cuban Church,” says Kenney.

“Get to know leadership; get to know their heartbeat, their needs, and [then] figure out how to appropriately collaborate.” Phil Kenney is FCBH’s Americas Regional Manager, overseeing ministry from Canada to Cape Horn.

Faith Comes by Hearing has been following the advice shared above for the past 15 years. They began working in the Communist nation after seeing its tremendous needs, but also its potential.

“We saw the need for the Cuban Church to have materials, especially the Word of God,” Kenney clarifies. “Responding to that need was how we started in Cuba.” With help from partners in three nations, they’ve provided audio Bibles to believers in each of Cuba’s 15 provinces.

“We, specifically, provide audio Scriptures on a device called a *Proclaimer*: a solar-powered playback device,” says Kenney. “At first, it seemed like it started out a little slow, but then some leadership changed, and about the last six years the impact has been phenomenal.”



The ministry also provides audio Scripture on mp3 CDs, along with training and encouragement workshops for the local Church. In addition, Faith Comes by Hearing is “partnering with the Church to help them strategically plan how to reach Cuba with the Word of God.”



Church in La Habana, Cuba. (Wikipedia)

The evangelical Church in Cuba is vibrant, Kenney says, despite the government’s best efforts to repress it. They have not built any new church buildings since 1959, but their house church growth is up to 7,000. *Putting tools into the hands of the Body of Christ in Cuba is helping it grow even more.*

“With the audio Scriptures, they’re able to evangelize and disciple their people,” Kenney explains. So what? With the resumption of diplomatic relations with the U.S., and Pope Francis’ visit, Cuba is more open to receive God’s Word than it has been in many years.

FCBH representatives who have worked there advise other ministries to do their homework and establish strong relationships in Cuba—which already has a strong and determined Church—before assessing its spiritual and practical needs. “They want to impact the world and fulfill the Great Commission,” Kenney says of Cuban believers.

Politico

Washington, DC

15 September 2015

By Adam Behsudi | 09/16/2015 05:44AM EDT

With help from Doug Palmer, Victoria Guida and Elana Schor

PRITZKER URGED TO WEIGH CUBA TRIP TIMING: It's no secret that Commerce Secretary Penny Pritzker is eager to lead a trade mission to Cuba, although no dates for a trip have been announced. Now, a longtime Cuba policy watcher is urging her to carefully consider the timing of any visit to achieve the best outcome for U.S. business.

Although the Havana International Trade Fair in early November might seem like a good opportunity, Pritzker should wait until December or January to visit the island to give Cuba more time and incentive to follow through on market openings outlined by President Barack Obama last year, John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said in a memo.

"A visit by Secretary Pritzker should only arise subsequent to the government of the Republic of Cuba having purchased products and permitted the provision of services as outlined in December 2014, not as a means of seeking the purchase of products and provision of services," Kavulich argued. "The visit needs to be a reward, not an inducement." To read the full memo, click here: <http://politico.pro/1iN4Dv3>

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John Kavulich, president of the U.S. Cuba Trade and Economic Council, said Commerce Secretary Penny Pritzker's travel to the island nation is likely to take place in early November in conjunction with the Havana International Trade Fair. (AP Photo/Manuel Balce Ceneta)

Trade group says top Obama officials may visit Cuba this fall

By Susan Crabtree

A trade group focused on promoting American business ties with Cuba says Commerce Department Secretary Penny Pritzker, and possibly Agriculture Secretary Tom Vilsack, are planning to visit Cuba this fall.

John Kavulich, president of the U.S. Cuba Trade and Economic Council, said Pritzker's travel to the island nation is likely to take place in early November in conjunction with the Havana International Trade Fair.

The Commerce Department did not return a request for comment about Pritzker's Cuba travel plans. But during keynote remarks at an event sponsored by the Greater Tampa Chamber of Commerce and the Tampa International airport, Pritzker said she anticipated regulations allowing U.S. companies to participate in upgrading Cuba's telecom infrastructure and Internet and consumer communications devices.

In April, Pritzer said she would lead a delegation to Cuba as soon as the two countries have normalized relations and opened embassies in each other's countries.

Kavulich argued that the two officials should go to Cuba in December or January, and should go with a larger delegation, including representatives of the International Trade Commission and the U.S. Patent and Trademark Office. By that time, he said, the Cuban government may have issued regulations approving purchases relating to product exports and imports first proposed by the U.S. in December when Obama announced the historic change to U.S.-Cuba relations.

"A visit by Secretary Pritzker should only arise subsequent to the government of the Republic of Cuba having purchased products and permitted the provision of services as outlined in December 2014, not as a means of seeking the purchase of products and provision of services," Kavulich said. "The visit needs to be a reward, not an inducement."

A joint visit by Pritzker and Vilsack also would have more impact, he argued, although Vilsack's trip doesn't need to wait any changes from the Cuban government because there have already been "meaningful exports of food products and agricultural products" to Cuba.

Kansas City Star

Kansas City, Missouri

11 September 2015

**For Arkansas rice farmer, hope for sales to Cuba even as exports drop
Will sales come before Arkansas farmer Joe Mencer retires?
Buoyed by White House efforts, ag sector nationwide hopes for more Cuban sales
Experts: Battle in Congress seems headed to stalemate, at least in short term**



Joe Mencer checks on his rice crop on his farm in southeastern Arkansas on Aug. 10, 2015. Mencer has joined with farmers from across the country to push for expanded trade to Cuba, although efforts in Congress to do so have so far been stalled. Chris Adams McClatchy

By Chris Adams

LAKE VILLAGE, Ark. From the edge of his rice fields in southeastern Arkansas, Joe Mencer can climb a levee and lay eyes on a small Mississippi River port that loads up grain for a trip to New Orleans. From there, it could be on its way toward Cuba.

Total time from Mencer's rice fields to Havana would be about a week – less than 1,000 miles down the Mississippi and across the Gulf of Mexico.

These days, however, Cuba's rice generally comes from Vietnam – some 11,000 shipping miles, and six weeks, away.

"I'm 55 years old. This is my 34th rice crop," Mencer said as he looked from atop the levee toward the Mississippi. "I keep hoping I'll be able to sell some of it to Cuba before I retire." Right now, the chance of that happening is uncertain, despite the Obama administration's opening to Cuba.

Announced last December, the opening aims to undo a policy the White House considers outdated and ineffective. It already has led to renewed diplomatic relations with the island nation just 90 miles from U.S. shores.

For American farmers, it could mean a thriving market with 11 million people but not the farms to feed them. Rice farmers in Arkansas would love to get more of their product on Cubans' plates – as would citrus growers in Florida and blueberry growers in Maine and wheat growers in Kansas.

What's driving growers and lawmakers in Arkansas is doing the same all across the U.S. agricultural sector. "We're blessed in Arkansas – we grow about everything," said Republican Sen. John Boozman.

But Boozman and his colleagues face significant headwinds in their efforts to partially or completely dismantle the embargo and other restrictions that have governed trade with Cuba for decades.

"I'm afraid if we lift the travel ban but then wait too long on the embargo, within a few years American tourists will be sleeping in Spanish-financed hotels and eating German food," said Sen. Amy Klobuchar of Minnesota, sponsor of a Cuba trade bill

Despite bipartisan support for pro-trade measures, the opposition to doing business with Cuba is strong and entrenched; getting any measure through Congress this session will be difficult, according to experts on both sides of the issue. Beyond that, Cuba hasn't recently burned up the shipping lanes, despite the White House's celebrated – and controversial – opening.

In July 2014, food and agricultural exports from the U.S. to Cuba were \$17.2 million; in July 2015, they were \$3.3 million, according to the U.S.-Cuba Trade and Economic Council.

Through the first seven months of 2015, the exports are on a slower pace than the total \$291 million in 2014. They're well off the \$710 million in 2008, the high-water mark since a 2000 law let certain U.S. producers make agricultural or food sales to Cuba, albeit only on a cash – no credit – basis.

Tops among agricultural exports to Cuba, according to the council: frozen chicken. Soybeans and corn, and processed products such as whiskeys and soups, were represented as well. Nowhere to be found was rice.

Mencer, who farms some 1,700 acres of rice here in the southeastern corner of Arkansas, said it hasn't always been that way. He has traveled to Cuba as part of a trade show and testified before a U.S. Senate committee on the issue.

In 1951, Cuba was the destination for more than 250,000 metric tons of U.S. rice – a significant share of U.S. rice exports at the time, Mencer told senators. Sales were steady in the 1950s but plummeted after the trade embargo took effect starting in 1960. Even after agriculture trade rules were partially relaxed in 2000, sales didn't live up to the hope – or the hype – of U.S. growers. After a brief run in the mid-2000s, U.S. rice sales to Cuba have since dropped to zero. Rather than look across the Gulf of Mexico for its rice, Cuba these days looks across the Pacific Ocean.

The turn in trade is frustrating for Mencer, whose vast delta land by the river also grows cotton and corn and soybeans. In all, he has 6,700 acres under cultivation, and on a blistering, 100-degree day in August he checked on his fields and the elaborate piping system that keeps rice plants consistently wet.

One fact driving his quest: Per-capita rice consumption in Cuba is significantly higher than in the U.S. Cubans – at least a long time ago – liked American rice: The U.S. Department of Agriculture noted in a June report that “consumers in pre-revolutionary Cuba generally liked the taste, appearance and cooking qualities of U.S. rice varieties and were willing to pay a premium for them.”

One effort underway in Congress seeks to energize agriculture sales by easing the rules against the use of credit. It's a tactic that has won the support of many farm-state lawmakers, including Republicans generally opposed to the president's foreign policy.

In Arkansas, Republican Gov. Asa Hutchinson was once a congressman who supported the Cuban trade embargo. But later this month he'll travel to Cuba, seeking business for his state. He thinks credit sales should be allowed. “You get out in the farmland of America and they say, ‘What we've been doing for the last 50 years has not been effective. Let's try something different,’” he said in an interview.

That said, getting Cuba to boost its sales might not be so simple, said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council. “Vietnam provides Cuba with two-plus years to pay for the rice,” he said. “A U.S. company is not going to do that.”

And while U.S. agricultural companies do want to ease the credit rules, it doesn't necessarily follow that they'll line up to extend easy terms to Cuba.

“It's unwise for anyone to support these legislative efforts because of a belief that if it became law there will be a dramatic increase in exports to Cuba,” Kavulich said. “Because history doesn't show it. Right now, Cuba is being oversold.”

“The Cuban economy is run by the Cuban military, and Sen. Rubio believes we should be denying funding to this anti-American force, which works closely with the Russian, Chinese and North Korean governments against America's security interests,” said Alex Burgos, spokesman for Sen. Marco Rubio of Florida. And getting anything through Congress this year will be tough.

“Look at the congressional calendar: There's a full plate as it is,” said Jason Poblete, a former Republican congressional staffer who's an international regulatory lawyer with Poblete Tamargo LLP of Washington. “There's Iran, FY 2016 appropriations, the Planned Parenthood debate. It will be difficult for Cuba measures to move this year.” That's not for lack of effort.

In the Senate, at least three bills have gotten a lot of attention. And while they are bipartisan, they still would need to get through the considerable opposition from senators such as Marco Rubio, the Cuban-American Republican from West Miami, Fla., who has become a leading voice against Obama's Cuba opening. One bill, by Sen. Amy Klobuchar, D-Minn., goes the furthest to lift the trade embargo and has the most number of co-sponsors: 21 as of Friday. "My bill just lifts the embargo," she said in an interview. "At some point, you can do it piece by piece, or you can decide we're going to lift the embargo."

Experts generally see the most support for legislation to lift restrictions on travel to Cuba – a related but separate issue Klobuchar also supports. But, she added, "I'm afraid if we lift the travel ban but then wait too long on the embargo, within a few years American tourists will be sleeping in Spanish-financed hotels and eating German food."

A measure from Sen. Jerry Moran, R-Kan., would lift the embargo but maintain restrictions on the use of U.S.-funded trade-assistance programs for exports to Cuba. Two senators have joined that bill.

A measure from Sen. Heidi Heitkamp, D-N.D. – as well as Boozman from Arkansas – is targeted on the rules against credit sales for agriculture exports. It has 13 co-sponsors and recently passed a committee as an attachment to an appropriations bill.

Sen. Angus King, an independent from Maine, is on all three trade bills but acknowledges their stiff odds this session. While he sees bipartisan support for the issue, a vote on a standalone bill – particularly given the Senate's filibuster rules – would be tough. But he's hopeful for the long term.

"It's a policy that no longer makes any sense," said King, who said an opening of trade could help agriculture and other Maine industries – everything from potato and blueberry growers to boat builders.

"At some point, even the Congress will wake up to that fact."

Virginia Economic Development Partnership International Trade

Richmond, Virginia

10 September 2015

What the U.S.-Cuba Policy Means for Exporters



On January 16 2015, the U.S. Treasury Department, Office of Foreign Assets Control (OFAC) amended its Cuban Assets Control Regulations and the U.S. Department of Commerce's, Bureau of Industry and Security (BIS) amended the Export Administration Regulations with a "Support for the Cuban People" license exception. The revised regulation will have an impact for some U.S. exporters.

Specific licenses to Cuba are not necessary if you are traveling as one of the 12 authorized travelers. The authorized travelers will be able to travel to Cuba under a general license. The major difference between a specific license and a general license is that under a general license, authorized travelers can travel

without the requirement of having to apply to the OFAC and receive a license prior to travel. A few examples of the 12 authorized traveler categories are: professional research and professional meetings; activities of private foundations or research educational institutes; exportation, importation, or transmission of information or information materials; and certain export transactions that may be considered for authorization under existing regulations and guidelines.

The following are all transactions that are now authorized without a license.

Exports to Cuba of certain consumer communications equipment and related items, such as mobile phones, televisions, batteries, hardware, and applications.

Exports of items for the establishment and update of communications-related systems will also be authorized. Access to the Internet, use of Internet services, infrastructure creation and upgrades is now authorized.

All transactions, including payments, incidental to the provision of telecommunications services involving Cuba, including roaming agreements, are authorized.

All transactions, including payments, relating to the establishment of telecommunications facilities, including fiber-optic cable and satellite facilities connecting Cuba with the U.S. or third countries are also now authorized.

Building materials, tools, equipment and supplies for certain projects may now be exported to Cuba without a license.

For example, building materials, and tools for use by the private sector to construct or renovate privately-owned buildings, including privately-owned residences, businesses places of worship and buildings for private sector social or recreational use and tools and equipment for private sector agricultural activity.

Tools, equipment, supplies, and instruments for use by private sector entrepreneurs will allow the export of such items to entrepreneurs, such as auto mechanics, barbers, and restaurateurs.

While the U.S.-Cuba policy brings positive opportunities for U.S. businesses, there are still challenges that a U.S. exporter would have to face.

Cuba and the U.S. still do not have direct mail services and the U.S. embargo prohibits many global providers (UPS, FedEx) from shipping between the two countries.

The regulatory changes permit the use of debit and credit cards and allow U.S. financial institutions to open correspondent accounts in Cuba to facilitate the processing of authorized transactions. Not only does this take time to implement, it also required that Visa, Mastercard, major U.S.-based banks, etc. be prepared to take the risk given the uncertain regulatory environment in Cuba. Most Cubans deal in cash rather than through the Cuban state banking system. Until financial institutions set up the necessary infrastructure, it may be difficult to issue payment for goods and services.

Cuba also remains one of the lowest ranked countries in terms of internet access, making it difficult to receive and fill orders, communicate with buyers, or establish call centers. However, the new regulations allow U.S. telecommunications companies to enter into the Cuban market.

John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, believes Cuban officials will often lean toward states and businesses with whom they already have a relationship. He said that Virginia shipped \$225 million worth of goods to the island from 2010 to 2014. As the relationship with the U.S. and Cuba evolves, this puts Virginia in a good place moving forward.

Tampa Tribune

Tampa, Florida

9 September 2015

Cuba ovations may require Obama to renew ‘enemy’ status



Secretary of State John Kerry, and other dignitaries watch as U.S. Marines raise the U.S. flag over the newly reopened embassy in Havana, Cuba. Friday, Aug. 14, 2015. Kerry traveled to the Cuban capital to raise the U.S. flag and formally reopen the long-closed U.S. Embassy. Cuba and U.S. officially restored diplomatic relations July 20, as part of efforts to normalize ties between the former Cold War foes. (AP Photo/Pablo Martinez Monsivais, Pool) ORG XMIT: CUBM108

By Paul Guzzo | Tribune Staff

TAMPA — The debate over the changing U.S. policy toward Cuba takes an ironic twist this week.

Those who believe President Barack Obama is on the right path with his effort to normalize relations between the two countries might find themselves cheering if he declares Cuba is still an enemy and danger to national interests.

And those in favor of tightening restrictions on the Communist government may be upset to hear the president make the declaration.

Hanging in the balance for the Tampa area are its flights to Cuba, cultural exchange programs with the island nation and even the Cuban consulate that the Tampa City Council and chamber of commerce hope to land here.

The twist arises from the Trading with the Enemy Act, a law requiring annual renewal — this year, by Sept. 14.

Passed in 1917, the act grants the American president authority to restrict or oversee any trade between the U.S. and its enemies. The “oversee” clause enables the president to sign executive orders that supersede the U.S. travel and trade embargo against Cuba, codified by Congress in 1996 through the Helms-Burton Act.

Only one country remains on the list that’s part of the Trading with the Enemy Act — Cuba.

President Bill Clinton used the act in 1999 to create individual licenses that opened up travel to the island nation.

And is the tool Obama used for his recent executive orders expanding travel and trade and moving toward diplomatic relations with the opening of embassies in each country.

Some have argued that Obama must let the Trading with the Enemy Act act lapse as a gesture of friendship with the island nation and a statement to Congress that he no longer sees Cuba as a threat.

But some attorneys who specialize in relations with Cuba say that without the authority granted by the act, Obama has no authority to push normalization further and might lose the gains he’s already made.

Without it, the Helms-Burton Act holds sway again, not only codifying the embargo but freezing in place all federal regulations regarding Cuba at the time it was passed.



If the Trading with the Enemy Act is renewed, Obama retains wide latitude to issue executive orders regarding relations with Cuba, said Robert Muse, a Washington, D.C.-based attorney who specializes in the Cuban embargo.

“I suspect the White House will reauthorize the Trading with the Enemy Act to keep that discretion in place,” Muse said. “Clearly Obama is in search of a Cuba legacy and that could stall if he loses the authority to continue relaxing elements of the embargo.”

By the end of 2015, charter flights to Cuba from Tampa International Airport are expected to exceed the 61,408 passengers of recorded in 2014, primarily because Obama's orders expanding to 12 the number of reasons Americans can travel to Cuba, mainly in education and sports competition.

If U.S. policy reverts to 1996, only people with family living on the island nation could easily obtain a license to visit.

This could also put an end to the growing number cultural exchanges between Cuba and Tampa, including the performance by a top Cuban pop star at the Gasparilla Music Festival, the screening of Cuban-made films at the Gasparilla International Film Festival, and a concert in Havana by the Tampa oldies band The Rockers.

Each exchange was made possible by the easing of travel between the two nations. Research collaborations also are threatened if Obama's orders are rescinded, including work on coral reefs by the Florida Aquarium in Tampa and Havana's National Aquarium. Even the new embassies could be closed, also dashing chances of a consulate in Tampa.

Without the new executive orders, though, Tampa would have little need for a Cuban consulate — a place where people and companies could do business with the country.

Obama expanded trade opportunities to include construction supplies and telecommunications devices. Otherwise, under provisions of a 2000 act of Congress that used to hold sway, only food and medical supplies could be sold to Cuba.

"It is ironic," said John Kavulich, president of U.S.-Cuba Trade and Economic Council. "The citizens of Cuba must remain designated as an enemy for President Obama to designate the citizens of Cuba as friends."

Attorney Muse added this is a perfect illustration of the labyrinth of laws that have come to govern U.S. policy on Cuba. "The Trading with the Enemy Act is like a door to a room that contains the Cuban Embargo sanctions," said Antonio Martinez II, a New York-based attorney specializing in Latin America relations.

"Unless the president of the United States opens that door, he cannot use his executive authority to go inside that room and rearrange or change the furniture in that room."



Still, Martinez said there may be other options. Congress, for example, could lift the Cuban embargo. If Obama decides against renewing the Trading with the Enemies Act, he shifts the pressure to Congress.

It could also be argued, Martinez said, that the Helms-Burton Act signed by Clinton in 1996 is unconstitutional because the president cannot cede his executive authority on foreign policy to another branch of government.

If the act lapses, and if Congress keeps the status quo in place, and if Obama continues to sign executive orders to strip away the embargo, the courts might have to decide whether Helms-Burton or Obama's policies are constitutional. This may be risky, attorney Muse said.

"Congress would not have the votes," he said. "And the short answer to anyone who thinks Helms-Burton is unconstitutional — if it is, why has no one challenged or defeated it in court yet? It is almost 20 years old."

Martinez suggested that this might be a factor of how volatile the issue was in the past. "No one wanted to get involved with it," he said. "I think now may be the time to test the theory, whether the president allows the Trading with the Enemy Act to lapse or not."

North Korea had been sanctioned by the act since the Korean War, but President George W. Bush lifted it in 2008. Other nations sanctioned by the act through the years have included China, Vietnam, Nazi Germany and its World War II allies.

It was the Trading with the Enemy Act that enabled President Dwight Eisenhower to impose the embargo against Cuba after the new Communist government began nationalizing U.S. businesses and property on the island.

In response to the Cuban Missile Crisis, President John Kennedy used the act to freeze all Cuban assets in the U.S.

In 1996, Cuba was accused of shooting down two U.S. planes flown by Brothers to the Rescue, a Miami-based organization that assisted and rescued raft refugees from the island. Three U.S. citizens and a U.S. resident died in the crash. In retaliation, Congress passed and Clinton signed the Helms-Burton Act.

But the Trading with the Enemies Act allowed Clinton to introduce the individual people-to-people license process three years later. “Nothing is absolutely clear on all of this,” Muse said, saying there is wiggle room on the issue. “But would it be wise to take that risk? Obama would lose his authority to modify the embargo as would his successor.”

New Jersey Spotlight

Montclair, New Jersey

9 September 2015

Complex Issues, Lingering Obstacles Complicate Outlook for NJ-Cuba Ties

Joe Tyrrell |

State’s large Cuban-American population provides advantage in forging economic links but old animosity toward Castro regime lingers



A street scene -- complete with vintage American automobiles -- in Cuba.

With its large Cuban-American population, experts say northern New Jersey is well-positioned to profit from the Obama administration’s decision to normalize relations with Cuba.

Cuban-Americans are expected to drive trade, due to their familiarity with the island and an ability to foresee opportunities. Small steps are already being taken to investigate ways to do business.

Yet, if the reaction to the Obama order by New Jersey’s politicians are a reflection of the opinions of its constituents, it could be a long time before New Jersey sees any real monetary growth from trade with Cuba. The North Jersey/New York metropolitan area has the second-largest concentration of Cuban-Americans outside south Florida, according to the U.S. Census Bureau. In 2010, there were more than 83,000 Cuban-Americans in New Jersey.

And businesses in Hudson County and vicinity, which has the highest concentration of Cuban-Americans in the state, should get a head start on breaking down Cold War barriers.

“New Jersey is at the center of all these kinds of connections these days,” said Robert Guild, vice president of Marazul Charters, a Miami-based travel agency with offices in North Bergen, who says bookings are up 40 percent since January.

Even as flags are raised over embassies, though, neither country has chopped down the thicket of bureaucratic regulations and Cold War philosophies that have divided them for 55 years. And, in some parts of the Cuban-American community, longstanding enmity remains an obstacle to opportunity.

“Trade with Cuba is on a slow ferry, not a speedboat, not a cigarette boat,” said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. “The velocity of the U.S. business community as it moves into Cuba has to be a sober pace, as opposed to drunk.”

Tough restrictions still in place

Companies hoping to do business on the island “have to be aware that the Treasury Department retains restrictions against Cuba” as it has for decades, Alan Christian, a senior export policy analyst at the U.S. Department of Commerce, told a recent seminar at Fairleigh Dickinson University.

The United States has maintained a welter of trade, investment and travel restrictions against Cuba since shortly after the rise of communist dictator Fidel Castro, whose brother Raúl succeeded him as president in 2008. Castro's revolution ousted a pro-American dictator, Fulgencio Batista, who fled with a fortune on Jan. 1, 1959.

In July, the two countries announced the restoration of diplomatic relations after talks brokered by Pope Francis, followed by the reopening of their embassies last month. President Obama called the step "a demonstration that we don't have to be imprisoned by the past."

Yet even proponents acknowledge significant mistrust remains, particularly in Congress, where New Jersey's representatives have been in the forefront of the opposition to dismantling the embargo.

U.S. Sen. Robert Menendez (D-NJ), whose parents emigrated from Cuba, called the Aug. 14 reopening of the U.S. embassy in Havana "the embodiment of a wrongheaded policy that rewards the Castro regime's brutality at the expense of the Cuban people's right to freedom of expression and independence. "

Rep. Albio Sires (D-5th Dist.), who was 11 when his family left Cuba for the United States in 1962, called the detente "dangerous and premature."

The United States should insist on the return of fugitives living in Cuba, Sires said. He singled out Joanne Chesimard (Assata Shakur), a black activist convicted of murdering New Jersey State trooper Werner Foerster in a 1973 shootout on the New Jersey Turnpike in East Brunswick.

Former Sen. Robert Torricelli (D-NJ), currently making noises about a political comeback, authored the Cuban Democracy Act in 1992. It prohibited American citizens from traveling to Cuba or sending remittances to relatives there, and also prohibited foreign subsidiaries of U.S. corporations from doing business there.

Illustrating the fact that the gates have not flown open by any means, U.S. Treasury agents last month impounded the bank account of an 89-year-old woman in The Bronx, NY, after she wrote "Cuba" on a check for her share of a travel reservation, according to a report by WPIX.

The United States still severely restricts tourism to Cuba. Travelers must get licensed by the Treasury Department as part of one of a dozen permitted classes, such as family members, government officials, journalists, religious or educational organizations. The list is on the department's website.

These remaining obstacles and restrictions may be why some business organizations are playing it close to the vest when it comes to involvement in Cuba.

"We have had some discussion with some of our members who want to learn more," said Maria Nieves, president and chief executive officer of the Hudson County Chamber of Commerce. But she added that Cuban-Americans are only one of many ethnic groups in the majority Hispanic county.

Still, the chamber is arranging an authorized trip for members next May, because "really, cultural exchange is where business opportunities start," she said.

Prospects look clearer, but still fraught, from outside perspectives. A Canadian police official, recently returned from a Cuban vacation with colleagues, said it is a favorite destination because it is "warm, friendly and cheap."

"The Cuban economy is not closed," said Emily Morris, a research fellow at University College London's Institute of the Americas. "It's open to the rest of the world, but inhibited by U.S. sanctions."

Sanctions still have economic impact

The reach of the sanctions to subsidiaries of American firms and foreign firms with interests here has inhibited the growth of normal economic infrastructure in Cuba, she said. For example, "it's difficult for even non-U.S. citizens to use credit cards in Cuba" because of American pressure on banks, Morris said.

Cuba has liberalized its economy under Raúl Castro, particularly restaurants, transport and other small businesses formerly run by the state. Meanwhile, its strong healthcare sector provides doctors and other professional services abroad.

But something as basic as setting an exchange rate between the peso and the dollar -- now up to 24 times more valuable than its official Cuban price -- could prove a major obstacle for officials on both sides who hope to continue the normalization, according to Morris.

On the Cuban side, reservations remain about how to preserve the nation's revolutionary heritage, which presents a legal minefield for the growing market sector, Morris said. On the American side, some are mired in the views that produced the sanctions, she said.

"The belief that (Cuban) collapse is around the corner is still held by some people, and if you look at the history, you know it's baseless," Morris said.

"The Cuban people have a real sense of community and culture," said Byanjana Thapa, a Fairleigh Dickinson student who participated in an educational program in Cuba organized by the university's global scholar program. "I don't often see it around here, but you do see it in Cuba."

The U.S. Department of Agriculture is also bullish on Cuba. It provided not only a historical perspective on trade between the countries, but an encouraging assessment of current opportunities in a June report.

The USDA notes that America "is already one of Cuba's leading suppliers of agricultural imports" after the loosening of sanctions on some goods in 2000. From 2003 to 2012, the United States was Cuba's leading foreign source of agricultural products.

But the USDA is calling for a more balanced policy, since current American laws and regulations provide "few if any opportunities" for Cuban exports.

Major corporations may have big dreams for the Cuban market, but for now, the traffic is smaller in scale, Kavulich said.

Referring to the increasing number of approved charter flights to Havana, "We're seeing people carrying arc welders, auto equipment, salon supplies," he said.

Marazul has been operating such flights since 1979, when President Jimmy Carter offered the first relaxation in American attitudes toward the Castro government. The company's founder, Francisco Aruca, had fled Cuba 20 years earlier. But after years as a prominent anti-Castro voice in Havana, his views softened – earning him death threats and broken windows in Miami.

In New Jersey, the director of a refugee center, Eulalio José Negrín, paid a higher price. He was part of a group that negotiated with Fidel Castro for the release of political prisoners and return visits by Cuban-Americans to the island. Negrín was shot down in front of his 12-year-old son while getting into this car in Union City. One of his colleagues, a travel agent, met the same fate in Puerto Rico.

So when Guild made a passing reference to Cuba and terrorism, he meant violence originating in the U.S. But now, he said, many Cuban-Americans see restored relations as a way to reunite their families. For the younger generation especially, "It's about going back to the land of their parents and grandparents," he said.

Barron's

New York, New York

9 September 2015

Cuba: Banking With Sanctions, Without The Internet

By Dimitra DeFotis

President **Barack Obama** has until Monday to renew the 1917 Trading with the Enemy Act (TWEA) and maintain his authority in lifting the U.S. embargo on Cuba.

There's some debate about renewing the act. The U.S.-Cuba Trade and Economic Council, based in New York, writes the following in its monthly missive:

"Observers have argued [the President] should let the statute lapse as an expression of his policy of rejection of the embargo on the Republic of Cuba ... [But] failure to renew "the exercise of certain authorities" under TWEA would likely nullify every act taken to modify the embargo since 1996 ... The TWEA provides discretionary authority to the President to maintain an embargo on the Republic of Cuba. It was this authority that President **John F. Kennedy**

used in establishing the comprehensive trade embargo on the Republic of Cuba that exists today and is found in the specific provisions of the CACR, as codified (i.e. frozen in place) by Congress.”



Getty Images; Near the U.S. Embassy in Havana, reopened on Aug. 14.

Presuming sanctions are lifted, normalized trade won't be easy without a major upgrade of Cuba's Internet infrastructure — especially if Cuban entrepreneurs are to gain any footing. The council notes that Cuba has 35 public Wi-Fi access locations today, and should have about 300 Internet cafes by the end of the year. Cubans are restricted in home Internet use, and only registered self-employed Cubans get online access and the ability to transfer funds — including for future U.S. imports — at the government's 250-branch **Banco Popular de Ahorro (BPA)**.

But the Cuban government says there are 500,000 nationals who are licensed as self-employed. A bit of a logjam, even if you add up the public and private access points. The bank, however, controls most Cuban accounts. According to the council:

“Banco Popular de Ahorro offices have computers in place, working in a local network and interconnected to a WAN network, which enables [it] to carry out operations in real time. It also counts with an Intranet and services of national and international electronic mail. In the current year a new service of electronic interconnection with the clients will start to be expanded to allow the consultation of the statements and disposal of the transfers. The Bank ... issues Debit Cards to be used at any automatic teller located within the national territory. It also disposes of posts of sale in the most important branches where operations are made with **Visa (V)** card or **MasterCard (MA)**. BPA concentrates 97% of the savings of the population in more than 4.3 million accounts in national currency. In freely convertible currency, deposits represent 41.5% of the total that have been attracted to the banking system, with more than 20 thousand accounts. Credit investment is made up of a loan portfolio of 131,1 million pesos for the acquisition of goods and services, of 930 million pesos for housing and of 554 million pesos for the financing of the corporate sector, plus the equivalent of \$24 million [U.S. dollars].”

The closed-end **Herzfeld Caribbean Basin Fund (CUBA)**, a play on future growth in the region including beneficiaries of lifted sanctions, is down 1.3% today and down nearly 9% this year. But the fund has outperformed the **iShares MSCI Frontier 100 exchange-traded fund (FM)** (down 13%) and the **iShares Latin America 40 ETF (ILF)** (down 25%). However, the Herzfeld fund's valuation remains pricey. It is trading at a 21% premium to its net asset value, according to CEFconnect.com.

USA Today Arlington, Virginia 24 August 2015

Cuba and Iran not quite open for business



Charisse Jones,



(Photo: Chip Somodevilla, Getty Images)

Cuba and Iran, nations that have been mostly off limits to U.S. visitors for decades, are on the brink of opening up. And companies are clamoring to explore new commercial frontiers.

Cuba and Iran are uncharted terrain. Many governmental hurdles remain in place, and there is a gaping need for both nations to develop regulations and infrastructure to accommodate new trade.

"What we have now are companies chasing dreams as opposed to chasing reality," John Kavulich, president of the U.S.-Cuba Trade and Economic Council, says of Cuba. "It's important to be excited about a new market opportunity. ... But it's equally and necessarily responsible to make certain that the opportunity that is being sought is reasonable for the existing environment."

Corporate interest in Cuba and Iran is high. Both countries are "about to be infused with a lot of money, which means a lot of investment and a lot of infrastructure and opportunity," says Ed Daly of iJET International, which provides risk management for businesses operating internationally.

"Those who get in early ... are likely to fare better and have better relations with locals, which is key to establishing a long-term presence."

In December, President Obama announced that the United States and Cuba would work toward fully normalizing relations, ending a 54-year stalemate and sparking a series of measures to ease interactions between the nations. The U.S. Embassy in Havana was reopened this month.

For U.S. companies, potential business opportunities include the telecommunication and Internet industries, sales of consumer electronics such as TVs and mobile phones and the provision of construction and agricultural materials authorized by the Commerce Department.

Options for getting to the island are increasing. JetBlue, which offers chartered flights to Cuba from Fort Lauderdale, Tampa and most recently New York, says its planes have been near capacity in recent weeks. American announced Aug. 18 that it will launch the first charter flights between Los Angeles and Havana starting Dec. 12. It will ultimately have 22 weekly trips from the USA to various Cuban destinations.

Miami-based businessman Ralph Gazitua has flown to Cuba twice this year. His logistics company, WTDC, a designated "foreign trade zone" that handles the shipping of goods to international destinations, consults and handles shipping for companies looking to send state-approved commodities to Cuba. "I jumped on it," he says of the new opportunity. "We want to be able to break ground. ... That's why we decided to go there."

Kavulich says conducting business in Cuba can be difficult. He says the country has not changed its own regulations to allow local entrepreneurs to purchase American products.

Cuba remains mired in bureaucracy Gazitua has witnessed firsthand. "The challenge is Cuba doesn't have the infrastructure, the technology," Gazitua says.

Cuba requires company representatives to have a business visa, which can be obtained at the recently reopened Cuban Embassy in Washington, Kavulich says. Business travelers should be aware that although it's legal to use U.S. credit and debit cards in Cuba, that payment method is not available.

Iran also piques the interest of American businesses. A pending agreement would reduce economic sanctions against the nation in return for it getting rid of the means to build nuclear

weapons. Business prospects include oil, energy and engineering to help upgrade the country's roads and buildings.

"There's a lot of interest from clients who want to know what they can do, when they can do it, (and) what's going to happen with this nuclear deal," Daly says.

Businesses are in a holding pattern, waiting to see whether the deal goes through. Even if the deal is approved, it remains to be seen when sanctions would be lifted. Then Iran will have more work to do preparing for U.S. business travelers and other visitors.

"From the planes flying in, to the hotels, to the taxis ... to established guides, all of that is something that has languished in Iran since the revolution," Daly says.

The fine points of doing business there are still a mystery. "The regulatory environment is really unknown to us at this point," he says. "How firm will the laws be? How will the contracts be worked and enforced?"

Agencia EFE

Madrid, Spain

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El dilema de Obama sobre el embargo a Cuba



El presidente estadounidense, Barack Obama. EFE/Archivo

El presidente estadounidense, Barack Obama, debe decidir pronto si renueva por un año más la base legal del embargo a Cuba o la elimina, un paso que estaría cargado de simbolismo, pero que, según los expertos, podría anular su autoridad para relajar las sanciones a la isla mediante decretos ejecutivos.

Obama ha de decidir antes del próximo 14 de septiembre si prolonga las sanciones a Cuba bajo la llamada Ley de Comercio con el Enemigo, un estatuto de 1917 al que John Kennedy recurrió en 1962 para imponer el embargo económico a la isla y que desde entonces han renovado, año tras año, los nueve siguientes presidentes de Estados Unidos.

Cuba es actualmente el único país del mundo sancionado bajo esa ley, que autoriza al dirigente estadounidense a imponer y mantener restricciones económicas a Estados considerados hostiles.

No obstante, el efecto de esa ley en términos de las sanciones a Cuba es más simbólico que real porque el embargo se ha reforzado a lo largo del último medio siglo mediante otros estatutos, incluido uno que estipula que solo el Congreso puede levantarlo por completo.

A primera vista, Obama entraría en una contradicción si, después de ocho meses insistiendo en que el Congreso debe levantar el embargo, decide mantener a Cuba vinculada a la ley que permitió instaurar esa medida hace cinco décadas.

Pero Robert Muse, un abogado considerado por muchos como el mayor experto en la legislación estadounidense respecto a Cuba, cree que Obama estaría haciendo "algo muy peligroso" para su propia política si deja que caduque la base del embargo. "Es irónico, pero podría ser contraproducente" si lo hace, aseguró Muse a Efe.

"La Ley de Comercio con el Enemigo es, con mucho margen, el estatuto principal que activa el embargo. Pero también es el único que confiere la actividad ejecutiva al presidente para relajar el embargo a Cuba", añadió el abogado, que lleva 25 años asesorando a empresas sobre la legislación estadounidense respecto a Cuba.

Fue en base a esa ley que Estados Unidos adoptó en 1963 las regulaciones para el control de activos cubanos, que prohíben toda transacción financiera con Cuba no autorizada por el Departamento del Tesoro y que suponen "el 95 % del embargo", indicó Muse.

El embargo quedó codificado como ley en 1996 mediante la legislación Helms-Burton, que estipula que las restricciones económicas deben mantenerse en vigor hasta que Cuba cumpla ciertas condiciones, entre ellas que la familia Castro abandone el poder.

Muse argumentó que, si Obama deja que el 14 de septiembre caduque la disposición sobre Cuba en la Ley de Comercio con el Enemigo, podría perder su "flexibilidad para conceder permisos y cambiar las reglas" de aplicación del embargo, que pasaría a estar en manos del Congreso en todas sus dimensiones.

Esto sería un paso atrás, según Muse, que aseguró que Obama tiene aún mucho margen de maniobra respecto a la aplicación del embargo.

"Si Obama usara su autoridad ejecutiva respecto al embargo, éste se quedaría como un trozo de queso que tiene tantos agujeros que ya no le queda queso. Sería una reliquia", advirtió.

No obstante, la Administración de Obama ha evitado en los últimos meses hablar sobre cualquier acción ejecutiva respecto al embargo y ha insistido en que su fin depende del Congreso, controlado por la oposición republicana y reticente a actuar en esa área.

En cualquier caso, Obama tendrá que ver también el peso simbólico que podría tener a nivel político la eliminación de Cuba de esa ley, en un momento en que acaban de reanudarse las relaciones diplomáticas y abrirse embajadas en las respectivas capitales.

Amnistía Internacional ha pedido varias veces a Obama que deje caducar las medidas referentes a Cuba bajo la Ley de Comercio con el Enemigo, al considerar que eso enviaría al Congreso un mensaje rotundo sobre la necesidad de levantar el embargo.

"Creo que los activistas que reclaman un mayor acercamiento a Cuba van a ejercer presión al presidente para que desvincule a Cuba de esa ley porque considerarán que simbólicamente es un gesto más importante que el riesgo a lo que Obama pueda hacer con decretos", dijo a Efe otro experto en comercio con Cuba, John Kavulich.

"Si no lo hace, tendrá que explicárselo a la gente y es un tema muy técnico, que probablemente muchos no van a entender", añadió Kavulich, que preside el Consejo Comercial y Económico EEUU-Cuba, una organización que reúne a empresas de todo el país.

En resumen, Obama tendrá que elegir "entre el simbolismo y la ley", apuntó Kavulich.

Muse, en cambio, considera que Obama sí podría renovar fácilmente la medida y explicar a la opinión pública que está prorrogando su propia autoridad, "manteniendo vivo" su poder para cambiar las regulaciones relativas al embargo, como ha hecho en los últimos años.

En 2008, el entonces presidente estadounidense, George W. Bush, eliminó a Corea del Norte de la Ley de Comercio con el Enemigo, tras el acuerdo para que Pyonyang divulgara detalles de su programa nuclear.

Lucía Leal

Northwest Arkansas Democrat-Gazette
Springdale, Arkansas

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Cuba ripe for rice sales, governor says

By Glen Chase

STUTTGART -- Arkansas needs to do what it can to position itself to export goods such as rice and poultry to Cuba as Congress debates whether to end a 50-year-old trade embargo with the island nation, Gov. Asa Hutchinson said Friday.

"While I am very concerned with [Cuba's] suppression of human rights, I also recognize that agricultural products shouldn't be used as a tool of foreign policy," Hutchinson told about 500 people attending the Arkansas Rice Expo at the Grand Prairie Center.

Hutchinson said Cubans want high-quality, U.S.-grown rice which comes with reduced transportation costs given the country's proximity to U.S. ports. Demand will grow as the country's economy improves in areas such as tourism, he said.

"As they expand their markets and their tourist opportunities, which is going to happen in the coming years, there's going to be more demand for rice. Arkansas needs to be there at the table and be No. 1 in exports to Cuba and other global markets," Hutchinson said.

With the reopening of embassies and a return to normal diplomatic relations, U.S. business are assessing how to gain access to the Cuban economy, which is heavily controlled by the nation's government.

In late September, Hutchinson will lead a trade delegation to Cuba to talk about agricultural exports and other ways businesses from the state can gain inroads there.

Congress must first lift the embargo, but the House and Senate disagree on the process.

U.S. Sen. John Boozman, R-Ark., wants to repeal a law prohibiting U.S. banks and other businesses from extending credit to Cuba for agricultural exports. On July 23, an amendment to that effect was attached to the Financial Services and General Government Appropriations bill now pending before the Senate.

At the Rice Expo, U.S. Rep. Rick Crawford, R-Ark., called the amendment a good first step, but added that the U.S. government and businesses need to identify other ways to work with the Cuban government to step up agricultural exports.

Crawford said it's unlikely that Congress will lift the entire trade embargo any time soon, given opposition to the centralized nature of the Cuban economy. But U.S. interests should be looking to develop a private entity that will allow exports to Cuba once the "cash and carry" requirement is lifted.

"The impediment is not necessarily the Cuban government, it's ours," Crawford said after his talk. He said the time has come to explore ways to provide incentives to the private sector to open the market for U.S. exports, adding that there are already several nongovernmental organization working in Cuba.

"If they know that the policy has changed with respect to U.S. [agricultural] commodities, then we hope to see nongovernmental entities rise, if there's not one already, that we could work with," Crawford said. That would allow U.S. commodities and products to reach Cuban markets without having to go through the government's central purchasing agency, Alimport.

Friday's Rice Expo is an annual event that promotes the state's rice industry through events such as field tours, presentations on rice breeding, weed control, and irrigation, as well as cooking demonstrations, horticulture seminars and other activities.

Arkansas is the nation's leading rice producer, growing slightly more than half of all U.S. rice.

Speaking during a breakout session earlier in the day, Terry Harris, senior vice president for marketing for risk management for Stuttgart-based Riceland Foods, said breaking into the Cuban market will be tough.

"When people say we need to have the ability to sell directly to the people, that's not possible" because exporters are required to sell directly to the government, which then rations goods back to the citizens, Harris said. He said Alimport spends as much as \$1 billion annually on food purchases.

Cuba consumes 900,000 tons of rice each year, but is only capable of raising 400,000 to 600,000 tons -- which means it must import the difference. Currently, its chief supplier is Vietnam, which allows Cuba to buy on credit, taking as long as two years to pay. Harris said Vietnamese officials have developed close relationships with their Cuban counterparts, which has resulted in low prices and easy credit.

While the U.S. ships some agricultural products to Cuba, it received its last shipment of U.S. rice in 2007 worth about \$24 million, according to the U.S.-Cuba Trade and Economic Council, which tracks relations between the two countries. Frozen chicken is Cuba's top U.S. agricultural import, with the island nation buying chicken worth \$147.6 million in 2014.

Because of the poor state of its economy, Cuba needs credit to buy commodities, he said, adding "Cuba is a cash-strapped country."

However, he said there is interest in U.S.-produced rice because of its quality and proximity. U.S. processors could deliver a shipment to Cuba in a few days while it can take 60-90 days for a shipment to arrive from Vietnam.

Keith Glover, president and chief executive of Producers Rice Mill said access to Cuba is one of several factors that will affect rice prices in the coming year. Others include the strong U.S. dollar in relation to other currencies, production yields in the U.S. and other rice-producing nations and worldwide weather.

He said exports to countries such as Colombia, Venezuela and Iraq could create demand and keep prices stable as worldwide rice stocks hold steady.

But he said U.S. producers do have several advantages, he said. Rice consumption in the U.S. is holding steady. About 60 percent of the rice produced in the United States is consumed here. And, 88 percent of U.S. production remains in the Western Hemisphere. However, he said he expects South American countries such as Argentina, Uruguay and Brazil to price their rice crops aggressively on world markets this year.

Tampa Tribune

Tampa, Florida

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Cuba's medical breakthroughs have caught U.S. attention



Cuban biotech researchers work in a clinic in Cuba. Many in the Tampa Bay area medical community hope warming relations between the two nations helps the U.S. benefit from Cuban medical successes. One Tampa medical center is said to be interested in bringing Cuban doctors here. MEDICC



By Paul Guzzo | Tribune Staff

TAMPA — As relations with Cuba improve, many people in Tampa are hoping for easier access to one export item the island nation has made famous — premium cigars.

But there's far more at stake with another product developed in Cuba — a treatment for lung cancer, the disease most commonly caused by tobacco smoking.

The H. Lee Moffitt Cancer Center & Research Institute in Tampa is one American institution that has expressed interest in the Cuban drug CimaVax, recently sending representatives to the island nation.

In addition, an unnamed Tampa medical center is said to be interested in bringing doctors here from Cuba. And local cancer survivors and their families are traveling to Cuba to learn more from their counterparts there.

“As the doors open wider between our countries, there will be other medical benefits,” said Candace Johnson, CEO of Roswell Park Cancer Institute in Buffalo, New York, which is seeking FDA approval to run a clinical trial on CimaVax. Evaluations could begin within six months. In the coming years, Roswell may test other Cuban pharmaceuticals.

“I am optimistic that a field like health can open the way for real positive relations between these two countries,” said Gail Reed, founder of the Oakland, California-based nonprofit Medical Education Cooperation with Cuba, MEDICC.

It may sound improbable that a nation isolated for decades by the U.S. embargo, a land of old cars and crumbling ruins in the minds of many Americans, might have scored such a sought-after medical breakthrough. Lung cancer is the leading cause of death from cancer in the U.S., according to the National Cancer Institute, and women are dying from the disease in rising numbers even as cigarette smoking declines. But in Cuba, the field of medicine belies that Third World image.

The United Nations reports that Cuba's infant mortality rate is less than five deaths per 1,000 births compared to six in the U.S. Cubans also have the same life expectancy as people in the U.S. — 79 years, according to the U.N. report.

What's more, Cuba trains almost seven doctors for every 1,000 citizens compared with just under three in the U.S., the World Health Organization reports.



Those medical professionals have become one of Cuba's most sought-after exports. The Cuban government says it has sent nearly 40,000 health care workers to work temporarily in 77 countries — most recently, helping treat Ebola patients in West Africa — and generated \$8 billion a year in foreign

exchange. One of Cuba's biggest health care partners is Venezuela, which provides much-needed oil in return.

Bringing Cuban doctors to Florida to study and practice on a temporary basis was the subject of a recent meeting at a Tampa medical center, said Jonathan Edelheit, CEO of the nonprofit Medical Tourism Association in Palm Beach Gardens, which advocates for international health care options.

"I can't say more right now," Edelheit told the Tribune. "But there were some stakeholders from Tampa's government at the meetings." Representatives from Moffitt Cancer Center were part of a Greater Tampa Chamber of Commerce trip to Cuba in May and toured its National Institute of Oncology and Radiology in Havana.

Moffitt Vice President David de La Parte had little to say about the prospects of working with the institute.

"Similar to Moffitt, the cancer hospital is focused on patient care, research and education," de La Parte said in an email. "That resulted in a discussion about potential opportunities down the road in the areas of training, education and collaboration. We look forward to continuing our discussions."

Reed, who edits the MEDICC medical journal in Havana, said Tampa medical centers have good reason to study Cuba's health care system. The country has developed systems for vaccination that are among the best in the developing world, Reed said, because the communist government has made it a financial priority.

Cuba produced a vaccine for meningitis B in 1989, she said, while it took until 2014 for the U.S. to approve one. Cuba also has a vaccine for diabetic foot ulcers, which is the reason behind some 80,000 amputations a year in the U.S., Reed said. In Cuba, the vaccine has reduced amputations by 70 percent. It is available in 26 countries but not in the U.S. Cuba is currently working on a vaccine for cholera, Reed said.



Researchers in the U.S. hope Cuba's CimaVax can also be administered as a cancer prevention, said Johnson, the Roswell Park CEO. CimaVax targets a protein that cancer cells attract and use to multiply, Johnson said. The vaccine may work as an immunization for patients at risk of cancer.

"Cuba did a randomized trial with 4,000 late-stage lung cancer patients," Reed said. "Standard therapy did not work for them. Those given the vaccine once a month through an injection in the arm lived twice as long as the others. And their quality of life was good. Some even went back to work." The vaccine has been available to Cubans since 2011. Through a delegation to Cuba led by New York Gov. Andrew Cuomo, Roswell signed an agreement with the Center for Molecular Immunology in Havana to import CimaVax to the U.S.

Still, in many respects, Cuba does resemble a Third World nation when it comes to the nation's health care system. With its struggling economy, there are shortages of basic necessities such as bandages.

"You can get a heart transplant but might have to bring your own sheets to the hospital," said Reed.

Medical supplies are one of the commodities that U.S. citizens can legally sell to Cuba. Tampa, a center for the manufacture of medical devices, can capitalize on this opportunity, Chamber of Commerce President Bob Rohrlack said before his group's trip to Cuba in May.

Cuba does not buy much from the U.S. health care industry — just \$7.5 million worth since 2003, said John Kavulich, president of U.S.-Cuba Trade and Economic Council in New York.

There are a number of reasons for this, he said.

Some U.S. companies don't want to go through the Commerce Department licensing process, for example. And Cuba grudgingly pays in cash — the only way many U.S. companies are allowed to do business there now.

The Cuban government believes that buying U.S. health care products would signal acceptance of these U.S. trade restrictions.

What's more, many U.S. medical products simply cost more than those from other nations, Kavulich said. "However, their doors have always been open to donations without any issues," he said. "Thus far this year, donated products from the U.S. exceed \$1.8 million."



Alberto Jones of Palm Coast in Flagler County is among those making the donations, gathering and delivering goods from people in the Tampa area who are working to improve relations with Cuba. Jones' wife was diagnosed with breast cancer in 2013 and successfully treated in the U.S.

A native of Guantanamo, Jones kept his family in Cuba informed of her progress. He was shocked to learn that despite the island's excellent record of cancer treatment, patients lack items taken for granted in the U.S. — creams for dry skin, for example, or slings for lymphedema, both brought on by treatment. Wheelchairs and prosthetics also are in short supply.

With support from Tampa donors, he and his wife have been collecting and delivering such material to Cuba. On their first visit to Guantanamo in 2013, Jones and his wife found women waiting for them in lines that stretched across town. "The U.S. and Cuba both have something to offer each other," Jones said. "We need to continue building bridges between the two. It will only result in benefits for the sick."

Jones is leading a delegation of cancer survivors, physicians and caregivers to Havana in October. Called "Pink to Pink," the group will meet with Cuban counterparts to continue Jones' push for collaborative efforts. Among those going is Rayshana Black, who received a graduate studies degree from the University of South Florida in 2010 and was diagnosed with leukemia three years later.

Now 32 and living in Atlanta and with a clean bill of health, she founded the support group Black Girls Survive Cancer and looks forward to meeting with organizations in Cuba to see if she can take away any lessons on helping survivors. She is also interested in learning more about how Cuban cancer centers deal with their patients. "In the U.S. we are a little more focused on the disease than the patient," Black said. "Sometimes we forget the patient is a human trying to survive. That makes us feel like we are the disease rather than a person."



Because Cuban doctors are trained to work with low-income patients in other countries, without the "bells and whistles" available in the U.S. health care system, bedside manner is stressed, said Reed. "They do more hands-on training in community settings starting with their undergrad medical education," Reed said. "From day one they emphasize that every physician is also their patient's teacher."

Cuba's Latin American School of Medicine has educated more than 200 U.S. citizens through scholarships.

Cuba may also be open to U.S. medical tourists — those visiting another country for health care procedures.

An estimated 750,000 Americans a year travel abroad as medical tourists, said Edelheit, with Medical Tourism Association.

Among the attractions can be affordable prices and the availability of procedures not approved here, such as stem cell therapy. Today, Cuba is an illegal destination for U.S. medical tourists. They can only travel to the island for educational, research, humanitarian, family or athletic purposes.

If and when U.S. citizens are allowed to undergo medical procedures in Cuba, Edelheit said, it could grow into a popular choice, especially for people in nearby Florida, where Tampa and Miami have ancestral links.

“If a Cuban can benefit from a U.S. drug, wonderful. And if an American can benefit from a Cuban drug, wonderful,” Reed said. “The two communities can be an example of why we should all work together.”

The Washington Post

Washington, DC

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The U.S. now has an embassy in Cuba. But relations are hardly normal.



Cubans flags fly in front of U.S embassy in Havana. (Alexandre Meneghini/Reuters)

By Nick Miroff July

HAVANA — In nations all over the world where the United States has an embassy, U.S. diplomats promote trade and assist American companies looking to make business contacts.

And now, the United States has an embassy in Cuba. But it also has a trade embargo against the island.

That puts U.S. officials in Havana on an uncharted and complex new course. The United States and Cuba have normal diplomatic relations once more, but their economic and political relations are anything but.

Although most forms of U.S. trade are still banned under the 54-year-old embargo, a limited but growing number of American firms, such as food exporters and technology companies, are eligible to do business here. The online vacation rental site Airbnb has added more than 2,000 Cuban listings this year. Ferry companies and cruise ship operators are lining up to storm Cuba’s ports. A few consumers on the island are signing up for Netflix.

But many U.S. companies that would otherwise be eligible under President Obama’s loosening restrictions still face daunting American regulatory obstacles — not to mention an opaque, state-run economy in Cuba that is no place for novices.

With normalized relations taking root between the U.S. and Cuba, the Cuban Interests Section in Washington, D.C., is set to reopen as an official embassy on Monday. Here are five pieces of history about the building. (The Washington Post)

“As a small-business exporter to Cuba, I would like to work with embassy staff who could help navigate the commercial challenges within Cuba,” said Paul Johnson, president of Chicago Foods International and the co-chair of the U.S. Agriculture Coalition for Cuba, an anti-embargo group.

Johnson and others say they’re seeking guidance on regulatory compliance as well as networking help. The U.S. Embassy can do that in Cuba, at least in theory.

But practices such as contacting Cuban state firms on behalf of U.S. companies are still foreign territory for American officials.

“We haven’t engaged here in Cuba on a commercial level in a very long time,” said a senior U.S. official, speaking on the condition of anonymity because of the sensitive nature of U.S. diplomacy in Cuba. “But we certainly want to be helpful for Americans who come down here and are looking around.”

Still, the official cautioned, “We’re at the beginning of this.”

Obama has called on Congress to lift the embargo, arguing that expanded trade and travel by U.S. citizens will do more to change the island’s one-party communist system than punitive sanctions.

The large U.S. diplomatic compound along Havana’s seafront boulevard — completed in 1953 — formally returned to being a full-fledged embassy on July 20, more than a half-century after relations were severed.

But other aspects of making the embassy operate like U.S. diplomatic missions elsewhere in the world will take time, officials say.

One of the most sensitive issues involves Washington’s support for opponents of the Castro government’s one-party system. Cuba vociferously objects to U.S. democracy promotion, which it considers “subversion.” U.S. diplomats say they will continue to stand up for human rights and “universal values” in

Cuba but concede that some U.S. programs could change as the embassy’s role evolves.

There are no specific plans to alter them, the senior official said, but “the programs are always under review.”

An early test will come Aug. 14, when Secretary of State John F. Kerry arrives for a ceremony to raise the U.S. flag over the embassy. The U.S. official could not confirm whether Cuban dissidents will be invited to attend. Cuban government officials have been invited, but they typically boycott diplomatic functions in which Castro opponents are present.

American diplomats say one of the biggest changes in their role will take place outside the embassy, as they are able to travel much more freely around the island. They will be required to notify the Cuban government of their plans but will not require permission to visit areas outside Havana, an arrangement they abide by elsewhere in countries that impose “restrictive” conditions.

U.S. officials are also making plans to expand consular services for Americans in Cuba, as more and more U.S. travelers arrive. A new initiative in Congress is seeking to lift U.S. travel restrictions, an event that would dramatically increase the need for U.S. consular services on the island. Currently, visits are restricted to travelers who have family in Cuba, or who travel with licensed “people-to-people” groups and other forms of “purposeful” travel.

One possibility is that the United States would reopen a consulate in Santiago de Cuba, Cuba’s second-largest city, on the eastern end of the island.

With some 300 Cuban employees and about 50 American staff personnel, the U.S. compound in Havana is the largest diplomatic mission in the country. As a result of the upgrade to embassy status, the United States is planning to send an additional 25 U.S. officers, but the senior U.S. official said that number could increase if federal agencies such as the FBI, the Commerce Department and the Drug Enforcement Administration place attaches in the embassy, as they do in other countries.

The embassy building would be large enough to accommodate them, for the time being. “We have room to grow,” the U.S. official said.

Cuba held a flag-raising ceremony to reopen its embassy in Washington on July 20.

More quietly, it has sent a commercial attache to its embassy, a move that Johnson, the Chicago food exporter, said has been “extremely helpful.” The attache is expected to focus on identifying business

opportunities and promoting participation of U.S. firms in Cuban trade fairs and events, with the goal of boosting support for an end to the U.S. sanctions.

“It has opened up a new channel to discuss commercial projects, which can then be navigated through the Cuban system,” he said. “It would be great to see that happen on the U.S. side as well.”

In spite of the diplomatic thaw, trade between the United States and Cuba has been shrinking in recent years.

Johnson said his company has been selling food to Cuba since 2009, averaging more than \$1 million in gross annual sales, but business has fallen off “precipitously” in the past 18 months. U.S. sanctions don’t allow exports to Cuba on credit, and Johnson said he and other U.S. firms are losing out to foreign competitors who can offer financing.

In 2008, Cuba imported more than \$700 million worth of U.S. goods, mostly foodstuffs, but that number has declined since then and is projected to fall to \$166 million this year, according to the New York-based U.S.-Cuba Trade and Economic Council.

Texas Tribune

Austin, Texas

30 July 2015

Despite Early Optimism, Trade With Cuba Dipping

by Julián Aguilar



Shipping container cranes in the Port of Houston

Since the Obama administration's December announcement that it was charging ahead with plans to re-establish ties with communist Cuba, trade with the island nation has taken a peculiar turn: It’s decreased — by a lot.

That is significant for Texas, which has for years ranked among the top 10 U.S. states trading with Cuba under provisions of the Trade Sanctions Reform and Export Enhancement Act of 2000, which allows companies to sell certain goods for profit despite a general trade and travel embargo.

Through June, the United States collectively shipped about \$83 million in goods to Cuba, and is on pace for exporting about \$166 million for the calendar year. That’s well short of the \$291 million in goods shipped in 2014, and well below the \$348.7 million shipped in 2013.

That trend holds true for Texas; the Houston port has seen only 33 metric tons of goods leave its docks bound for Cuba through March of this year, according to the New York-based U.S.-Cuba Trade and Economic Council. That’s compared with 60 tons in 2014, 295 tons in 2013 and a whopping 93,000 tons in 2012.

Some goods shipped from Texas aren’t grown or processed here. But their passage through Texas is still lucrative. According to figures from Texas A&M University’s Center for North American Studies, about 91 cents in additional business activity was created for every dollar worth of goods exported in 2008.

Discerning reasons for the dip, and forecasting what happens next as the countries continue mending their relationship after more than 50 years of tension, isn't easy, experts argue. If Cuba continues to trade and garner support from foreign governments, specifically Venezuela, engaging the U.S. might be less of a priority.

"As long as Cuba can depend on Venezuela for much of its oil imports and foreign exchange, it's going to move cautiously," said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council. "Even though it has decreased its support to Cuba, it hasn't stopped. How its relationship with Venezuela goes will determine in great measure how quickly it re-engages with the United States."

Kavulich added that Cuba won't transform into a hotbed of capitalism where U.S. goods are as common. At least not immediately.

"There is a tremendous amount — it's breathtaking — the amount of aspirational rhetoric chasing very little reality," he said. "You're not going to be able to go to Hertz and rent an RV and drive down to Santiago de Cuba. It's a process, it's not an action."

How things progress has more to do with Cuba's response to overtures from the White House than the other way around.

"If the U.S. changes, then Cuba is going to do more, but the U.S. has been changing and Cuba hasn't done any more, so I think there is a disconnect," Kavulich said.

Others are more optimistic. Cynthia Thomas, president of TriDimension Strategies, a Dallas-based consulting firm that focuses on the Texas-Cuba trade relationship, believes trade is down because of simple economics, not politics.

"Over the last few years, Cuba has been paying down its debts" to Japan, Russia and Mexico, she said. "That has consumed a lot of their capital."

Cuba has also stopped importing American poultry after an avian flu outbreak, Thomas said. According to Business Insider, Cuba previously imported \$148 million in chicken products annually. And the severe drought affected cotton prices and Cuba's ability to import cotton from Texas.

"There is nothing unique about international trade with Cuba versus other countries," she said.

Thomas said that the Obama administration has already made changes that could bolster Texas' trade with Cuba once the country is in better economic shape. The administration has rolled out a payment process that should make it easier for Cuba to buy U.S. goods, Thomas said.

Instead of securing a letter of credit — a guarantee from a bank that it will pay for the costs of goods if a buyer cannot — purchasers can now use the "cash against document" system. That means a buyer can wire money directly, which makes it easier on the purchaser, Thomas said.

Thomas believes the real test will come when more Americans are able to travel to Cuba on commercial flights. Charter flights are already available, but airline giants like American Airlines and United Airlines stated this month they are ready to begin commercial flights to Cuba once they receive permission.

Travelers will visit and try local food and goods, she said, but they will also long for familiar treats. "They'll go to a snack counter and want their Lay's potato chips," she said. She also said more travelers to Cuba would ultimately mean more pressure on Washington to move quickly to re-establish ties.

"They expect a government state where machine guns are on every corner," she said. "That's not reality. [People] have a good time. And that is one more advocate for knocking down the embargo."

Fox News Latino

24 July 2015

New York, New York

A step closer to credit card swiping in Cuba after bank deal

By Bryan Llenas



(Photo by Joe Raedle/Getty Images) (2009 Getty Images)

Americans may soon be able to start using credit cards during their visits to Cuba after Florida-based Stonegate Bank agreed to a financial relationship with a bank on the island this week.

Stonegate Bank and Cuba's Banco Internacional de Comercio have established the first correspondent banking relationship between the two countries in 54 years. The deal means businesses and bank customers can now facilitate payments and transactions directly, as opposed to having to go through banks in third countries.

The deal is meant to make it easier to do business on the island and is seen as an important first step in allowing the use of credit cards in Cuba. Stonegate bank is now in the position of becoming the first bank to allow Americans to use of their credit cards on the island, which could open the door to America's other large banks to do so as well.

“Stonegate is the reconnaissance,” said John Kavulich, President of the U.S. Cuba Trade and Economic Council Inc. “They are providing the reconnaissance for everyone else in the business community. They are the first ones to get beaten up and shot at first.”

Americans have technically been allowed to use credit and debit cards on the island since President Barack Obama announced in December sweeping and historic steps in normalizing diplomatic relations with Cuba. The problem is, until now, American banks have been wary of doing business on the island, forcing American visitors to travel with pockets full of cash.

Mastercard has allowed Americans to use their cards in Cuba as of March 1st, and American Express has said it will allow the use of their cards in the country as well – though it has not given a timeline.

Stonegate has not said whether they plan on authorizing credit card use on the island, but they do exclusively offer their customers Mastercard.

“This is another step in terms of normalizing commercial relations between the U.S. and Cuba,” David Seleski, president and CEO of Stonegate Bank. “The ability to move money easily between the two countries will only increase trade and benefit American companies wishing to do business in Cuba.”

American banks had been leery of doing business in Cuba. For one, until May Cuba was on the list of state sponsors of terrorism – which imposes substantial fines on financial institutions and makes it very risky for banks to do businesses with countries on that list. In the past, foreign banks have paid hundreds of millions of dollars in fines to the U.S. because of transactions with countries on the terror list.

“The banks were concerned the government will go after them for permitting the person for making expenditures in Cuba, and they should, have or had attempted to know or have some mechanism to stop these unauthorized charges,” Kavulich explained. “That’s what scares the banks.”

Cuba was removed from the list in May leaving, Iran, Sudan and Syria as the only nations on that list. Experts say Cuba’s removal from the list should ease many of the bank’s concerns.

The U.S. Treasury Department and President Barack Obama have begun encouraging and backing banks to make a move. Christopher Sabatini, founder and editor of the new policy website Latin America Goes Global [↗](#) and an adjunct professor at Columbia University, said at this point, “the ball is in the Cuban court.”

“They maintain very tight controls and they’ve been very, very slow to opening themselves up to investment and American banks because fear of the unknown and bureaucracy,” Sabatini said.

For now, experts say Stonegate Bank is in the best position to allow Americans to make credit card transactions on the island, and some believe it could happen sooner than you think.

“You can see that happen in time for Secretary Kerry’s visit (on August 14th),” Kavulich said. “Wouldn’t it be something to see Secretary Kerry be the first to walk into a hotel in Cuba or a restaurant or a store and pay with a credit card? That will be a hell of a media event.”

Reuters

London, United Kingdom

22 July 2015

Stonegate first U.S. bank to sign deal with Cuban counterpart

HAVANA | By Daniel Trotta

A South Florida bank has become the first from the United States to sign a correspondent banking relationship in Cuba, a potential boost for U.S.-Cuban commerce following newly restored diplomatic relations between the longtime adversaries.

Stonegate Bank (SGBK.O), which earlier this year became the Cuban government's bank for its diplomatic mission in the United States, signed a deal with Cuba's Banco Internacional de Comercio S.A. on Tuesday, a day after the United States and Cuba re-established diplomatic ties that had been severed for 54 years.

The Cuban bank, known as BICSA, has more than 600 correspondent relationships in the world and is audited annually by Ernst & Young, Stonegate said in a statement on Wednesday.

"This is another step in terms of normalizing commercial relations between the U.S. and Cuba. The ability to move money easily between the two countries will only increase trade and benefit American companies wishing to do business in Cuba," Stonegate Chief Executive David Seleski said in the statement.

Although most U.S. trade with Cuba is banned under an economic embargo dating to the Cold War, there have been some exceptions such as food and medicine sales.

U.S. President Barack Obama further relaxed parts of the embargo in January as part of his policy of engagement with the Communist-governed island, allowing U.S. financial services and telecommunications limited operations in Cuba while authorizing greater purchases from self-employed Cuban exporters.

So far Cuban authorities have not announced granting permission to any U.S. companies to operate in Cuba, nor did they comment on the Stonegate-BICSA agreement.

Obama's executive action allowed U.S. financial institutions like Stonegate to open correspondent accounts in Cuba. It also allowed U.S. credit card and debit transactions, but those have yet to receive Cuban authorization and U.S. cardholders still have no option but to use cash.

"This qualifies as a big deal because the agreement must be authorized by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury and the Federal Deposit Insurance Corporation (FDIC)," John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said in a statement.

The deal affirms that Cuba's financial governance "may be trusted, a substantial marketing benefit to the country," Kavulich said.

Stonegate Bank reports \$2.27 billion in assets and \$1.93 billion in deposits.

The Miami Herald

Miami, Florida

22 July 2015

Broward's Stonegate Bank makes a banking breakthrough in Cuba

By Mimi Whitefield

In the first major business deal since the United States and Cuba resumed diplomatic relations, Pompano Beach-based Stonegate Bank said Wednesday that it is setting up a correspondent banking relationship with a Cuban financial institution.

Stonegate, a commercial bank with 21 branches in Florida, signed an agreement Tuesday in Havana with Banco Internacional de Comercio. It's the first correspondent banking deal signed by a U.S. bank with Cuba since President Barack Obama and Cuban leader Raúl Castro announced on Dec. 17 that they planned to work toward normalization of relations and it came the day after both countries resumed diplomatic ties.

BICSA, which was formed in 1993, handles foreign trade financing and foreign exchange transactions and correspondent relationships with banks overseas. Audited annually by Ernst & Young, it has more than 600 correspondent relationships around the world.

"This is another step in terms of normalizing commercial relations between the U.S. and Cuba," said David Seleski, president and chief executive of Stonegate, which recently began handling the accounts of Cuba's diplomatic missions in the United States. "The ability to move money easily between the two countries will only increase trade and benefit American companies wishing to do business in Cuba."

Under the opening with Cuba, there are also more opportunities for U.S. companies to trade with Cuba, although much of the U.S. trade embargo against the island remains intact.

A survey released by Pew Research Center this week found that 72 percent of Americans surveyed said they approved of ending the embargo, six percent more than favored lifting it in a January survey. The survey did not break out Cuban-Americans, but 74 percent of Hispanics said they favored lifting the embargo.

Having a correspondent banking relationship should help facilitate money transfers to Cuba.

“I assume their next step would be to apply for a license to handle remittances so they can compete with Western Union,” said Fernando Capablanca, managing director of Whitecap Consulting Group, which provides services to community and foreign banks. “I’m happy someone has done this. It is a good first step. It’s a new frontier, so I’m not quite sure how Stonegate will use this arrangement.”

Under financial regulations outlined by the U.S. Treasury Department’s Office of Foreign Assets Control in January, American banks are allowed to open correspondent accounts in Cuban banks and U.S. travelers are permitted to use credit and debit cards on the island.

But many U.S. banks have remained wary and said they wanted more regulatory assurances that they wouldn’t run afoul of U.S. law if they did business with Cuba. At a White House briefing Wednesday for business people, academics and others interested in the new Cuba policy, briefers said that the release of revised Cuba regulations is imminent, according to several people who attended.

The briefers said the initial regulations issued in January were written quickly and additional clarification is needed based on feedback received from the business community, said the sources. They said the Miami business community was well-represented at the briefing.

While Stonegate is the first to sign a correspondent banking agreement, so far no U.S. banks are offering support for U.S.-issued credit and debit cards. MasterCard and American Express have said that they are willing to process card transactions by American travelers to Cuba but without support from U.S. banks, the plastic won’t work on the island.

Augusto Maxwell, chair of the Akerman law firm’s Cuba practice, said it’s possible that other banks may now try to work with Stonegate since it has already laid the groundwork in Cuba. “They have really shown leadership,” he said. “I think anyone authorized to do legal transactions with Cuba should benefit.”

Having a correspondent banking relationship, he said, “should go a long way toward lowering transaction costs and making U.S. goods more competitive.”

Since May, Stonegate has been the bank that handles the accounts of Cuba’s diplomatic missions at the United Nations and for the Cuban Interests Section in Washington — now the Cuban Embassy. The missions had been without a bank for more than a year after M&T Bank of Buffalo, N.Y., told them it was getting out of the business of handling the accounts of foreign missions.

One of the reasons Cuba had so much trouble finding a banker was its continued presence on the U.S. list of state sponsors of terrorism — countries deemed to have repeatedly provided support for acts of international terrorism. But the White House announced in April it intended to remove Cuba from the black list and it came off May 29.

Stonegate has assets of \$2.27 billion and \$1.93 billion in deposits. In Miami-Dade County, it operates offices in Doral and Coral Gables.

Since Stonegate began handling the accounts of Cuba’s diplomatic missions, a group called Cuban American Friends and Patriots has maintained a vigil across the street from Stonegate’s Coral Gables branch every Monday morning.

“The bank is complicit with the tyrant,” Emilio Izquierdo, coordinator of the group, said Monday, the same day the Cuban Interests Section became the Cuban Embassy. As in Vietnam and China, he said, Cuba is beginning a period of “selective capitalism” where the hierarchy and Castro family will get rich and “the Cuban people will continue in misery.”

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said having a U.S. bank establish a direct correspondent banking relationship will affirm “that the government of the Republic of Cuba’s governance may be trusted; a substantial marketing benefit to the country. Stonegate bank will be rewarded with business — both in the United States and in the Republic of Cuba.”

But with the new arrangement, he said, Cuba will be under pressure to reverse the declines in food, agricultural and healthcare products purchased from the United States under exceptions to the embargo. Having such a correspondent banking relationship, he said, may also increase pressure on Cuba to allow self-employed entrepreneurs to open accounts with BICSA so they can make payments directly to U.S. companies for imports that will be used in their businesses.

NPR

Washington, DC

22 July 2015

ROBERT SIEGEL, HOST: Now that the U.S. and Cuba have restored diplomatic relations, there are many farmers and CEOs in this country who want to know whether trade will be next. Cuba's economy has been hobbled by the half-century old U.S. trade embargo, and Americans have also been unable to tap into a potential dynamic market. President Obama has started paving the way to change that. Here's NPR's Jackie Northam with more.

JACKIE NORTHAM, BYLINE: Doug Keesling, a Kansas farmer, says at one time, he understood why the U.S. had a trade embargo against Cuba. I caught up with Keesling by cellphone as he moved cattle across drought-ridden Central Kansas. He says nowadays, he thinks Cuba would be a good market to sell his corn, soy and especially wheat.

DOUG KEESLING: Ten percent of all of the wheat grown in Kansas is how much Cuba needs. So when you're talking about 10 percent of your supply chain that could be going to someone that's 90 miles away, it's very exciting.

NORTHAM: Under existing law, U.S. companies have been able to export limited amounts of agricultural products for humanitarian reasons. Keesling never did because the rules and regulations were stringent and complicated. Keesling was pleased when President Obama announced in December he would ease some travel and trade restrictions. This would allow U.S. companies to export construction and telecommunications equipment to Cuba's growing private sector and make it easier to export agricultural products.

KEESLING: We just finished wheat harvest in Kansas over the last couple weeks. And so if we could finalize these final details fairly soon, wheat from my farm and others in central Kansas could end up in Cuba by fall.

NORTHAM: The sweeping changes are part of President Obama's efforts to end the isolation between the U.S. and Cuba. And it's an enormous first step for companies to enter a new market, says Bill Lane, a director at construction equipment giant, Caterpillar.

BILL LANE: The president's decision has sort of opened the way for the ability to do some reconnaissance in Cuba, to get to know the territory, to get to better understand the market, start making some people-to-people contacts.

NORTHAM: But Lane says to fully normalize trade relations with Cuba, the embargo needs to be lifted, and only Congress can do that. Lane says he's been regularly meeting members of Congress to make the case. In the meantime, the competition is heading to Cuba, says Susan Segal, president of Americas Society/Council of the Americas.

SUSAN SEGAL: The number of Spanish, Canadian, Latin American companies that are traveling to Cuba today to get there before the Americans totally lift the restrictions and can go and invest is incredible.

NORTHAM: But it's unlikely Congress will lift the embargo any time soon, says Republican Congressman Mario Diaz-Balart of Florida.

(SOUNDBITE OF ARCHIVED RECORDING)

MARIO DIAZ-BALART: If anyone thinks that the sanctions are going away, that the so-called embargo is going to go away, they have not been paying attention to the attitude of Congress. Congress, unlike President Obama, understands that the Castro regime are the oppressors. They are not the Cuban people.

NORTHAM: In the meantime, president Obama can continue to use his executive authority to further normalize relations. But John Kavulich, president of the U.S.-Cuba Trade and Economic Council, says he may wait to see what the Cubans will do.

JOHN KAVULICH: They have benefited exponentially and breathtakingly from what President Obama has done. Governments are providing them with credits, and companies that weren't interested in dealing with them now are. The Cuban government thus far, other than allowing more visitors into Cuba, hasn't done anything.

NORTHAM: At the moment, tourism is one of Cuba's major sources of income. Jackie Northam, NPR News, Washington.

Sun-Sentinel

Fort Lauderdale, Florida

22 July 2015

Stonegate Bank of Pompano Beach signs historic banking deal in Cuba

By Doreen Hemlock and Donna Gehrke-White

Stonegate Bank of Pompano Beach on Wednesday announced another historic milestone with Cuba.

Just weeks after becoming the bank for Cuba's government offices in the U.S, Stonegate said it signed the first U.S. correspondent banking deal with a Cuban bank in half a century.

"This is another step in terms of normalizing commercial relations between the U.S. and Cuba," Stonegate CEO Dave Seleski said in a news release early Wednesday.



"The ability to move money easily between the two countries will only increase trade and benefit American companies wishing to do business in Cuba. We are very proud to be a part of this process that is going to benefit both countries in the future," Seleski said in the statement.

Stonegate said it signed the correspondent banking relationship in Havana on Tuesday with Cuba's Banco Internacional de Comercio S.A. known as BICSA. That bank was formed in Cuba in 1993 largely to handle international transactions. BICSA now has more than 600 correspondent relationships worldwide and is audited annually by accounting giant Ernst & Young, the news release said.

The agreement came just one day after the two countries re-opened embassies in each other's capitals, part of a push announced Dec. 17 by President Barack Obama aimed to thaw Cold War hostilities.

The U.S. still maintains a five-decade-old embargo on most U.S. business with the communist-led island, but the Obama administration is easing embargo restrictions in select areas using its executive authority. New provisions now allow correspondent banking between the two countries.

Stonegate helped clear the path to restoring diplomatic relations between the U.S. and Cuba when it agreed to U.S. State Department requests, and in May, became Cuba's banker in the U.S.

Cuban government offices in the U.S. had been without a U.S. bank for more than a year after its previous banker, M&T Bank of Buffalo, N.Y., stopped handling accounts for foreign governments. That meant that visas at Cuba's Washington office had to be paid in cash, for example.

Other U.S. banks had not opened an account for Cuba, concerned about compliance hurdles under the U.S. embargo.

Reaction to the new banking deal varied widely Wednesday.

"I can't believe they [Stonegate executives] are actually going through with this," said South Florida bank analyst Ken Thomas. "I can't see a traditional community bank taking that deal, but they did."

Other community banks in South Florida had declined Cuban government accounts because of opposition to the island's communist government from many Cuban immigrants in the area. "It was considered a toxic account," Thomas said. "No one would touch it."

But Stonegate is not a traditional community bank, Thomas added, noting Wall Street investors owned about 45 percent of the bank as of June 2014.

Support for diplomatic relations between the U.S. and Cuba has been growing among Cuban-Americans and Americans overall. A Pew poll released Tuesday found 73 percent of Americans back relations with Cuba, up 10 points from January. And a Bendixen survey of Cuban-Americans in late March found a slim majority in favor, compared to a slim majority opposed in December.

"The times they are a'changing, as the song goes," said Cuban-American lawyer Pedro Freyre of the Cuba Practice Group of law firm Akerman LLP in Miami. As U.S. policy shifts to conversation from confrontation with Cuba, reaction among Cuban-Americans "has been more positive than negative."

"We're moving toward a new normal," said Freyre. Ties with Cuba no longer are seen as toxic but increasingly viewed as a "business relationship."

Stonegate likely will gain customers from its pioneering ties with Cuba, said the president of the U.S.-Cuba Trade and Economic Council, a New York group that analyzes Cuban commerce.

"Stonegate Bank will be rewarded with business — both in the United States and in the Republic of Cuba," predicted Council President John Kavulich III in an e-mail.

Still, some hardliners rejected Stonegate's move, including Rep. Ileana Ros-Lehtinen, R-Miami.

"Cuba, a country that lacks the rule of law or an independent judiciary, is a spectacularly bad place to do business for any American merchant or bank," the Cuban-American congresswoman said in an email. "Empowering the Cuban people's repressors by providing them access to capital will do nothing to help those who are oppressed on the island nor will it provide basic protections to American businesses."

Stonegate, started in 2005 by veteran banker Seleski, has 21 banking offices in south and west Florida, mainly in Broward, Charlotte, Collier, Hillsborough, Lee, Miami-Dade, Palm Beach and Sarasota counties. As of June 30, it had \$2.27 billion in assets and \$1.93 billion in deposits.

Stonegate's stock closed Wednesday up 18 cents, or 0.5 percent, at \$30.99 on the Nasdaq exchange. That's close to a 52-week high. It has been trading in past year between \$20 and \$31.03.

UPI

Washington, DC

23 July 2015

Cuba, Florida banks set up correspondent relationship

It is the first such agreement since the start of normalization of relations between Cuba and the United States.

By Ed Adamczyk



Cuban Foreign Minister Bruno Rodriguez, right of center, applauds with other dignitaries after raising the Cuban flag over their new embassy in Washington, Monday, July 20, 2015. A Florida bank and a Cuban bank established a correspondent relationship this week. Photo by Andrew Harnik/UPI | License Photo

POMPANO BEACH, Fla., July 23 (UPI) -- Florida's Stonegate Bank announced the first agreement to establish a correspondent bank in Cuba since the start of diplomatic relations between the United States and Cuba.

The deal between Stonegate Bank, based in Pompano Beach, and Banco Internacional de Comercio S.A. was signed in Havana earlier this week, seven months after regulations allowing for corresponding bank relationships were changed.

"For U.S. companies doing business in Cuba, we can facilitate transactions much easier now," said Dave Seleski, Stonegate president. Correspondent accounts allow banks to transact from country to country, typically to move money on their customers' behalf.

"This is another step in terms of normalizing commercial relations between the U.S. and Cuba. The ability to move money easily between the two countries will only increase trade and benefit American companies wishing to do business in Cuba. We are very proud to be a part of this process that is going to benefit both countries in the future," a statement by the bank Wednesday said.

Cuban government offices in the United States have been without a bank for over a year, since their previous banker, Buffalo's M&T Bank, stopped handling foreign government accounts. It meant, for example that visas at Cuba's Washington office needed to be purchased in cash.

While some in South Florida may object to normalizing relations with Cuba, John Kavulich III, president of the New York-based U.S.-Cuba Trade and Economic Council, told the South Florida Sun-Sentinel, "Stonegate Bank will be re

Havana times

Havana, Cuba

22 July 2015

US and Cuba Banks Agree To Relationship

HAVANA TIMES — Stonegate Bank, which earlier this year became the Cuban government's bank for its diplomatic mission in the United States, has set up a correspondent banking relationship with a Cuban banking institution.

The deal reportedly was signed yesterday (Tuesday) with Banco Internacional de Comercio S.A. – more commonly known as BICSA, which “has more than 600 correspondent relationships in the world and is audited annually by Ernst & Young,” according to a statement released by Stonegate.



Stonegate Chief Executive David Seleski

“This is another step in terms of normalizing commercial relations between the U.S. and Cuba. The ability to move money easily between the two countries will only increase trade and benefit American companies wishing to do business in Cuba,” Stonegate Chief Executive David Seleski said in a statement. There has been no comment from either government.

In January, President Barack Obama relaxed parts of the embargo allowing limited operations in Cuba by U.S. financial services and telecommunications.

According to Reuters, in a statement issued by John Kavulich, president of the U.S.-Cuba Trade and Economic Council, “This qualifies as a big deal because the agreement must be authorized by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury and the Federal Deposit Insurance Corporation (FDIC).”

Stonegate Bank reports \$2.27 billion in assets and \$1.93 billion in deposits.

i24 News Paris, France 22 July 2015

Stonegate first US bank to sign deal with Cuban counterpart

United States and Cuba have re-established diplomatic ties that had been severed for 54 years

A South Florida bank has become the first from the United States to sign a correspondent banking relationship in Cuba, a potential boost for US-Cuban commerce following newly restored diplomatic relations between the longtime adversaries.

Stonegate Bank, which earlier this year became the Cuban government's bank for its diplomatic mission in the United States, signed a deal with Cuba's Banco Internacional de Comercio S.A. on Tuesday, a day after the United States and Cuba re-established diplomatic ties that had been severed for 54 years.

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Although most US trade with Cuba is banned under an economic embargo dating to the Cold War, there have been some exceptions such as food and medicine sales.

US President Barack Obama further relaxed parts of the embargo in January as part of his policy of engagement with the Communist-governed island, allowing US financial services and telecommunications limited operations in Cuba while authorizing greater purchases from self-employed Cuban exporters.

So far Cuban authorities have not announced granting permission to any US companies to operate in Cuba, nor did they comment on the Stonegate-BICSA agreement.

Obama's executive action allowed US financial institutions like Stonegate to open correspondent accounts in Cuba. It also allowed US credit card and debit transactions, but those have yet to receive Cuban authorization and US cardholders still have no option but to use cash.

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The deal affirms that Cuba's financial governance "may be trusted, a substantial marketing benefit to the country," Kavulich said.

Stonegate Bank reports \$2.27 billion in assets and \$1.93 billion in deposits. (*Reuters*)

Sri Lanka Guardian

Colombo

22 July 2015

Neoliberal American Capitalism Rocks On!

By John Stanton

Scarface Returns to Cuba

The normalization of relations with Cuba was really a classic no-brainer. The US and Cuba have a long history. Thomas Jefferson, commenting in 1820, thought that the absorption of Cuba by the USA would be a "most interesting" addition.

Losing market share and political influence to the emergent BRICS is no laughing matter. With few markets left on the planet to target and exploit, every billion US dollars count. So Cuba's lousy economic performance can be ignored, and is. According to Reuters, China and Cuba's trade accounted for \$1.4 billion in 2014. Russia TV reports that Russia's Rosneft energy concern is working with a Cuban oil company to seek out what is believed to be 20 billion barrels of oil off Cuba's coast. In 2013 Brazil and Cuba's trade was estimated at \$625 million and, more significantly, Brazil is funding and constructing a deep water port at Mariel, Cuba which will be the key port of import/export of goods—and tourists—from Capitalists the world over, according to the Los Angeles Times.

Established in 1994 the US-Cuba Trade and Economic Council described the Cuban market this way: "The "...the Republic of Cuba, 93 miles south of the United States, a nation of 11 million consumers, which would rank it the 7th largest state if the country were a part of the United States..." That's big money if one can get in on it quick.

Pravda

Moscow, Russia

22 July 2015

Neoliberal American Capitalism Rocks On!

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The normalization of relations with Cuba was really a classic no-brainer. The US and Cuba have a long history. Thomas Jefferson, commenting in 1820, thought that the absorption of Cuba by the USA would be a “most interesting” addition.

Losing market share and political influence to the emergent BRICS is no laughing matter. With few markets left on the planet to target and exploit, every billion US dollars count. So Cuba’s lousy economic performance can be ignored, and is. According to Reuters, China and Cuba’s trade accounted for \$1.4 billion in 2014. Russia TV reports that Russia’s Rosneft energy concern is working with a Cuban oil company to seek out what is believed to be 20 billion barrels of oil off Cuba’s coast. In 2013 Brazil and Cuba’s trade was estimated at \$625 million and, more significantly, Brazil is funding and constructing a deep water port at Mariel, Cuba which will be the key port of import/export of goods—and tourists—from Capitalists the world over, according to the Los Angeles Times.

Established in 1994 the US-Cuba Trade and Economic Council described the Cuban market this way: “The “...the Republic of Cuba, 93 miles south of the United States, a nation of 11 million consumers, which would rank it the 7th largest state if the country were a part of the United States...” That’s big money if one can get in on it quick.

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Letter from Havana

Opening for Business

A former Marielito positions himself as an entrepreneur in the new Cuba.

By Jon Lee Anderson



Hugo Cancio has become an intermediary sought after by American investors, politicians, and celebrities who are going to Cuba. Credit Photograph by Sebastian Liste / NOOR

One night not long ago, in a new restaurant in Havana called VIPs, the owner, a white-haired Catalan named Jordi, was speculating about what life might be like in Cuba after a reconciliation with the United States.

“Come, let me show you,” he said confidently, leading the way to a large outdoor space between the neighboring building and his own, an eighteenth-century villa built for a Spanish *marqués*. Gesturing with his hands, Jordi indicated where he was building an open-air bar and eatery, a wine cellar, a “chill-out area.”

“It will be a club for friends,” Jordi said. “Friends with money.”

Inside, Hugo Cancio, one of Jordi’s friends in the new transnational elite, sat at a corner table. A Cuban-American businessman, Cancio lives in Miami but shuttles to Havana so often that the VIPs menu has named his favorite dish for him: the Don Hugo Paella. Cancio is fifty-one, tall, with an athlete’s shoulders and a limber gait. He was accompanied by his daughter Christy, who had recently finished college in the U.S. Their table looked out on a square bar, a dozen tables full of smartly dressed people, and a huge screen, with Chaplin’s “Modern Times” on a continuous loop. On his iPhone 6, Cancio showed me a selfie that he and Christy had taken earlier that day with Conan O’Brien, who was in Havana taping his show. O’Brien had invited them to join him at El Aljibe, an open-air restaurant that is popular with diplomats and Cuba’s senior *nomenclatura*. “What do you think?” Cancio asked me, smiling. “Cuba’s changing, man.”

Last December, after five decades of Cold War enmity and eighteen months of secret talks, the United States and Cuba announced that they had agreed to normalize relations. It was a rapprochement so long in coming that younger generations, without much memory of invasions, embargoes, and the threat of nuclear obliteration, barely knew why the bad feeling was so ingrained in the politics of both countries. Cancio is a casualty, like many others, of all that preceded this tentative settlement. He left Cuba in the Mariel boatlift of 1980, in which as many as a hundred and twenty thousand Cubans made a traumatic exodus to the United States. Thirty-five years later, as the C.E.O. of a holding company called Fuego Enterprises, he moves freely between Cuba and the U.S. After spending years cultivating connections in both countries, he has become an intermediary sought after by the increasing numbers of Americans—investors, politicians, celebrities—who are going to Cuba. He is pleased to tell you about his private meeting with Sting, or with Paris Hilton. When Google visited Havana recently, a delegation came to his office to discuss the local situation. In February, Cancio spoke to a gathering of political conservatives in Washington, D.C., and in April he addressed an audience in New York at a conference about Cuba organized by the Wharton School of Business.

Cancio is recognizably Cuban, but he is also a man of earnest American discipline. He meditates and does a hundred pushups each morning. His bedtime reading lately is Hillary Clinton’s “Hard Choices” and a volume by Deepak Chopra. In 2012, he launched *OnCuba*, a bimonthly magazine stocked with ads, profiles of artists and musicians, and articles on tourist destinations. In the past year, he has added a quarterly art magazine, aimed at collectors and investors, and a real-estate supplement. Cancio has ambitious plans to expand Fuego Enterprises. In 2010, after Raúl Castro announced sweeping reforms to open up the island’s economy, allowing more Cubans to own their own businesses—known as *cuentapropismo*—and to buy and sell property, Cancio assembled a team to assess investment possibilities. He and his partners decided to focus on media and entertainment, and then move into real estate, tourism, and telecommunications. “Our goal was to position ourselves quickly, so when the market opened we would be among the first to be established,” he said.

For now, Fuego is distinguished more by its potential than by its assets. “If you look at the financials of the company, it’s a very speculative investment and not a lot to get excited about,” Thomas Herzfeld, who manages the Herzfeld Caribbean Basin Fund, one of Fuego’s largest investors, said. “But if you look at Hugo there’s everything to get excited about. He’s a leading expert on Cuba, he’s well respected there, he cares about Cuba and its people.”

Cancio told me that it will likely take three to five years to see real change in Cuba. In the meantime, the island, like any other country undergoing a radical transformation, is a confounding place to do business. In recent decades, businesses from Europe and Canada have invested in Cuba, with uneven results; many deals dissolve, with investors disappointed by returns or frustrated by the exigencies of working with Castro’s government. In a few cases, foreign businessmen have been abruptly jailed, on vague charges of corruption, and their businesses seized. Cancio’s partner Ariel Machado, also a Cuban, jokes about nightmares in which a shadowy rival reaches out to chop off his hand with a machete.

Cancio puts a sunny face on all this complexity. He claims that he “loves uncertainty,” and has faith in the leadership of both countries: “I admire President Obama. And I’ve always admired Fidel Castro. I use him as an example when I am invaded by discouragement—which doesn’t happen much—because this is a man who had an idea and persuaded eighty other people to face an army of fifty thousand, and to cross an ocean to do it. So when people told me you can’t open a media space in Cuba I say, well, Fidel did his revolution.”

To a visitor, Havana appears much the same as it has for decades—people at loose ends, distressed buildings—but there has been an explosion of small private enterprises and, with them, pockets of encouraging prosperity. For the first time since the sixties, when Castro declared a “revolutionary offensive” to “eliminate all manifestations of private trade,” Cubans are being allowed to take charge of their material lives. People are better dressed; there are more cars on the road; and everywhere there are new restaurants and bars and hostels, where Cubans rent rooms to foreign visitors. In early April, Airbnb announced the launch of Cuban operations; by month’s end, Governor Andrew Cuomo had flown in with a planeload of New York business executives for a trade summit, and an N.B.A. good-will delegation had set up training camps for Cuban athletes. On May 5th, the U.S. Treasury Department lifted restrictions on ferry services from Florida; the same day, Jet Blue said that it planned to begin flying between Havana and New York.

Tourism has surged nearly twenty per cent this year, and hotel lobbies in Havana are noisy with troubadours singing “Guantanamera” and odes to Che Guevara; buses and luridly painted old Chevys trundle sightseers around the city. There are Europeans, Canadians, Brazilians; one morning, I saw a group of elderly Chinese visitors dressed in safari clothing exploring the grounds of La Finca Vigía, Hemingway’s home.

Increasingly, there are also Americans, mostly sixty-somethings on “cultural tours” but also college students and hipsters from New York and Los Angeles. People in Havana joke that the latest accessory for an evening out is an American friend. The city’s harbor is being refurbished to accommodate U.S. cruise ships. Cancio’s new travel arm, OnCuba Travel, offers guided tours to Americans with the slogan “Be the first to witness the rise of free enterprise in Cuba.”

Havana’s night life, once moribund, is alive again. In a former peanut-oil factory, La Fábrica de Arte Cubano hosts dancers, filmmakers, painters, photographers, and musicians. Across town, the Las Vegas Cabaret features a transvestite show. Havana, long a Soviet-style culinary wasteland, is now a fine place to go out for Spanish, Italian, Iranian, Turkish, Swedish, or Chinese, in restaurants frequented by foreigners but also by newly moneyed Cubans—what one of Cancio’s young writers, Carlos Manuel Álvarez, describes as “specimens at the midway gallop between Cuba’s iron socialist morality and a certain post-realignment Havana consumerism.”

One day this spring, as I rode through the city in a taxi, a glossy black BMW raced past, and a policeman at the next intersection gave the driver a deferential salute. Until recently, the only known wealthy Cubans were a handful of musicians and athletes who, in a special government dispensation meant to dissuade them from leaving, were permitted to keep their foreign earnings. Even so, few were ostentatious, and, if they bought cars, they drove Peugeots or Hyundais. My taxi-driver explained that the car’s owner was probably an “entertainer.” Another Cuban musician, he told me wistfully, owned a Ferrari.

Officially, Cuba’s changes are intended to bring about “more socialism,” but few Cubans seem to believe that. “We’re not only making peace with the Americans,” one senior Cuban official told me. “We’re changing everything. But not even those of us involved in the process know what that means yet.” Cuba seems bound on a course not unlike that of Vietnam and China: hybrid Communist states in which citizens enjoy few political liberties but significant economic freedom.

Cubans like Cancio have deduced that expressions of resentment will get them nowhere. One day, a pop-up protest blocked a road tunnel at the end of the Malecón, Havana’s seaside corniche. Several dozen of the Damas de Blanco—the Ladies in White, relatives of imprisoned dissidents—had gathered to hold up flowers and pictures of their loved ones and to shout, “Down with the dictatorship!” Within ten minutes, police had herded the Damas onto buses and driven them away. All that was left was a mysterious group of civilians, shouting loyalist chants, and a few watchful policemen.

All around the city, even as *los cambios*—the changes—take root, there is a world-weary acceptance of the revolution's persistence and of its mistakes. When I asked Cancio what it meant to be a Marielito, he quoted a speech that Castro gave during the crisis, in which he repudiated the Cubans who had chosen to leave the country: "We don't want them and we don't need them." Cancio shrugged, smiled, and said, "Well, here I am."

Hugo Cancio's base in Havana— his office and his apartment—occupies the ninth floor of a fifties-era high-rise that overlooks the Malecón. The building has a quasi-official atmosphere, a remnant of the years in which every Cuban enterprise was run by the government. It once housed the operations room for Fidel's Battle of Ideas, a campaign to rekindle revolutionary fervor that has been superseded by Raúl's Changes. In the lobby, a pair of brusque concierges keep watch, and an elevator attendant sits all day, mutely pushing buttons.

The *OnCuba* office has a sleek lounge, whose gray-and-white walls are decorated with lyrics by the Cuban musician Silvio Rodríguez. One of them reads, "I prefer to talk of impossible things, because of the possible too much is already known." In three workrooms, a half-dozen young Cubans sit intently at white benches with new large-screen Apple computers.

Although the offices are in Havana, *OnCuba* is not officially distributed there; Cancio is accredited by Cuba's Foreign Ministry as a representative of the foreign press. *OnCuba* is printed in the U.S., distributed on charter flights that fly between Florida and Cuba, and sold at American supermarkets, bookstores, and newsstands. There are stories about rickshaw drivers, skaters, ballerinas, and this summer's Art Biennial.

The magazine avoids politics, but it reports, boosterishly, on the burgeoning U.S.-Cuba relationship. Last year, Joe Garcia, a Cuban-American congressman from Florida, caused controversy when he signalled that he might be in favor of ending the trade embargo against Cuba. Cancio put him on the cover.

Cubans have always shown great initiative in finding alternatives to the anodyne government-sponsored news. For years, moonlighting engineers installed satellite dishes in homes, to bring in forbidden television shows. *La bola*, Cuba's bush telegraph, transmits news around the island long before it is covered by state media. The latest innovation is *el paquete* (the package), an electronic bundle of weekly news and entertainment, packed onto a USB stick and delivered by couriers on motorbikes. A few months ago, Cancio assigned a story on the subject, and the reporters found that *el paquete* was effectively the island's largest private business: it employs forty-five thousand Cubans, brings in one and a half million dollars a week, and reaches five million people—nearly half of Cuba's population. After the report, Cancio negotiated with the head of *el paquete* to have *OnCuba* included.

The magazine's Web site also reaches many Cubans, as well as government minders, and that is where it occasionally runs into trouble. To lead the investigative reporting team, Cancio hired an Uruguayan journalist named Fernando Ravsberg, who worked for the BBC in Cuba for two decades. Last summer, his reporters began covering places around the city where authorities were not regularly collecting garbage. At a disposal site on the outskirts, the journalists discovered a fetid encampment, where scavengers raked through garbage for items to sell. In Cuba, where the government has long boasted of its social-welfare system, such sights are shocking. "We did the garbage story," Ravsberg said, "and afterward, lo and behold, the state television came along and reported on it."

OnCuba reports on social ills as a crusading local paper might in the United States—enough to rile the authorities but not enough to be seen as subversive. Ravsberg cautioned his reporters not to overemphasize the scavengers' miserable lives. "They are young and were naturally affected by that, so I had to make them understand that it had to be put into the proper context," he explained. "Which Latin-American country does not have people living in garbage?"

One day in the office, I found Cancio talking with an editor about a photograph that he wanted removed from the Web site. Cancio told me that the photograph depicted a poet who had once been censured by the Party. "The person in that photo isn't even mentioned in the article. I don't think they even knew who the poet was. So my question was: 'What is the purpose of the photo, what does it contribute?'" When I

asked Cancio about his role as house censor, he gave a tortuous explanation: “The purpose of our project is not to hurt anyone’s feelings. It is to unite, find common points of exchange, educate, change hearts and minds.

We want to be faithful to the truth and to a new and dignified journalism for the country, but, if we can avoid hurting sensitivities unnecessarily, we should.” But, he added, he had hired youngsters who were “not contaminated with paradigms and ideologies that can lead to incomprehension. I want to surround myself with people who love their country unconditionally but who are not bound to old and obsolete ideas.”

Cancio was born in 1964—five years after Fidel Castro seized power—into a family of entertainers. His father, Miguel Cancio, founded the popular sixties band Los Zafiros, along with one of his mother’s seven siblings, most of whom were also singers and musicians. Los Zafiros were inspired by the harmonious doo-wop of the Platters, but also incorporated influences from Cuban music and bossa nova. (The band’s hit “I Have Come” was revived in “Breaking Bad,” playing winsomely as Walter White’s R.V.-cum-meth lab is destroyed by a bulldozer.)

With his parents often away on tour, Cancio was looked after by his grandmother, and though he showed talent as a percussionist, he was dismayed by his family’s bohemianism. He recalls waking up before school to find the living room full of drunk musicians and coming home in the afternoon to find some of them still there, sleeping. “I decided then and there I didn’t want to be a musician,” he said.

Cancio wanted instead to be a doctor, like his grandfather, and he managed good enough grades to attend a boarding school in the province of Matanzas. Then, one night, when he was sixteen, he was caught telling a forbidden joke to other students in their dormitory bunks. Cancio recalls that it was one of the Pepito jokes, based on a beloved Cuban character, a smart-ass boy who pokes fun at everyone: “One day, Fidel asks his bodyguards to bring Pepito to tell him jokes; he wanted to laugh. So his bodyguards go to Pepito’s house. Pepito was just waking up and didn’t want to come, because he hadn’t yet had his breakfast, but he finally went. When he got to Fidel’s house, Fidel told Pepito he could have whatever he wanted. So Pepito asks for a hearty breakfast. When he is done eating, Fidel tells him, ‘Pepito, I want you to know that soon all the children of Cuba will be eating a breakfast like the one you’ve had today.’ Pepito says to Fidel, ‘Did you bring me here to tell tales, or for you to tell them to me?’ ”

Cancio and his friends were hauled in by the school authorities, forced to recant in front of their peers, and told that they were being expelled. “They said we had betrayed the trust of the revolution,” Cancio recalled. “From that moment on, I basically no longer had a future in the country, and my mother said we were going to have to go.”

In those days, there was virtually no legal way to leave Cuba. Then, in April, 1980, the Peruvian Embassy grounds in Havana were overrun by thousands of Cubans seeking asylum. After an acrimonious standoff,

Castro announced that all those who wished to leave could do so from the nearby port of Mariel—as long as they had a boat to take them. As Cuban-Americans scrambled to Mariel in yachts to evacuate relatives, Fidel saw an opportunity to get rid of Cuba’s unwanted: State Security agents brought thousands of criminals from Cuba’s jails and inmates from mental asylums and loaded them onto boats.

Mariel offered an unexpected way out for Cancio, along with his mother and his younger sister. Cancio recalled, “My mother told me that, to be able to go, I’d have to appear before a panel and say I was a homosexual. So I did that. I remember one of the panel members asked me, ‘Are you a passive or an active homosexual?’ ” Laughing, Cancio told me, “I didn’t know what that meant, so I said, ‘Both things.’ ”

Cancio was taken to a holding facility in Havana, then to one near Mariel, a camp for unaccompanied males, where prospective émigrés waited along with newly released criminals. He was frightened, and worried about his mother and sister, from whom he had been forcibly separated. After a few weeks, he was put on a luxurious American cabin cruiser. As the boat left Mariel harbor, Cancio panicked and tried to dive overboard and swim ashore, but the American captain calmed him.

In Miami, Cancio was reunited with his mother and sister, who had come on another boat, and they spent several days in the Orange Bowl, where refugees were kept until their relatives or social services could provide housing. Cancio recalls that he viewed his new surroundings as “a world of infinite possibilities”—a phrase that he still repeats, like a slogan. After a few months, the Cancios were given permanent accommodations in South Miami Beach, in a run-down Deco apartment building at Fourth and Collins.

Because of the criminals in their midst, the Marielitos quickly acquired a fearsome reputation in the United States. In Brian De Palma’s 1983 remake of “Scarface,” the vicious drug dealer Tony Montana is a Marielito. Not long after Cancio and his family moved to Miami, another Marielito pulled a gun on him and his sister outside their building. Cancio’s mother, terrified of the crime in their neighborhood, forbade her daughter to go out on her own.

Cancio graduated from Miami Beach High and went to work, as a busboy in a kosher restaurant, then as a security guard, then hawking clothes at a flea market. He got a break selling cars at a Mitsubishi dealership, and within six months he’d become the sales manager. He moved on to a BMW dealership, and from there to pioneer Hyundai’s sales operation in South Florida. One night, he met a young woman, Marian, of Puerto Rican extraction. They began living together, and they had a daughter, Cherie, and then Christy. By his mid-twenties, he said, “I had bought my first home, with a pool, and lived there with my family.”

One day, during a trip to the Cayman Islands, he met a visiting Cuban tourism official who confided that Cuba and the U.S. were about to authorize “family reunification trips.” Cancio returned to Miami and opened a travel agency offering “Viajes a Cuba.” He also got an OFAC license—a waiver from the U.S. Treasury Department to do business with Cuba. When the family visits were duly authorized, Cancio says, his business was “all ready to go.”

Despite his success in the United States, Cancio was overwhelmed by nostalgia for Cuba. In December, 1993, he and his sister returned to spend Christmas with family in Varadero. Cancio teared up as he recalled knocking on relatives’ doors to surprise them. At the family house, boyhood friends came over to say hello, except for one, who had joined Cuban State Security. “I went to his house, a couple of streets away, and I shouted at him,” Cancio said. “But he didn’t come out.”

In April, 1994, with the Cuban economy suffering from the loss of Soviet subsidies, the Castro government held a conference to promote reconciliation with the exile community in Florida. It was a major about-face.

Castro had repudiated the Cubans who left as *gusanos*—worms—and forbidden them to return home; he referred to Florida’s Cuban exile community as *la Mafía de Miami*. Cancio, who describes himself as “naïve and politically out of the loop at the time,” nevertheless found himself on the list of Cuban-Americans who were invited to the conference. He made a number of connections there, including several well-placed officials who have remained his friends.

On the last day, the attendees stood in line, and one by one they were introduced to Fidel Castro for a quick handshake and a photograph. As Cancio waited, he told me, “I thought about all the people who wanted to kill him, and then worried that his bodyguards could read my mind. But I didn’t feel any hatred or animosity toward him. There he was: tall, pinkish, long hands and long nails. I saw him calling people by name. When it was my turn, he asked how my father was. He had seen a documentary about Los Zafiros.”

Cancio watched the documentary—a portrayal of the decline of Los Zafiros, whose members had mostly succumbed to alcoholism—and decided to make his own film, focussing on the band’s “height of success, rather than on their disintegration.” He raised money, got permission to shoot in Cuba, and persuaded his father to be his chief consultant on location. “The film threw me into the entertainment world—the world of my family—but as a producer, not as a performer,” Cancio said. “Zafiros, Blue Madness” had its première in 1997 at the Cine Payret, in Old Havana, and won the People’s Choice Award at the Havana Film Festival that year.

When he showed the movie in Miami, though, members of the anti-Castro exile community staged an angry demonstration, and a woman spat in Cancio's face. "It turned me into an activist to exercise my right in favor of cultural exchange," he said. He began to bring a different Cuban band to the United States every month, and formed a company to produce music videos. It was a sensible gambit: for decades, music had been among Cuba's most popular legal exports. Cancio mostly lost money on the bands' tours, however, and his dealings with the regime infuriated Miami Cubans; he received threats, and a bomb was set off at a night club where one of his bands was booked. But the Cuban connection was lucrative in other ways.

He brokered a deal between Cayman Airways and Cuba's official travel agency, opening up a way for Cuban-Americans to bypass the U.S. travel ban. Then, in February, 1996, two small airplanes piloted by anti-Castro exiles planning to drop propaganda leaflets over Havana were shot down, killing four Cuban-Americans. President Clinton signed a stringent new sanctions package—which, for Cancio, provided an opportunity. While most of the other Cuba-focussed travel agencies "scrambled to reinvent themselves," Cancio took his customers and put them on planes to Cuba via the Cayman Islands. "I made a bundle of cash," he said.

During the Bush years, things became difficult again: in 2003, in a crackdown timed to coincide with the U.S. invasion of Iraq, Castro arrested seventy-five dissidents, human-rights activists, and journalists, ushering in a period known as the Black Spring. After Cancio wrote an article condemning the repression, he was not allowed back into Cuba for a year. Angry, he stayed away for four more. He concentrated on producing music and investing in Florida real estate; he also set up a lobbying group, Cambio Cubano, to advocate against the U.S. embargo.

After Barack Obama took office, and tensions between Cuba and the U.S. subsided, the Cuban Interests Section in Washington contacted Cancio, asking him for a copy of "Zafiros." It was an overture. When a half sister in Cuba fell ill, Cancio was granted an emergency humanitarian visa to see her. During his visit, Cancio says, he was summoned for a meeting with members of the Central Committee of the Communist Party. "They told me that they wanted me to resume my cultural activities on behalf of Cuba, and they apologized" for not allowing him to return. Cancio said that he would criticize Castro again if it seemed warranted. "At the same time, I told them I would never do anything against my country." For the government, Cancio was an appealing figure: a Cuban-American capitalist who was also a patriot, and not averse to working within the Party's limitations—especially if his business got a boost.

After returning to Miami, Cancio began signing up big-ticket Cuban groups for concerts in the U.S.: Los Van Van, NG La Banda, Pablo Milanés. He booked Silvio Rodríguez for his first U.S. tour, including a sold-out concert at Carnegie Hall. "We sold 1.8 million dollars' worth of tickets," he told me.

In 2011, the Cuban cardinal, Jaime Ortega, told Cancio that he had spoken with Raúl and become convinced that a transformation was coming. "I realized that my country was changing enormously," Cancio said. "I decided to get a lot more involved in the United States in helping look for a change of policy toward Cuba."

He also met with Cuban officials, and told them that they "needed to be more open to Miami Cubans, too, and not treat us like fucking immigrants." In 2012, Cuba passed a new immigration law that lifted long-standing travel restrictions; it also permitted Cubans living in Miami to visit without overt stigma or sanction. "The rhetoric changed," Cancio said. "You no longer hear us referred to as *la Mafia de Miami*. We began to feel more at home in our country." He added, "They know that most of the new businesses opening up in Cuba are being done with Miami money."

Much of the investment coming into "the new Cuba" is opaque, but in Havana it is easy to see the signs of American money: glitzy new bars and restaurants, financed by investors in Miami and elsewhere. Since 2009, Obama has been raising the limits on remittances, and at least two billion dollars a year is now flowing into the country. Many of the homes being bought and restored in Cuba are also financed with Miami money, either with loans from Cuban-Americans to their relatives or with outright investments. The new property law allows only Cuban citizens to buy and sell real estate, so there is a booming business for front people, called *testaferros*. Cuban-Americans have an advantage, being required only to legally reacquire their Cuban nationality. Many are apparently doing so, and hanging on

to their U.S. citizenship as well. In Havana, I met a successful Miami night-club owner who is converting his family's old home into a boutique hotel. He flies back to Miami every couple of months to bring cash from his U.S. bank in order to pay for the work.

The Club owner told me that he also does much of his shopping back home. Despite the new money, in many places consumer goods still aren't available; Havana remains a challenging place to buy a Phillips screwdriver or a pair of Nikes. In Varadero, I met a friend of Cancio's who had left with him from Mariel, thirty-five years ago. He explained that he flew each month to Miami, where he had worked for years as a waiter and as a taxi-driver, to pick up his Social Security check. He returned to Havana with a duffelbag stuffed full of consumer items to hand off to a fence and a few to sell: "Three cell phones, ten Lycras, ten toothpastes, ten vitamins, ten Omega-8s." Between goods that he smuggled into Cuba and rum and cigars that he took back to Miami, he earned an extra five hundred dollars a month—just enough to live on, he said.

One afternoon in Miami, Cancio drove me around in his black 7 Series BMW, passing Fourth and Collins, where the Marielito had pulled a gun on him and his sister. The neighborhood had changed a lot, he said. At South Point, which overlooks the waterway from the ocean to Miami Harbor, he pointed to the tallest apartment tower and informed me that Tom Herzfeld, his backer at Fuego, owned its triplex penthouse.

Cancio wanted a hamburger, so we drove to Lincoln Road Mall, an upscale pedestrian shopping strip. Cancio was wearing his usual gear—a designer polo shirt, fitted jeans, and Gucci loafers. He had on a distinctive gold watch with Gothic lettering. "It's a Cuervo y Sobrinos," he explained, a defunct Cuban brand that had been revived by a Swiss watchmaker; he had bought his at the factory, in Lugano. As we waited for our food, Cancio toyed with his iPhone, monitoring a series of e-mails, texts, and phone calls. One e-mail was from a prominent Cuban-American businessman with ties to Google, who wanted to confer about the employees' visit. Messages came in steadily, and he announced each one. As he finished his fries, he indicated a new one, from the editor of *Billboard*.

When potential investors visit Cuba, Cancio introduces them to local residents, as well as to businesspeople. "If you want to do business here you have to know the people and the culture," he said. The key introductions he provides are to government officials, some of whom wield considerable authority over the economy. As a middleman, Cancio knows that his success depends on delivering results to both the U.S. and Cuba, without prejudice. He likes to point out that, with each step toward restoring diplomatic relations, Fuego's stock has risen. A large American P.R. firm recently signed a contract with Cancio to represent clients who are interested in doing business in Cuba. So far, the most significant changes in U.S. law are loosened restrictions on travel and telecommunications, and Fuego is striving to take advantage. It owns MAScell, a Miami-based phone-card firm that is now operating in Cuba, and Cancio has also secured exclusive deals with two U.S. telecommunications firms, which he would identify only as "midsized, with annual revenues of five to seven hundred million dollars." He said, "For them, we've been doing a study of the Cuban market for potential business opportunities."

Around the time Fuego launched its real-estate magazine, it began bringing tourists to Cuba, hosting lunch visits at *OnCuba*'s offices. At one of those sessions, Cancio spoke to twenty-five Americans of retirement age. As the tourists—comfortable shoes, bottled water—asked questions, he gave them what sounded curiously like a political stump speech. "*OnCuba* is a way to show that Cuba is changing—a new country, more tolerant, with defects, yes, but one that is changing," he said. The new Cuba he envisioned was "defined not only by the Castro brothers, or their enemies, or any particular group, but by the whole Cuban family."

That new Cuba is unlikely to come as fast as Cancio would like. Frank Mora, the director of the Latin-American studies center at Florida International University, and a former Deputy Assistant U.S. Secretary of Defense under Obama, told me that governments on both sides are slowed by caution and internal resistance. Of Cuba, he said, "The regime is overwhelmed at the moment, and there's an element of improvisation—as always with the Cubans—so they are going to go very slowly." The model is Vietnam, not China, he said. "They fear the speed of China's transition, and Tiananmen Square is their nightmare." Mora suggested that there was no certainty that more capitalism would lead to more democracy. "I think Obama is making a bet that this will help make the Cubans the agents of their own change," he said. "I

think Raúl is making a bet that this will ultimately strengthen the hand of the Party. There will be people making more money, and some may transfer that economic power to a desire for political reform. On the other hand, those same people may help put the brakes on by supporting the regime, so as to protect their investments.”

Despite the excitement in the United States, American investment in Cuba is still essentially notional. “The number is zero,” John Kavulich, the president of the U.S.-Cuba Trade and Economic Council, told me. Although Obama has introduced a few exceptions to the U.S. embargo, much of it still stands. And its effect is compounded in Cuba by what Kavulich described as an “internal embargo.” As Kavulich points out, you can give a relative in Holguín money to start a hair salon, but he’ll need to ask the local bureaucracy for a license to import shampoo.

Luis René Fernández Tabío, an economist who does research for the government, said that Cuba must be wary. “If the free market were allowed here, there would be nothing left for the Cubans in seventy-two hours,” he said. “The challenge for us is to make sure the Cuban population understands that socialism is the way to vouchsafe Cuba’s national sovereignty. A prosperous and sustainable socialism.” When Obama and Castro appeared on television to announce the restoration of relations, Obama stood and talked in detail about the future he hoped to encourage in Cuba. Raúl Castro, wearing a military uniform, remained in his seat and spoke in generalities—a display of ambivalence that Cubans have not failed to interpret. Although his government has entertained many proposals from U.S. businesses, it has committed to almost none. The government, which controls three-quarters of the economy, is far more concerned with policing than with growth. The Cuban-American lawyer Pedro Freyre, who represents a number of companies interested in doing business in Cuba, told me, “If the Cubans could run their economy the way they run State Security, then Cuba will be the next Singapore.” But as long as the Castros are alive everything will depend on being able to deal with the government.

When I asked Cancio about the difficulties of negotiating with the government, he took a long time to answer: “It’s, uh, it’s not a comfortable place to be.” A few days earlier, he’d been summoned by officials to discuss a complaint. The meeting had gone on for three hours. “They came over all flattering, like, ‘We love what you do,’ ” he said. “ ‘It’s not us, but some guy in the bureaucracy who doesn’t understand anything. You don’t want to jeopardize everything you’ve done over one little thing.’ ” Cancio explained that there was a group of hard-liners within the Department of Revolutionary Orientation who opposed him.

Their channel for attacking him was a small group of Cuban journalists, who called him “the Americans’ Trojan horse.” But Ravensberg suggested that Cancio had allies, too: “Cancio is *atendido*”—meaning, roughly, protected—“at a very high level, above the Ideological Department.” Who would that be? “Technically, the next person higher is Díaz-Canel.” Miguel Díaz-Canel is the Vice-President, picked to succeed Raúl Castro when he steps down, in 2018. “And then it’s Raúl.”

Over lunch, Cancio said that if he had a guardian angel he didn’t know who it was. “I have always thought that I don’t have any clout, but that they are using me,” as a test of how far the *cambios* can extend without threatening the Party’s authority. Cancio told me that a well-connected Cuban friend had recently called to invite him to his house. “He said, ‘I have some guys here who are talking about you.’ I got there, and there were three officials, and they were drinking Blue Label. I recognized one of them. He had caused me problems years before. When he saw me, he exclaimed, ‘This guy, he’s a son of a bitch.’ Then he said,

‘Drink with me.’ And he said to his friends, ‘This son of a bitch has won a space in Cuba, more even than we have, maybe. He’s a *cabrón*’ ”—a clever bastard. What the man said was resentful, but it was also a grudging recognition of a slow but profound change. “He kept saying, ‘You’re a *cabrón*, man, and you deserve everything you’ve achieved.’ ”

Time Warner Cable News
Buffalo, New York
2 July 2015

BUFFALO, N.Y. -- President Obama and the Cuban government put the gears in motion in December.

"Today, I can announce that the United States has agreed to formally reestablish diplomatic relations with the Republic of Cuba," Obama said on Wednesday.

The announcement did not come as a surprise to people watching the attempts to reconnect two countries separated by fewer than a hundred miles.

"Later this summer, Secretary Kerry will travel to Havana formally to proudly raise our flag above the American embassy once more," Obama said.

Still, the symbolism of restoring diplomatic relationships after more than half a century wasn't lost on John Kavulich, the president of the U.S.-Cuba Trade Economic Council.

"July 20th when the U.S. flag goes up along the Malecon in Havana and the Cuban flag goes up along 16th Street in Washington, D.C., that's the moment. That's the split-screen moment," Kavulich said.

What comes afterward, now with new ambassadors and increased transparency between the two countries, Kavulich said will be interesting to watch.

"Before when there was an issue, both governments would say, 'We don't have diplomatic relations. Oh, we can't do this. Oh, we can't do that,'" he said.

The trade embargo remains in effect and average citizens still can't travel to Cuba. Kavulich said the diplomatic and commercial relations are often tied together.

"U.S. business interests are somewhat hostage to the diplomatic relationship. Now that the diplomatic relationship is being restored, the U.S. business community is going to feel that there's a little more room to see some opportunities from the Cuban side," he said.

He said with every new announcement, the onus is increasingly put on Cuba to open itself up to businesses.

"Might there be some opportunities for Western New York companies?" Kavulich asked. "Absolutely, but right now that has to wait on the Cuban government, not on the United States government."

Either way, President Obama said the foreign policy of the past hasn't worked.

"Our efforts to isolate Cuba despite good intentions increasingly had the opposite effect, cementing the status quo," he said.

TheStreet.com
New York, New York
1 July 2015

Cuba Investment Anyone? Not So Fast



By Amy DiPierro

NEW YORK (TheStreet) -- President Obama handed some good news to U.S. tech companies looking to build a business in Cuba: The U.S. is re-opening its embassy in Havana after over 50 years.

"This is not merely symbolic," Obama said Wednesday. "With this change, we will be able to substantially increase our contacts with the Cuban people. We will have more personnel at our embassy and our diplomats will have the ability to engage more broadly across the island."

Since the White House announced moves to re-open diplomatic relations with Cuba on Dec. 17, a number of U.S. tech companies have made their own overtures, among them Google (GOOG - Get Report) and Netflix (NFLX - Get Report).

Still, while businesses looking to open up shop on the shores opposite Key West, Fla., will likely get a boost from reinstated embassies, U.S. companies continue to face formidable barriers to actually doing business there.

"The reestablishment of the embassies has permanence that everything else doesn't," said John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council. "The hope is that in re-establishment of diplomatic relations, there will be more transparency, more accountability and more creativity by both governments."

More substantially, that means neither government can lean on a timeworn excuse for refusing to facilitate buying and selling between the two countries, said Kavulich: "We can't do that. We don't have diplomatic relations."

The plan to mutually re-open embassies is the latest loosening of restrictions between the longtime enemies. The Obama Administration has removed Cuba from its list of state sponsors of terrorism and raised the cap on money that U.S. citizens can send to Cuba as well as how much money U.S. tourists can bring if they travel there.

Lifted U.S. restrictions have additionally sought to aid Americans looking to import goods destined for Cuban entrepreneurs. Licensed trips to the island must still fit within 12 pre-existing categories.

Congress must approve any measure to lift the embargo on trade with Cuba. The Republic of Cuba has its own set of restrictions on which transactions with the U.S. are and are not permitted.

Naples Daily News
Naples, Florida
29 June 2015

Sugar from Cuba not a concern to U.S. sugar producers

By Bartholomew Sullivan



WASHINGTON D.C. - WASHINGTON — Powerful forces with a lot of clout and money are making sure the U.S. Sugar Program stays intact, recently killing long-held plans to flood sugar land in the Everglades while holding on to lucrative subsidies and price supports in Washington.

The expansion of the industry in South Florida after the 1959 Cuban Revolution has resulted in an \$8.4 million annual lobbying effort and campaign donations that buy the support of loyal members of Congress. The combined effect is to keep sugar cane and sugar beet prices higher than world prices, with resulting higher food prices, critics complain. Lobbyists for the American Sugar Alliance, other sugar trade associations and individual sugar producers such as Palm Beach-based Fanjul Corp. and Clewiston-based U.S. Sugar spend millions annually.

Even an eventual opening to sugar-producing Cuba is likely to have only a marginal impact on the U.S. market, most likely limited to high-quality organic sugar for niche markets like boutique confectionaries, said U.S.-Cuba Trade and Economic Council president John S. Kavulich. The council, founded in 1994, is a nonprofit, membership-based company that provides information on Cuban business prospects.

“I don’t think that U.S. sugar beet producers or corn syrup producers should be terribly worried about the short, medium or long term impact of sugar from Cuba,” Kavulich said. The laws, regulations and policies relating to the importation of sugar to the U.S. to protect the domestic market are likely to stay even after a “post-Raul Castro, post Fidel Castro” Cuba, he said. Other sugar exporters wouldn’t willingly allow Cuba to cut into their market share.

U.S. Sugar Corp. made political campaign contributions of \$100,000, and Florida Crystals spent \$25,000, in early 2014 supporting the Liberty and Leadership Fund, the single-candidate super-political action committee supporting state Sen. Lisbeth Benacquisto of Fort Myers. She lost to Curt Clawson of Bonita Springs in last year’s three-way Republican primary ahead of the special election to replace congressman Trey Radel after his arrest for cocaine possession.

Florida members of Congress Alcee Hastings, D-Fort Lauderdale; Lois Frankel, D-Boca Raton; and former member Steve Sutherland, R-Panama City, were among the top 20 recipients of contributions from sugar interests last year, each receiving more than \$30,000, according to the Center for Responsive Politics.

The U.S. Sugar Program, which restricts imports from 40 sugar-exporting nations and supports a domestic sugar price well-above the cost of repaying crop-production loans, has plenty of critics. During last year’s debate over the Farm Bill, Sen. John McCain, R-Ariz., said the program costs American consumers \$3 billion a year through crop forfeitures, tariffs and marketing controls.

“It is one of the most obscene farm subsidies ever conceived,” he said, “and this Farm Bill does nothing to reform it.” While the bill did pare back subsidies for many crops, it left sugar alone.

McCain is one of 16 co-sponsors of the Sugar Reform Act of 2015. An identical measure in the House has 41 co-sponsors, none from Florida.

Lobbyists from Washington-based North Bridge Communications, were paid \$70,000 by the American Sugar Alliance in the first quarter of this year to lobby against those measures, lobbying disclosure

records show. The alliance has paid a Lubbock, Texas, firm \$25,000 per quarter since January 2014 for lobbying. The Arlington, Virginia-based alliance spent \$780,000 on lobbying in the first three months of this year on regional and bilateral trade agreements that involve access by foreign sugar to the U.S. market, including the Trans-Pacific Partnership, the trans-Atlantic Trade and Investment Partnership and the African Growth and Opportunity Act.

Separately, U.S. Sugar has paid the D.C. lobbying law firm Davis and Harman \$50,000 per quarter since January 2014, when the most recent five-year Farm Bill was being negotiated. Florida Crystals paid the Washington-based firm Smith and Boyette \$120,000 in the same period for work on legislation involving free-trade agreements, among other things, records show.

Five sugar industry groups — the American Sugar Alliance, American Crystal Sugar, U.S. Beet Sugar Association, Fanjul Corp. and the Sugar Cane League — paid \$8.4 million for lobbyist last year, according to the Center for Responsive Politics, a good-government watchdog group.

Big Sugar's recent efforts resulted in the South Florida Water Management District board's unanimous vote in May to terminate its option to buy 48,600 acres of U.S. Sugar Corp. land south of Lake Okeechobee for use as a water storage area.

The water management district had been in favor of the plan until recently, but Big Sugar's plans changed, said Richard Grosso, director of the Land Use Law Clinic at Nova Southeastern University in Fort Lauderdale.

Grosso believes it's no coincidence that U.S. Sugar is proposing an 18,000-unit residential development called Sugar Hill on some of the option land south of Clewiston, accommodating 58,000 people by the time it is built out, according to Southwest Florida Regional Planning District documents. Part of the development would be on Caloosahatchee restoration land.

U.S. Sugar maintained that the largest 26,000-acre parcel of the option land, if dug out four feet deep, would only have held 104,000 acre-feet of water, a small fraction of the 4.5 million acre-feet discharged to the St. Lucie and Caloosahatchee rivers in 2013.

"More than 117,000 acres in this area has already been purchased for Everglades restoration, and that land is in the southern end where the state and federal projects have been designed as the best places for storing and treating and sheet-flowing water into the Everglades," said U.S. Sugar spokeswoman Judy Sanchez.

Local officials in Clewiston and Hendry County were dead-set against the sale, which they believed would harm the local economy long dependent on sugar production.

Asked if a future opening to Cuba might result in more imported sugar, Sanchez said any answer "would be pure speculation at this point."

"We have trade regulations; we have the Farm Bill; we have forty-something other countries that have rights to import sugar into our country, and I doubt they're going to just step aside and say 'give our sugar imports to Cuba,'" Sanchez said, referring to their import quota rights.

Sugar baron and Cuban exile Alfonso Fanjul told The Washington Post late last year that he "would like to see our family back in Cuba, where we started," drawing the ire of several South Florida Republicans, including Sen. Marco Rubio, and U.S. Reps. Ileana Ros-Lehtinen and Mario Diaz-Balart, the latter of whom called Fanjul's position a "betrayal."

Fanjul, who reportedly lost 150,000 acres and 10 sugar mills when the Castro government nationalized his family's holdings, has traveled to his native country in recent years but acknowledged conditions have to change before he'd be willing to invest in Cuba.

His brother, Pepe Sr., told the newspaper he would return to Cuba only when "Cubans are reunited." Neither returned calls seeking comment.

Chicago Tribune

Chicago, Illinois

25 June 2015

Techweek plans 3-day event in Cuba



People sit on deck chairs on an artificial beach, part of a collective artistic intervention named "Behind The Wall" in Havana, Cuba. Techweek will host an abbreviated, private conference in Havana in December, its first step toward expanding to international cities, CEO Katy Lynch announced.

(Desmond Boylan, AP/May 25, 2015)

By Amina Elahi

Is Cuba ready for Techweek?

Techweek will host an abbreviated private conference in Havana in December, its first step toward expanding to international cities, CEO Katy Lynch said Wednesday.

If successful, the Dec. 1-3 event could place Techweek among the first Chicago companies to have a business presence in the Caribbean nation since the U.S. announced in December that it would ease longstanding travel and trade restrictions with Cuba.

Lynch said Techweek was interested in Cuba as part of its expansion into new cities because her company saw the country as "on the verge of a technology revolution."

But John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, a nonprofit that provides economic and commercial information about Cuba, said it is a poor country that is not interested in paying for the technological overhaul it would require for many American companies to do business there.

Cuban leaders are lowering Internet costs and creating access to Wi-Fi for some Cubans but do not see things such as widespread broadband and cheap Internet access as necessities, he said.

If attendees were to participate "with the belief that they will return with a contract to do something for money, a commercial contract, then they should stay home," Kavulich said.

Lynch acknowledged that Cuba's weak infrastructure and limited broadband make it a nation more in need of a technological revolution than one able to create one.

"The reason why we are going specifically is although we understand these challenges, there's opportunity," Lynch said.

Some U.S. companies, including Netflix and Airbnb, are already operating in Cuba.

The Havana event will take a different form than the weeklong festival and conferences Techweek already runs in six U.S. cities. Techweek aims to send 60 U.S. CEOs, who must apply to the program and have all the proper paperwork, to exchange ideas with Cuban businesspeople, policy experts and ministry officials.

Lynch said this model could work for future Techweek expansions but that the company has no specific plans yet.

Lynch said Techweek is working with the nonprofit Florida Keys TREE Institute, an ecological charity with ties to Cuba, which will recruit Cubans to attend the private event. She said Techweek is in charge of getting the U.S. CEOs there.

The three-day, two-night trip will feature panels and presentations, as well as opportunities for the visitors from the U.S. to experience Cuban culture, Lynch said.

“There’s curiosity there, right?” Lynch said. “I think a lot of tech leaders know that travel is open to Americans; I think there are a lot of tech leaders that are looking at Cuba to expand there.”

Techweek’s annual Chicago event is in progress, with the conference taking place at Merchandise Mart on Thursday and Friday. In May, the company announced the creation of an investment fund called the 100 Cities Fund, named for the number of companies in which it hopes to host events. It plans to add another six American cities to its roster in 2016 and 2017.

The New York Times

New York, New York

22 June 2015

Door Opens Slightly to Cuba, but Businesses Face Difficulty Getting In

By LIZETTE ALVAREZ



A group of Americans on a guided tour in Old Havana in May. Tourism-related companies, including hotels and cruise lines, are lining up to do business in Cuba. Credit Desmond Boylan/Associated Press

MIAMI — Six months after President Obama cracked open a more than five-decade Cold War stalemate with Cuba, American money, travelers and business executives are streaming onto the island and a United States flag is poised to fly over the de facto embassy in Havana any week now.

Tourism-related companies, including hotels and cruise lines, have their Cuba plans ready. Airbnb is helping travelers find private rooms in Cuba — a growing cottage industry there. JetBlue is now flying to the island. And for the first time in a long while, Americans are free to import a small number of goods from Cuba made by Cuban entrepreneurs.

But for all the early optimism, businesses and advocates for engagement are increasingly finding that genuine normalization is still more aspiration than reality. Myriad laws and regulations, most important the United States trade embargo against Cuba, continue to restrict commerce between the two countries. Cuba’s convoluted legal, tax and commerce systems are stuck in another era and a different ideology altogether.

The United States government now allows American banks to open accounts in Cuba, but the Cuban government has not detailed how. American credit cards are permitted, but no one can use them because Cuba, so far, has not authorized them and because liability concerns abound. At the same time, Cuba is banned from using American dollars for international transactions, which complicates everything.

Netflix is available to everyone, and to no one, because Internet access on the island is expensive, slow and unavailable in almost all homes. American companies can now ship goods to private-sector businesses — shampoo to hair salons or refrigerators to restaurants, for example — but Cuba will not yet allow its entrepreneurs to receive them.

Ferries got approval from the United States to sail to Cuba this year, but Cuba has not granted its permission. And under United States rules, American executives can venture to Cuba to research investment opportunities, but they are still prohibited from opening a Marriott, a CVS or any other business there, even under a partnership with the Cuban government, as some foreign companies have done.

There is enormous enthusiasm among Cubans on the island who are energized by the possibilities and entrepreneurs in the United States who are eager to open businesses in Cuba. But many are now tempering the enthusiasm with recognition of how long the process of normalization may be.

“My new title is manager of expectations,” said Ariel Pereda, who, under a congressional exemption for some food and medical products, has since 2002 legally exported American goods like Hershey chocolates and Pringles potato chips to Cuba. He also advises business leaders on Cuba.

“For any real investment that has a return, for that to happen, the embargo has to be lifted,” he said.

Removing the embargo requires a vote from Congress, which is highly unlikely at the moment, analysts said.

Even longtime hard-liners on Cuba, like Carlos M. Gutierrez, a Cuban-American who was commerce secretary under President George W. Bush, say there is a sense of inevitability about rebuilding a relationship with Cuba, a country only 90 miles from Key West.

Travel by Americans jumped rapidly in January. From October through last month, visits to Cuba increased nearly 17 percent from a year earlier, according to data from United States Customs and Border Protection. That number does not include the thousands more who evaded restrictions by entering through third countries, like Canada and Mexico.

Other sorts of exchanges are also burgeoning. Cubans on the island have been hired to work for companies in Miami as software programmers and translators. The work is sent back to the United States via the Internet or on memory sticks. And delegations of politicians — including Gov. Andrew M. Cuomo of New York in April — fly to Cuba so often that it is no longer noteworthy.

Last month, the island was removed from the list of countries that sponsor terrorism, a step that will significantly help Cuba conduct more business with other countries.

“What is clearly over is the status quo,” said Joe Garcia, a Democrat and former House member from Miami who has pushed for greater engagement with Cuba. “And the status quo was hurting the Cuban people and U.S. foreign policy.”

But several high-powered businessmen have recently returned from Havana saying progress will come slowly.

“We are still far away,” said Jorge M. Pérez, a billionaire real estate developer of Cuban descent and a trustee of the Pérez Art Museum Miami, who recently attended the Havana Biennial. “There are still barriers in both countries. People in the Cuban government are probably afraid of the possibility of an open market. And there are people in our country that have a vested interest in trade between the two countries not happening.”

Even allowing the government-owned carrier Cubana de Aviación to fly to the United States as part of a reciprocal agreement would be difficult. Lawyers would all but certainly swarm the plane seeking redress for clients whose property was expropriated on the island, Cuba analysts said.

Many business leaders and supporters of Cuban engagement are lobbying Mr. Obama to do more by using his executive authority to further loosen regulations relating to Cuba, something he can do despite the embargo. With a presidential election less than 17 months away, one that could put into office a Republican with far less sympathetic views toward Cuba, the clock is ticking, the analysts said. All of Mr. Obama's regulations could be undone with the flourish of a signature.

This month, House Republicans, joined by several Democrats, approved two separate measures to roll back Mr. Obama's new rules. One measure would toughen restrictions on Cuba, including flights and sea travel, a blow to those pushing for more change. The bills are attached to must-pass appropriations legislation.

John Kavulich, the president of the United States-Cuba Trade and Economic Council, said any major shift toward Cuba would be highly unlikely in a Republican Congress and with an election looming. "Nothing is going to happen in Congress during President Obama's time in office," Mr. Kavulich said.

This is why some advocates want Mr. Obama to continue to use his presidential power. Mr. Obama, for example, could allow American companies to finance the sale of construction material that can now flow to Cuba. At the moment, the transactions are cash only. Some argue he has the authority to do considerably more.

"The president has the power tomorrow morning to issue a license to allow Hilton to operate a hotel in Cuba," said Robert L. Muse, a Washington lawyer who is an expert on Cuba policy and trade.

But critics in Congress point to the fact that, so far, this has been a one-sided dance — the United States slowly extends a hand while Cuba looks on skeptically. The Cuban government is benefiting — more money from tourists, more access to loans, more foreign investment as international companies try to lock in deals — but does next to nothing in return. Dissidents are still rounded up and detained. And Internet access, while it is expected to improve with the coming introduction of new Wi-Fi spots and lower fees, is growing only in fits and starts.

"There is a perception, even by some Democrats, that President Obama has given a lot and not gotten much," Mr. Kavulich said. "People want to see us get something."

Cuban officials counter that as long as the United States embargo exists and an American naval base sits at Guantánamo Bay without Cuba's consent, genuine normalcy will be out of reach.

"I can see their point," Mr. Muse said.

Washington Post

Washington, DC

18 June 2015

American food producers see bonanza in Cuba, but steep barriers remain



President Obama and Cuban President Raul Castro at the Summit of the Americas in Panama City on April 11, 2015. (Pablo Martinez Monsivais/AP)

By Karen DeYoung

Before the U.S. embargo, Cuba bought more American rice than any other country in the world. Now, most Cuban rice comes from Vietnam. Last year, Cuba imported \$200 million worth of wheat — virtually all of it from Europe and Canada and none from the United States, the largest global exporter.

Many U.S. agricultural producers thought those facts would begin to change this year, as U.S. relations with Cuba improved.

But in the six months since President Obama announced a new opening to the island, sales of U.S. foodstuffs — among the few U.S. products allowed, with restrictions, under the embargo — have dropped by half, from \$160 million in the first quarter of 2014, to \$83 million this year.

Even frozen chicken, which has led U.S. food exports to Cuba for years, had lost favor in Havana long before fears of the U.S. bird flu epidemic led this month to a ban on all poultry purchases.

As the administration wraps up negotiations with Cuba that are expected to lead to restored diplomatic ties this summer, only Congress can lift the embargo that still prevents nearly all financial and trade relations and severely limits even the few permitted exports.

Obama has said he wants that to happen, and U.S. producers from major agribusiness companies to small farmers have joined a bipartisan force of farm state governors and lawmakers to help overturn restrictions they say are keeping them out of a \$2 billion annual market.

“Opening a new export market means a new source of revenue,” said Devry Boughner, vice president at Cargill Inc., the Minnesota-based agribusiness giant and a co-founder in January of the U.S. Agriculture Coalition for Cuba.

While Cuba’s 11 million people are not the world’s biggest market, Boughner said in an interview, “it’s a market that’s right in our target zone.” With Cuba only 90 miles away, she said, it makes little sense “to be losing out to competitors who take longer to ship it there, who might not even have the same quality” as U.S. products.

Cubans rival Southeast Asians as prodigious consumers of rice. Within two years, Riceland Foods vice president Terry Harris told the Senate Agriculture Committee in April, American rice could be providing up to 135,000 metric tons, 30 percent of the Cuban market. Within a decade, he said, that figure could rise to 75 percent or more.

Doug Keesling, a fifth generation Kansas wheat farmer, told the panel he saw no “compelling reason” for Congress to “restrict the freedom of Americans to engage in commerce, especially for those who are just trying to sell wholesome, American-grown food.”

“I can put my wheat in an elevator in Kansas, send it by rail down to the Gulf, put it on a ship that’s a couple days away from Havana harbor,” Keesling said. “But my wheat’s still going to lose out to wheat that has been on a boat for a week from Canada, or even two weeks from France.”

Yet despite a series of hearings, conferences, concerted lobbying and a stream of trade delegations to Cuba from both Republican and Democratic states this year, the embargo remains firmly in place, with little promise of early action.

Many lawmakers are receptive to Obama’s call to jettison a policy he says has failed for more than a half century to effect change in Cuba. But for most, lifting the sanctions remains just one more unwelcome controversy in a contentious Congress.

Others want to retain congressional power to block a White House initiative they deeply oppose. They include GOP presidential candidates Sen. Marco Rubio (Fla.), who has accused Obama of turning his back on Cubans oppressed by their communist government, and Sen. Ted Cruz (Tex.), both sons of Cubans who emigrated before Fidel Castro’s 1959 revolution.

Obama, Cruz charged, had thrown an “economic lifeline” to Cuba just as the embargo and diplomatic freeze had left its communist regime “gasping for air.”

Malnutrition rates in Cuba are “very low,” according to the World Food Program, on par with the United States and the rest of the highly developed world. Staples are guaranteed via government-issued ration cards. But domestic agricultural production rates are abysmal, equipment and farming methods are antiquated, and up to 80 percent of Cuban food is imported.

Subsidies from the then-Soviet bloc helped fill the food gap for decades after the U.S. embargo was first imposed in 1960. The Soviet collapse left Cuba in deep recession in the early 1990s, and Havana welcomed the lifting of some U.S. restrictions on food and medical exports in 2000.

Despite permitting cash-only transactions, U.S. food sales rose to a 2008 peak of \$710 million before starting a downward trajectory that appears this year to have gone off a cliff, according to figures compiled by the New York-based U.S.-Cuba Trade and Economic Council.

When current President Raul Castro took over nearly a decade ago he adopted more pragmatic policies than his older brother, and U.S exports increased. But the complication and high expense of buying American in recent years has diminished Cuban zeal. U.S. prices may be competitive and transportation cheaper over the short distance, but the cost of doing business with the United States is high.

Cash-only limits remain, although Obama has eased the restriction somewhat by requiring payment when title to the goods is transferred in Cuba, rather than up-front before goods are shipped.

But Cuba’s lack of cash makes that a rarely used option. Most purchases are made on credit, and the embargo allows no U.S. financing. Instead, Cuba must go through third countries, with Havana obtaining a loan from a foreign bank. That bank then communicates with the bank of a U.S. producer, which arranges the sale with the producer himself. The process is then reversed, with each stage involving lengthy bureaucracy and significant fees.

Cubans “are not going hungry; they’re just buying wheat from other countries,” said farmer Keesling. “That may be more expensive than mine in a free market, but it is now a much better value because there aren’t massive compliance costs accompanying every purchase.”

Some opponents of lifting the embargo maintain that increased U.S. sales will only benefit the Cuban government, since all agricultural imports must go through the state agency, called Alimport.

Boughner and others point out that Cuba is not unique in that regard. Until recently, both Canada and Australia handled all of their wheat imports with state boards. “We’ve had examples through history where states have been involved in trading, but it doesn’t mean we don’t trade with them,” Boughner said.

The U.S. food business also sees potential in the eventual lifting of remaining restrictions on American travel to Cuba. In addition to sampling Cuban cuisine, tourists will want to eat and drink what they are used to from home, industry analysts believe.

Business Day

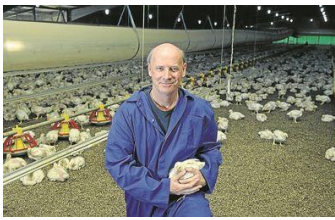
Johannesburg, South Africa

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Business/Trade & Industry

SA-US Deal immune to bird flu

By Linda Ensor



THE bird flu ravaging the US chicken industry is expected to be over within months and is not likely to affect implementation of an agreement between the South African and American poultry associations, South African Poultry Association CEO Kevin Lovell says.

However, talks are under way to allow for the safe importation of US bone-in chicken portions from disease-free US states, should the epidemic continue when the agreement comes into force in about four to six months.

The deal — which will allow up to 65,000 tonnes of bone-in chicken from the US to enter SA free of antidumping duty — still has to be given the stamp of approval by the International Trade Administration Commission.

The avian flu epidemic — the worst on record for the US — has spread to about 21 states and resulted in the culling of 44-million chickens, turkeys and other birds over the past six months. The most affected state has been Iowa, the US's top egg-producing state.

Reuters reports that Cuba has suspended US chicken imports because of the bird flu. US chicken exports to Cuba totalled \$147.5m last year, according to the New York-based US-Cuba Trade and Economic Council.

"Dozens of countries have imposed total or partial bans on US poultry and egg imports since the outbreak of what is called highly pathogenic avian influenza," the news agency reported. Total bans have been imposed by China, South Korea and Angola, whose markets were valued at nearly \$700m last year.

Mr Lovell said the epidemic was sparked by wild birds and was likely to wane as the country's summer developed and the wild birds changed their flying patterns.

The South African Poultry Association believed the negotiations under way on safety measures had a good chance of being moot because the epidemic would die out naturally, he said. The negotiations concerned both general sanitary and phyto-sanitary measures that SA would impose on US chicken imports, as well as those that would apply specifically in the case of an avian flu epidemic. SA was demanding that it apply the control measures, rather than the US authorities.

Mr Lovell said the industry believed that all US chicken should be banned from entering SA until the avian flu epidemic had been eliminated if adequate safeguards against the importation of infected products could not be agreed upon. He noted however that the strain of bird flu infecting US birds had been found not to affect humans.

SA's special envoy on the African Growth and Opportunity Act (Agoa), Faizel Ismail, who played a key role in the poultry negotiations, said state veterinarians from the US and SA were discussing how to ensure that the US could continue to export poultry products notwithstanding avian flu. The chicken would come from those states which were not affected by it. Strict procedures would be necessary to prevent the contagion of the birds in the flu-free states. The state veterinarians will meet again at a conference in Baltimore later this month.

Mr Ismail also noted that Agoa presented South African textile manufacturers with a "significant opportunity" to expand their exports to the US. The three big exporters from Africa are Lesotho, Kenya and Mauritius.

The New York Times

New York, New York

13 June 2015

Cuba's Web Entrepreneurs Search for U.S. Clients, and Reliable Wi-Fi

By VICTORIA BURNETT



Yondainer Gutiérrez at his family's home in Havana. He rents time on a friend's Internet connection to send apps and websites he has designed to clients in other countries. Credit Lisette Poole for The New York Times

MEXICO CITY — At his parents' cramped house in Havana, Yondainer Gutiérrez builds apps and websites on a makeshift computer that runs on pirated software. He has no Internet access there, so he rents time on a friend's connection to send his work to clients in France, Britain, Canada and the rest of Latin America.

This is outsourcing, Cuban-style, a little-advertised circle of software developers, web designers, accountants and translators who — despite poor and expensive Internet access — sell their skills long-distance.

And ever since the United States in February authorized Americans to import goods and services from Cuban entrepreneurs for the first time in half a century, they have their eyes on America as well.

“This opens up the world,” Mr. Gutiérrez, 27, said of the new rules, which mean that an American can hire Cubans, or buy a limited range of goods from them, so long as they work in the private sector, not for the state.



After President Obama announced a new era of engagement with Cuba in December, Havana has been awash with American executives scouting business opportunities and hoping to sell commercial flights, yogurt, pharmaceuticals and other products.

Of course, there is still an American embargo against Cuba. Trade is complicated by the fact that American exporters are banned from offering credit to their Cuban customers, and many more restrictions will have to be lifted before Americans can freely invest on the island.

But under Mr. Obama's new policy, Cuba's tiny outsourcing sector is now open for American business, several experts said. “This has an immediate impact helping entrepreneurs in Cuba,” said Tomas Bilbao, the executive director of the Cuba Study Group in Washington, referring to the new regulations.

Cuba is certainly no Bangalore and is unlikely to ever rival the great outsourcing hubs. But more and more Cubans are marketing their services online, using skills obtained in the country's socialist education system and workarounds learned from years of hardship.

Websites like Freelance.com, Behance, twago.es and Traductores Autónomos carry postings from Cubans across a dozen cities, from Pinar del Río in the west to Santiago de Cuba in the east.

There are no official figures, but nearly a dozen Cubans with postings on online job sites, who were contacted by telephone or by email, said that this work was their main source of income and that their peers were doing the same. Some said they already had American clients who hired them through middlemen.

John McIntire, a former investment banker and chairman of Cuba Emprende Foundation, a nonprofit that trains Cuban entrepreneurs, said the computer programming sector had the greatest potential to flourish

under the new American regulations. “It’s in huge demand,” said Mr. McIntire, speaking at a conference in Washington hosted by the Brookings Institution last week. “And guess what? Cubans are world class at it.”



Many who work at the University of Information Sciences, or UCI, near Havana, or the José Antonio Echeverría Higher Polytechnic Institute, or Cujae (pronounced Coo-hai), moonlight as freelance programmers, using the institutes’ broadband to transfer large files, software developers said.

Others buy dial-up connections on the black market — for about \$200 per month — or rent time on wireless connections at big hotels. The smoky lobby of the Habana Libre hotel in downtown Havana serves as an office for Cubans who write software, build apps, unblock or fix mobile telephones, or rent houses. They huddle daily on deep armchairs and pay \$8 per hour for Wi-Fi.

Dairon Medina, 28, a Cuban computer programmer who worked as a freelancer for several years before moving to Ecuador four years ago, hires colleagues in Cuba to do jobs for clients in Argentina, Canada, Germany and the United States. He believes Cuba’s proximity — 90 miles across the Straits of Florida — is a plus. “There’s a cultural affinity,” he said by Skype. “And then there’s the question of time zones.” If American clients began hiring Cubans on a regular basis, he said, “it could be an immense market” for Cuba.

Oquel Llanes, a fluent Russian speaker who works with a Spanish tourist company in Havana and writes translations on the side, said there was constant demand. “Translators are like barbers,” he said by telephone. “No matter what, people will always need them.”

Especially when they come cheap. Mr. Llanes, 52, who studied mathematics and computer science in Moscow in the 1980s, said he charged between \$5 and \$10 per page to translate literary criticism and history books. That is hardly a fortune when a page can take an entire day, he said, but much more than the average \$20 per month paid to state workers.

The Cuban government has long had a policy of exporting services, especially those of doctors, nurses and sports trainers, in order to increase state income. Some 65,000 Cubans are currently working for the state overseas, earning it about \$8 billion per year.

Datys, a Cuban state-owned software company with 700 employees, sells services to Latin America, according to its website, and Desoft, a state-owned high-tech company, has several clients in Cuba.

Were the government to improve Internet connectivity and telecommunications, Cuba could develop a competitive outsourcing sector, either state-run or independent, experts said.

“If you wanted to run a Spanish-speaking call center, why do it in Mumbai?” Mr. Bilbao said. “Maybe Cuba could eventually do that.”

That is still a way off, though, experts said. Under current sanctions, Americans are permitted to buy services only from the private sector; Cuba may not wish to see that sector grow.

Improved Internet connectivity is also a big “if.” A plan apparently leaked by the Cuban communications ministry and published this week in a blog, La Chiringa, indicates that the government aims to connect 50 percent of Cubans to broadband by 2020, but the anticipated speed would be too slow to stream video or play games online.

One Cuban software developer currently working in Chile on a contract for a Chilean software company said 80 percent of his cohort at the Cujae had left the country to work in Canada, Ecuador, Italy, Spain or Uruguay because Cuban Internet connectivity was unreliable and expensive and the rules for freelancers

were murky. “There’s huge potential that’s being drained out of the country because we don’t have the conditions” to work, said the software developer, who spoke on the condition of anonymity for fear of reprisals.

Still, Cubans selling services, rather than goods, have lower start-up costs and do not have to worry about the expense and hassle of shipping, Mr. Bilbao said. “One laptop can last you for five years of translating, which can earn you X amount of dollars,” he said.

Exporting goods is more complicated. The Obama administration’s new rules allow Americans to buy an unlimited amount of products from Cuban entrepreneurs — with exceptions that include live animals, vegetable products, textiles, machinery, arms and ammunition.

The Cuban government does not give entrepreneurs export licenses, however, so Cubans must ship goods the way they currently import them: by courier or in the duffel bags of relatives and other so-called mules. This “suitcase economy,” as Mr. Bilbao called it, could grow after the Treasury Department in April authorized companies to begin ferry service to Cuba. Businesses could send goods more cheaply by ferry and sell them on websites like Etsy, experts said.

It is also unclear how keen the Cuban government will be to see trade flourish between the island’s entrepreneurs and the United States.

John Kavulich, the president of the U.S.-Cuba Trade and Economic Council, said the new American regulations allowing imports from Cuba “are designed to create the middle class that the Cuban government sought to extinguish.”

As the United States eases restrictions, it will test the Cuban government’s willingness to open up, Mr. Kavulich said.

“At some point the impediments will leave the shores of the United States and wash up on the Malecon,” he said, referring to Havana’s seafront promenade.

For now, experts said, restrictions on both sides are limiting engagement with Cuba’s private sector.

Mr. Gutiérrez, whose products include an app that helps drivers find a parking space and AlaMesa, an online Cuban restaurant guide, said that, for the moment, he would have to find a workaround to get payment from American clients. His projects range from around \$500 for a basic website to several times that amount for one project that required hiring three people.

Banking and Internet problems aside, he said, he is optimistic that the thaw between Cuba and the United States will help freelancers like himself.

“There’s a lot to build here in the way of services; there’s a whole market to exploit,” he said. “All I need is a normal Internet connection and a way of getting paid.”

Lexington Herald-Leader

Lexington, Kentucky

10 June 2015

In Congress, a new push seeks to end stalemate over Cuba embargo

By Lindsay Wise and Chris Adams
McClatchy Washington Bureau



People sit on deck chairs on an artificial beach as a bride and groom ride by in a convertible on the Malecon in Havana, Cuba, Thursday. With efforts to lift the Cuban embargo stalled in Congress, a pro-trade senator from Kansas is trying to break the stalemate by offering new legislation. DESMOND BOYLAN — AP

WASHINGTON — With efforts to lift the Cuban embargo stalled in Congress, a pro-trade senator from Kansas will try to break the stalemate on Thursday by offering new legislation designed to win over his reluctant Republican colleagues.

Republican Sen. Jerry Moran, along with co-sponsor Angus King, an independent senator from Maine, hope that taxpayer protections included in their bill to end the embargo will give it a better chance of passing the GOP-controlled Senate than a version introduced earlier this year by Democratic Sen. Amy Klobuchar of Minnesota.

“I’m very aware of Sen. Klobuchar’s bill,” Moran said Wednesday. “My view is that the goal is to accomplish something very similar. This does it in a fashion that is much more likely to be acceptable to Congress, to the American people and much more likely to become law, and does it in a way that protects taxpayers.”

King said he and Moran carefully drafted the legislation “to be a bill that could get bipartisan support and actually have a chance at passage.”

But the odds that this latest proposal – or any legislation to undo the embargo or ease travel restrictions – will get through Congress this year is slim, say Cuba experts. The bill is likely to run into strong resistance from a broad cross-section of Republicans – and particularly from the Cuban-American delegation from South Florida, where opposition to Cuba’s Castro regime has long been a defining characteristic.

“I think it’s hard for either side to get a Cuba bill through – to roll back what the president did, or to lift the embargo,” said Phil Peters of the Cuba Research Center in Alexandria, Va.

Pro-trade forces have made some inroads in advocating for their position. And pro-travel forces might even have majority support in the Senate. Still, getting such legislation through both sides of Congress will be extremely difficult. And if it doesn’t happen this year, it’ll be even tougher in the midst of the 2016 presidential campaign.

The embargo on trade with Cuba was imposed more than 50 years ago and later codified by Congress. Only Congress can lift it.

Klobuchar introduced a bill in February to do just that, not long after President Barack Obama announced that he’d move to normalize relations with the communist nation. The Klobuchar bill, the Freedom to Export to Cuba Act, would remove all legal barriers to trade with Cuba but would preserve parts of the law intended to protect human rights and private property.

Although three Republicans have signed on as co-sponsors to Klobuchar’s bill – Sens. Mike Enzi of Wyoming, Rand Paul of Kentucky and Jeff Flake of Arizona – it has yet to garner broad Republican support.

Similar bills filed in the House of Representatives also have had trouble making headway.

The new bill to be introduced Thursday by Moran and King is called the Cuba Trade Act. It seeks to assuage the concerns of lawmakers who balked at the idea of using federal funds to underwrite trade with Cuba. “What this bill does is take away one of the unnecessary criticisms of dealing with Cuba, which is you’re just going to allow U.S. taxpayers to fund the sale of agriculture products, commodities to Cuba,” Moran said.

“What we’re saying is if the market is there, if Cuba can acquire the necessary financing, that’s a great development for American business and for American agriculture,” he said, “but the criticism that we’re subsidizing those sales disappears in our legislation.”

Like Klobuchar’s bill, the Cuba Trade Act would permit private-sector industries in the United States to export goods and services to Cuba. But it includes additional language to ensure that U.S. taxpayers wouldn’t be on the hook if the Cubans default on lines of credit extended by U.S. banks and businesses. Another provision emphasizes that private funds – rather than taxpayer dollars – would be used to promote trade and develop markets in Cuba.

And the bill would preserve an existing ban on U.S. government-backed credit and foreign aid to Cuba, including restrictions on the use of federal funds to finance trade with the communist island through the Export Credit Guarantee Program or the Export-Import Bank.

Whether these provisions will be enough to give the bill the boost it needs to pass both Houses of Congress is unclear. For now, Cuba legislation is at a standstill in both the House and the Senate – even though there appears to be increasing public support for Obama’s decision to normalize relations.

Asked by the Gallup organization whether they favor or oppose the U.S. ending its trade embargo against Cuba, 59 percent of respondents in February said they favored it – up from support of about 50 percent during polls in the 2000s.

“I think the support is there,” King said. “I’ve met with Cuban-Americans from Florida and it’s really somewhat a generational issue. The younger generation who were born and raised in America are much less passionate. There are going to be people who are just going to be mad as hell and not want this to happen. But I think by and large the public wants this to happen.”

Part of the holdup on bills to lift the embargo can be ascribed to congressional politics. While Republicans control both chambers, the Cuba issue doesn’t fall neatly along party lines. Farm-state Republicans such as Moran have joined with Democrats to try to boost trade with Cuba, even though the GOP in general has traditionally strongly supported the embargo.

Moran is a longtime supporter of trade with Cuba, driven in part by the eagerness of the ranchers and farmers in Kansas to ramp up U.S. exports to Cuba.

The agriculture industry in Kansas and across the country has been lobbying hard to convince Congress to open Cuba to trade. More than 25 food and agricultural interests including Cargill, the National Chicken Council and the National Turkey Federation formed a coalition in January aimed at convincing Congress to scrap the embargo and open up the island to increased investment with the United States.

“When we’re not trading with Cuba, somebody else is,” Moran said. “Cuba buys \$150 million of wheat every year (from the European Union). They’re buying it and they’re paying for it, they’re just not paying the United States for it.” King said he’s particularly troubled by increasing trade between China and Cuba. “I would rather have Cuba have us be their principle trading partner rather than having the Chinese have a significant foothold 90 miles off the shore of Florida,” he said.

On the other side, Cuban-American Sen. Marco Rubio, R-Fla., a 2016 presidential candidate, has marshaled forces into a camp dedicated to seeing the embargo hold. He has also laid down a set of conditions that need to be met before he will support any U.S. ambassador to Cuba, another part of the White House’s agenda.

The conditions, laid out in a letter to Secretary of State John Kerry last week, will be tough to meet; even as a solo senator, Rubio has the ability to stymie any nominee.

And neither Senate Majority Leader Mitch McConnell, R-Ky., nor House Speaker John Boehner, R-Ohio, have shown much interest in gumming up the congressional calendar with Cuba legislation.

“With all of that, generally the status quo wins out,” said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc.

One possible intermediate victory for the pro-trade lawmakers might be to ease restrictions on credit sales of products that are exempted from the embargo, even if the overall embargo remains in effect. Removing the cash-only payment for food and health care items would allow Cuba to buy American products on credit. Such a bill, with its smaller scope, might have a more realistic chance of passing. But that’s far from certain as well.

“It’s not the silver bullet – but for their side it would be a victory and a further erosion of the sanctions,” said Jason I. Poblete, a former Republican congressional staffer who’s an international regulatory lawyer with Poblete Tamargo LLP.

As for the ongoing debate, Poblete said, “I’ve been watching this for 20-plus years, and it looks like more of the same – great for sound bites, great for politics, but it doesn’t move product.”

Moran said he’s well aware of the obstacles. “This issue is particularly fraught with lots of politics and personal experience,” Moran said. “Cuban-Americans who emigrated from Cuba to the United States have strong feelings on both sides of this issue, so I don’t think anything is easy about it,” he said. “But this is – in my time in dealing with this topic – probably the best opportunity we’ve had.”

Reuters

Havana, Republic of Cuba

9 June 2015

Cuba suspends U.S. chicken imports over bird flu - traders

By Marc Frank

(Reuters) - Cuba has suspended imports of U.S. chicken citing a bird flu epidemic ravaging the U.S. poultry industry, U.S. traders told Reuters on Tuesday.

A letter e-mailed to the traders from Alimport, the Communist-run country's food importer, said Cuba would not accept bids for delivery of chicken in August and September, "taking into account the animal health situation."

Cuba is allowed to purchase U.S. agricultural goods for cash under a 2000 exception to the trade embargo. U.S. chicken exports to Cuba totaled \$147.5 million in 2014, according to the New York-based U.S.-Cuba Trade and Economic Council, which monitors the trade.

"The incidence of the influenza could continue to worsen and put at risk the contracted supplies, which would impact our clients," the letter from Roberto Zapata, Alimport's commercial director, said.

"We think it prudent for both parties to continue observing the evolution of the same so as not to make decisions that compromise immediate supplies," Zapata said in the letter. Alimport did not immediately respond to requests from Reuters to confirm the ban.

The United States is dealing with its worst outbreak of bird flu on record. More than 44 million chickens, turkeys and other birds have been culled since last December.

This is not the same avian influenza virus that has caused human infections in Africa, Asia and Europe.

Dozens of countries have imposed total or partial bans on U.S. poultry and egg imports since the outbreak of what is called highly pathogenic avian influenza (HPAI).

Each of the top 10 importers has introduced restrictions. Total bans have been imposed by China, South Korea and Angola, whose markets were valued at nearly \$700 million last year.

Tampa Tribune

Tampa, Florida

6 June 2016

Rubio, seeking more freedoms, throws obstacles in way of Cuba relations



Republican presidential candidate Sen. Marco Rubio and others in Congress opposed to Obama's new Cuba policy are acting on their pledge to throw more obstacles in the way until Cuba does more to address political and human rights violations. ASSOCIATED PRESS FILE PHOTO

By Paul Guzzo | Tribune Staff

President Barack Obama's decision to pull Cuba from the list of state sponsors of terrorism has cleared away, supporters say, the biggest political obstacle to normalizing relations between the two countries.

But those in Congress opposed to Obama's new Cuba policy are acting on their pledge to throw more obstacles in the way until Cuba does more to address political and human rights violations.

The latest efforts are by Marco Rubio, the Cuban-American U.S. senator from Miami and Republican presidential candidate.

Last week, Rubio added a provision to the state and foreign operations appropriations bill prohibiting the use of federal funds for any diplomatic center related to Cuba — including consulates in the U.S. — beyond what is already in place. The appropriations bill funds the U.S. State Department and Global War on Terror.

Also last week, Rubio introduced the “Cuban Military Transparency Act” to prevent American money from supporting the Cuban military or law enforcement — agencies that the bill says are restricting freedoms. Analysts believe the bill is written so broadly it could cut off most U.S. business and tourism opportunities in Cuba.

Then there is a provision attached by U.S. Rep. Mario Diaz-Balart, the Cuban-American Republican from Miami, to a transportation and housing funding bill that would prevent additional U.S. flights to Cuba and the start of cruises or ferries to the island nation. Each measure, if successful, stands to have an effect on Tampa.

The Tampa City Council and Greater Tampa Chamber of Commerce have advocated for a Cuban consulate here that could support and attract those who want to do business on the island nation or who have family there they wish to assist. And Tampa International Airport, already generating \$1 million annually through its flights to Cuba, expects to see the impact grow as relations continue to improve.

“At a time when our two countries are engaged in historic negotiations, House Republicans are trying to block progress at every step,” U.S. Rep. Kathy Castor, a Tampa Democrat, said in a prepared statement.

“Cuban families, including many of our neighbors in the Tampa area, businesses and educators will benefit as both countries cast off outdated Cold War policies that limit interaction and progress on economic and human rights reform.”

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Still, Diaz-Balart's provision would not affect the five flights a week now flying to Cuba out of Tampa's airport.

And while the Rubio provision could prevent a Cuban consulate from opening in the U.S., the current U.S. Interests Section building in Havana does not need new funds to begin operating as a full embassy, said Albert Fox, president of the Tampa-based Alliance For Responsible Cuba Policy Foundation.

“Could it use a larger budget to add a new wing or refurbish the carpets? Sure,” said Fox, who has been part of over 100 U.S. delegations to Cuba. “But the building is not dilapidated. It is among the better buildings in that area.”

The Cuban Military Transparency Act, on the other hand, could significantly roll back Obama’s efforts to increase trade and tourism opportunities for U.S. citizens in Cuba, which Obama believes will help bring democracy to the Communist nation. The measure would prohibit financial transactions with the Ministry of the Revolutionary Armed Forces, which runs the military, and the Ministry of the Interior of Cuba, which oversees law enforcement.

The bill notes that the Cuban military-operated holding company GAESA operates hotels, resorts, night clubs, retail stores, restaurants and more throughout the island nation. So, as long as Americans travel to Cuba they are financially supporting the military, the bill says. This not only subverts freedoms in Cuba, but in Venezuela, as well, the bill says. “It is not in the interest of the United States or the people of Cuba for the U.S. to become a financier of the Castro regime’s brutality,” Rubio said in a statement. The bill does provide exceptions for agricultural goods and medical supplies.

Arturo Lopez-Levy, a policy analyst for the Cuban government from 1992-94 and now a visiting lecturer at New York University, said GAESA was indeed set up in the 1990s as an entity that could use investments to supplement the military’s budget rather than pass that burden onto Cuban citizens. This was done in response to the cutoff of economic and military subsidies from the Soviet Union in 1989.



Lopez-Levy said GAESA’s portfolio also includes a subsidiary that controls the container terminal at the Port of Mariel, which analysts believe could become the largest industrial port in the Caribbean in size and volume and a trade gateway to the world.

The Military Transparency Act also directs the U.S. government to seek out any links the Ministry of the Interior may have to Cuban corporations. Still, the Cuban government does not have a full monopoly on all industries in which it invests.

On the website of GAESA’s hotel subsidiary, Gaviota for example, just three properties are listed in Havana, the most popular Cuban destination for Americans. There are also flights out of Tampa airport to Holguin, Cuba, which has four Gaviota properties, but three are beach resorts — illegal for Americans to visit under existing U.S. travel laws. All trips to Cuba now must be for one of 12 reasons, most involving education or research.

Santa Clara, the other Cuban city that can be reached by flights from Tampa, has no hotels or resorts belonging to Gaviota.

And the Hotel Nacional de Cuba in Havana, where most Tampa delegations have stayed, is not among the properties listed in Gaviota’s website.

Still, while there are hotels that appear free from the restrictions of the act, it doesn’t require much to establish a link to the military, said Antonio C. Martinez II, chair of the international law/Latin America trade practice at the Gerstman Schwartz Malito in New York. Crossover by one individual, even someone who is retired, or an individual’s relative might be enough.

The bill also would prohibit financial transactions with the leadership of the military or the Ministry of the Interior, and with any entity or individual whose financial success could benefit those in such positions.

“Rest assured,” Martinez said, “that the opponents of normalization in Congress will assert that is the congressional intent in the committee report to accompany the bill.”



While Cuba permits private businesses to operate separately from the government, the largest corporations that control most of the commerce still have the government as the majority shareholder, said John Kavulich, president of U.S.-Cuba Trade and Economic Council.

When the Cuban government thinks a company needs better leadership, it may feel safer promoting those who have excelled as executives in the military.

“They are generally believed to be the most competent and will get done what needs to get done,” Kavulich said. Still, he said, this doesn’t make them military-run companies.

“If this legislation replaced the word ‘Cuba’ with ‘Israel,’ I wonder how we would react,” Kavulich said. “Israel has compulsive military service as well so many of their citizens may have a link to the military and would, thus, be impacted by Senator Rubio’s legislation.”

Both nations require military enlistment among their citizens so most Cubans can be linked to the military in some way.

This, said academic Lopez-Levy, could be the rationale of U.S. Sen. Bob Menendez — a New Jersey Democrat opposed to Obama’s new Cuba policy — when he threw his support behind Rubio’s bill and said as much as 80 percent of Cuba’s economy “only enriches Castro’s military monopolies.”

“This is simply not true,” Lopez-Levy said. “When we look at the Egyptian or American economy, we don’t say an enterprise is run by the military because it has a CEO who was in the military.”

The White House has promised to veto any bill that threatens Obama’s normalization efforts.

“The strategy of the opposition to U.S. Cuba normalization is that of being spoilers,” attorney Martinez said.

Fox of the Cuba alliance does not expect the bills to make it through Congress, but said if they do, it’s possible Obama might feel compelled to sign them.

“The appropriations bills, for instance,” Fox said. “They also fund the State Department and transportation. Would he really hold up the government over the Cuba issue or would he criticize Congress for passing them and then reluctantly sign them?”

Rubio vows to continue his work to block the normalization process until Cuba improves its human rights records, returns U.S. fugitives living in Cuba, resolves outstanding property claims by U.S. citizens against the Cuban government, and lifts restrictions on U.S. diplomats in Cuba.

Only through these conditions, Rubio said, can the U.S. show support for the people of Cuba.

A recent poll by Miami-based Bendixen & Amadi International, however, set no conditions in asking Cuban citizens about normalization and found that 97 percent favor it.

“What Cuban people is Rubio talking about?” Fox said. “Ask anyone who has been to Cuba in recent months and they will all tell you the Cuban people agree with Obama’s initiatives.”

Cuba Standard/CubaNews

Miami, Florida

May 2015

POLITICS

New lobby group to take on U.S. sanctions

WASHINGTON – President Obama’s Cuba initiatives have renewed interest in efforts to further ease the embargo, and Engage Cuba, a non-profit advocacy group that plans to launch at the end of May, is the latest to enter the arena. Engage Cuba’s president is James Williams, formerly of the Trimpa Group, a liberal consulting firm that has advised anti-embargo organizations on political strategy. Williams said his efforts to end U.S. travel restrictions on Cuba and opening trade with the island has the backing of several corporations. He declined to name them ahead of the launch. He said Obama’s move toward normalizing relations has prompted new interest in the U.S. business community in Cuba and he’s “in conversations” with several Fortune 500 companies.

While Engage Cuba wants Congress to lift all restrictions on travel and trade, it is not seeking to lift the entire embargo. “There are components of the embargo that we are not interested in,” he said. The group has tapped the help of veteran political strategists from both parties. One is Steven Law, the president of the American Crossroads super PAC, which was founded by Republican operative Karl Rove and radically changed the game of political giving in the United States. But American Crossroads is not part of the effort, Williams said. Two other Republicans are also involved. Billy Piper, a former chief of staff to Sen. Mitch McConnell, R-Ky., will lobby the Senate. Former George W. Bush aide Kirsten Chadwick has been tapped to lobby the House. Both Piper and Chadwick work for Fierce Government Relations, a lobbying firm that represents the National Pork Producers and other agriculture groups that have been interested in the Cuban market.

Fierce Government Relations also lists the National Cable & Telecommunications Association as a client. Obama is encouraging telecommunications companies to provide services to Cuba. Luke Albee, a former chief of staff to Sen. Mark Warner (D-Va.) and Luis Miranda, a former White House director of Hispanic media who has been involved in Cuba issues are also involved in Engage Cuba. Miranda is also an adviser to the New Cuba PAC, a political action committee that aims to topple U.S. sanctions against Cuba.

The PAC counts Alan Gross, who was imprisoned in Cuba for five years, among its fundraisers. Gross was arrested for distributing communications equipment on the island as part of a U.S. Agency for International Development program and convicted of crimes against the state. He was freed Dec. 17 as part of Obama’s deal with the Cuban government, which also included the release of several Cubans convicted of espionage. “We are legally unable to engage with the New Cuba PAC, but a lot of the same people are involved in the effort,” Williams said.

While Obama’s détente with Cuba has reignited interest in the island on Capitol Hill and triggered a lot of congressional travel to Havana, even the strongest embargo foes say it’s unlikely Congress will ease sanctions. During a February trip to Havana, House Minority Leader Nancy Pelosi said there was “great enthusiasm” in Congress to lift the embargo, while expressing doubt whether it would be done.

John Kavulich, senior policy adviser to the New York-based U.S.-Cuba Trade and Economic Council, is even more skeptical. “The U.S. Congress is highly unlikely to focus any energy toward Cuba that would be expansive,” he said. The reason Congress would give embargo-easing legislation the cold shoulder is sensitivity towards feelings of fellow Cuban-American lawmakers who care passionately about keeping the embargo in place, Kavulich said. “There is also no appetite to be perceived as rewarding Raul and Fidel Castro, he said. “And there’s the perception that Obama has given more to Cuba than Cuba has given to the United States.”

Ana Radelat.

2paragraphs

Nyack, New York

28 May 2015

Catch-Up In Cuba — American Business Late To The Party?

by Hazel Kahan in Daily Edition



Benicio del Toro in Che Guevara

What a tangled relationship Americans have with Cuba! Lefties cling to the socialist dream, tempted by its forbidden values and glamorous heroes, while the media frames stories within “the communist nation” rubric. Romantics of the lefty persuasion cherish charismatic images of Che Guevara and pass on their faded Che t-shirts to their grandchildren while hedonists want to travel to Cuba for its mojitos, rum, cigars and the Buena Vista Social Club. Americans feel curiously possessive about the Cuba that’s “so near and yet so far,” believing that it is they who the Cubans have been waiting for, that it is the Yanquis who will deliver the exotically suffering Cubans into the commerce, capitalism and, yes, freedom, they so richly deserve.

But caution! *Everyone’s already there.* While America was busy fretting over the nuances of embargo, **Japan, Canada, France, Germany, Italy, Mexico, Spain** and the **UK** were busy forging agreements to “do business in the Republic of Cuba” according to a document from the US-Cuba Trade and Economic Council in New York. Currently, an estimated 4,500 non-US companies from more than 100 countries are, were or will be involved in import, export or investment activities with Cuba. So be prepared, amigos, Cubans are really not counting time until the American invasion!

Foreign Policy

Washington, DC

27 May 2015



SHADOW GOVERNMENT

Notes from the loyal opposition

The Cuban Market Mirage

By José R. Cárdenas



It's a safe bet that neither Cy Tokmakjian or Stephen Purvis will be attending a Brookings Institution event next week on doing business in Cuba. Canadian and British businessmen, respectively, they each suffered through Kafkaesque ordeals in Cuba after they did just that, somehow running afoul of some regulation in Cuba's opaque and arbitrary judicial system. After being imprisoned for months and robbed of their assets by the Castro government, they were finally released only after heavy diplomatic pressure by their governments.

Indeed, of all the justifications for President Obama's about-face on Cuba policy — that it will serve to moderate the Castro regime's behavior, improve human rights, or that it will transform U.S.-Latin America relations — perhaps the biggest whopper in defense of the new policy is that Cuba's bankrupt economy represents a gold mine for U.S. producers and investors.

Thus, we are currently being treated to a succession of trade delegations, assorted junkets, and conferences — encouraged by the Obama administration — selling the American public on the notion that a U.S. economic windfall lies right around the corner.

Commerce Secretary Penny Pritzker, who told the *Miami Herald* that she will lead a trade delegation as soon as relations are normalized and embassies are open, was quoted as saying, “Companies are already going. Google led a delegation. You're seeing people going to visit. That's because, as I said, there's enormous excitement — excitement from the entrepreneurial community in Cuba and excitement here in the United States about that. I think they deserve our support.”

However, if you look hard enough, not all U.S. officials are so sanguine. Pritzker's own undersecretary for international trade, Stefan Selig, told the *Washington Post*, “We are embarking on a process that is complicated. We should remember Cuba is a small country, and a poor country. I don't think we should be overly excited about the near-term economic prospects.” U.S. Department of Agriculture under secretary Michael Scuse recently cautioned an eager Senate panel that it was important not to “minimize the obstacles” in Cuba, such as the country's limited purchasing power and its widespread market underdevelopment.

How could it be any other way? The reality of Cuba is that five decades of centralized political and economic control have impoverished the island both materially and spiritually. And the prospects are hardly uplifting. The dead hand of the regime still controls nearly 100 percent of economic activity and, to the extent there is any semblance of reform, it exists only at the margins.

For anyone eyeing Cuba from abroad, the Castro government lacks hard currency and infrastructure, has an abysmal credit rating, and restricts internet use. As one experienced foreigner points out, “Your state partner is also the supplier, the employer of your staff, the buyer, the regulating authority and the entity that taxes you. So it's a complex place to enter into a normal business transaction.”

Pedro Freyre, a partner at the law firm Akerman who knows Cuba told Politico that, “While I think that the business community recognizes Cuba's potential, there's also the reality that Cuba is bankrupt. Cuba is grossly in need of investment ... but they don't have a philosophy, don't have the legal infrastructure to support any kind of mid-level to even higher-level industry.” According to John Kavulich, president of the U.S.-Cuba Trade and Economic Council, “This is not Dubai just 90 miles south of the U.S., saying, ‘Please sell us your products.’”

To say trading with Cuba involves personal and financial risk is a gross understatement, as the ordeals of Tokmakjian and Purvis attest. Don't look for or expect transparency, legal guarantees, and predictability — none of which the Cuban government is capable of providing. And don't look for a local economy that rewards innovation, risk taking, or hard work. That's the Cuban economic reality and no amount of irrational exuberance and ideological cheerleading changes those facts.

It is clear by now that Obama's reversal of five decades of isolating the Castro regime rests on little else than hope; hope that just doing something different could translate into something good developing organically sometime in the future. But hope is a pretty thin reed on which to base a policy under such scrutiny, and that means sexing up its about-face on Cuba by convincing people that there really are

immediate and tangible benefits to it — and that means selling the notion that bankrupt Cuba is like an overripe mango waiting to plucked by American business.

Tampa Tribune

Tampa, Florida

19 May 2015

Tampa delegations exploring trade return from Cuba



By the end of The Fabulous Rockers dinner show in the hotel's ballroom, few were sitting, said band leader Dennis Pupello. "People were dancing and having so much fun. It exceeded all my expectations." POLYPHONIC IMAGE

By Paul Guzzo | Tribune Staff

TAMPA — Local leaders travel so often to Havana it's as if there are no restrictions on visits between the countries. Entertainers are making the trip, as well, from both sides.

The Fabulous Rockers, a popular nine-piece Tampa rock band from the 1950s and 1960s, performed a dinner show during the weekend in the city's Hotel Nacional de Cuba and brought 64 local fans with it. At the same time, a Greater Tampa Chamber of Commerce delegation of 35 business and civic leaders visited Cuba's capital city to learn more about trade opportunities through talks with officials from the island nation's biggest port.

And the Tampa accounting firm Prida Guida & Co. sent a three-person group on behalf of its clients from the U.S. agricultural industry to meet with the president of Alimport — the Cuban government agency that handles all trade.

The question now, 13 years after Mayor Dick Greco led the first Castro-era delegation to Cuba and as other Florida communities are now getting on the bandwagon, is what Tampa has to show for it. Greco dined with Fidel Castro during that 2002 visit. Other trips followed.

Mary Mulhern, who then served on the Tampa City Council, traveled to Cuba in 2009 to discuss trade possibilities with government officials. The Tampa chamber has made three trips and a number of other visits have included elected officials and private businesses. Still, Tampa has no substantial trade with Cuba as some other U.S. cities do.

"When I was there in 2009 they wanted to do business with Tampa," said former councilwoman Mulhern. "Now six years later, we are no further along. We're at the bottom of the list of cities that do business with Cuba."



For Lou Prida of the Prida Guida & Co., selling goods to Cuba is not something his clients will rush into. "That was my first trip there and my first time learning about its business culture," Prida said. "It is too early to determine anything but I left with a great feeling about the country and its prospects."

Such a positive outlook might have brought criticism to the company five or six years ago, Mulhern said, which is why she thinks few in Tampa wanted to trade with the Communist nation. “Everybody was afraid for their political survival,” she said. “No elected official would even talk about Cuba. It is a different environment now.”

At a Monday morning news conference on the chamber’s trip, chairman and delegation leader Ronald Christaldi said his organization will wait for the lifting of the U.S. embargo on Cuba before it seeks opportunities for members.

“The Greater Tampa Bay Chamber of Commerce will continue to be a leader in this region in making sure that when the switch gets flipped, when the government of the United States makes it permissible to do greater business deals and bigger import and export there, that this region will be ready,” Christaldi said.

For some sectors of the economy, the switch already has been flipped.

It has been legal in the U.S. to sell agricultural goods to Cuba since 2001. President Barack Obama recently added building supplies and telecommunications to that list. Among the cities taking advantage of this are New Orleans, Mobile and Norfolk.



The chamber’s Christaldi is aware of the competition. “Other regions in this country are positioning themselves to take advantage of this opportunity,” he said at the news conference. “Florida and the Tampa Bay region cannot afford to stand flat footed while the rest of the world positions itself to take advantage of this opportunity.”

Mulhern said she believes that’s just how Tampa is standing now. Business relationships matter to the Cuban government, she said, and though Tampa’s chamber has created one, it doesn’t include the actual trade relationships other cities have established.

Tampa could gain a leg up if it succeeds in landing a Cuban consulate once diplomatic relations are restored — a move backed by both the city council and the chamber. Chamber chairman Christaldi said Cuban officials he spoke with favor Tampa as a consulate. Meantime, there isn’t much business for Tampa to be losing out on yet.

The latest report released by Cuba’s Economic Council says that so far in 2015, Cuba has purchased \$71.5 million in agricultural commodities from the U.S. — on pace to be the lowest annual figure since 2001.

What’s more, Cuba might do all the trade it needs with friendlier governments willing to allow up to two years to pay for purchased goods, said John Kavulich, president of U.S.-Cuba Trade and Economic Council.

Cuba’s struggling economy may limit the country to liberal financing like this.

But Rick Barkett, CEO of Amalie Oil and part of the Tampa chamber’s recent Cuba delegation, considers the Cuba market a “pretty big deal” and believes all it needs is “some changes in the government and things will change dramatically there.”



Once Cuba reaches full capacity with a special development zone at the port of Mariel, every U.S. city will have a chance to work with the country, said Arturo Lopez-Levy, policy analyst for the Cuban government from 1992-94 and now is an academic in Denver. He predicts that may take another five years.

The Mariel zone consists of 180 square miles west of Havana that includes a port terminal with an initial annual capacity of up to 1 million containers as well as manufacturing and storage for trade.

Lopez-Levy said Mariel is supposed to be run separately from the Cuban government by an independent contractor. Still, he added, “Past relations may matter. If everything else is equal they might try to keep the previous relationships. I think on this issue, the sooner you work with Cuba the better.”

If Tampa never becomes a trading partner with Cuba, it can still benefit from their relationship. The Tampa International Airport already makes \$1 million a year from charter flights traveling to Cuba. The number of passengers has increased each year since flights resumed in 2011, and analysts predict that trend will continue.

The Florida Aquarium in downtown Tampa is on the verge of finalizing an agreement with the National Aquarium in Havana on coral reef research that could help improve the health of once vibrant reefs in the Tampa Bay area. What’s more, cultural exchanges are ramping up.



Two of Cuba’s top musicians performed at Tampa festivals in March. Pop star Laritza Bacallao was a main attraction at the Gasparilla Music Festival. Carlos Varela, known as Cuba’s Bob Dylan, took the stage at the Gasparilla International Film Festival following the screening of a documentary on his life.

Last November, Tampa-based cultural exchange organization Habana Art Travel flew the Cuban band Sol y Son to Tampa to headline a concert at the Ritz Theatre in Ybor City. Habana Art then put together The Fabulous Rockers’ dinner show last weekend in the Hotel Nacional de Cuba’s ballroom.

The rock band performed such classics as “Brown Eyed Girl” and “Unchain My Girl” to an audience of around 150. At each of the ballroom’s 22 tables sat an equal number of Cuban citizens and American visitors.

But by the end of the show, few were sitting, said Dennis Pupello, leader of The Fabulous Rockers. “People were dancing and having so much fun,” Pupello said. “It exceeded all my expectations.”

That’s true, in large part, because American and Cuban citizens did the Electric Slide dance side by side. “I learned something this weekend,” Pupello said. “If we all concentrate on listening to beautiful music and dancing to great rhythms everything else will fall into place.”

Missourian

Columbia, Missouri

16 May 2015

Missouri farmers eager to capitalize on better trade relations with Cuba

Laura Welfringer



In this Aug. 16, 2012 file photo, a combine cuts rice in a field near Tucker, Arkansas. U.S. agriculture has a big appetite for freer trade with Cuba, and rice producers in southern states and California are hoping to resume exports to Cuba for the first time since 2008.



In this June 24, 2013, file photo, Lester Reimer harvests wheat on his farm near Lebo, Kansas. Normalization of trade relations with Cuba could be a boon to the Kansas because wheat comprises the island nation's second biggest import.

COLUMBIA — Historic. This is one of the words often used to describe President Barack Obama's recent decision to lift the Cuban embargo.

"When what you're doing doesn't work for 50 years, it's time to try something new," Obama said during his 2015 State of the Union Address in early January.

This declaration marked a milestone in U.S. foreign policy, and it could have important repercussions for Missouri exports.

Gov. Jay Nixon made it clear during his January State of the State address that he was in line with the White House decision.

"Last year, our exports hit \$14 billion," Nixon said. "That's \$14 billion of made-in-Missouri products going all over the world. A big part of that success is from our No. 1 industry: agriculture. ... And there are 11 million more potential customers for Missouri's farm products just 90 miles away from the U.S. ... in Cuba."

A potential boost for the Missouri economy

The deal is certainly attractive for Missouri farmers, who could benefit from more jobs and more income if they export more products to Cuba. Not to mention the greater competitiveness and international standing they would have without even having to increase their production, given the small size of the Cuban market.

Michael Aide, a professor, rice specialist and chairman of the Department of Agriculture at Southeast Missouri State University, said Missouri has a competitive advantage compared to other states. He said "the cost of shipping rice, soybeans and corn to the Caribbeans is really low because of the Mississippi River."

Missouri Farm Bureau Director Blake Hurst is aware of these opportunities. Along with First Lady Georganne Nixon, Hurst was part of the 95-person delegation that went to Cuba in March to get fewer restrictions on trade with Cuba and boost sales to the Communist island.

This delegation brought together a coalition of more than 40 agriculture organizations and was the first U.S. state trade delegation to visit Cuba since the beginning of the Cuban thaw. "We are always looking for new markets," Hurst said. Many members of the delegation were making their first trip to Cuba, so they didn't reach any final deals or make any concrete decision with the Communist island.

Data from the United States Department of Agriculture's Foreign Agricultural Service reveal that in 2013, Missourian exports to Cuba amounted to \$4.63 million. But Missouri state statistician Robert Garino, who works for the United States Department of Agriculture's National Agricultural Statistics Service, said these are "rough estimates" because exports to Cuba are "difficult to track."

Hurst said Missouri is already a leading exporter to Cuba. The top three products exported from the Show-Me State to Cuba are distiller grains (a byproduct of ethanol used for livestock feed, soybeans and cotton.

Hurst said southeast Missouri would benefit the most from an increase in trade with Cuba because that's where rice is grown. "If we get (the Cubans') rice demand, it would have an impact on the rice market," Hurst said. "That's where the main interest lies." Aide said farmers grow rice on about 200,000 acres in southeast Missouri.

"We currently export to Central America, Mexico, Panama and so forth. ... Cuba could be a very large market for rice, therefore Texas, Louisiana, Mississippi, Arkansas and Missouri all desire to export to Cuba. Exports could increase dramatically ... it could be thousands of metric tons."

The Missouri Farm Bureau estimates Missouri grows between 150,000 and 200,000 acres of rice, and that each acre produces about 7,000 pounds of the crop. That means Missouri farmers are growing up to 1.4 billion pounds — or 700,000 tons — of rice per year, making the state the fifth largest rice producer in the United States.

"We have talked to a lot of farmers who would be willing to export more to Cuba, particularly rice farmers," Hurst said.

Dwight Roberts of Texas, who is president and CEO of the U.S. Rice Producers Association, has been to Cuba eight or 10 times. He supports opening trade with the country. "It's good," Roberts said. "We are really happy. For many years, we have been pushing for change, but it was hard to get the average American's attention."

Roberts said Cubans eat 900,000 tons of rice per year and must import between 450,000 and 500,000 tons. Most of the rice Cuba imports comes from Vietnam, Brazil, Argentina and Thailand. There were no significant U.S. rice exports to Cuba in 2014. Roberts said the United States grows higher quality rice, but it would be more expensive to import.

Roberts said there also are opportunities for Missouri meat, soybean, corn and wheat producers. He said it's time for the United States and Cuba to work together. "There have been a lot of injustices in both countries. What is important is going forward today and tomorrow. ... Our Cuban neighbor is not a threat for the U.S."

Some difficulties along the way

Roberts knows liberalizing trade with Cuba will take time and effort. "There is light at the end of the tunnel. I'm just not sure how long the tunnel is going to be," he said. Distrust and bitterness have ruled U.S.-Cuba relations for half a century, and "there is still a lot to be done," Roberts said.

Doing business and agreeing on financial terms with Cuba will require the approval and work of Congress. Last February, a group of Republican and Democratic senators introduced a bill to lift the Cuban embargo and facilitate trade with Cuba. But the project faces strong opposition on Capitol Hill.

"I encourage members of Congress to support normalization of the U.S. relations with Cuba," Roberts said.

Sen. Claire McCaskill, D-Missouri, signed on as a co-sponsor to the Freedom to Export to Cuba Act and traveled to Cuba last February with Sens. Mark Warner, D-Virginia, and Amy Klobuchar, D-Minnesota, to encourage removal of the Cuban embargo.

"Lifting the embargo won't just be a boon for Missouri jobs; it'll also strip the Castro regime of its biggest excuse for why its people aren't free and prosperous," McCaskill said in a recent news release. But her counterpart, Sen. Roy Blunt, R-Missouri, expressed skepticism. Since Obama's declaration at the end of last year, Blunt repeatedly asserted his distrust in the Castro regime.

"As we deal with the Cuban government, this is a lot harder than we thought it would be," Blunt said during a recent conference call with reporters. He mentioned human rights issues and questioned whether Cuba can be trusted to pay for goods that come from the United States. "We could sell anything to Cuba," Blunt said, but only under the condition that the Cubans do pay for the products they import from Missouri.

Hurst said "the problem is financing right now. They (the Cubans) have to pay cash," and this is definitely not convenient for U.S. exporters. Roberts agreed. "We are not able to offer credit terms for doing business ... (although) credit is so important in the business world," Roberts said.

A matter of laws and regulations

In 2000, the Trade Sanctions Reform and Export Enhancement Act (TSREEA) authorized U.S. exports food and medicine to Cuba but required the Communist island to pay cash before the goods were shipped. On Jan. 12, the Department of the Treasury's Office of Foreign Assets Control amended section 515.533 of the Cuban Assets Control Regulations, which was issued by the U.S. government in 1963 under the Trading With the Enemy Act "to implement the policy changes announced by the President on December 17, 2014 to further engage and empower the Cuban people."

According to the Federal Register Vol. 80, No. 11, this amendment, which took effect Jan. 16, led to the revision of "the regulatory interpretation of "cash in advance" from "cash before shipment" to "cash before transfer of title and control" to allow expanded financing options for authorized exports to Cuba."

That means boats full of U.S. merchandise can now ship goods to Havana before the U.S. exporters receive payment, but the Cubans cannot unload the boats or take anything from them until the U.S. exporters confirm payments.

Obama's recent decision to remove Cuba from the list of state sponsors of terrorism could also allow the establishment of a "direct correspondent banking system" between the U.S. and Cuba. Instead of sending their money to third-party banks in Europe — which then transfer the money to the U.S. — Cubans might be able to pay U.S. exporters directly.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said that would reduce transaction costs for the Cuban people, facilitate transactions for U.S. exporters and save U.S. exporters money.

Hurst agreed. "If the controls were amended, without restrictions, exports to Cuba would have been 25 percent to 50 percent higher."

Roberts said that U.S. agricultural exports to Cuba were worth \$284 million in 2014 and that the U.S. could capture 15 percent to 20 percent of the Cuban imports during the first year following the removal of the Cuban embargo.

And Nixon said after his wife's visit to Cuba that unrestricted trade with Cuba could produce \$4.3 billion worth of exports annually.

The United States International Trade Commission is studying the "Economic Effects of U.S. Restrictions on Trade with and Travel to Cuba" at the request of the U.S. Senate Committee on Finance. The results of this study will not be released to the public until mid-October. Yet, Roberts already expects it will reveal that the U.S. economy could benefit by \$1.5 billion per year if the Cuban embargo were lifted.

A fragile Cuban market

Kavulich, however, said U.S. exporters should remain realistic and acknowledge that liberalized trade with Cuba will not be a panacea for the U.S. economy.

"There has been far too much enthusiasm, and companies need to be more focused on the realities of Cuba. Cuba is not Dubai ... in terms of money. This is not a country that has billions and billions of dollars waiting to be spent in the U.S.," Kavulich said.

To put things into perspective, Will McNair, stakeholder relations manager at the U.S. Soybeans Export Council, explained that the U.S. exported 57,000 metric tons of soybeans to Cuba in 2013-14, and might export up to 160,000 metric tons if the embargo were lifted. By comparison, China, which is the largest importer of U.S. soybeans, imported 30 million metric tons in 2013-14.

"A lot of people think the Cuban market is gonna be a big market, but the size of Cuba's GDP is smaller than the size of Mexico's GDP," McNair said.

"Grocery stores have food, but they lack variety. Americans would be shocked by this lack of variety. People are on the edge of hunger," Hurst said.

While more trade with Cuba could bring profit to Missourian farmers, it could also boost imports of Cuban products into Missouri.

"What might end up happening is that we might import more from Cuba," McNair said. "Trade is always a two-way street." Aide said it's possible the U.S. could import tobacco and sugar from Cuba.

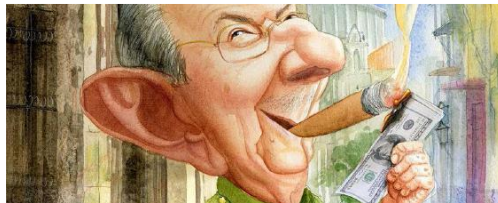
In the end, it's difficult to predict how much the Missourian economy might be affected by removal of the Cuban embargo, or whether that removal will even happen. Obama has yet to win the approval of Congress and has set no clear objectives regarding exports to the country.

National Review

Washington, DC

14 May 2015

How Obama Became the Castros' New Patron



by James Kirchick

I've visited more than my fair share of dictatorships, but Cuba is the only one where travelers at the airport must pass through a metal detector upon entering, in addition to leaving, the country. Immediately after clearing customs at José Martí International Airport, visitors line up for a security check. Anyone found carrying contraband — counterrevolutionary books, say, or a spare laptop that might be given to a Cuban citizen — could find himself susceptible to deportation. Contrary to popular conception, traveling to Cuba as an American was not difficult before President Barack Obama's announcement last December of "the most significant changes in our policy in more than 50 years."

All anyone had to do was transit through a third country and not disclose his visit to Cuba upon reentering through U.S. customs. It was the aura of the embargo that dissuaded Americans. Moreover, there have long been myriad legal exceptions for Americans to travel to Cuba: They merely had to obtain a license from the Treasury Department's Office of Foreign Assets Control (OFAC) under one of twelve broad, rather vague, permitted categories, such as "educational" and "research." "Tourism" as such was and remains prohibited. But since January, travelers to Cuba need not obtain any OFAC license at all. This essentially means that any American who wants to venture to Cuba, including those who plan to do nothing but sit on the beach all day and dance salsa all night, are now free to do so.

RELATED: When Barack Met Raúl The foremost concern of the 56-year-old Castro junta — the world's oldest continuous regime — is self-perpetuation. Preventing anything that may pose a threat to its continued existence — any material that might germinate the seed of independent thought within an individual Cuban's mind — from making its way onto the island is therefore a priority. In light of the increased number of tourists visiting Cuba since the Obama administration lightened restrictions on American travel, a number that is expected only to grow with time, the Castro regime has had to beef up its capabilities in this field. But judging from the headlines of the Cuban Communist-party newspaper,

Granma, which boasted of the dramatic rise in tourism on a recent cover of its weekly English edition, Havana doesn't seem to mind. The foremost concern of the 56-year-old Castro junta — the world's oldest continuous regime — is self-perpetuation. Some four months after President Barack Obama made his announcement, I visited Cuba, wanting to find out what its democratic dissidents had to say about the new winds from Washington. Given the course of American foreign policy over the past six years, which has seen Washington “reset” relations with a variety of implacably hostile regimes, the proclamation of a new policy toward Cuba was hardly surprising. Obama had signaled his intention to effect such a transformation as early as the 2008 presidential campaign, when he vowed to negotiate directly with a host of American adversaries and declared that “we’ve been engaged in a failed policy with Cuba for the last 50 years, and we need to change it.” Though Cuba-watchers assumed a shift of some sort was coming, the way in which the new policy came about and its list of particulars took many by surprise.

RELATED: The Deal Obama Should Have Made with Cuba Obama's December 17 declaration followed 18 months of secret negotiations between the president and his Cuban counterpart, Raúl Castro, who took the reins of power after his older brother Fidel fell ill in 2008. Even senior State Department officials involved in Latin American affairs were kept in the dark about the negotiations, which were led by Ben Rhodes, a deputy national-security adviser in his mid 30s with no official diplomatic experience but who does possess an MFA in creative writing from New York University. This was the man Obama put in charge of negotiations with Cold War-hardened Cuban Communist apparatchiks, and it shows. In exchange for the release of Alan Gross, an elderly USAID contractor arrested and accused of espionage in 2009, the United States released the remaining three members of the “Cuban Five,” a posse of spies sent to infiltrate the Miami Cuban-exile community in the late 1990s. Washington insisted that Gross was not a spy, and so in order to avoid tying his release to the freeing of the Cuban agents, Havana agreed to deliver a longtime American-intelligence asset it had imprisoned. Gross's release from a prison sentence he ought never to have served in the first place and that nearly killed him was officially presented as an unrelated act of goodwill.

RELATED: Why Is Obama Parroting Castro Talking Points? This swap of prisoners was the only part of Obama's rapprochement in which Havana had to reciprocate, and lopsidedly at that. Moreover, it was just a prelude to the real meat of the Obama announcement: a loosening of the trade and travel restrictions America has imposed on Cuba, a collection of measures enforced through six statutes colloquially known as the “embargo.” The relaxed travel policies, the pending opening of embassies, the removal of Cuba from the State Department's list of terrorism sponsors, the restoration of limited economic activity — all longtime goals of the Cuban regime — were declared without any corresponding demands that Havana change its conduct. Indeed, in his speech announcing the new Cuba policy, Obama essentially admitted that he would have ushered in these unilateral changes much earlier had it not been for the “obstacle” that the imprisonment of an American citizen presented to his grand plans. To fend off accusations that it was giving away something for nothing, the administration claimed that the regime would release 53 political prisoners identified on a State Department list. In January, after weeks of saying it would not publicize the list, State provided the names to select members of Congress, revealing that some of the individuals had been freed before December 17, others were close to finishing their sentences, and a few had already been rearrested. Indeed, in Cuba, as in all authoritarian societies, the door to prison is a revolving one. In March, 610 people were arrested on political charges. Raul Castro and President Obama at the Summit of the Americas in April.



(Mandel Ngan/Getty)Raul Castro and President Obama at the Summit of the Americas in April. (Mandel Ngan/Getty)

Not only were American diplomats with expertise in the region excluded from the negotiations (the better to prevent them from leaking against a policy shift some of them might have considered ill advised), so were many of the island's political dissidents and independent journalists. “I can't understand why they didn't ask for preconditions,” Antonio Rodiles says of America's negotiating posture. I spoke with the American-educated political activist at his home. As with most of the meetings I had with dissidents, I

showed up at his front door unannounced in the evening. Planning appointments in advance is logistically difficult and inadvisable security-wise. Internet access is extremely limited (Cuba has the lowest ratio of computers to inhabitants in the Western hemisphere) and is available almost exclusively in hotels and embassies. At a price of about \$4.50 per hour, it is far beyond the means of most Cubans. Arranging meetings beforehand by phone, meanwhile, attracts the attention of the security police, who are presumed to listen to everything. Rodiles did not seem at all surprised that an American journalist would visit him at 10 p.m.; late-night knocks on the door (from foreign well-wishers or worse) seem to be a regular occurrence.

RELATED: Rubio: Castro Crackdown ‘Makes a Mockery’ of Obama’s Cuba Policy It’s not only the Cuban security services that monitor dissidents; nearly all of Cuban society is primed to serve as the regime’s eyes and ears through the proliferation of local Committees for the Defense of the Revolution. Established by Castro in 1960 shortly after he took power, they are dubbed the “civil rearguard for the vanguard of the militias . . . in the struggle against the internal and external enemy.” Combining elements of both the Gestapo and the Stasi (children are encouraged to report on their parents if they see anything suspicious, and neighbors are expected to rat out friends who might be planning an escape), CDRs exist on literally every block across the country (over 8 million of Cuba’s 11 million citizens are members) and monitor the activities of each and every individual in a neighborhood.

The CDR emblem could not be more blatant: a cartoon Cyclops with a giant eye raising a sword above his head. Initially, Castro praised his cederistas, as committee members are known, as “1 million gags” for their ability to silence regime opponents, whom he ritually describes as subhuman. “It is impossible that the worms and parasites can make their moves if, on their own, the people . . . keep an eye on them,” he has declared. One sees CDR signs on all types of buildings across the country. Nearly all of Cuban society is primed to serve as the regime’s eyes and ears through the proliferation of local Committees for the Defense of the Revolution. Cuban dissidents are used to receiving guests and know that they’re being watched, and I was generously welcomed by the Cubans I met.

The one exception was a young activist who was obviously afraid when I showed up at his door on a Sunday evening. He politely made it clear that he wished for me to leave his home immediately. He had somewhere to be, he said, an assertion that, judging by my finding him shirtless on the couch watching television, was highly unlikely. But it was his home I had entered, and his life he was risking, and so I didn’t protest. Rodiles studied physics and mathematics at Florida State University in Tallahassee yet ultimately decided to return to his homeland to fight for democracy. He is the main coordinator of a civil-society group composed of writers, artists, and other professionals called “Citizen Demand for Another Cuba,” aimed at persuading the Cuban government to ratify a series of United Nations covenants on human rights. “They just started negotiating,” he says of the American government in a bewildered tone. “They didn’t involve the Cubans from outside or here inside, and I didn’t understand why they did it that way. If they really want a change they’re going to see that nothing’s going to change.”

RELATED: D.C. Polite Society Has Little Use for Cuba’s Dissidents Rodiles takes inspiration from the 1975 Helsinki Final Act, which inspired the Charter 77 movement in Czechoslovakia and other human-rights groups to form behind the Iron Curtain. That accord, at least officially, committed the Soviet Union and its satellites to respect human rights, and it provided dissidents such as Václav Havel and Lech Walesa a public benchmark by which to hold the Communist regimes to account. Genuine political change in Cuba would require constitutional reform, as the Cuban constitution permits individual freedom only insofar as such liberties don’t threaten the Communist party as “the superior leading force of society and of the state.” Wilfredo Vallin, a leader of the non-governmental Cuban Law Association, told me that, “if Cuba ratifies the pacts it would be forced to change its constitution.”

Rodiles despairs that there will be no such American pressure put upon Cuba to do so, however, as Obama’s aspiration seems to be normalization at all costs. Restoring full diplomatic ties with Havana has come to be a legacy project for the president, who views it as his duty to right America’s many perceived wrongs. “The Obama administration already has an agenda, and they don’t want to change,” Rodiles sighs. “They got advice from some people that they think the better way is to, in some way, legitimize the totalitarian system.” In light of his own predicament, Rodiles is right to be suspicious of the administration’s tactics. Less than two weeks after Obama triumphantly announced a new chapter in America’s relationship with Cuba, Rodiles was arrested steps from his front door on the way to a free-

speech demonstration in central Havana. A high wall surrounds his home, but it's not high enough to block the two cameras posted on telephone poles across the street that he says monitor his house 24/7. I ask Rodiles how his campaign is progressing, and he says that about 2,000 people have thus far signed a petition to the government insisting upon its ratification of international human-rights agreements.

It's a relatively small number for a country with some 11 million inhabitants, though Charter 77, it should be noted, had only 242 initial signatories, in a country that was a few million people larger. Simply signing such a document immediately brings one under suspicion; it is an act requiring remarkable courage. Berta Soler meets with Cuban exiles in Coral Gables, Fla.



(Joe Raedle/Getty)Berta Soler meets with Cuban exiles in Coral Gables, Fla. (Joe Raedle/Getty)

One of the most courageous people I met on the island was Berta Soler, leader of the Ladies in White. Formed in 2003, Damas de Blanco, as it is known in Spanish, is a coalition of wives, sisters, daughters, and other female relatives of imprisoned political dissidents. Their protests are regularly met with violence by regime-backed mobs, which drag the women by their hair through the streets. (The regime exports this sort of thuggery; at last month's Summit of the Americas in Panama, a horde of Castro supporters descended on a group of Cuban non-governmental activists, beating them to the point that Panamanian police had to intervene.) The organization's founder, Laura Pollán, created the group after her husband, a leader of the outlawed Cuban Liberal party, was arrested during the 2003 crackdown known as the "Black Spring." Pollán died under mysterious circumstances in 2011, the famed Cuban health-care system having failed first to accurately diagnose her dengue fever and then to provide her adequate care. Like many of the Cubans I meet, Soler takes great pride in making the most of what little she owns: Her tiny flat is decorated with plants and various other tchotchkes. A framed photograph of her meeting with Pope Francis outside St. Peter's Basilica graces the wall; her dog nips at my feet. A vivacious Afro-Cuban, Soler lives in a decrepit, concrete housing block, part of an expanse of apartments on the outer reaches of Havana so vast that neighborhoods are divided by "zone" numbers.

The crumbling scenery stretches in all directions, bleak and limitless, like a setting for one of J. G. Ballard's dystopian short stories. One way to think of Cuba is as a giant public-housing project. A place where everyone is a ward of the state, and where private enterprise is next to nonexistent. One way to think of Cuba is as a giant public-housing project. A place where everyone is a ward of the state, and where private enterprise is next to nonexistent, the country breeds similar social pathologies. Walking through the outskirts of Havana and other unfashionable places where tourists rarely tread, one sees a great number of aimless people without any sort of vocation. They just hang out. "Cubans don't go to work to produce but to sustain," Soler says. This is not an indictment of the individual Cuban, who would work were meaningful work available, but of a regime that wants to keep its people listless.

"The government sells a lot of alcohol to occupy the minds of the people," Soler tells me, an observation that makes a lot of sense once you've spent a few days in Cuba. Alcohol is plentiful and cheap. In the poor provincial city of Pinar del Rio, about a two-hour drive west of Havana, I saw a boy no older than 13 walking the streets with a half-empty bottle of beer. A discotheque there was, on a Saturday night, full of people ranging in age from mid teens to 40s; a bottle of Havana Club sets you back \$6. Subsidizing the production of cheap alcohol so as to keep the population inebriated (and therefore distracted) is one of many tools that the Cuban regime learned from its erstwhile Soviet benefactor. In 1985, Mikhail Gorbachev drastically cut production of vodka, increased its cost, and prohibited the sale of it before lunchtime. Some historians have speculated that reducing alcohol consumption, a cushion to dull the pain of everyday life, led Russians to more quickly understand the misery of their plight, unintentionally accelerating the Soviet Union's demise.

Like Rodiles, Soler is highly critical of the Obama administration's caving in to the Castros. "Every deal should be conditioned. America has to put conditions. If you are giving, you have to receive, and for the moment the American government is receiving nothing," she says. Soler says that there has been no letup in the harassment of dissidents; regime agents smeared one member of her group with tar at a peaceful protest held in February. "We are in the same position or even worse," she thinks, as the Obama administration steamrolls forward with its normalization plans while asking for nothing in return. 'Money is coming in and it's going straight to the government. Regular Cubans don't touch it.' — Berta Soler

Supporters of restoring relations with Cuba insist that, in the long run, it will prove detrimental to the Castro regime by opening up the country to Western influences and economic investment. This has long been the point made by liberals, libertarians, and even some conservative opponents of the embargo, who, unlike many leftist opponents of longstanding American Cuba policy, harbor no sympathy for the regime. But when I ask Soler whether increased American investment and more visitors will help people such as herself, she is adamant in her response. Lifting the embargo in exchange for concrete reforms like legalizing independent media and ending restrictions on free speech would make sense, she avers. But lifting it without such conditions, she tells me, is "beneficial to the government, not the Cuban citizens. Money is coming in and it's going straight to the government. Regular Cubans don't touch it." In his speech announcing the policy shift, President Obama declared that, "through a policy of engagement, we can more effectively stand up for our values and help the Cuban people help themselves as they move into the 21st century." The impracticality of this assertion does not become fully apparent until one visits Cuba and comes to appreciate how its peculiar economy functions.



(Illustration: Roman Genn)(Illustration: Roman Genn)

The first thing to understand about the Cuban economy is that the government controls nearly all forms of economic activity, with the exception of some black-market activities like prostitution. "In Cuba, nobody does business with Cubans. They do business with the Castro family," says Frank Calzon, executive director of the Washington-based Center for a Free Cuba. Foreign companies do not hire their own workers but are assigned them by the government, which acts as middleman. Furthermore, companies do not pay their workers directly, but rather compensate the government, which decides how much money to dispense to its subjects. The Cuban economic system is essentially one of indentured servitude, with the government loaning out its citizens for massive profit.

RELATED: Conan O'Brien's Good Time in Cuba In order to prevent ordinary Cubans from acquiring and accumulating capital, the regime has cleverly instituted a two-currency system. One currency, the convertible peso (CUC), is pegged to the dollar and used by tourists to pay for hotels, meals, taxis, and luxury goods available only in special stores inaccessible to regular Cubans. Visiting Cuba, foreigners will never need to come into contact with any currency other than the CUC. Few Cubans, however, receive CUCs. In addition to their ration books — used to acquire a meager amount of staples such as rice and cooking oil — Cubans also receive monthly salaries, averaging \$19 (less than half the cost of living). They are paid in the Cuban peso (CUP), equivalent to about 4 cents. These CUPs can be used to splurge on the occasional extra pair of underwear or to purchase pizza at a food stand. As they are convertible only into CUCs, CUPs are worthless outside the country. The Cuban economic system is essentially one of indentured servitude, with the government loaning out its citizens for massive profit. The dual-currency system is the basis of the country's two-tiered economic structure, dividing Cubans with access to the far more valuable CUCs from those who earn only CUPs.

"Those in the peso-only economy are completely dependent on the government, which is in control of more than 85 percent of the total economy," John Kavulich, president of the U.S.–Cuba Trade and Economic Council in New York, told Bloomberg Businessweek recently. With these two currencies, and with government ownership of industries as well as of the tourist trade, the regime has ensured that the coming influx of American dollars will fall into its coffers. "The system is cleverly and cynically designed to guarantee the fullest exploitation of every Cuban worker for the benefit of the Castro

pocketbook,” says Thor Halvorssen, president of the Human Rights Foundation, which for years has sent small undercover delegations into Cuba with laptops, cell phones, cameras, and other technical equipment to distribute among dissidents and local journalists. (Raúl announced in 2013 that the regime will scrap the CUC and make the CUP the country’s sole currency, though it is unclear when, or even if, this reform will happen.)

RELATED: Cuba: The Holodomor Next Door Though the Castro regime and its defenders like to blame America for its problems, pointing to the embargo as chief culprit, it is not for lack of American investment that Cuba is so poor. Cuba under Castro has always been a client of another, more economically powerful state that is happy to subsidize it for propagandistic or strategic purposes. For decades, that sponsor was the Soviet Union, which initially saw value in Cuba as a military outpost (and irritant of America) 90 miles off Florida’s coast. With the collapse of the Soviet Union, Cuba entered a period of sustained economic decline, which lasted until the arrival of Hugo Chávez’s Bolivarian regime in Venezuela. Subsidies (amounting to about 100,000 barrels of oil a day at half the market price) from the oil-rich Venezuelans managed to help Fidel right the ship, but as the collapse in commodity prices and disastrous economic mismanagement have drastically reduced Caracas’s support for its comrades in Havana, the Castro regime has drifted about searching for another patron. Barack Obama could not have arrived at a more opportune time.



Vintage American cars on the streets of Havana. Vintage American cars on the streets of Havana.

The initial charm of Havana is undeniable. To the American, for whom it has long been a forbidden place, the city exudes mythology and mystique. The vintage cars (over whose noisy engines one must shout the destination to drivers), the music of Buena Vista Social Club, an atmosphere evocative of Hemingway, women singing in the streets to sell their wares — all these cultural touchstones combine to make a heady experience. Foreign tourists rave about the city’s rustic and “authentic” atmosphere, laud the salsa dancing, and gawk at the 1950s Mercury Sun Valleys that clog the roads (for some reason, the plethora of Soviet-era Ladas don’t make it into the colorful photo albums extolling Cuba’s retro urban cool). Few visitors bother to visit an actual Cuban home, and so you won’t hear them coo about the “classic” 1950s-era refrigerators — that is, if the house is lucky enough to have one. Aside from a few carefully well-preserved plazas outside the main tourist hotels, Havana is much dirtier and more run down than I imagined. Walking down its narrow streets, I was reminded of bombed-out sections of Beirut, heaps of rubble and trash strewn about the decaying buildings. Steps from a billboard splayed with Castro’s visage and some revolutionary verbiage, a woman picked through garbage. At a pharmacy, I watched a man purchase Band-Aids — individually, not by the package.

“Sometimes when you have money you want to go to the market and buy meat and there’s nothing there,” Berta Soler told me. “If you’re able to find it, it’s bad quality. We wake up every day thinking, ‘What am I going to eat today?’ and go to sleep thinking ‘What am I going to eat tomorrow?’” I dined at a variety of Cuban establishments, from the restaurant of a moderately priced tourist hotel to a relatively upmarket café to a canteen in a small, extremely poor provincial city. Across the board, the quality of food was horrendous, and never before have I been more eager to consume airplane cuisine. Aside from a few carefully well-preserved plazas outside the main tourist hotels, Havana is much dirtier and more run down than I imagined. Experiencing socialism as pure as it exists in the contemporary world, one finds something vile about the tendency of so many First World leftists, out of a perverse belief that there exists a thrilling nobility in involuntary (as opposed to deliberate) poverty, to romanticize Cuba.

For a state that claims to be classless, Cuba ironically has a highly stratified class system. Cuba’s wealthy elite represents a smaller and much richer percentage of the country’s population (combined net worth of the Castro brothers: \$900 million) than the elite of a typical developed nation; its poor, consisting of the vast majority, meanwhile, are much more destitute. “Socially responsible tourism” has long been a fashionable concern. There are countless travel websites and guidebooks devoted to the concept, which

urge explorers to be eco-friendly, patronize local businesses rather than international hotel chains, and generally try to leave the destination better than they found it. This altruistic pursuit is next to impossible in Cuba, ironically one of the most popular pilgrimage destinations for the progressive traveler. My first two nights in Havana, I stayed at a casa particular, a private home whose owner has been permitted to rent out extra rooms to tourists.

The landlady, a former Russian teacher, related how the government imposes a huge monthly tax consisting of a percentage of her earnings in addition to a levy that is fixed regardless of how many guests she hosts. Aside from the meager number of CUCs that operators of casas particulares get to keep, as well as the occasional tips accumulated by hotel bellboys and the like, practically all of the money that foreign tourists spend in Cuba winds up in the pockets of the regime. The government owns outright most of the hotels and maintains at least a 51 percent stake in resorts that are nominally the property of major foreign chains. Taxi drivers are obliged to turn over a fixed amount of cash to the government every month, as are the seemingly independent mom-’n’-pop dining establishments. “When you see a private business and you see it’s prosperous, they have some relationship with people from the elite,” Rodiles explains to me. “Without, it’s impossible.” Socially responsible tourism to Cuba is not only a chimera but a perversion of the concept. The Cuban embargo is not a hardship for the ordinary Cuban. It is, at most, an inconvenience for American travelers to Cuba, who cannot use their credit or ATM cards in the country and must therefore prepare for their visit by making all of their arrangements in advance over the Internet and also bring a large amount of cash (preferably euros). This was a lesson I learned the hard way, forcing me to ration the relatively small amount of cash I brought to the island. The administration has said that it will ease restrictions on American financial institutions operating in Cuba, which will make things more convenient for American travelers and allow them to spend money on the island more easily. But few Cubans will ever see that cash.

That American policy toward Cuba over the past half century has “failed” is a widely held assumption. It is accurate, however, only insofar as “success” is characterized by the transformation of Cuba into a liberal democracy. (By this standard, why is not the rest of the world’s policy toward Cuba — which consists of treating it like any other country — also judged a “failure”?) Proponents of engagement laud Raúl Castro’s easing of travel restrictions, slight opening of the economy, and other reforms instituted since he took power in 2008, but they never acknowledge the possibility that all of the American pressure and isolation leading up to that point might have had something to do with the changes. ‘The problem that Cuba has had isn’t the embargo. It’s the system that’s not working.

Fidel and Raúl just sold a story that’s not true, internationally and domestically.’ — Berta Soler To be sure, not all of Cuba’s democratic dissidents oppose the Obama administration’s opening. “[The embargo] is only helpful for the government,” Roberto de Jesús Guerra Pérez, co-founder of a small, independent news agency called Hablemos (Let’s Talk) Press, tells me. Pérez gathers information from correspondents across the country and regularly uploads it onto the agency’s website during the two-hour daily timeslot he’s allotted by the regime to use a foreign embassy’s Internet connection. His colleagues occasionally distribute printed newsletters; two of them served jail terms for passing out samizdat literature. Yet Pérez’s wife, Margaly, a member of the Ladies in White, disagrees with her husband, noting that such division of opinion is common in dissident households. This, in itself, is a testament to the vitality of the civil, democratic debate that already exists among Cuba’s independent thinkers.

The embargo (long falsely referred to as a “blockade” by the Cuban regime and its Western sycophants) has been portrayed as the tool of ruthless, embittered Cuban exiles. The “right-wing Miami Cubans” of lore, whose “right-wing” views include support for multi-party democracy, freedom of speech, and an end to the statist economic system in which a family-cum-military syndicate owns practically everything, allegedly have, out of vindictiveness, inflicted the embargo upon those benighted Cubans who stayed behind. But that’s not the way the dissidents I met see the situation. “The problem that Cuba has had isn’t the embargo,” Soler tells me. “It’s the system that’s not working. Fidel and Raúl just sold a story that’s not true, internationally and domestically.”



On the road in Havana. (Chip Somodevilla/Getty) On the road in Havana. (Chip Somodevilla/Getty)

The outsize role America plays in the Cuban popular imagination is apparent in its embassy, which is unique in ways other than that it is officially called an “interests section,” denoting the lack of official diplomatic relations. Most of the foreign legations in Havana are located in Miramar, a tony area several kilometers from the capital’s center. There, the embassies are housed in giant villas that belonged to the elite who ruled in the era of dictator Fulgencio Batista.

The American interests section, however, is a heavily guarded compound on the Malecón, the stone embankment abutting the strip of road along the Caribbean Sea. And unlike the old mansions of Havana’s Miramar district, it consists of a seven-story, nondescript office tower. In 2006, in an inspired bit of diplomacy that today cynics might refer to as “trolling,” the Bush administration erected a Times Square–style ticker visible across 25 windows on the top floor and displaying blunt, pro-democracy messages in bright red letters. Its components smuggled into Cuba via diplomatic pouch, the makeshift display flashed quotes ranging from the anodyne (“Democracy in Cuba”) to the mildly provocative (Martin Luther King Jr.’s “I have a dream that one day this nation will rise up”).

RELATED: Yes, Cuba Is a State Sponsor of Terror This obviously annoyed the regime, and in response, it erected 138 poles topped with black flags to obstruct the ticker’s visibility (Castro also ordered the parking lot of the interests section be dug up). The poles were installed at the end of the José Martí Anti-Imperialist Platform, a plaza directly outside the interests section consisting of a stage and large concrete slabs on which are painted the ubiquitous revolutionary buzzphrases “Patria o Muerte” (“Homeland or Death”) and “Venceremos” (“We Shall Overcome”). Fifteen years ago, in the midst of the Elián González affair, the Cuban government erected a statue of Martí — a leader of the movement seeking Cuba’s independence from Spain — clutching a small child (meant to be González) while pointing his finger accusatorily at the American building.

Over the years, whenever the Cuban regime has wanted to gin up anger at the United States, it has bused tens of thousands of supporters to the Anti-Imperialist Platform, where they can spit venom at the building Fidel has called a “nest of spies.” More Cuba Worth a Thousand Words Presidential veracity, &c. Why Is Obama Parroting Castro Talking Points? In 2009, several months after Obama assumed office, the State Department removed the ticker, deeming it confrontational. It was a sign of things to come.

Today, the heavily fortified interests section and the vast plaza outside are no longer the sites of dueling slogans, the respective physical representations of American democratic freedoms and Cuban Communist obfuscations. The administration’s decision to abandon its predecessor’s robust, if piquant, provocation can be seen as a metaphor for the broader policy changes it has implemented over the past four months, deserting the island’s democrats in pursuit of a no-conditions deal with their oppressors.

While the rest of the world — with a few noble exceptions, such as Poland and the Czech Republic, ex-Communist countries that reversed their pro-Castro policies almost immediately after the Cold War transitions and began providing vigorous support to the dissidents — has accepted the regime and resigned itself to its perpetuation, America long stood as the most outspoken supporter of democracy in Cuba.

Changes to another edifice also signal something ominous about politics on the island. On my first day in Havana, I walked past El Capitolio, the pre-revolutionary parliament modeled on the U.S. Capitol. Early in his rule, Castro found that he didn’t have much use for the building (“true democracy” would be expressed through voting by a show of hands in the city’s Plaza de la Revolución), and so it was converted into the Cuban Academy of Sciences. El Capitolio is set to reopen later this year, once again serving as a legislative body, housing the rubber-stamp, single-party National Assembly.

Walking past, I noticed that the building's exterior granite walls were halfway through a resurfacing, an overhaul well timed for the huge number of American tourists expected to descend upon the island over the coming year. When it's finished, the regime will have put a gleaming new façade on its artificial house of representatives.

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Tampa facing competition as Florida cities chase Cuba



Miniature flags representing Cuba and the U.S. are displayed on the dash of an American classic car in Havana, Cuba. FILE/THE ASSOCIATED PRESS

By Paul Guzzo | Tribune Staff

TAMPA — Leaders in business and government across the Tampa Bay area are scrambling to cash in the coming normalization of relations with once-taboo Cuba.

On Tuesday, the Greater Tampa Chamber of Commerce sends a 38-member delegation to the island nation for its third meeting there with government officials. In January, a delegation of leaders from Pinellas County's private sector travelled to Cuba to meet with officials, as well.

The trip comes on the heels of resolutions adopted by the Tampa City Council — one offering the city as the site for a Cuban consulate and the other offering to host the signing of an accord restoring diplomatic relations.

What's more, U.S. Rep. Kathy Castor, the Tampa Democrat, has emerged as a leading voice in Washington and adviser to President Barack Obama on normalizing relations with Cuba.

Tampa stands in contrast with Miami-Dade County, where resentment against the Castro regime is stoked by personal loss, and Florida Gov. Rick Scott, whose focus remains regime change.

Still, Tampa by no means stands alone. Other Florida cities are working quietly to improve their own relations with Cuba.

As the Tampa delegation heads to Cuba today, the island nation's top diplomat in the U.S. — Jose Ramon Cabanas Rodriguez, head of the Cuban Interests Section in Washington, D.C. — will be in Florida to meet with leaders from neighboring Manatee and Sarasota counties.

In March, Port Manatee's executive director Carlos Buqueras had lunch with Rodriguez at the Cuban diplomat's home in Washington, D.C. And in mid-April, a Pensacola delegation that included its port director Amy Miller made its own trip to meet with officials in Cuba.



“Cuba-Mania,” observes Johannes Werner, editor of “Cuba Standard,” an online publication following Cuban business news.

After five decades of travel and trade embargo brought on the dawn of Communism in Cuba, suddenly “everyone wants to get into the business of doing business with Cuba,” said Werner, who lives in Sarasota.

With its cigar manufacturing roots and its funding of the uprising against Spain, Tampa and Ybor City have deep historic ties to Cuba and a sizeable Cuban-American population.

But much smaller Manatee County already seems to have an edge in one area of trade.

A ferry operator now licensed by the U.S. to operate between here and Cuba says he’d prefer Port Manatee to Port Tampa Bay “Manatee’s port is a gem,” said the operator, Jorge Fernandez, CEO of Havana Ferry Partners. “And it is three hours closer to Cuba than Tampa’s.” Pensacola is another city Tampa may want to keep an eye on.

The group from the Panhandle city that visited Cuba this spring “was the best delegation I have been part of and I have been on over 100 in 17 years of working to normalize relations,” said Albert Fox, president of the Tampa-based Alliance For Responsible Cuba Policy Foundation. “Cuba was very impressed with Pensacola.”

One reason, Fox said: “the delegation’s willingness to negotiate with the Cuban government as it is, not how we want it to be. A lot of delegations fall short on that.” Trips Fox has helped arrange to Cuba include a delegation led by then-Tampa Mayor Dick Greco, who met with Fidel Castro in 2002, and another that included U.S. oil experts whose talks with Cuban counterparts in 2010 helped lead to an oil spill cleanup protocol between the two nations. Fox also brokered the lunch between the Manatee port director and Cuban diplomat Rodriguez.



These other cities do indeed provide potential competition, said local chamber President Bob Rohrlack, but he said he feels his organization is keeping Tampa out front with Cuba. Besides three trips to Cuba, the Tampa chamber has met twice with diplomat Rodriguez and once with a predecessor. “And we still have this deep history with Cuba,” Rohrlack said. “We always remind them of that.”

Still, one questions for all Florida delegations trying to woo Cuba is whether it’s worth it — whether a socialist nation with a struggling economy and a population of 11.5 million — the same as Ohio, the seventh most populous U.S. state — presents enough opportunities to do business. Most Cubans depend upon the government for jobs that pay on average just \$20 a month.

“Cuba is a country that needs everything – or at least a lot – as it moves forward,” said Stephen Reyes, a shareholder with the accounting and financial advising firm of Saltmarsh Cleaveland & Gund, which has an office in Tampa. Reyes was part of both the recent Pinellas and Pensacola delegations.

“The need doesn’t line up with their buying power enough to impact the U.S. in a big way,” Reyes said, “But I see enough for a huge economic impact on the state, wherever that lands.”

The greatest opportunity, Reyes said, may lie in the Mariel special economic development zone, an area covering 180 square miles west of Havana that includes a port terminal with an initial annual capacity of up to 1 million containers as well as manufacturing and storage for trade.



The Cuban government had received 35 Mariel-related international investment proposals for evaluation before President Obama announced Dec. 17 he would move to normalize relations, said the Miami-based Havana Consulting Group, which follows business trends in Cuba. Because the travel and trade embargo, dating back to the early 1960s, none of those proposals came from the U.S.

Since Obama's announcement, and perhaps in anticipation of more U.S. trade with Cuba, there have been reports of more than 300 international proposals — a 757 percent increase. "Cuba Standard" lists some of these investment proposals as automotive assembly plants, soy oil factories and antibiotic plants.

The belief among analysts is that Mariel could become the largest industrial port in the Caribbean in size and volume and a trade gateway to the world as a trans-shipment site. Argentina, for example, sends frozen meat to Mariel for shipment to Europe, quicker than sending it directly.

Already, ports in Jacksonville and Fort Lauderdale have regular cargo lines that travel to Cuba. Tampa does not.

The Tampa chamber delegation heading out today will tour Mariel but doesn't include a representative from Port Tampa Bay. No one at the port could be reached from comment Monday about why.

Pensacola's port director, on the other hand, told her Cuban counterparts of her interest in using Mariel for trans-shipment, said Reyes, with advisers Saltmarsh. They were excited about the prospect, Reyes said.



Werner of "Cuba Standard" said some Manatee County entrepreneurs attending the Cuban ambassador's forums today own warehouse space near the county's port. Werner, while not speaking for anyone but himself, said he could see the warehouse space as an advantage in discussions about regular cargo traffic to and from Cuba.

"There is no telling with the embargo in place how we can take advantage of Mariel but that was part of the trip," Reyes said. "We listened, learned and then come home and learn more."

Rohrlack of the Tampa chamber is interested in learning more about what Cuba is looking to purchase. "There is so much speculation of their needs for goods," he said.

John Kavulich, president of U.S.-Cuba Trade and Economic Council, said Tampa should be concerned with competition from the world — not just Florida cities.

The latest report released by his Economic Council says that so far in 2015, Cuba has purchased \$71.5 million in agricultural commodities from the U.S. — on pace to be the lowest annual figure since the 2001, the first year the U.S. allowed such trade with Cuba to resume.

Some blame this on the U.S. decision not to extend trade credit to Cuba.

But even if the U.S. does allow Cuba to buy on credit, the terms may be unattractive, Kavulich said.

"Cuba buys most of its rice from Vietnam, for example, through government contracts that allow for up to two years to pay for it," he said. "Do you think Uncle Ben's will give Cuba two years to pay?"

The first opportunities for business expansion under Obama's initiative are in telecommunications equipment and building supplies — two areas in which other countries may prove more competitive.

Cuba already is in advanced talks, according to some reports last week, with Chinese telecom equipment company Huawei.

What's more, Cuba does appear poised to regain its pre-Castro status as a premiere tourist destination — one industry Tampa could leverage because its proximity.



The number of U.S. visitors to Cuba since Obama eased travel somewhat has risen 30 percent, according to a recent report from Cuba's Ministry of Tourism. And Tampa International Airport reported an increase in passengers for its five weekly flights to Cuba during the same period.

But soon, Tampa will have more competition. This summer, Orlando's airport will begin competing in the Cuban charter flight business when it launches a weekly flight to Havana that may expand with demand. And a representative of the Sarasota Bradenton International Airport will attend one of the Cuban diplomat's meetings in Sarasota today, said airport president and CEO Rick Piccolo.

"There is interest in flights to Cuba but I don't think we currently have enough critical mass in this section of the region," Piccolo said. "But if things change and we think we can take advantage of it in the future, then we will consider it."

Tourism was among the topics discussed in Cuba by the Pinellas delegation, too, said Reyes with Saltmarsh advisers. "We could see smaller cruise ships and ferries one day coming to Pinellas to and from Cuba," Reyes said. Currently, Cuba averages a total of 3 million tourists a year from around the world.

If the U.S. travel ban is lifted entirely, as a bipartisan group of senators is working to achieve, there could be enough tourism business to go around. The Havana Consulting Group said a potential 5 to 7 million Americans would visit Cuba a year if there were no restrictions on where they could stay and what they could do and if the island could develop the infrastructure to accommodate them.

In anticipation of this day, Werner of Cuba Standard said, foreign investors are constructing new resorts in Cuba. U.S. businessmen are prohibited by the embargo from joining in today. "Those hotels could one day be American if one wants to buy it," Werner said. "Marriott, for example, would have turnkey operations ready to go there."

Naples Daily News

Naples, Florida

10 May 2015

In Southwest Florida, optimism for Cuba and a bit of hype

By Bartholomew Sullivan



Franklin Reyes

NAPLES, Fla. - John Parke Wright IV of Naples has an office in Havana and has high hopes of reactivating his family's ranchland expropriated during the Cuban revolution. He's also scoping out sites for a five-star hotel.

"I see Florida as a model for Cuba's future economy," with a sophisticated tourism industry and modernized agriculture, he said. "Show me a government on the planet that can run a five-star hotel."

The diplomatic opening President Barack Obama made to the island nation in December could turn into business opportunities for people like Wright, whose great-great-great grandfather began shipping cattle from Florida to Cuba in 1858.

A sixth generation member of the Lykes family of Tampa, whose steamship company exported Cuban rum and coffee and imported Louisiana rice and Dakotas black beans since the late 19th century, Wright is acting on his own. But the Lykes have a \$3.3 million claim to land in Oriente province before the Foreign Claims Settlement Commission. Wright would like to go back to it.

“Lykes Brothers had ranches in Cuba for 100 years, from 1860 to 1960. I would not necessarily want to ask for one of them back but I’d like permission to be back working on a ranch in Cuba,” he said.

“I personally would like to build five-star hotels and reactivate our cattle ranching and have horse-breeding as part of the ranch as well,” he said. “I’ve been negotiating with the Cuban government. It’s not a question of being the biggest. It’s a question of just doing it, getting it done — quietly and carefully. And now it can be done, step by step, legally.”

Technically, major changes in both U.S. and Cuban law would be required before he’d be willing to make the investment, but Wright met with investors in New York just last week.

“The investment capital is not the problem,” he said. “The problem is the financial structure and management.” He said the Helms-Burton Act, which prohibits investment in Cuba, and Cuba’s requirement that it have a majority stake in any joint venture, are “relics of the past” that must be repealed.

“Steps are being taken but this is not going to happen overnight,” he said.

Or in the near future, said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council.

“The level of hyper-enthusiasm — I’m going to be kind — is breathtaking in terms of how individuals didn’t listen to what President Obama said in December 2014,” Kavulich said. “They heard what they wanted him to say. Someone going to Cuba to discuss the creation of a resort is absurd. They’re not permitted to do it and they’re not going to be permitted to do it for quite some time.”

Kavulich sees a message in the Cuban government’s reaction to the “tiny opening” Obama has made. “The Cuban government has yet to respond to any of the initiatives, and we’re now going five-plus months,” he said. “That should say something to people.”

A recent legal analysis by Carlos Loumiet and Raciél Perez of the Broad and Cassel law firm in Miami, which represents clients all over the Caribbean, noted recently that the Cuban government in 2014 enacted a law more favorable to foreign investors that is intended to attract more foreign direct investment. But there have been “few publicly reported instances of new investment,” they write.

The new law cut taxes on profits and gave new joint ventures with the Cuban government an eight-year exemption from all taxes on profits, said Loumiet, a partner in the firm. It also permitted investment in all areas other than public health, education or the armed forces, and made repatriation of capital easier. It also allowed for 100 percent ownership that Loumiet said had been previously legal but had never been allowed in practice.

There have always been “peaks and valleys” in American business interests in Cuba, often based on rumors of Fidel Castro’s health, Kavulich said. “People need to be realistic. This isn’t all about what the U.S. wants to do in Cuba. It’s about what Cuba wants the U.S. to do in Cuba.”

Cuba’s well-deserved reputation as a national deadbeat has given many potential investors pause. A confidential 2009 U.S. diplomatic cable released by Wikileaks indicates the head of the Spanish Chamber of Commerce incurred the ire of the Cuban government “after publicly criticizing Cuba for letting unpaid bills pile up,” according to its author, U.S. Interests Section chief Jonathan Farrar.

Nonetheless, many are eyeing future opportunities and paying visits. The Dallas Morning News recently spent time with 13 Texans visiting and exploring the country's potential. It quoted Ned Meister of the Texas Farm Bureau saying Cubans are "afraid of...giving capitalism a chance" and others saying they saw little willingness to change.

Some Florida businesses, and the Florida Farm Bureau, have a different attitude toward the opening to Cuba than do larger farm lobbying groups, such as the American Farm Bureau Federation, which represents sectors hungry to sell wheat and soy beans and other staples to a Cuban economy that imports three-quarters of its food supply.

The Florida Farm Bureau opposes any opening that would permit imports of Cuban agriculture. In a policy statement, it said: "We support legislation to prevent circumvention of domestic trade policy and tariff schedules. Import sensitive crops (i.e., citrus, specialty crops and sugar) should not be negotiated on a bilateral or regional basis. Future trade negotiations should take into account advantages that are realized by foreign producers through subsidies, differential chemical use, labor costs, and environmental, labor or safety standards."

Despite the need to import much of its food supply, a lot of foreign investment in Cuba's agricultural sector has been for export, said William A. Messina Jr., an agricultural economist at the University of Florida who has been studying the challenges and opportunities in Cuba since 1994. Brazil is heavily involved in its sugar industry, with production up significantly since it got involved in 2001. Pernod Ricard of France has invested in the Cuban rum industry, the French and Spanish have cultivated the Cuban shell fish market for sales in Europe and British interests have invested in Cuba's tobacco and cigar industries, he noted.

Paul D. Johnson, vice president of the newly formed U.S. Agriculture Coalition for Cuba, which sent a delegation to Cuba in March, is campaigning to end the embargo, saying a healthy Cuban economy is good for the U.S. The coalition is made up trade groups whose members want to do business in Cuba, such as agricultural commodities giant Cargill Inc. and the National Chicken Council.

Johnson says American producers need to get their feet in the door of the Cuban market, pointing out that the European Union, Brazil and Canada have already established solid relationships.

With the recent decision to take Cuba off the State Department's list of countries sponsoring terrorism, some anticipate a greater willingness to explore business opportunities, and banks are expected to be more willing to facilitate that business since they no longer fear the implications of doing business with terrorists.

One issue those wanting to do business with Cuba have wrestled with is a requirement that U.S. export sales have to be paid for at or before the time of delivery. Credit can't be extended. Obama's Treasury Department in January relaxed its interpretation of the requirement so that payment must be made only after "title and control" of goods are transferred, which should allow for faster transfers through letters of credit.

The Senate Agriculture Committee held a hearing on Cuba last week and heard Michael Scuse, undersecretary for farm and foreign agricultural service at the U.S. Department of Agriculture. Scuse told senators the revised interpretation of the "cash-in-advance" rule plus authorization for U.S. banks to establish correspondent accounts in Cuban banks should improve the speed and efficiency of authorized payments. He noted the U.S. exported \$148.1 million in poultry to Cuba last year, making it the eighth largest export market for poultry.

"I am confident U.S. agricultural exporters can capture the market in Cuba, but I don't want to minimize the obstacles," he said. Among them: Cuba's limited foreign exchange and the fact the foreign competitors are way ahead of Americans in market development.

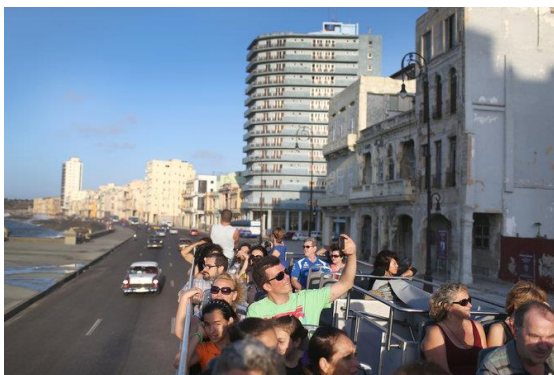
The New York Times

New York, New York

7 May 2015

Business Day | Business Travel To Cuba on Business

By ANTHONY DePALMA



Havana is open for trade, if you know the ropes. Credit Joe Raedle/Getty Images

Since President Obama moved to normalize relations with Cuba in December, you might think the nation has put out a big “Open for Business” sign. Trade delegations seem to land in Havana every day. But traveling there for business is not as easy as it might appear, despite significant changes.

“The president has made travel to Cuba for commercial purposes easier,” said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a business organization in New York that focuses on Cuba without taking political positions. “But he hasn’t said, ‘Do what you want, and there will be no monitoring.’ What he has done is encourage you to do more in Cuba but to remember that there remain regulations that need to be followed.”

Mr. Kavulich said there are two ways to travel to Cuba for Americans interested in exploring business possibilities on their own (that is, outside of an official delegation, like the one led by Gov. Andrew M. Cuomo of New York last month).

The first covers businesses that are already exempt from the longstanding United States embargo. These include sales of food, medicine and, as of this year, credit card services, building supplies and air travel. Executives in such fields should obtain a business visa from the Cuban Interests Section in Washington.

Mr. Kavulich said companies already exporting to Cuba usually contact their Cuban counterparts to lobby the Interests Section for the visa.

The second way to check out business opportunities is simply to fly down on a tourist visa. But do not expect to get into any government ministry without a business visa.

The United States government requires all travelers to Cuba to fill out a form specifying that the trip is being conducted under one of 12 permitted categories (the list is available at <http://1.usa.gov/1sCOBaX>). Searching for unauthorized business opportunities is not one of them, so some creativity might be required. Charter airlines will require this form before issuing tickets, and the United States government holds the forms for five years.

Of course, another alternative is to fly to another country, typically Canada or Jamaica, and head to Cuba from there on a commercial flight.

Some tips for doing business in Cuba:

- Authorized travel agencies have the contacts to make hotel reservations and other arrangements. They charge for this, but it's considered worth it.
- Although American credit card companies are now allowed to process transactions made in Cuba, none have yet started to do so. Bring cash. Plenty of it (Although you will have to declare \$10,000 or more to United States Customs).
- Besides offering an exchange rate for American dollars that is lopsided in its favor, Cuba charges a 10 percent penalty for buying them. Consider changing to Canadian dollars or euros first, then buy Cuban convertible pesos at the airport or hotel.
- Most American cellphones will not work in Cuba. You can rent a cellphone from the Cuban phone company, Etecsa, at some hotels.
- Rental cars are available, but are expensive. Better to hire a taxi. Consider negotiating a deal with the driver to wait for you and return you to your hotel.
- It is now legal to bring back Cuban cigars and Cuban rum, but you can't spend more than \$100. Get a receipt for whatever you buy, and don't try to convince United States Customs that a guy on the street sold you a \$400 box of Cohibas for \$100. Your cigars could end up in the airport trash.

The Wall Street Journal

New York, New York

6 May 2015

U.S. Permits Ferry Service to Cuba

The U.S. Treasury granted licenses to three American companies to operate ferry services to Cuba for the first time in more than a half century

By José de Córdoba

The U.S. Treasury granted licenses to three American companies to operate ferry services to Cuba for the first time in more than a half century, potentially bringing the former Cold War antagonists closer.

The move is part of President Barack Obama's strategy to normalize relations with Cuba by engaging in direct talks with the government of President Raúl Castro. Reviving a mode of travel between the two countries that was common in the 1950s would ease the people-to-people contact that is a cornerstone of Mr. Obama's policy of engagement.

"It's an important symbol that re-establishing of relations with Cuba is a legacy project for Obama," said Robert Muse, a lawyer who represents one of the three companies. "He is going as far and as fast as possible."

The proposed ferry services must still obtain Havana's approval, lawyers for the companies said, but that the U.S. move clears the way for negotiations.

Unclear was how receptive Cuba's government would be, as it seeks to balance economic benefits with concerns that any sudden change could endanger the island's one-party rule.

“Cuba will welcome initiatives that change the economic status quo, but they will fit the operation to what politically they can absorb,” said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which provides information about Cuba issues.

The Treasury granted licenses to Fort Lauderdale, Fla.-based Havana Ferry Partners LLC, San Juan, Puerto Rico-based America Cruise Ferries Inc., and Baja Ferries USA LLC, which is based in Coconut Grove, Fla., according to the companies and license notifications. The agency’s Office of Foreign Assets Control confirmed it issued licenses, but didn’t say to whom.

The proposed ferry service would be able to take passengers in 12 approved categories, including family visits, educational, cultural and religious activities. While Mr. Obama has eased restrictions on travel between the two countries, tourism isn’t permitted.

James Whisenand, an attorney who represents America Cruise Ferries, said the company hopes to begin a three-times a week ferry service between Miami and Havana by the end of the year. He said the company projected carrying 200,000 passengers on the 253-mile route at a price of about \$300 dollars per person, including several suitcases.

Since the Obama administration first started easing travel restrictions to Cuba several years ago, approved travelers have been able to use several Washington-sanctioned charter flights to the island.

Mr. Whisenand said the cost of his client’s ferry service would be about a third less than those charter flights and would be able to carry vehicles to Cuba. The cars would have to be brought back to the U.S. at the trip’s end, he said.

Mr. Muse, who represents Baja Ferries, said the license would allow the company to approach Cuba’s government and say, ““here’s my license, let’s work it out at your end.””

Mr. Muse said Baja Ferries, which now carries 250,000 passengers a year between Mexican Pacific ports, said the company plans passenger and cargo service between Miami to Havana. Cargo service, he said, would gradually replace an army of human “mules”—travelers who now carry everything from clothes, paint, kitchen equipment and car parts to a growing number of Cubans who are starting small businesses.

Leonard D. Moecklin, a partner with Havana Ferry Partners, said the company hoped to attract 100,000 passengers a year with tickets that are cheaper than airplane fares and large free baggage allowances. Mr. Moecklin said he had been trying for five years to get a license from the U.S. Treasury, and had been rejected twice. His company plans service to the island from Fort Lauderdale, Key West and Tampa.

Mr. Moecklin, who said his partners include a Dutch shipbuilder with operations in Cuba, said he has been working exporting foods ranging from popcorn to tuna fish from the U.S. to Cuba for the last 15 years.

“We now have a plan to take 25 Harley-Davidson motorcyclists and their bikes for an exchange with Cuba’s Harley-Davidson club in Havana for a cultural exchange,” said Mr. Moecklin.

Appalachian News

Boone, North Carolina

4 May 2015

BOONE—Doing business in Cuba won't be as simple as some people think, but that isn't stopping governors, state legislators, U.S. business owners and others from exploring economic opportunities that might be available to them in the near future.



John Kavulich, president of the non-profit U.S.-Cuba Trade and Economic Council Inc., spoke recently at a forum at Appalachian State University on future business opportunities in Cuba. (Photo by Marie Freeman)

John Kavulich, president of the non-profit U.S.-Cuba Trade and Economic Council Inc., said that while President Obama has announced plans to re-establish diplomatic relations with the socialist country, members of Congress have introduced legislation to “derail and dismantle” actions that would increase travel, commerce, and the flow of information to and from Cuba.

Kavulich spoke April 30 during a forum sponsored by Appalachian State University’s Walker College of Business on opportunities for businesses and investors as U.S./Cuba relations begin to ease.

“On Tuesday (April 27), a Republican member of the U.S. House of Representatives introduced legislation funding the U.S. Department of Transportation and the U.S. Department of Housing and Urban Development that would block funding for new scheduled air transportation from the United States for any flight that would land on or pass through property confiscated by the government of Cuba,” he said.

Similarly the bill would block the U.S. Maritime Commission from issuing license or certification to any vessel that had docked within the last 108 days within seven miles of a port or property confiscated by the Cuban government.

“Also we are waiting the efforts of U.S. Senator Lindsay Graham to block funding to re-establish a U.S. Embassy in Havana,” Kavulich said.

Despite of the dealings in Washington, N.Y. Gov. Andrew Cuomo traveled to Cuba April 21 saying he wants businesses in his state to be “first in line” to enter the Cuban market, according to a CNN report. Also during the week of April 27, the Metropolitan Nashville Airport Authority announced that Miami-based Choice Air Charters is seeking authorization from the U.S. government and Cuba to provide service from Nashville through Miami to Havana.

“In the words of the late Mr. Rogers, ‘it’s a wonderful day in the neighborhood,’” Kavulich said. “That’s basically my day every day – there is something good, something bad and something bizarre.”

Kavulich said businesses should be asking themselves what they can do in terms of conducting business with Cuba and what should they do. “The initiatives proposed by President Obama and attempted by many of his predecessors are designed to tear at the social fabric of Cuba with a goal of recreating a middle class and a professional class that were abridged as a result of the 1959 revolution,” he said.

“President Obama’s message (to the Cuban people) is create your worth instead of letting government of Cuba determine your worth. Be what you can, what you want, not what you are told to be.”

He predicted, however, that true “normalization” between the two countries will depend on the outcome of the 2016 U.S. presidential election.

Dallas Morning News

Dallas, Texas

3 May 2015

Texans visiting Cuba say they see little change in trade

By ALFREDO CORCHADO

Mexico Bureau

HAVANA — At a restaurant in Old Havana, Ben Scholz waited anxiously for his plate of lobster, rice and beans, trying to choose the right words to describe the takeaway from his first visit to the communist-run island.

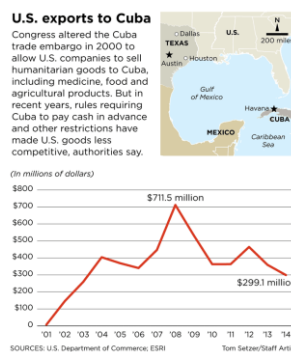
He and 12 other Texans had just spent two long days meeting with Cuban bureaucrats and visiting a farm and a port undergoing a massive expansion. It was the first trip to Cuba for a Texas trade group since Presidents Barack Obama and Raúl Castro signaled a thaw in their countries' complicated relationship. And yet Scholz, a plainspoken wheat farmer from Lavon, just east of Dallas, struggled for words.

“I wouldn't say I'm more or less excited,” Scholz said, referring to prospects for improved trade ties. “I'm more informed.”

The Texans say they came with open minds to talk about the price of soybeans, wheat and rice and about new technology for agricultural efficiency. At one point, Scholz said, he took out his smartphone to show pictures of his crops, vast fields of wheat that have benefited from technological breakthroughs. He spoke to his hosts in Spanish. The Cubans seemed impressed and awed by the possibilities, Scholz said.

Frozen in time

The Texans listened carefully to gauge any opening on the part of their hosts. But by the end of the trip, the Cubans seemed frozen in time, Texans said. The bureaucrats from the agricultural and import sectors, farm cooperatives and port authorities talked more about the “gains of the revolution” than of finding ways to overcome imposing financial hurdles. Some spoke only through prepared scripts and limited media access, explaining that they needed prior approval. They seemed fixated on one thing, the Texans said: Lift the U.S. embargo, which they called the “blockade.”



The anticipation following the thaw in U.S.-Cuba relations, the most significant easing of tensions between the two countries in more than 50 years, was tempered with a dose of reality: The U.S. Congress shows no sign of lifting the embargo, and the Cuban government seems determined to continue to use it as a political tool and an excuse for the nation's ills, analysts say.

Caught in the middle are many Cubans and Americans, including the Texans, who are trying to turn the page on a Cold War grudge.

John Kavulich, senior policy adviser to the U.S.-Cuba Trade and Economic Council, said many in Congress are reluctant to hand Raúl Castro and his older brother Fidel what could be perceived as a victory.

“As long as both Raúl Castro and Fidel Castro remain alive,” he said, “there will be reluctance to provide a perception that they have ‘won’ and outlasted the embargo.”

Natural market

With 11.3 million people, Cuba is hardly considered a giant trade market for the U.S. But for more than 50 years, the U.S. embargo ceded a market 90 miles from the United States to companies from Europe, Asia, Canada and Latin America. Texas farmers, who already dominate the Caribbean market, want to expand their reach into Cuba.

“This market is hardly a game-changer in terms of U.S. trade,” said Ken Davis of the Texas Wheat Producers Board and Association. “But we already control up to 90 percent of the Caribbean market, so Cuba is a natural market for us.”

Since trade sanctions were relaxed in 2000 to allow the sale of agricultural products, U.S. sales to Cuba have grown from \$4 million in 2001 to over \$300 million in recent years. Texas farmers believe improved ties between Texas and Cuba could usher in a new era of trade in a post-embargo period that could increase U.S. farm sales alone to more than \$1 billion, said Dwight Roberts, president and CEO of the U.S. Rice Producers Association.

More costs, delays

For now, all trade transactions go through the Cuban government, not individual Cubans or companies, making business cumbersome. Payments are made through third-country banks, which creates more costs and delays.

On this trip, the Texans were eager to see more nuanced language, a sign that the Cubans were moving forward and had embraced the cordial posture of Obama and Castro during their historic handshake at the recent Summit of the Americas in Panama. Both leaders announced plans to re-establish embassies. Obama later removed Cuba from the government’s list of countries that sponsor terrorism. Excitement grew.

But the Texans found the Cubans keeping to a hard line.

“The Cubans are afraid of getting in the water and giving capitalism a chance,” said Ned Meister of the Texas Farm Bureau.

Benjamin Smith, managing director of Amarillo-based Attebury Grain, said: “It was clear this relationship between Cubans and Americans is like a marriage where the two sides aren’t communicating. As business delegations, whether from Texas or anywhere else, we have to be the marriage counselors and push things forward. And that’s why we came.”

Others saw signs of flexibility. This was Cynthia Thomas’ 38th visit to the island. She’s president of Dallas-based TriDimension Strategies, a policy consultant group that has long advocated expanded trade to Cuba to include airlines, oil, technology, agricultural products and tourism.

She came to push for the sale of powdered milk, and she said the Cubans provided strong indications of working toward a potential deal that could mean millions of dollars. “I’ve noticed a much more relaxed atmosphere, a real willingness to do business,” she said.

‘All or nothing’

But for veterans like G. Glen Jones Jr. of the Texas Farm Bureau in Waco, the signs weren’t there. He last visited Havana in 2008. At the time Texas was selling about \$25 million a year in agricultural goods to Cuba under the waiver to the U.S. trade embargo allowing the sale of food.

“I didn’t see any real changes,” he said. “They still want all or nothing,” referring to a lifting of the broader trade embargo, imposed in 1962.

The bureau is meeting next month to determine what steps to take next regarding its position on future U.S.-Cuba policy. Thomas said that the ball is in the Americans’ court. “The hurdle is the U.S.

Congress,” she said. “We need to fill the space created by President Obama, or this can go backward before it moves forward.”

Meanwhile, Cuba is taking steps toward enhancing its capacity for foreign trade. About 45 minutes west of Havana lies the port of Mariel, once known the site of the massive exodus of Cuban refugees headed for the United States. These days, hundreds of workers toil to finish the country’s biggest project in modern history, a 180-square-mile special economic zone known as ZED Mariel.

The estimated \$1 billion cost of the project is largely financed by Brazilians, Chinese and Vietnamese. It includes a new railroad to carry the cargo containers from the port to across the country and is part of a long-term plan to attract \$3 billion in foreign investment, according to a port brochure. Construction began in 2010, long before there was a hint of a thaw in U.S.-Cuba relations, a telling sign for Smith.

“I came here thinking they needed us,” he said. “But even if we don’t come anytime soon, they will survive. They have been surviving with the help of other countries. It’s cost them more money, but they are not paralyzed. The more the U.S. tightened the noose, the more creative they become.”

By the end of the trip, Scholz was a bit disappointed yet still somewhat hopeful. He spent his last day at a farm, followed by a visit with a family at their home, a place filled with family portraits and pride. It reminded him of his own family back in North Texas.

“Despite our differences, theirs is also a culture rooted in family,” he said. “There are common values we share. I liked that.”

Delta Farm Press

Overland Park, Kansas

27 April 2015

Though door’s opened a crack, Cuba trade still faces obstacles

by Hembree Brandon in Farm Press Blog

The recent meeting between Obama and Cuba’s President Raoul Castro has renewed hopes by American agriculture that expanded trade opportunities are on the horizon, but there are still obstacles on both ends, analysts say.

The standoff between the U.S. and Cuba that President Barack Obama wants to end is older than the president himself.

In January 1961, outgoing president Dwight Eisenhower ended diplomatic relations with the island nation (Obama was born in August that year). Cuba had allied itself with the Soviet Union and embraced communism, and in 1962 President John Kennedy enacted the trade and diplomatic embargo that continues to this day. The Cuban missile crisis in October 1962 brought the world to the brink of nuclear war. Fortunately, Russia blinked and catastrophe was averted, but Cuba became a virtual unknown to most Americans, save for the occasional TV clip of classic 1950s American automobiles patched together with duct tape.

Pre-embargo, Cuba was a major customer of U.S. agriculture, particularly rice and chicken. In 1958, 70 percent of Cuba’s imports came from the U.S., and American business interests controlled a large part of the country’s economy.



U.S. SOYBEANS and products would benefit from lifting the trade embargo with Cuba, as would rice, U.S. agriculture leaders say.

U.S. business, agriculture, and tourism interests have been pressuring Washington for years to scrap the embargo and allow free trade between the two nations. President Obama has termed the embargo a U.S. policy a failure. But there remains strong opposition by the powerful Cuban American community and many members of Congress who have differences with Cuba's stance on human rights, communism, and more than 6,000 claims for billions of dollars of U.S. businesses seized by the Cuban government over 50 years ago.

There has been limited authorized U.S.-Cuba trade since 2000, but it requires cash-in-advance transactions and considerable red tape. The best years were 2007, when Cuba bought \$437.5 million worth of agricultural products; 2008, with \$710 million; and 2009, with \$528.4 million, according to the U.S.-Cuba Trade and Economic Council.

But in subsequent years, amounts have gone downward and in 2014 U.S. ag/food exports to Cuba hit their lowest level since 2003, only \$291 million. Top 10 exports in 2014 were frozen chicken and soybeans (by far the two largest commodities in value, \$147.5 million and \$67 million respectively), oil cake, soybeans, corn, mixed animal feeds, herbicides, frozen pork, frozen turkey, soups/broth, and fresh fruit.

The recent meeting between Obama and Cuba's President Raoul Castro has renewed hopes by American agriculture that expanded trade opportunities are on the horizon, but there are still obstacles on both ends, analysts say.

The American Soybean Association issued a statement saying the organization appreciates the renewed focus from the Senate Agriculture Committee on expanding agricultural trade to Cuba. A Senate hearing gave several groups, including the U.S. Agriculture Coalition for Cuba (USACC), of which ASA is a member, an opportunity to speak about the challenges and potential opportunities for trade with Cuba.

"Normalized and barrier-free trade with Cuba — an emerging market only 90 miles from our shores — would have a positive impact on soybean exports in the form of increased demand for pork, poultry, dairy and eggs, as well as vegetable oil for cooking," said ASA first vice president and Greenwood, Del., farmer Richard Wilkins.

ASA is a charter member of the USACC, which was formed in response to the need to re-establish Cuba as a market for U.S. food and agriculture exports.

"We know the soybean industry is losing out on valuable opportunities to market U.S. food and agriculture products in Cuba," Wilkins says.

"In the last year, Cuba imported about a half-million tons of soybeans and soybean products. A little less than half that total came from the U.S. soybeans that have gone to Cuba in the last year have been exported with difficulty as a result of the red tape related to the 1960s embargo.

"Lifting trade barriers and normalizing commercial trade would allow U.S. soybean producers to grow the Cuban export market and better compete with foreign suppliers who continue to increase their market share."

Only Congress can lift the embargo, and the Republican-controlled body thus far has shown little enthusiasm for doing so. Obama, through his executive authority, can eliminate many of the restrictions to trade and travel, and opening doors to Cuba is, sources say, one of the legacy objectives of his presidency. Even so, hurdles remain, among them an antiquated infrastructure in Cuba.

Arkansas Democrat-Gazette

Little Rock, Arkansas

27 April 2015

State's rice, proximity called ideal for Cuba

By Glen Chase



Arkansas Democrat-Gazette/RUSSELL POWELL 1-30-09 Expressive shots of Carl Brothers of Riceland Foods Inc. for High Profile.

To Carl Brothers of Stuttgart-based Riceland Foods Inc., Cuba is perfectly situated to take advantage of U.S.-grown rice rather than having it shipped thousands of miles from Asian nations such as Vietnam.

"It's a market we should be dominating," said Brothers, the company's senior vice president and chief operating officer.

Since Arkansas produces slightly more than half of the nation's rice, selling to Cuba would translate into the state's farmers being able to devote consistent acreage to the grain, he said. And the added market access would help stabilize prices by better aligning overall demand with available stocks.

"This year, we produced enough rice [to] have easily handled the Cuban business," Brothers said, adding that Arkansas produces the kind of long-grain rice preferred by Cuban consumers.

No U.S. rice is being sold to Cuba because of the terms of the U.S. trade embargo now in effect.

On Wednesday, U.S. Sen. John Boozman, R-Ark., and Sen. Heidi Heitkamp, D-N.D., introduced legislation to allow private banks and companies to extend credit for agricultural exports to Cuba. The current trade embargo requires cash payment for such transactions, which has limited the ability of U.S. producers to sell goods to the island nation.

Boozman spokesman Patrick Creamer wrote in an email Friday that Senate Bill 1049 has been assigned to the Senate Banking, Housing, and Urban Affairs Committee because it deals with credit issues. The bill has already picked up two co-sponsors, and Creamer said Boozman has been approached by several senators interested in the legislation.

Most of Riceland's current business, including exports, is covered by letters of credit confirmed by U.S. banks, Brothers said.

"Some way, somebody is going to have to pay the piper," he said, noting that Cuba uses credit arrangements to purchase rice from Vietnam and other Asian countries and the cash-strapped nation has figured out ways to cover those notes to the satisfaction of sellers.

Subject to a trade embargo since 1960, Cuba must be given the means to pay for agricultural products, Brothers said. That could come from other U.S. industries and even tourists being allowed to spend dollars there.

Rich Hillman of Carlisle, vice president of the Arkansas Farm Bureau, called Boozman's bill a first step toward normalizing trade with Cuba, which the bureau supports.

"Cuba is going to have to be able to generate the income to pay for our goods and services," Hillman said. Possibilities include tourism, tobacco, sugar and citrus products, as well as medical care and drugs, he said.

Given that the U.S. already exports some poultry products to Cuba, which is about 90 miles from the southern tip of Florida, expanding that trade could lead to expanded markets for beef and pork, Hillman added. "But any increase would be good for poultry."

Arkansas produced 5.6 million tons out of a total of 11.05 million tons of rice harvested in the U.S. in 2014. Even though it grows only a small percentage of the world's rice, the U.S. is one of the world's top exporters and is expected to ship 5.25 million tons of rough and milled rice to other countries.

Brothers said Riceland typically mills from 30 to 40 percent of all rice produced annually in Arkansas, which in turn means the company handles up to about 25 percent of the nation's rice.

While not having access to Cuba won't make or break Riceland, it would still be a significant new market, Brothers said. The island currently purchases about 500,000 tons each year, compared to the 3.6 million tons of milled rice now exported annually by the U.S.

Getting easier access to the Cuban market "would be a tremendous boon to the farm community in allowing them to grow these crops and have a market for it to go into [that would] keep the prices supported at the same time," Brothers said. Growers are concerned about the amount of U.S. rice stocks from 2014 that will be carried over into this year. Cuba would help ease that and keep prices firmer.

Brothers said access to U.S. rice would shorten delivery times and lower distribution costs for Cuba, compared with the rice being shipped from Asia. U.S. rice could also be delivered to more ports around the island, rather than having to first go to one of a handful of deep-water ports capable of handling large ocean-going vessels.

"We would offer them a lot more flexibility than Vietnam," he said.

Latin America is the largest export market for U.S. long-grain rice, according to the U.S. Department of Agriculture, accounting for about two-thirds of all rice exports.

Before embargo rules were tightened, Cuba last received a U.S. rice shipment in 2007, when it paid \$24 million for the grain, according to figures compiled by the U.S.-Cuba Trade and Economic Council. The council, based in New York, collects and distributes information about commercial, economic and political relations between the two countries. It said that as late as 2004, rice was Cuba's number one agricultural import from the U.S., worth \$64 million.

Today, frozen chicken is Cuba's top U.S. agricultural import, the council said. Cuba imported U.S. chicken worth \$147.6 million in 2014. Other U.S. imports included soybean oil cake, soybeans, corn, mixed animal feeds and herbicides. Agricultural imports from the U.S. totaled \$290.9 million last year.

Given that the U.S. already exports some poultry products to Cuba, expanding that trade could lead to expanded markets for beef and pork, Hillman added. "But any increase would be good for poultry." Brothers thinks that broader trade and tourism between the U.S. and Cuba will grow as the embargo is eased, given what he described as the island's "mystique" that attracts the interest of both businesses and average Americans alike.

U.S. trade with Cuba "is going to have to be a two-way street," he said. "We've got to give them the opportunity to have money, too."

Hillman said there are still obstacles to broader trade. Purchasing is still controlled by Cuba's centralized government, the Obama administration's proposal to normalize relations with Cuba is facing opposition in Congress and strong sentiment against the Raul Castro-led Cuban government remains among those who fled the country in 1959 after rebels led by Castro's brother, Fidel, took control of the island.

He called Boozman's bill "the first step in a long journey," that will help stimulate overall trade with Cuba. "If we normalize that relationship with Cuba, I think that their economy will grow very fast."

USA TODAY

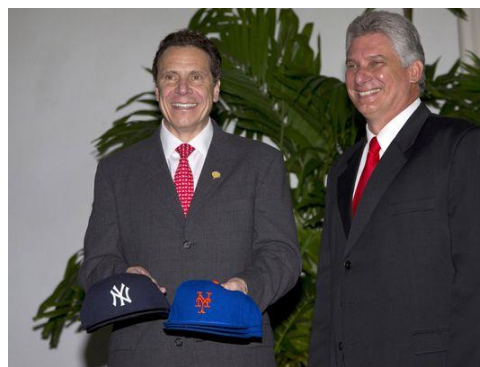
Arlington, Virginia

24 April 2015

New York plays catch up on trade with Cuba



Alan Gomez



(Photo: Ramon Espinosa, AFP/Getty Images)

HAVANA — During his 24-hour tour of Cuba this past week, New York Gov. Andrew Cuomo bragged to anybody he met that his state was the first to visit the island since the two countries agreed to begin reestablishing diplomatic relations.

"It's ... a special honor to be the first governor representing the first state to be here. And I would say it's only fitting that it's New York," he told a group of Cuban officials at the start of his trip.

There's a problem with that claim: Yes, Cuomo is the first U.S. governor to visit the island since President Obama and Cuban President Raúl Castro made their historic announcement on Dec. 17 to normalize ties. But no, New York is not the first state to work with Cuba. In fact, it's one of the last.

Congress tweaked the economic embargo on Cuba in 2000 to allow American companies to sell food and agricultural products to the island. Ever since, 39 states have exported products to Cuba, yet New York has barely taken advantage of the opening.

During the past five years, those 39 states have exported a total of \$1.8 billion worth of goods to the island, according to data compiled by the U.S. Commerce Department. New York's rank among the exporting states? Just 30th.

Exports are dominated by southern and Midwestern states that produce huge quantities of agricultural products, the biggest avenue of trade with the island. Even so, New York's health care companies have not taken advantage of openings to sell their products and services to Cuba.

Despite such sparse trade, when your state includes the financial capital of the world, you can catch up pretty quickly. By showing up in Havana with leaders of companies such as MasterCard, JetBlue, Pfizer and Chobani, Cuomo made up for a lot of lost time.

"These days, everybody's visiting Havana. You're going to run into the mayor of Podunk down there right now," said Pedro Freyre, chairman of the international practice of the Miami-based Akerman law firm, which is advising many companies looking to get into the Cuban market. "But New York is the Empire State. The symbolism of having its governor visit lends a certain amount of weight to the process."



New York Gov. Andrew Cuomo checks out a 1956 Chevrolet Bel Air in Havana, Cuba, on April 20, 2015. (Photo: Alan Gomez, USAT)

Still, Cuomo and each of the New York companies are just starting to introduce themselves to the Cuban officials who will ultimately decide which American companies they will engage. The changes Obama and Castro launched in December will allow for a much wider array of American companies to sell products to the island.

Obama will let American firms help build up the island's archaic telecommunications infrastructure. U.S. businesses will soon be able to sell construction equipment, farming equipment and any kind of resource that helps Cuba's growing class of private entrepreneurs. U.S. banks will be able to establish corresponding accounts with Cuban banks, and travelers will be able to use their U.S.-issued credit and debit cards on the island.

John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, said the Cubans who run the different ministries that oversee each area of the country's economy are already drowning under offers and invitations from American business people and government officials. Since Cuba remains a centrally-run state economy, there are few people who can strike deals with American companies, and they are swamped.

"This isn't London," Kavulich said. "Those individuals have eight hours in a day, and in those eight hours, they need to focus on what is truly going to impact their country. They don't have time."

That's why he believes Cuban officials will often lean toward states and businesses with whom they already have a relationship.



New York Gov. Andrew Cuomo waves as he and his delegation prepare to depart Havana, Cuba, on April 21, 2015. (Photo: Ramon Espinosa, AP)

Virginia, for example, said it shipped \$225 million worth of goods to the island from 2010 to 2014. Virginia Secretary of Agriculture and Forestry Todd Haymore said it's good to see other states starting to get more involved in the Cuban market.

"I commend them for what they're doing," he said. "But I do think Virginia's in a very good position to be a nice player in Cuba going forward."

Haymore's position is strengthened by the fact that he's visited the island nine times. Virginia Gov. Terry McAuliffe has visited the Cuban Interests Section in Washington three times since taking office last year. The chief of the Cuban Interests Section, Jose Cabañas, has spoken at events in Virginia twice this year, and has another event scheduled in Norfolk in May.

During his early visits to Cuba, Haymore met mostly with agriculture officials. But he started expanding his meetings several years ago, as Virginia businesses from different industries asked about opportunities and Virginia governors pushed for expanded trade with the island.

It's those connections, Haymore said, that will determine which states come out ahead in the new world of trade with Cuba.

"The decision Virginia made years ago was the right decision," he said. "As the relationship between the United States and Cuba continues to evolve and, hopefully, improve, Virginia will be in a really good place."

Winston-Salem Journal

Winston-Salem, North Carolina

23 April 2015

Richard Craver

Appalachian State University has announced speakers for a conference focused on travel, business and investment opportunities in Cuba.

The conference, titled "Cuba answers," will be held from 10 a.m. to 2 p.m. April 30 in Plemmons Student Union. It is being sponsored by the Walker College of Business and the Office of International Education and Development.

The luncheon speaker is John Kavulich, former president of the U.S.-Cuba Trade and Economic Council. There also will be a panel discussion and other speakers.

Admission is free for Appalachian faculty, staff and students. Cost for non-university participants is \$45, which includes lunch. For more information and registration, visit: international.business.appstate.edu/cuba

Bloomberg News

Washington, DC

22 April 2015

Heitkamp, Boozman Propose Lifting Ban On Financing Agriculture Exports to Cuba

By Catherine Boudreau

Sens. Heidi Heitkamp (D-N.D.) and John Boozman (R-Ark.) introduced a bill that would lift the ban on U.S. private banks and companies providing financing for agricultural exports to Cuba.

“Right now there's no private financing allowed because of the embargo,” Boozman told Bloomberg BNA. “The bill only would apply to agricultural exports and hopefully facilitate trade for our farmers.”

The Agricultural Export Expansion Act (bill number not yet available) would amend a law Congress passed in 2000 that exempted agricultural commodities like rice and wheat from the embargo against Cuba.

Under the Trade Sanctions Reform and Export Enhancement Act (TSREEA), Cuba is required to pay in full for U.S. exports before they leave the port, and the exchange is handled by a third-party bank.

Stretching Payment Terms

The senators' bill would remove that statutory requirement for U.S. banks and companies dealing with the Cuban government or private operations, permitting lengthier payment terms, for example.

Heitkamp said financing restrictions are the biggest obstacle to U.S. competition in Cuba, where the majority of food imports now comes from countries like Brazil, Vietnam, the European Union and Canada.

U.S. agricultural exports to Cuba have fallen from \$658 million in fiscal year 2008 to \$300 million in fiscal 2014, according to USDA data.

“Especially in light of our country's new policy toward Cuba, there isn't any reason why Cuba should buy its black beans, peas, and lentils from Canada instead of North Dakota,” Heitkamp said in a statement. President Barack Obama in December announced the restoration of diplomatic relations with Cuba, with the ultimate goal of ending the more than 50-year-old embargo (243 DER A-22, 12/18/14).

Risky Financial Environment

Cuba may import more U.S. agricultural goods should the senators' legislation pass, John Kavulich, president of the U.S.-Cuba Trade and Economic Council that promotes business engagement, said. But, the communist country continues to be a risky financial environment.

“Payment terms are challenging because of the Cuban government's chronic shortage of foreign exchange,” Kavulich told Bloomberg BNA. “Cuba still can only buy what it can afford, and putting it further into debt isn't the way to make it a valuable market for the U.S. Cuba also generally doesn't make its payments on time.”

Obama recently notified Congress he intends to remove Cuba from a list of state sponsors of terrorism, which is encouraging to the U.S. business sector, Kavulich added (72 DER A-36, 4/15/15).

He also said the Heitkamp-Boozman bill is a better strategy than legislation to end the embargo entirely, “which isn't going to go anywhere” in this Congress.

Ranking member of the Senate Agriculture Committee Debbie Stabenow (D-Mich.) in February introduced a bill (S. 491) with five other senators that would lift the Cuban trade embargo (30 DER A-42, 2/13/15).

Building Cuba's Economy

Paul Johnson, vice chair of the U.S. Agriculture Coalition for Cuba (USACC), said that the Heitkamp-Boozman legislation will advance the organization's work toward ending the embargo. USACC members include U.S. agriculture trade associations and companies like Cargill, Inc., Archer-Daniels-Midland Co. and Smithfield.

“This could go a long way in leveling the playing field for U.S. agriculture, and starting the discussion about how to improve overall relations is a positive step toward ending the embargo,” Johnson said.

Johnson said there is a long road ahead for U.S. reconciliation with Cuba. Meanwhile, the USACC is examining ways to integrate the two economies.

“We realize the U.S. will have to invest in Cuba's infrastructure to improve their market for U.S. goods,” Johnson said, noting foreign-direct investment is currently prohibited under the embargo.

“We have to not only bolster the U.S. market, but also improve the lives of 11 million Cubans to give them more economic opportunities, and find a balanced relationship that won't repeat past errors in our trade policies.”

The Buffalo News

Buffalo, New York

22 April 2015

Roswell Park, Cuba to develop lung cancer vaccine Study of cancer vaccine still faces federal hurdles

By Tom Precious | News Albany Bureau | @TomPreciousALB

ALBANY – Roswell Park Cancer Institute has struck a deal with a Cuban research organization to commence what officials hope will be a clinical trial for a lung cancer vaccine to be made available in the United States.

The announcement was made Tuesday by Roswell Park's chief executive officer, Dr. Candace Johnson, at the conclusion of a two-day state foreign trade mission to Havana with Gov. Andrew M. Cuomo and other officials and private-sector executives

“It's very exciting,” Johnson said in an interview with The Buffalo News after arriving back in New York on Tuesday evening.

She said the Buffalo cancer facility has had informal exchanges with students and scientists in Cuba over the years, but that this is the first involving a study with Cuba's Center for Molecular Immunology to research a vaccine already in use in the Caribbean nation. She said the vaccine, which is injected, will be subject to clinical trials, pending federal approval, and that there are hopes it could be used in both the prevention and treatment of lung cancer and possibly other cancers.

Roswell Park was among the participants, with companies such as JetBlue and Pfizer, on a trip Monday and Tuesday led by Cuomo. He is the first governor to try to get a foot in Cuba's door since President Obama began pushing to relax the long freeze-out of Cuba by the United States.

"The isolation of the past has not been productive," Cuomo said at the end of the trip during a session with reporters at the Havana airport. The Havana-based Center for Molecular Immunology did not immediately respond to an email seeking comment Tuesday night.

It was not immediately clear what can, and can't, occur with the Roswell announcement since it will still take an act of Congress to lift trade ties between the two nations. Obama has said the United States needs to restore diplomatic relations with the Caribbean nation, a move opposed by many federal lawmakers.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said a clinical trial agreement would be permitted under existing laws allowing for educational exchanges between the two nations.

However, he said, it could be years before numerous federal agencies – including the Treasury Department, Food and Drug Administration and Commerce Department – would be able to approve licenses needed for the clinical trial.

Kavulich said the research collaboration between Roswell and the Center for Molecular Immunology can proceed, but federal approval is needed if Roswell Park wants to bring a product into the U.S. from Cuba. He said a clinical trial involving another U.S. health group was announced back in the 1990s, but did not proceed.

The presence of a Roswell executive on Cuomo's Cuba trip came four months after the governor proposed a \$15 million state funding cut to the Buffalo hospital, calling the amount of state taxpayer assistance to Roswell each year "absurd." The funding cut was restored in the new state budget.

In an interview, Johnson, the Roswell Park head, said Roswell has had an academic relationship with Cuba in which students and scientists have been on exchange trips between the two nations. She said the Cubans have a worldwide reputation for a strong molecular immunotherapy research program. The vaccine that Roswell wants to bring from Cuba to the U.S. is in use in Cuba but has only undergone one research study and more clinical trial work is needed to determine if it could be used on patients here.

Johnson said she signed an agreement Tuesday with the deputy director of the Havana cancer research group after meetings on Monday. She said Roswell Park has been aware of the lung cancer vaccine for about six months, but that the trade mission with Cuomo to Cuba helped finalized a deal.

Johnson said the vaccine has been shown to have some potential in inhibiting the growth of cancer cells. Roswell already has a federal license to bring vaccines into the United States for research purposes, though the vaccines cannot be used on patients.

"We don't expect to have problems with the FDA," she said of the new agreement for the lung cancer vaccine. "They've done similar things like this before, but this is Cuba. We're hopeful it won't take a long time."

The agreement includes the Havana organization agreeing to release about 1,000 pages of documents providing details about the vaccine, including how it is produced, components and other details that will then be used by Roswell to present its case before U.S. federal officials.

Johnson said that in addition to treating cancer, the vaccine could be used in prevention efforts, such as after a tumor is removed in an early-stage lung cancer patient to prevent recurrence of the disease. "We're a long way from that because there are lots of phases of testing for the development of a drug," she said.

Johnson said potential financial components, including any commercialization of the vaccine if it is ever approved for use in the U.S., were not discussed in Tuesday's agreement.

Albany Times-Union

Albany, New York

22 April 2015

Business ties to Cuba not easy

By Dan Freedman, Hearst Newspapers



New York Governor Andrew Cuomo slides into a 1956 Chevrolet in Havana, Cuba, Monday, April 20, 2015. The formal state visit, a trip that makes Cuomo the first American governor to visit the island since the recent thaw in relations with the communist nation, is meant to foster greater ties between New York and Cuba. (AP Photo/Desmond Boylan) ORG XMIT: XDB118



Washington

Gov. Andrew Cuomo's whirlwind trip to Cuba, which concluded Tuesday, may raise more questions than it answers about the communist nation's capacity for doing business with New York, particularly its food production and agricultural sectors.

For New York companies like Chobani Yogurt, delivering products to Cuba is easier said than done, Cuba trade experts said.

Cuba's lack of infrastructure — for yogurt, cold-storage warehouses and refrigerated trucks or trains — "is definitely an issue that has to be overcome," said Paul Johnson, CEO of Chicago Foods International, which exports supermarket-type goods like mayonnaise and peanut butter to Cuba "They have infrastructure, but it's not up to par." Chobani's founder and CEO, Hamdi Ulukaya, was part of the business delegation that accompanied Cuomo to Cuba.

Being among the companies that break through the wall of Cuba's long-endured economic isolation after more than 50 years of U.S. trade embargo would be the latest achievement for Ulukaya, a Kurdish-Turkish immigrant who began Chobani in 2005 after purchasing a defunct Kraft yogurt plant in New Berlin. Another issue, according to Johnson, is that Cubans are used to soy-based yogurt partly subsidized by the government. It may not be as good as Chobani, but "it's cheap," Johnson said. That can be important on an island where average monthly wages are less than \$20.

The flurry of Cuba-related U.S. trade activity got its spark from President Barack Obama's December announcement that the U.S. and Cuba would re-establish full diplomatic relations, a major shift in historic American hostility to the regime of Fidel (and now his brother, Raul) Castro that dates back to the early 1960s. Lifting the embargo, however, requires congressional approval. Republicans who control Capitol Hill are not likely to acquiesce anytime soon.

Participation in the Cuomo trip may be less about the realistic possibilities of selling to Cuba and its 11.3 million inhabitants in the short term and more about establishing New York's relationship with the island for the long haul. "It's too much about optics," said John Kavulich, president of the New York City-based U.S.-Cuba Trade and Economic Council, who has been critical of the timing of the Cuomo mission. "New York has terrific products — apples, vegetables — but if you have high-value products and the country you're exporting to is a low-value purchaser, the opportunities might not exist at present."

Food and agricultural products have been off the U.S. embargo list since 2001. But because current U.S. law forbids credit extension to Cuban purchasers, American food exporters have suffered a downturn in business since the 2008 peak of \$700 million in sales.

Still, U.S. firms have managed to sell a variety of products to Cuba in recent years, including frozen chicken, soybeans and corn. Companies like Cayuga Milk Ingredients of Auburn will have an easier time selling to Cuba because its primary product, powdered milk, comes in bulk packages that do not require any special handling.

Cayuga's CEO, Kevin Ellis, also was on the Cuomo trip. Spokespeople for Chobani and Cayuga Milk said the CEOs were returning late Tuesday and were not available for interviews.

Although it did not have a representative on the trip, the New York apple industry has been eyeing trade to Cuba for over a decade, said Jim Allen, president of the New York Apple Association in Fishers, near Rochester.

New York produces an annual total of 30 million bushels, making it the nation's No. 2 apple producer behind Washington state. About 8 percent of that is exported, with primary customers being Canada, Israel and the U.K. Allen noted that New York apples also find their way to places like Vietnam, India, Malaysia and the Philippines — markets with climates and infrastructure issues similar to Cuba.

"I think (Cuba) will be a good market for New York apples in the future," said Allen, who participated in U.S. trade missions to Cuba in 2002 and 2008. "In the long term, as the economy grows so will the market and so will the potential to export apples and all sorts of New York agricultural products." But, he added, "it won't happen overnight."

Daily Mail

London, United Kingdom

22 April 2015

Andrew Cuomo becomes first governor in five years to visit Cuba as he bids to open trade links to New York

Cuomo first US governor to visit Cuba since ease on trade and travel

Heads delegation of 18 New York academics and business leaders

President Obama eased trade and travel restrictions earlier this year

By Sara Malm for MailOnline and Associated Press

New York Governor Andrew Cuomo has become the first governor in five years to visit Cuba, following President Obama's ease on trade and travel to the communist nation.

The Governor is heading a delegation of 18 academics and business leaders visiting the island in the wake of the December announcement that the US and Cuba would restore diplomatic relations after more than a half century of hostility and confrontation.

Today, Cuomo met with Cuba's top officials for U.S. relations along with executives from Jetblue, MasterCard, Pfizer and other New York-based companies.



Thumbs up: Andrew Cuomo has become the first American governor to visit the island since the recent thaw in relations with the communist nation, is meant to foster greater ties between New York and Cuba



Local tradition: Governor Cuomo enjoys a mojito during a meeting at the Hotel Nacional in Havana on the first evening of the delegation's visit



Business first: Cuomo has met with Cuba's top officials for U.S. relations along with executives from Jetblue, MasterCard, Pfizer and other New York-based companies

'Like the people in Cuba, the people in New York and the United States are very excited about the courage that your president, Raul Castro, has shown, and the leadership that he has shown,' Cuomo said.

'We believe that this is going to be a dramatic change that is going to be to the benefit of the people of Cuba and also to the people of the United States.' Cuomo said the purpose of his visit was to see what can be done now and look to the future should full trade be restored.

Marilu B'Hamel, director of North American affairs at Cuba's foreign trade and investment ministry, said the visit was welcomed and would 'serve to explore the potential between our two countries and support the progress of normalization.'

MasterCard says it is ready to provide service in Cuba and JetBlue has said it wants to begin direct commercial flights to Cuba.





Meeting: New York Governor Andrew Cuomo, center, shakes hands with Cuba's Minister of Foreign Trade Rodrigo Malmierca at the Hotel Nacional in Havana



Checking the engine: Cuomo smiles after seeing a Japanese Toyota engine fitted into a 1956 Chevrolet



Speech: Cuomo addresses members of the press alongside (from left) Cuba's Maria de la Luz B'Hamel, director of the North American Department at Cuba's Ministry of Foreign Trade and Foreign Investment, Carl E. Heastie speaker of the New York Assembly and New York State Senator Andrea Stewart-Cousins



Mojitos sir? Antonio Martinez, Director of the Hotel Nacional, front left, shows Governor Cuomo, and the delegation of academics and business leaders the bar of the hotel

Neither has reached a deal with Cuban officials, but by Monday afternoon the delegation was in initial talks with Cubans from biotechnology, aviation, banking and tourism after lunching with the Foreign Trade and Investment Minister Rodrigo Malmierca.

'Our meeting with Minister Malmierca was very exciting and informative,' Cuomo said. 'There is much hope for the future.'

Obama loosened the trade embargo early this year with a series of executive actions that allow easier U.S. travel to Cuba, more remittances to the island and, at least on paper, U.S. exports to support the island's relatively new private business sector.

Obama also moved to remove Cuba from the U.S. list of state sponsors of terror, removing a barrier to access to the global financial system.

Cuban officials have been pushing Obama to go further with measures that could include more specific federal licenses for U.S. businesses to trade with Cuba in ways currently prohibited.

'The president of the United States has the ability to grant licenses to businesses so that businesses can actually start developing right now in select areas and those are areas that we want to pursue,' Cuomo said.

Ten previous U.S. governors have visited Cuba since 1999 but none since 2010, according to the U.S.-Cuba Trade and Economic Council.

The Journal News

Westchester, New York

22 April 2015

Reisman: Call Cuomo's junket 'Start-Up Cuba'



Phil Reisman

The governor's excellent 26-hour adventure to a certain island-nation off the coast of Florida can be summed up in one oft-quoted line from P.J. O'Rourke.

"You can't get good Chinese takeout in China and Cuban cigars are rationed in Cuba," the political humorist said. "That's all you need to know about Communism."

At the behest of New York taxpayers, Cuomo basically found out that Cuba doesn't have wifi. He learned that at least one of those colorful 1950s-era Chevys incongruously rolling through the streets of Havana was actually powered by a puny Toyota engine. In short, he found that, a half-century after Fidel Castro's revolution, Cuba is an economically backward, debt-ridden disaster area.

All Cuomo had to do to get a sense of Cuba was revisit the experiences of the thousands of Cuban defectors who've risked their lives to come here in leaky, overcrowded boats made out of "rum cartons." (Another O'Rourke allusion.)

At any rate, had the governor stuck around longer, he would've discovered what a Miami Herald reporter observed a year ago — that Cubans still harbor nostalgic feelings for the pre-perestroika days of the Soviet Union, and some even gave their kids Russian names like Dimitri and Yelena.



Gov. Andrew Cuomo sits in a vintage U.S. car in Cuba on Tuesday. (Photo: Yamil Lage/AFP/Getty Images)

Cuomo did get to drink a mojito and somebody slipped him one of those famous cigars, which he reportedly planned to smoke later. I might caution the governor about that cigar, considering the old and probably apocryphal story about a CIA assassination plot against the Cuban dictator that involved a cigar packed with explosives. At the time, the story of the exploding cigar was satirically displayed on the cover of Mad Magazine.

Not that the Cubans would do anything to harm Cuomo, but I can see them putting a little charge in one of those fine Cohibas just for laughs. Imagine a gleeful Fidel saying, "I've been waiting 52 years to pull off that joke!"

The ostensible reason for the gubernatorial junket, I mean "mission," was to take advantage of President Obama's stated intention to thaw U.S. relations and lift a longstanding trade embargo with Cuba.

Cuomo wants to get New York in the economic-exchange game early, which is why he brought along a gaggle of business types — among them high-level executives from Pfizer, JetBlue Airways and MasterCard, each of whose salaries, by the way, are probably at least 40,000 times greater than that of the average working stiff in the city of Cienfuegos. Hey, here's some export possibilities — credit cards with reward points, casino gambling and income inequality.

You could call this "Start-Up Cuba." Oh, wait. On second thought, that's a bad idea.

It sounds too much like Start-Up NY, Cuomo's controversial project to bring business and jobs to the Empire State.

Reports have it that Start-UP NY has cost \$53 million, resulting in a grand total of 76 new jobs.

Assemblyman Tom Abinanti, D-Greenburgh, recently joined the bipartisan chorus of boos against Start-Up NY, calling it a big waste of taxpayers' money. Abinanti said the money could be better used for other things like filling Thruway potholes.

Well, if it accomplished nothing else, Cuomo's Cuba trip did provide a brief distraction from Start-Up NY not to mention Common Core testing, which the highly-skilled propaganda arm of the teachers union has successfully characterized as a Cuomo-endorsed corporate plot to ruin the lives of innocent children.

It's always good to get out of Dodge when the heat is on, even if it is for only a day.

By going to Cuba, Cuomo has also enhanced, albeit slightly, his international bona fides, which might come in handy if Hillary Clinton's bid for the White House somehow implodes. He's still a contender, baby!

Perhaps that's why the governor kept bragging that he was the first U.S. governor to visit Cuba since Obama's December announcement — leaving out that 10 other governors have traveled there between 1999 and 2010, according to Reuters, citing figures from the U.S.-Cuba Trade and Economic Council.

There is a déjà vu aspect to this. It reminds me of the many fruitless "trade" trips Andy Spano made to China when he was Westchester's County executive. He accomplished nothing, but did manage to bring home a souvenir Chinese harp.

All in all, Cuomo's trip seemed to yield little beyond one executive's tenuous dream of some day selling powdered milk to the Cubans.

That's fine. You take what you can get. But I would've been satisfied with a single straight-up deal, an exchange of one New Yorker for one Cuban.

We give the Cubans actor Alec Baldwin, and they give us a left-handed relief pitcher for the Mets. Now that's what I would call a trade agreement worthy of a celebratory cigar.

NewsWatch

Washington, DC

22 April 2015

U.S. Companies Ready To Do Business in Cuba

by: Bryan Tropeano



As I began packing for my trip with NewsWatch to Cuba, I started looking at the labels of everything I was putting in my bag. J-Crew, Hanes, Nike, Crest (Proctor and Gamble), Levis, and Desigual were just a few that I packed. Save Desigual, virtually everything going into my bag was an American company. So I began to wonder, will these companies have a presence in Cuba in 1 year, 5 years, 10 years from now?

With President Obama's historic announcement on Dec 17th, 2014 to re-establish business trade with Cuba, he opened the gateway for thousands of US companies to find a new market for their products and services. The President also recently announced his plans to remove Cuba from the American government's list of nations that sponsor terrorism, which could open the door for U.S. banks to gain a foothold in Cuba as well.

To back up a little bit, let's take a look at Cuba and its economy. Cuba has around 11.3 Million residents with the average income of around \$250 a year. Cuba imports around \$6.5 billion worth of goods a year (what the US exports to Canada in a week), and around 75% of all Cubans work for the state-owned economy.

Currently, Louisiana, Florida and Virginia are the top states to export legally to Cuba. Virginia, my home state, ships numerous goods to Cuba - among them soy milk, soybeans and apples. The U.S. is actually the 4th biggest exporter to Cuba even with the embargo - behind China, Spain and Brazil. This is because The Trade Sanctions Reform and Export Enhancement Act of 2000 allowed unprocessed agricultural products and raw forestry materials to be sold by U.S. companies to Cuba, although with very strict restrictions. Some of these restrictions required that purchases must be paid in cash in advance, and payments needed to go through an intermediary, such as a European bank.



Even with our exports, Cuba has found many other countries willing to participate in trade. This has seen U.S. exports drop to the lowest it has been in over a decade, from over \$710 Million in 2008 to \$349 Million in 2013, according to the U.S.-Cuba Trade and Economic Council.

This could all change with U.S. companies selling to Cuba and Cuba selling goods to the U.S. According to a study by the Peterson Institute for International Economics, American merchandise exports to Cuba

could reach \$4.3 billion annually, and Cuba to U.S. could reach \$5.8 billion annually – a drastic increase from zero as of today.



But what industries will see the biggest uptick? When people think of the old days of Cuba they think of gambling, Cuba Libres, cigars, rum filled nights and cabaret. Basically they are thinking of the tourism industry, and more specifically the hotel and resort industry. This seems logical, but with the way Cuba runs its current resorts - take the Spanish resort of Meliá as an example- they could see tough barriers to entry.

Currently Cuba prefers to own the land and buildings for resorts, something that many U.S. resorts might find unworkable.. There is also the issue that large resorts take a great deal of planning, negotiations and building – sometimes this can take upwards of 10 or more years. Combine that with the fact that Cuba's infrastructure needs an upgrade to keep up with the amenities that many of the resorts offer and it might be a while before you see something like Miami's Fontainebleau pop up in Cuba.

However there are many other companies that are very excited to join in on the newly opened Cuban market. MasterCard began allowing transactions of U.S. based credit cards to take place starting March 1st of this year, and American Express recently expressed their intent to do the same. Other companies like Amazon, Netflix, PepsiCo and Marriott have all expressed interest as well.



Combine that with many tourist, telecom, agriculture and construction firms, and you will see a multitude of American companies excited to establish a presence in Cuba . And of course, there will be companies that will want to make deals to bring back the many exports Cuba has to offer; rum and cigars obviously being two of the biggest. So as I embark on my trip to Havana with NewsWatch, I am excited to see all the businesses currently on the streets of Havana, and to imagine what it might look like 10 years from now. I just hope we don't see a McDonalds and Starbucks on every corner – taking away the old world charm that Havana can offer all of the tourists and business travelers bound for Cuba.

CNBC

New York, New York

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Cuba is opening slowly, but it has a long way to go

Reem Nasr | @reemanasr



Robin Thom | Getty Images/ A taxi cab in Havana, Cuba.

Five months ago, Jonathan Blue made the decision to add a special team to his private investment firm, Blue Equity, in Louisville, Kentucky. Three people would research the Cuban market, looking for opportunities as relations ease between the two countries.

"We think that it's inevitable that one day Cuba will open up for us," Blue said. "For us not to be prepared for a market of 12 million strong less than 90 miles away would be a shame."

"This is not Dubai just 90 miles south of the U.S., saying, 'Please sell us your products'" -John Kavulich, president, U.S.-Cuba Trade and Economic Council

Blue isn't the only American with an eye on Cuba—not by a long shot—but many of those businesses won't find the going as easy as they may like.

President Barack Obama's decision last December to start a rapprochement with Cuba sparked broad hopes for more open economic relations. Many American companies are taking a hard look at the largest island in the Caribbean, trying to gauge the business opportunities that could await them. Last week's move by the president to remove Cuba from a list of state sponsors of terrorism is more confirmation that the island could be open for business.

"We want to be proactive ahead of time," Blue said. "We're trying to gauge what the needs could be."

American multinationals have been looking at the Cuban market for the last 20 years, said John Kavulich, the president of the U.S.-Cuba Trade and Economic Council, a non-profit organization that provides information about Cuba to businesses. Kavulich said that by June of this year, the "relationship between the two countries should be more normal than it has been for the last 50-plus years."

However, he argued that normalizing relations won't mean easy business for Americans.

"People forget it's not only about what the U.S. does, it's also about what Cuba does," he said. "Cuba can only buy what it can afford."

The Cuban market is still a narrow one for U.S. companies trying to do business, for reasons pertaining both to the law and its consumers. And companies shouldn't assume that Cuban consumers will rush to buy their products, just because they are American brands.

"This is not Dubai just 90 miles south of the U.S., saying, 'Please sell us your products,'" Kavulich said.

'They have Brazil and China now'

Food, agriculture and healthcare product exports

The following is the data for exports from the United States to the Republic of Cuba relating to the Trade Sanctions Reform and Export Enhancement Act (TSREEA) of 2000, which re-authorized the direct commercial (on a cash basis) export of food products (including branded food products) and agricultural products (commodities) from the United States to the Republic of Cuba, irrespective of purpose. The TSREEA does not include healthcare products, which remain authorized by the Cuban Democracy Act (CDA) of 1992.

Year	USD value of TSRA-authorized exports to Cuba
2001	\$4,318,906.00
2002	\$138,634,784.00
2003	\$256,901,471.00
2004	\$391,990,382.00
2005	\$350,218,040.00
2006	\$340,433,442.00
2007	\$437,564,824.00
2008	\$710,086,323.00
2009	\$528,482,955.00
2010	\$366,467,782.00
2011	\$358,457,389.00
2012	\$457,318,357.00
2013	\$348,747,293.00
2014	\$291,258,881.00
2015	\$38,339,060.00

There likely will be opportunities for mining, agribusiness and tourism in the event that sanctions are further lifted, said Kirby Jones, a consultant on business in Cuba with Alamar Associates. But, he said, Americans cannot rely only on brand power; they need to figure out how the Cuban market works, what it needs, and who the competitors are.

"Cubans are patient. They've done without the U.S. for 50 years, and they have Brazil and China now," he said. "For example, cornflakes are sold there, but it's not Kellogg, it's someone else who is cheaper."

Jones advises industries to lobby the Obama administration for what is called a general license, which would allow certain goods to be sold to Cuba even without a complete end to the embargo by Congress. Such a license is issued by the Commerce or Treasury departments and covers any goods or services not allowed for export to a sanctioned country.

"If I were an association of manufacturers, for example, I wouldn't press Congress, because that would be a waste of time," he said. "I would press the administration for a general license saying that my products are important to the Cuban people."

American companies gearing up to do business in Cuba also will have to familiarize themselves with the applicable American laws, said Jake Colvin, vice president of global trade issues at the National Foreign Trade Council.

"First they need to understand what U.S. law permits and not get wrong footed by that," he said. After more than 50 years of regulations, there is a lot of fine print when it comes to Cuban trade.

The Cuban market has been considered forbidden fruit for American corporations since 1962 when President John F. Kennedy officially broke ties with the Communist state. However, in 2000, Congress passed the Trade Sanctions Reform and Export Enhancement Act (TSREEA) making it possible for American companies to export food and agricultural products to Cuba on a cash basis. The Cuban Democracy Act of 1992 made it possible for the sale of health-care products. Now Obama has begun to liberalize them more.

Colvin's other piece of advice is to build relationships, because Cuba is a long-term game. "The Cuban economy is highly relationship-based, so you can't expect to hop on a plane and sign a deal the next day," he said.

Colvin said American companies are still in an enthusiastic phase and haven't yet transitioned to a serious, exploration phase. He anticipates that it could be another year or two before U.S. firms really understand the Cuban market.

"The reality is that the business that American companies want to do will be tempered, at best, by the Cuban government's willingness to do global trade, plus the reality on the ground there," he said.

The Miami Herald

Miami, Florida

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As some U.S. farmers see markets in Cuba, those in Florida see worries

By Chris Adams
McClatchy Washington Bureau



Valencia oranges grow in a citrus grove using the open hydroponics system at Gardinier Florida Citrus' Indiantown Grove, January 11, 2013, in Indiantown, Florida. The possibility of lifting trade restrictions with Cuba has Florida farmers concerned about increased agricultural imports to the state. Bruce R. Bennett Palm Beach Post/MCT

Congress this week will be talking up the possibility of expanding agricultural markets to Cuba – a shift encouraged by U.S. farmers and some members of Congress, who see a \$2 billion market just 90 miles from U.S. shores.

But if they're going to be successful, one group needs convincing: The farmers who live in the state that's just 90 miles away from Cuba.

While the American Farm Bureau Federation pushes to ease restrictions on selling ag products to Cuba, the Florida Farm Bureau Federation has a different take.

"We don't want to take agricultural markets away from our brethren from the north," said Janell Hendren, national affairs coordinator for the Florida outfit.

"But you can't lift the embargo without also increasing imports from Cuba to the U.S.," she added. "And we are very concerned with imports."

The concerns of that one state might be overlooked as farmers in the 49 others clamor for new markets, whether they're wheat farmers in Kansas or corn growers in Iowa. But Florida's concerns reflect the

difficulty of fully lifting the trade embargo with Cuba despite congressional support from some members of both parties.

At best, according to U.S.-Cuba experts, pro-trade advocates are in for a long battle. It's one that could be derailed by presidential politics, if U.S. Sen. Marco Rubio, R-Fla., or another anti-Cuba-trade stalwart takes the White House next year.

On Tuesday, a hearing of the Senate Agriculture, Nutrition and Forestry Committee will explore the "opportunities and challenges" for agricultural trade with Cuba.

Sen. Pat Roberts, R-Kan., chairs the committee, which includes one member – Amy Klobuchar, D-Minn. – who wrote a bill that would eliminate trade restrictions with Cuba. Introduced in February, the bill has six co-sponsors, three from each party; they include Rand Paul of Kentucky, who's competing against Rubio for the Republican presidential nomination.

While people talk about the Cuban trade embargo, U.S. farmers already ship products to the island nation, something allowed under a 2000 law. But there are restrictions on how purchases can be financed – such as a requirement that Cuba pay on delivery or purchase – limiting completely free trade.

Shipments total several hundred million dollars a year; they hit a high of \$710.1 million in 2008 before slipping to \$291.3 million in 2014, according to data compiled by the New York-based U.S.-Cuba Trade and Economic Council.

The nonpartisan council said several factors were behind the drop, including stepped-up support for Cuba from Venezuela and China.

The thawing of U.S.-Cuban relations, announced in December, has loosened some restrictions on the kinds of financial transactions allowed between the countries. That could increase exports, although other financial barriers remain.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said shipments to Cuba were unlikely to increase much this year or next – unless the Cuban government thought it could gain political support by doing so.

"Everything we're offering they can get somewhere else," he said.

He predicted that legislation to lift the embargo won't pass Congress during the Obama presidency, given other pressing concerns and the deference many members pay to lawmakers of Cuban descent.

If there were an anonymous vote, Kavulich said, there might be enough votes to overturn the trade embargo totally – but even that wouldn't be overwhelming.

Carl Meacham, a former senior Republican aide on the Senate Foreign Relations Committee who's now at the Center for Strategic and International Studies, a research center in Washington, also said it was unlikely that this Congress would end the trade embargo, though "the farm lobby is gaining traction."

Beyond that, he said, the issue could create political havoc: "Though we are unlikely to see the embargo change in the short run, this issue may divide the Republican Party – split between pro-embargo supporters and the huge agricultural community, in typically Republican states, that wants reform."

David Salmonsens, senior director of congressional relations for the American Farm Bureau Federation, said his organization knew the difficult task ahead. "The whole idea of normalizing trade relations – well, that will take its time," he said.

Earlier this year, the organization joined 30 other ag groups in trying to lift the Cuban trade embargo, seeking a "full normalization of trade relations between the two nations so that American business could have the same access to Cuban markets that so many other countries have," the farm bureau said in a statement.

Jason I. Poblete, a former Republican congressional staffer who's an international regulatory lawyer with Poblete Tamargo LLP, supports the sanctions on Cuba but said he'd been critical of both parties and previous administrations for their Cuba policies.

He predicted that there will be a lot of talk in coming months that Cuba is going to buy more agricultural products from the United States; Cuba might even increase purchasing for a while.

"And then they'll stop," Poblete said. "What ultimately happens is that Cuba will buy if it sees that doing so will result in some political concessions."

While getting the overall trade embargo overturned isn't likely, getting financial restrictions relaxed so Cuba can buy agricultural products on credit might be a more likely short-term goal of the new lobbying effort, he said.

"A lot of things have to happen for a certain sector of the ag lobby to get what they want – financing," Poblete said. "Cuba remains and will continue to be a high-risk market. For people who want to sell to Cuba: Buyer beware."

As for Florida farmers, experts say they do have a reason for concern.

"Florida's growing patterns and Cuba's are very, very similar: sugar, citrus, vegetables, tropical fruits, some fish," said William Messina, an agricultural economist at the University of Florida. "All are important to Cuba, and all are important to Florida. So for Florida, trade with Cuba is really going to represent competition in a way that's different than for the other 49 states."

Hendren, from the Florida Farm Bureau Federation, said Florida farmers also were worried because of the state support that farmers in Cuba received, meaning their products could have a competitive advantage. Beyond that, a weaker infrastructure in Cuba increases the chance that pests could make their way to U.S. shores, hurting Florida crops. Invasive species can cripple American crops, and Florida would be the first place hit.

Reuters Americas

London, United Kingdom

21 April 2015

In Cuba, New York Governor Cuomo seeks to open doors to trade

HAVANA | By Marc Frank

(Reuters) - New York Governor Andrew Cuomo met senior Cuban officials in Havana on Monday as the head of a high-powered business delegation looking to take advantage of President Barack Obama's easing of restrictions with the Communist-led island.

Cuomo, a Democrat, is the first governor to visit Cuba since a December announcement by Obama and Cuban President Raul Castro that they would restore diplomatic relations and work to normalize trade and travel ties after more than a half century of hostility and confrontation.

Cuomo termed the agreement "courageous" in opening remarks to a business conference and said, "We want to do everything we can to help."

Cuomo was joined by top executives from JetBlue Airways Corp., Pfizer Inc. and MasterCard Inc., who were among 18 business leaders and academics on the trip.



Cuomo said the purpose of his visit was to see what can be done now and look to the future should full trade be restored.

He also mixed in some fun, drinking a mojito at the Hotel Nacional, while Cuban officials gave him what he said was his first ever Cuban cigar. Cuomo joked that if he rushed through his speech, he would have time to smoke it.

As part of a deal hammered out over 18 months of secret talks, the Obama administration has loosened travel regulations, opened the door to some financial services, trade in information technology, aviation and other sectors and announced it will eliminate Cuba from the State Department's list of state sponsors of terrorism.

But the trade embargo remains largely in place and can be lifted only by the Republican-controlled Congress.

Marilu B'Hamel, director of North American affairs at the foreign trade and investment ministry, said the visit was welcomed and would "serve to explore the potential between our two countries and support the progress of normalization."

MasterCard says it is ready to provide service in Cuba and JetBlue has said it wants to begin direct commercial flights to Cuba.

Neither has reached a deal with Cuban officials, but by Monday afternoon the delegation was in initial talks with Cubans from biotechnology, aviation, banking and tourism after lunching with the Foreign Trade and Investment Minister Rodrigo Malmierca.

"Our meeting with Minister Malmierca was very exciting and informative," Cuomo said. "There is much hope for the future."

The delegation was due to meet with Cuban First Vice-President Miguel Diaz Canal on Monday and Cuomo is scheduled to hold a news conference on Tuesday before departing.

Ten previous U.S. governors have visited Cuba since 1999 but none since 2010, according to the U.S.-Cuba Trade and Economic Council.

Albany Times-Union

Albany, New York

20 April 2015

Trade pitch taking flight

By Matthew Hamilton

When the charter flight shuttling Gov. Andrew Cuomo and a delegation of about 20 politicians and business leaders touches down Monday in Cuba, expect the opposite of a mini-vacation in the Caribbean.

Cuomo's trip, which will be the first by any governor since the United States and Cuba began to normalize relations in December, will be a whirlwind roughly 24-hour trade mission billed as being about the economic potential between the fourth most-populous state and the island nation.

Its critics say timing may diminish its economic value. Supporters say being first in line is key, as is planting the seeds of a relationship with the country.

On Sunday, the governor's office officially announced a full slate of delegates that ranges from the state's top political figures to a major airline CEO and a yogurt company founder. He'll also bring the State University System's top official, the North Country Chamber of Commerce president and representatives from major pharmaceutical companies, among others.

In a statement, Cuomo said he wants New York to be "first out of the gate when it comes to building trade partnerships and establishing a strong position in this new market."

That fits with the mission of Cuomo's Global NY Initiative, a second-term plan to visit key trade partners (China, Mexico and the like). He has been adamant since news of his Cuban expedition came out in January that the trip is about opening New York up to global business. That means subjects like human rights aren't expected to be topics of discussion between the governor and the Cuban officials he meets with. (Asked in January why he wouldn't talk about human rights in Cuba when he did during a trip to Israel last year, he responded: "I didn't say I won't discuss it. It's not the purpose of the trip. It's not my portfolio.")

A Cuomo aide said an itinerary was not publicly available Sunday.

Those who view the trip with a critical eye wonder if his timing is ideal for a trade mission of this significance, though. The Obama administration announced just last week that it would remove Cuba from the list of nations that sponsor terrorism, but that is yet to happen.

To be clear, the Cuomo administration has planned the trip for months and announced an April 20 visit in February.

"Much of this visit seems to be more focused on optics than transactions," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. "It would be, if I use the governor's own words, the first governor to go since before President Obama's announcement (that the U.S. will normalize relations with Cuba). If that's your goal, wouldn't there be much greater value in being the first governor to walk into a re-established U.S. embassy in Havana?"

Politically, perhaps not.

"He's always been lefty on social and symbolic issues like immigration and gay marriage and things like that," said former Assemblyman Richard Brodsky, a senior fellow at the Demos think tank in New York City, who added that there isn't much deep voter interest on the U.S.-Cuban relation issue. "His problem is he's been right-leaning on economic issues. This doesn't break any new ground. It's a good thing, but it has almost no political significance."

So if business truly is the endgame, could the trip be seen as a success when it ends Tuesday?

In a Sunday phone interview, Kavulich seemed positive about some of the trip's business delegates, whose trips won't be taxpayer-funded. Kavulich's sentiment was reflected in a memo from the trade and economic council. The memo outlined how companies like Cayuga Milk Ingredients and JetBlue and entities like the Plattsburgh International Airport can export or provide services immediately.

The dairy industry, for example, exported to Cuba more than \$81 million worth of powdered milk from 2004 to 2008 (it has not imported any since), according to the memo. On the airline side, JetBlue has been operating charter flights to Cuba since 2011, and Plattsburgh (a majority of that airport's passengers are Canadians who already can travel to Cuba from Montreal, roughly an hour away) could bid for nonstop regularly scheduled flights to Cuba, according to the council.

While the trip's schedule doesn't leave much time to fully cement relationships between Cuba and those companies and, more broadly, Cuba and New York, it's at least a start.

"This is developmental," said Antonio C. Martinez II, head of the Cuba-Latin America Trade Group at Gotham Government Relations. "I don't think it's going to be necessarily definitive because Cuba is a

place that carefully selects who it does business with. So you have to build a relationship, and you have to be in it for the long term. Cuba is not a place where they're looking for one-shot deals."

Bloomberg News

New York, New York

19 April 2015

Andrew Cuomo's Cuba Mission May Boost Democrats in Swing-State Florida

By Freeman Klopott

New York Governor Andrew Cuomo's trade mission to Cuba, where he will become the first U.S. governor to visit the Communist nation since President Barack Obama eased travel restrictions, may open a new front in domestic politics.

Cuomo, who will fly to the island Monday, will bring the national spotlight that comes with being governor of the Empire State. The attention may help his fellow Democrats in Florida, a key presidential swing state, as the influence of anti-Castro Republicans wanes, said U.S. Representative Kathy Castor, a Tampa Democrat.

"Governor Cuomo is showing great interest in leadership," Castor said. "Even most Cuban-Americans say change is important here, and if he believes that, when he returns, he'll be able to help deliver that message."

"Governor Cuomo is showing great interest in leadership."

Representative Kathy Castor

Every four years, presidential candidates duel over Florida, home to 29 of the 270 electoral votes needed to win the presidency and one of a few states where victory can almost ensure a move to the White House. The 2000 race between Republican George W. Bush and Democrat Al Gore was so close in Florida that it had to be decided by the U.S. Supreme Court.

While Cuban-Americans account for only 3.3 percent of the 54 million Hispanics in the U.S., two-thirds live in Florida, according to the U.S. Census. As recently as a decade ago, 64 percent of registered Cuban voters identified themselves as Republicans, compared with 47 percent in 2013, according to the Pew Research Center in Washington.

Viva Fidel!

A generation of Cuban-Americans born long after Fidel Castro's 1959 revolution harbors less animosity toward the regime than their parents. About 300,000 Cubans who have moved to Florida since 1995, when immigration restrictions were loosened, have also helped Democrats gain, said Guillermo Grenier, a sociology professor at Florida International University in Miami.

"They have a more nuanced and engaging idea of how you should deal with Cuba right now," Grenier said. "They've lived there, they have family there and they want be able to send money back."

An itinerary for the trip won't be issued to reporters until they're on the plane to Cuba. Rich Azzopardi, a Cuomo spokesman, declined to comment on whether the governor will be meeting with President Raul Castro, Fidel's younger brother.

Cuomo, 57, has said his trip isn't about politics. On Jan. 17, a day after Obama loosened travel for Americans to the island 90 miles (145 kilometers) off Florida's coast, Cuomo said he would go. In his Jan. 21 State of the State address, the son of three-time governor Mario Cuomo made it clear that he intended to be in the vanguard under the new travel regulations.

The mission "will guarantee that New York businesses are first in line to take advantage of this new, emerging economic market," Melissa DeRosa, Cuomo's communications director, said Sunday in an e-mail. "New York is a leader in protecting and advancing human rights under Governor Cuomo, and while we cannot ignore our disagreements with the Cuban government, as the President has said, we can do more to support the Cuban people and promote our values through engagement and diplomacy, rather than by continuing a policy of isolation which has failed for the last 50 years."

Regeneron CEO

To that end, Cuomo is bringing Leonard Schleifer, the chief executive officer of Regeneron Pharmaceuticals Inc., the largest biotechnology company in New York. Assembly Speaker Carl Heastie, a Democrat, will also join the delegation. Dean Skelos, the Republican leader of the Senate, declined an invitation.

U.S. governors have been traveling to post-revolution Cuba since 1999, starting with George Ryan of Illinois. The nine that followed came largely from states with agricultural products, the only type of trading allowed.

Last week, Obama moved to take Cuba off the list of states that sponsor terrorism, which would allow U.S. banks, many based in New York City, to do business with the Castro regime. Obama gave Congress 45 days to respond.

"It makes it easier for the U.S. institutions to reach out to the Cuban government, but the Cuban government still has to say they want this to happen," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a New York-based group that promotes business engagement.

'Dramatic Impact'

The attention Cuomo brings will be welcomed by the government of Raul Castro and by Cubans living in the Sunshine State, said Lance deHaven-Smith, a political scientist at Florida State University in Tallahassee. That could benefit Democrats, he said.

"A small shift in voting here has a dramatic impact on the national election," deHaven-Smith said.

Obama was aware of the demographic changes when in 2008 he became the first presidential candidate from either party to embrace greater engagement with Cuba, said Steve Schale, who directed both of his Florida campaigns. Obama won the state by about 200,000 votes, including 58 percent in Miami-Dade County, home to thousands of Cuban immigrants. He repeated the victory in 2012.

Hillary Clinton, whom Cuomo endorsed April 12, the same day she formally declared her presidential campaign, says she supports Obama's position on Cuba. Marco Rubio, a Republican senator from Florida and son of Cuban immigrants who is also running, has criticized Obama's changes. Schale said. Republicans can benefit from a harder line because primary voters tend to be older and are more likely to be anti-Castro exiles.

"Florida is a state where winning is all about managing the margins," Schale said. "For Democrats, being better among Cubans is key to running up the score in Miami-Dade County and with that, winning the entire state."

New York Daily News

New York, New York

19 April 2015

Gov. Cuomo heads to Cuba on trade mission to help New York businesses, but critics say he has different agenda

BY Glenn Blain



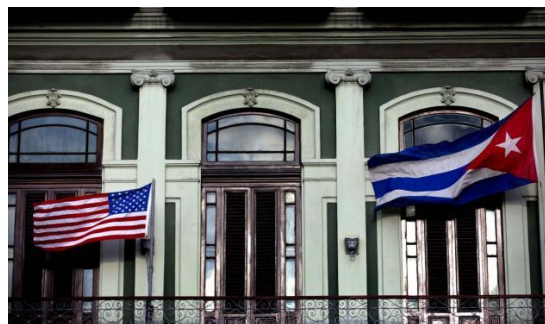
Jeff Bachner/for New York Daily News/ Gov Andrew Cuomo speaks about anti-corruption Measures at NYU Law School, Monday, February 2, 2015, Manhattan, NY.

ALBANY — Gov. Cuomo heads to Cuba Monday on a trade mission that critics charge is aimed more at generating headlines than creating economic opportunities for New York.

Cuomo will leave Monday morning and will spend just over a day on the island nation in what administration officials insist is an effort to open pathways for New York businesses.

The taxpayer-funded trip is the first by a U.S. governor since President Obama decided in December to normalize relations with Cuba.

“This trade mission, part of the broader Global NY initiative, will guarantee that New York businesses are first in line to take advantage of this new, emerging economic market,” said Cuomo spokeswoman Melissa DeRosa.



Ramon Espinosa/ASSOCIATED PRESS/ A Cuban and U.S. flag wave from the balcony of the Hotel Saratoga where a U.S. Congressional delegation is staying in Havana, Cuba, Monday, Jan. 19, 2015.

Cuomo’s office has released sparse details on the mission — including his precise itinerary — but he is expected to travel with a delegation of about 20 business and government leaders, including Assembly Speaker Carl Heastie (D-Bronx).

Critics argued Cuba has little to offer New York businesses and questioned Cuomo’s motives.

“Let’s be honest, there is not a lot of money to be made in an impoverished place with little free enterprise,” said E.J. McMahon of the Empire Center for Public Policy.



Eric Jenks/for New York Daily News/ Gov. Cuomo's (seen with Lt. Gov. Kathy Hochul) trip to Cuba starting Monday is not political, his spokeswoman says.

"It's political and it's hypocritical," added state GOP Chairman Ed Cox.

Although the Obama administration has loosened travel and other restrictions, Cuba is still subject to sanctions and a trade embargo that can only be lifted by Congress. The President met with Cuban leader Raul Castro last week in Panama and both pledged to work towards better relations.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a business group, said it would have been better to wait until the two nations were further along in establishing relations.



ENRIQUE DE LA OSA/REUTERS/ Cuban flags fly beside the United States Interests Section in Havana (USINT), in Havana April 5, 2015.

"The potential outcomes would be better because the financial impediments would have been removed," Kavulich said.

Administration officials say the state can reap long-term gains by establishing ties now.

"New York is a leader in protecting and advancing human rights under Gov. Cuomo, and while we cannot ignore our disagreements with the Cuban government, as the President has said, we can do more to support the Cuban people and promote our values through engagement and diplomacy, rather than by continuing a policy of isolation which has failed for the last 50 years," DeRosa said.

Investors Business Daily

Los Angeles, California

17 April 2015

W

hen Cuba opens up to U.S. businesses, the country's infrastructure and agriculture industries will likely welcome them, according to Wharton School of [Business](#) reports. And an article by Progressive Asset [Management](#) CEO Eric Leenson and Dalhousie Univ. business professor Julia Sagebien says, "Cuba's highly qualified human resources are plentiful and eager to work."

But there are also pitfalls and hurdles. European, Latin American and Canadian companies already fill niches in Cuba. To operate legally, U.S. firms will have to find and partner with Cuban counterparts. And voluminous Cuban and American regulations — and lingering mistrust between the two nations — will make progress slow. Marketplace.org business writer Amy Scott quotes John Kavulich, president of the U.S.-Cuba Trade and Economic Council: "This isn't a Niagara Falls of water. This is a Niagara Falls of molasses."

The New York Times

New York, New York

16 April 2015

Barriers Remain for American Business in Cuba



A youth fair in Santiago, Cuba. "American companies need to be sober" about their prospects for doing business on the island, an expert said. Ramon Espinosa/Associated Press

MEXICO CITY — It had become a political sticking point: As long as Cuba remained on the American government's list of states that sponsor terrorism, there would be no historic opening of America's first full-fledged embassy in Havana in more than 50 years.

President Obama's decision, announced on Tuesday, to take Cuba off the list unclogs the process of restoring diplomatic relations between the countries and removes a much-resented stigma that has kept foreign banks and investors away. It also opens the way for the poor island to access multilateral loans.

But while the change in designation will make it easier for non-American companies to do business with Cuba, in practical terms, it goes only a short way to reconnecting American businesses, experts said.

American companies hoping to export televisions or cars to Cuba, or build hotels there, still face the tangle of sanctions that make up the United States trade embargo — a complex scaffold of statutes, regulations and executive orders that only Congress can eliminate.

“It’s a long road,” said Philip Peters, president of the Virginia-based Cuba Research Center. “Americans still can’t invest in Cuba. They can’t trade in a whole series of goods and services.”

That said, the economic impact of removing Cuba from the terrorism list will be “very big,” he said by telephone. That is because being on the list created “the presumption that everything Cuba is doing is illicit,” Mr. Peters said. “It makes Cuba radioactive in the financial world.”

The United States labeled Cuba a sponsor of terrorism in the early 1980s because of its support for leftist insurgent movements in Latin America. The island also harbored a number of American fugitives, including Joanne D. Chesimard, who is wanted in the killing of a New Jersey state trooper in 1973 and is among the F.B.I.’s most wanted terrorists.

The State Department said Wednesday that Cuba and the United States would open discussions about Ms. Chesimard and William Morales, a Puerto Rican fugitive wanted in connection with a series of bombings in New York during the 1970s, as part of talks on law enforcement cooperation.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said that taking Cuba off the terrorism list “immediately lessens the cost of doing business for the Cuban government.”

“It will lower the interest rate they have to pay because interest rates reflect risk, and the risk has now been reduced,” he said by telephone, adding, “This change is exponentially of greater value to the Cuban government than it is to U.S. companies.”

And there are plenty of restrictions on the Cuban side, he noted, adding, “American companies need to be sober, not drunk, about this.”

The terrorism designation added a separate layer of financial sanctions to the trade embargo, introduced by President Dwight D. Eisenhower in 1960 and strengthened by John F. Kennedy. In 1996 Congress passed the Helms-Burton law — named for its sponsors, Senator Jesse Helms, Republican of North Carolina, and Representative Dan Burton, Republican of Indiana — that extended the reach of the embargo and passed authority for ending the embargo from the executive branch to Congress.

Mr. Obama eased the embargo in January when the government announced that Americans could travel to Cuba more freely and send more money to ordinary Cubans. The government also allowed broader exports of telecommunication equipment and services and said Americans could use credit cards in Cuba.

But American companies still cannot invest in Cuba or do business with the state, except for exporting goods intended to help Cubans, like food or medicine.

Even those American exporters with a special licenses to sell to Cuba cannot offer Cuban importers credit, which puts the exporters at a disadvantage, said Paul D. Johnson, vice chairman of the U.S. Agriculture Coalition for Cuba, and founder of Chicago Foods International, which exports food to Cuba.

Food exports from the United States to Cuba, allowed under an exception to the embargo, peaked at about \$700 million in 2008 but slumped to \$265 million last year as American exporters lost out to others who can offer credit, he said.

Removing the terrorism designation was a positive step, he said by telephone, but “we have to allow credit, two-way trade, investment opportunities.” He added, “What we’re looking for is for us to be competitive.”

In order to lift the embargo, Mr. Obama — or a future president — would have to certify to Congress that a transitional, or democratically elected, government was in power in Cuba, said Stephen F. Propst, partner at Hogan Lovells, an international law firm, who has written legal papers on the embargo. Alternatively, Congress could vote on its own to change the law.

While it would take Congress to repeal the embargo, experts said, the executive still has latitude to loosen the sanctions.

For example, Mr. Obama could establish a license that allowed American ships to dock in Cuba, Mr. Propst said — potentially allowing travelers and cargo to shuttle between Miami and Havana. He could also expand the scope of goods and services that American companies can trade with the island, he said.

Even with the embargo still in place, Mr. Peters said, the momentum that will be created by renewed diplomatic relations and incremental changes in policy will make it hard for future presidents to backpedal.

“We will have embassies, we will have more travel,” he said.

“Trade will start to open up, even if it’s limited, with broader U.S. exports from many states. There will be visits of ministers in both directions,” he said, adding, “That will make a political dynamic that would make it harder for a future president to reverse.”

Time Warner Cable News

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Local Experts Respond After President Obama Recommends to Take Cuba Off Terror List

By Alex Haight



Following the announcement of Cuba being taken off of the terror list, people are starting to speculate on the ramifications.

John Kavulich is the President of the U.S.-Cuba Trade and Economic Council, and has closely monitored the two countries' economic interests over the past 20 years. He says initially, this deal won't mean much for the U.S., but it could be big for Cuba.

"It will mean an immediate 10% correction in terms of cost of operations because being on the sanctions list is basically damocles. It's the ultimate risk that a country can have," Kavulich said.

Even though Cuba has been on the sanctions list, there has been limited trade between the two nations. Kavulich says from 2001 through this year, the U.S. has exported \$5 billion worth of goods.

Governor Cuomo will visit Cuba next Monday, possibly in the hopes of setting up trade. Kavulich says he's not sure about what the Governor would be able to offer, though.

"Most of the Governors who have gone down thus far are from agricultural states, and that is 95% of what Cuba has purchased. Corn, wheat, rice, soy, poultry, that sort of thing. So, for those Governors, it makes sense to go down to Cuba because they want to get more of what Cuba's already buying," Kavulich said.

Alicia Granto-Estenez is a retired teacher with Buffalo Public Schools, who lived in Cuba until she was 16. She says she feels there should have been more talks before the president lifted Cuba from the terror list, but she is cautiously optimistic. "It's done, so let's proceed, and going forward let's be hopeful, and as Raul promised, he will not be engaging in an illegal activity any time soon. Let's hope for the best," Granto-Estenez said. Granto-Estenez says what she most wants to see from renewed relations between the two nations is more civil rights for Cuban citizens.

"I have three cousins that have reported to me, they're in their mid 20s, that in order to complete their college degree, they're required to spy on their neighbors, and they have to document that. They don't really enjoy doing that. They have been doing that for a year and a half," Granto-Estenez said.

Kavulich says much of the relations between the U.S. and Cuba will hinge on trust. He says there are initiatives that President Obama has announced about exporting agricultural equipment and supplies, building equipment and supplies, and communications equipment, but they would be sent to private contractors, and would not be run by Cuba's government.

"The Cuban government's going to have to make a decision. Do they want to be on the receiving end of these initiatives, and then, who's going to pay for it?" Kavulich said.

Marketplace Radio

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Cuba: Not quite open for business



President Barack Obama shakes hands with Cuba's President Raul Castro during a meeting on the sidelines of the Summit of the Americas at the ATLAPA Convention center Saturday in Panama City.

by Amy Scott

President Barack Obama met with Cuban President Raúl Castro on Saturday, at a regional summit in Panama. It was the first face-to-face meeting between leaders of the United States and Cuba in almost 60 years. The two presidents announced in December that they would work to restore full diplomatic relations.

Some trade with Cuba is already legal. U.S. companies have made \$5 billion shipping agricultural products like corn, wheat and soy beans to the country during the last 14 years, says John Kavulich, president of the U.S.-Cuba Trade and Economic Council. But he expects business relations to thaw slowly.

"This isn't a Niagara Falls of water," he says. "This is a Niagara Falls of molasses."

If and when sanctions are lifted, Raul Moas expects Cubans to welcome more U.S. investment. Moas is a Cuban-American, and executive director of Roots of Hope, a group that helps connect young people in Cuba with technology and entrepreneurial skills.

“There’s very much the desire to keep Cuba Cuban,” Moas says. “I think for the average Cuban, the chance to work at a foreign company represents access to a better life.”

Still, it will take time for attitudes towards capitalism to change in Cuba. One example of limits on private enterprise: right now, a restaurant can have no more than 50 chairs.

City & State

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12 April 2015

Cuomo to Cuba

Is the governor’s trade mission selling more than his image?

By Jon Lentz | Apr 12, 2015 |



Illustration by Guillaume Federighi; Photos by Jon Lentz and Anne Denes

On a stormy afternoon in September of 1960, a plane carrying Fidel Castro touched down at New York City’s Idlewild Airport. The 34-year-old revolutionary, decked out in green fatigues, was subdued and unsmiling.

Tensions with American officials had been rising ever since he and a ragtag band of *barbudos* had toppled a U.S.-backed regime in Cuba the year before. Although Castro had yet to declare that his revolution was socialist, he had nationalized U.S. companies and farmland, consolidated political power and cultivated ties with the Soviet Union. President Dwight Eisenhower, who famously played a round of golf to avoid meeting Castro in 1959, had halted the purchase of Cuban sugar, oil and other goods. The CIA was already plotting Castro’s overthrow. Disillusioned Cubans had started moving to the U.S., many settling in Miami, just 90 miles north of the island. The day before the Cuban delegation landed in New York, the nation seized all U.S. banks within its borders.

Shortly after arriving in the city, the Cubans claimed that a Midtown hotel they booked had jacked up its rates, and threatened to camp out in Central Park instead. They eventually found lodging at the Theresa Hotel in Harlem, where Castro met with Malcolm X. As the new prime minister of Cuba, Castro also held meetings with world leaders streaming into the city for the United Nations General Assembly, including the Soviet Premier Nikita Khrushchev. In a marathon four-hour address to the U.N., Castro complained bitterly of America’s “aggression” and “imperialist” policies and dismissed John F. Kennedy, then a candidate for president, as “an illiterate and ignorant millionaire.” An official Cuban aircraft was confiscated at Idlewild by an advertising executive who sought to recoup an unpaid bill, prompting Castro to conclude his 10-day visit with a flight home in a Soviet plane provided by Khrushchev.

More than half a century after Castro's visit to New York, the state's top elected official is returning the favor. When President Barack Obama and Cuban President Raúl Castro announced a landmark framework in December to resume diplomatic relations, Gov. Andrew Cuomo scrambled to be the first governor to visit the island. On April 20, he will board a Havana-bound charter plane at John F. Kennedy International Airport—formerly Idlewild, now bearing the name of Fidel Castro's old foe. Cuomo, who was barely a year old when Castro took power, will lead a very different kind of delegation. He will be accompanied by a contingent of state officials and business executives in suits and ties, and will stay at the Capri, one of Havana's poshest hotels. His mission will be to spur trade, he says. Thorny political issues—such as Cuba's jailing of dissidents and travel restrictions on its own citizens—will be off the table. Fidel Castro, now 88, remains the country's symbolic leader, but his brother, Raúl, took over in 2008 and has taken steps toward liberalizing the economy. Instead of entrenched divisions between the neighboring countries, things are finally looking up.

However, despite the hopes for new ties, the U.S. trade embargo implemented in the early 1960s is unlikely to be lifted any time soon, especially with Republicans controlling both houses of Congress and a presidential race getting underway. The two countries have yet to reopen their embassies, and the U.S. has yet to remove Cuba from its list of state sponsors of terrorism. Apart from those hurdles, the biggest question may be how far and how fast Raúl Castro wants to go in allowing new competition, which could loosen his grip on power.

As for New York, one area of trade already permitted is food and agricultural products, but the state produces little that is in demand in Cuba. Sectors in which New York could be a major player, such as banking and financial services or telecommunications, may not open up for months or even years. Since Cuomo is often mentioned as a potential presidential candidate, some observers wonder whether his trade mission is more about establishing foreign policy credentials and generating good press than securing substantial business deals. When Cuomo comes back from his whirlwind trip, returning less than 48 hours after he departs, what will he have to show for it?



The capitol building in old Havana resembles the U.S. Capitol.

In his joint State of the State and budget address in January, Cuomo announced that he would visit Cuba in a matter of weeks. It will be the first of a string of international trade missions during his second term, to be followed by trips to Mexico, Canada, Italy, China and Israel. The governor, who developed a reputation for staying at home during his first term, changed course last year with excursions to Israel, Afghanistan, the Dominican Republic and Puerto Rico. His upcoming itinerary will inject an economic development component, building on a series of in-state initiatives to create jobs, particularly in upstate New York.

The destination getting the most buzz has been Cuba, which the Cuomo administration says will bring new business to the state's "real estate developers, construction companies, manufacturers of building materials and technology providers." The administration claims that the state's "great agricultural bounty" offers additional opportunities, while Cuba's vibrant biotechnology industry could be ripe for partnerships.

"We would like to be one of the first states to Cuba, just from a competitive point of view, economically," Cuomo said in his January address. "Let us be the first one there, let us develop the relationship, let us open the markets, and let us get opportunities for New York companies." José Ramón Cabañas, the chief

of the Cuban Interests Section in Washington, D.C., echoed Cuomo's line in February, calling the upcoming trade mission "historic" and applauding him for being the first governor "to lead an official state trade mission to our beautiful island."

Yet New York long ago missed the opportunity to be the first state to get its foot in the door. At least 10 governors have gone to Cuba to promote trade, several from farm belt states taking advantage of a humanitarian exception to the embargo for agricultural goods. Gov. George Ryan of Illinois was the first, in 1999, followed by roughly one new governor every year through 2010. Another Republican, Gov. Dave Heineman of Nebraska, made several trips to Cuba in 2005 and 2007, and secured contracts worth tens of millions of dollars for wheat, corn, beans and livestock. Even George Pataki, the former Republican governor of New York, oversaw a short-lived initiative to boost trade with Cuba, although he never actually ventured there, according to Assemblyman José Rivera.

New York tried to ship apples to Cuba under Pataki, "who used to be a farm boy, a farmer until he got a better job and elected like I did to the New York State Assembly," said Rivera, a Bronx Democrat originally from Puerto Rico who has visited Cuba and supports lifting the embargo. "Under his administration, we did for a brief moment ship apples to Cuba, but the farmers came back to us and said, we can no longer do this. We have to ship to the ports of Houston and the ports of the Everglades—we cannot afford that and the Cuban people cannot afford to pay for the costs."

Just last month, a delegation headed by Missouri's first lady and the state's agriculture director traveled to the island and met with Cuban officials and the U.S. ambassador. Missouri Gov. Jay Nixon dropped out at the last minute when the state auditor died, paving the way for Cuomo to stake his claim to being the first governor to visit since Obama announced the bilateral effort to normalize relations. New York may disagree, but Missouri is still calling itself "the first U.S. state trade delegation to visit since the announcement that the U.S. was working to normalize diplomatic relations with Cuba."



Old Fords and Chevrolets still cruise the streets of Havana.

It's also an open question what New York can offer that Cuba or its citizens would like—or be able—to buy. Despite the embargo, the United States is actually a major trade partner with its island neighbor, trailing only Venezuela, China, Spain and Brazil in exports to Cuba. Branded food products and commodities make up the bulk of the U.S. exports, but last year's \$291 million in such sales was well below a peak of \$710 million in 2008, thanks to Cuba's trade deals with friendlier countries like Venezuela and Vietnam. Last year Cuba's top import from the U.S. was, by far, frozen chickens, followed by soybeans and soybean products, corn and animal feed. Another exception to the trade embargo allows the export of medicine and medical supplies from the U.S., although that accounted for less than \$1 million in sales last year.

New York's top exports, meanwhile, are diamonds, gold, jewelry, civilian aircraft and artwork. Agricultural commodities and food products don't even crack the state's top 20. "Generally, from New York State, there isn't a lot," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, who has arranged trips for several governors. "The majority of the governors who have visited thus far have been from those states that are shipping agricultural commodities, because that's the majority of what Cuba's purchasing."

Nonetheless, the New York Farm Bureau is optimistically pitching the state's apples and dairy products like cheese and yogurt—even maple syrup—as products that might somehow catch on in Cuba. Others

have suggested the state's wineries as promising potential exporters. "We are hoping that agriculture remains a focus of his trip and the potential that it offers for our farmers in New York to sell their goods and products in Cuba," Steve Ammerman, a New York Farm Bureau spokesman, said of Cuomo.

One obstacle, according to Ammerman and others, is that New York is unable to ship goods directly to the island nation. Currently, in-state producers would have to send products by rail or truck to the Gulf of Mexico before shipping them out from ports in Florida or Texas. After confronting the issue during the Pataki years, Rivera has been urging state officials to authorize the export of goods to Cuba through the Port Authority of New York and New Jersey. In fact, some suggest that how aggressively Cuomo tackles the issue could signal how serious he is about spurring trade with the Caribbean nation.

"If you're coming from a northern state, you obviously have an extra cost, and so that puts you at a price disadvantage," said Antonio Martinez, a consultant who has coordinated business and government trips to Cuba. "This is why it's important that the infrastructure is in place. I want Governor Cuomo to succeed and I want him to come back with contracts, and I want him to really open up the space, but the infrastructure is the critical piece here, so this isn't a one-shot deal."

A more obvious area of expansion into Cuba for New York is banking and financial services, a sector long dominated by big Wall Street players. Among the steps that Obama took in December was relaxing rules that barred U.S. banks from doing business in Cuba, including allowing Americans to use credit and debit cards there. American Express and MasterCard have already announced that their cards will be accepted on the island.

At a summit meeting of Latin American leaders over the weekend, Obama was widely expected to announce the removal for Cuba from the U.S. list of state sponsors of terrorism, although he is holding off for now. Doing so could pave the way for banking between the two countries by removing the risk of major penalties. For example, last year the French bank BNP Paribas was hit with a \$8.9 billion fine for carrying out and covering up transactions with Cuba, among other countries. New York's banking regulator secured \$2.24 billion for the state. At the time, Cuomo said that the "enforcement action should serve as a warning to any company that provides financial support to global terrorism and enables human rights atrocities."

Congress could still try to block the change in Cuba's status, however. "Right now being on the sanctions list, financial institutions, even though President Obama's initiatives have included some meaningful opportunities for them, none of them want to touch Cuba until it's off the sanctions list," Kavulich said.

Other segments of the New York economy that could capitalize on the historic thaw are real estate, construction and building materials and the tech sector, according to the Cuomo administration. Yet little will open up in the immediate future, experts say. Even Cubans need government permission to buy or sell property. Spain has invested in the hotel and resort business in Cuba, but only through joint partnerships with state-run companies. The Obama administration in December lifted restrictions on sales of building supplies to Cuba's emerging private sector, but since the Cuban government still controls imports, the rule change hasn't had an impact.

"The other challenge we have is while we are allowed to do more with the Cuban private sector, it's still not possible yet for the Cuban private sector to have direct importation," Martinez said. "They have to go through the government, and that's, I think, something that's going to evolve."

In the meantime, some state lawmakers say that Cuomo should focus instead on expanding trade with existing partners instead of rushing into an uncertain situation. Of the five other countries on Cuomo's second-term itinerary, four are in the top 10 in terms of buying New York goods. The fifth, Italy, is No. 17, while Cuba is not even in the top 25. Asked in January why he would visit a country with a relatively insignificant economy—ranked 68th in the world in gross domestic product—Cuomo reminded reporters that he would be travelling to the state's top trade partners as well. But why Cuba? "We could be first," he said.

Ted Henken, a Baruch College professor who has studied the Cuban economy, defended the governor's decision to visit, even if the diplomatic kinks are still being worked out. "Adding Cuba to the portfolio is

smart, but I would also say that we shouldn't necessarily hold our breath or expect the farm any time soon," Henken said. "Cuba's going to open up, I think undeniably, but it's going to be slow, partly because there's a lot of restrictions in the embargo that are still firmly in place that make any kind of deal difficult or impossible."

The hoped-for flurry of economic activity could also end up flowing primarily in the other direction. If U.S. travel restrictions are eventually lifted, thousands of New Yorkers could be jetting off to Cuba and spending hefty sums at beachside resorts and bringing back cigars and rum. Republican Assemblyman Michael Fitzpatrick suggested that the only thing to come out of Cuomo's trade mission would be "a lucrative contract to stock future upstate casinos with Cuban cigars."



Tobacco for Cuba's famous cigars is grown in the fertile Viñales valley.

A few days before the state budget was finalized, Assemblyman Rivera stood before his colleagues to rally support for a resolution commending Cuomo on his upcoming trade mission. "I hope that when he comes back, he doesn't come back empty-handed," he said. "I believe this is good, not only for the state of New York, but for America and for the people in Cuba—the people in Cuba, nobody else—who are hungry and looking forward to a renewed relationship with this great country."

Assemblywoman Nicole Malliotakis, a Republican whose mother is Cuban, stood up and denounced the resolution as "nonsense." She recounted the shortages and deprivations she saw firsthand on the island in 2009 while visiting relatives, who needed basic items like aspirin, razor blades and shampoo. Lifting the embargo without any strings attached would help the Castro regime at the expense of the average Cuban, Malliotakis argued, since revenue from expanded trade would flow to the government. She urged her fellow Assembly members to instead pass resolutions calling for better pay and unrestricted travel for Cubans and "for freedom of speech without fear of being beat, jailed or murdered."

Cuomo told reporters in January that the goal of the trip would be to "stimulate business" and added, when pressed, that he would not "advocate for human rights," a matter he would leave to Obama. Picking up where Malliotakis left off, other Assembly Republicans criticized Cuomo for planning a visit to a "brutal dictatorship which has shown no inclination to give its people the freedom that we enjoy here" and for supporting "a totalitarian regime." A few days later, state Republican Party Chairman Ed Cox branded Cuomo a hypocrite for banning state travel to Indiana, which had passed a religious freedom bill widely criticized as anti-gay, while a Cuba trip was in the works.

"Now that Andrew Cuomo has banned travel to Indiana, he can cancel his upcoming trip to Cuba, where gay marriage is illegal, political dissidents are imprisoned and tortured, and the Castro regime is on the U.S. State Sponsors of Terrorism list," Cox said. "Or he can admit that both moves are political stunts meant to bolster his national profile with no grounding in reality or substance."

Republican attacks aside, Cuomo's trip will likely be popular with the public—even if the investment of taxpayer dollars doesn't garner a strong return. (Business representatives and journalists joining the governor will pay their own way.) A *Washington Post* poll in December found that nearly two-thirds of Americans support renewed diplomatic ties with Cuba, with even stronger support for ending the embargo and eliminating restrictions on U.S. travel. For decades Cuban Americans have driven U.S. policy and kept the embargo in place, but polling has also shown a marked generational shift, with younger Cuban Americans far more supportive of lifting the embargo.

"Politicians know that going to Cuba today, they will generally receive positive media coverage," Kavulich said. "There isn't a tremendous amount of risk going to Cuba today. However, if you're going

as the chief marketing officer of the state, and the local media narrative supports that, as it would for a governor of a Midwest state that's shipping corn, soy, poultry, etc., it becomes potentially more complicated.”



The image of Che Guevara is seen all over Cuba.

When Cuomo's charter flight arrives in Cuba, it will land at Havana's José Martí International Airport. Martí, one of the country's founding fathers, spent time living and writing in New York City, one example of the many longstanding ties between the state and the island nation. Unlike much of Latin America, Cuba's No. 1 sport is baseball, and one apocryphal tale claims a young Fidel Castro was offered a tryout with the New York Yankees before he took to condemning *yanquis*. Castro honeymooned in New York City in 1948, and New York City's current mayor, Bill de Blasio, honeymooned in Cuba years later. Countless singers, performers and artists from Cuba have moved to New York City or performed there. New York Reps. Charles Rangel, Gregory Meeks, Nita Lowey, Eliot Engel, Nydia Velázquez and Steve Israel have all traveled to Cuba.

But the U.S.-Cuba storyline has been dominated for decades by division and discord. Cuban dictators were propped up by American presidents, and democratically elected leftist leaders throughout Latin America were ousted or even assassinated with the help of the CIA. Castro, who was also targeted, proved to be the exception. On his way out of office, Eisenhower imposed much of the Cuba trade embargo and cut off diplomatic relations. Kennedy, in one of his first moves as president, authorized the Bay of Pigs invasion, a failed effort to depose Castro. The following year brought the Cuban Missile Crisis, a standoff over Soviet nuclear arms being shipped to Cuba that brought the world to the brink of nuclear war.

When the Soviet Union collapsed in the early 1990s, the U.S. ban on Cuban trade or travel remained as a vestige of the Cold War. The island remains frozen in time, with 1950s Fords, Chevrolets and Buicks still rumbling along its streets, and crumbling edifices serving as reminders of the city's former glory. Even for those who receive remittances from American relatives—which makes up a growing segment of the economy—there is not much to buy. Large stores that appear to have changed little in decades have a limited assortment of products and lots of empty shelves. Locals line up to get their rations of eggs and other staples. The state provides universal health care and education, but Cubans say that their paltry wages—only \$20 a month for many workers—still make it hard to get by.

In Havana's *Parque Central*, a young self-employed Cuban named Roberto complained about the sluggish economy and the lack of food, clothing and other products in his country. “The Cuban people need the change,” he said. “In Cuba, it is not possible to get anything, unlike in other parts of the world. In Cuba, the people only eat chicken and pork. Every shop has nothing. The people work and work, and they get nothing.”

Now, the question is how Cuba will respond. The U.S. is taking major steps to resume diplomatic ties, while critics say Raúl Castro has benefitted while having to do very little. Without significant reforms in Cuba, many companies may continue to find investment opportunities too limited or too risky, given the country's history of defaulting on payments and seizing assets. “Businesses here are going to be skeptical of trading with Cuba,” Malliotakis said, “because they are going to be reluctant to send shipments without the assumption that they are getting paid, which has happened in many other transactions.”

Cuba also has a long history of doing all it can to avoid making real changes, scuttling past efforts to improve relations with the U.S. and backing away from promised economic liberalization measures. Under Raúl Castro, the country authorized a nascent private sector, drawing international praise for encouraging entrepreneurship in a wide range of professions, from restaurateurs and hoteliers to auto mechanics and manual laborers. But the government has kept the country's *cuentapropistas* under tight control. "I call it Raúl's economic mambo," Henken said. "He takes two steps forward and one step back. He's moving forward but very cautiously, and even though he is a ray of sunlight compared to his brother, he's still a Communist and wants the state to be in charge of the fundamentals of the economy."



The average Cuban has to get by on \$20 a month.

After his Assembly showdown with Malliotakis, Assemblyman Rivera left Albany and returned to New York City to address a small crowd about Cuba trade opportunities. The gathering, hosted by Gotham Government Relations & Communications at an Upper West Side steakhouse, was attended by business executives, lobbyists, a Cuban diplomat and several Cuomo administration officials.

Rivera opened the event with a joke. As ties between Cuba and the U.S. were rapidly deteriorating in the early 1960s, Rivera said, one of Fidel Castro's closest confidantes, Che Guevara, asked whether the rift would ever be mended. "I don't think Fidel knew what to say to Che in that very sad moment," Rivera said. "He turned to Che and said, 'Che, that day will come when the United States has a black president and the pope is an Argentinian like you.' "

Kay Sarlin Wright, an executive vice president at Empire State Development, spoke next, offering few details except to say that "New York State is the state of opportunity, and boy, is there an opportunity with Cuba and with this upcoming trade mission." Rivera interjected that a meeting he had with Cuomo on Cuba had gone well, and that the governor had his *guayabera* ready for the trip.

Ariel Hernández, the first secretary of the Cuban mission to the U.N., said that the renewed diplomatic activity had him feeling optimistic. "My country is an amazing country, and the Cuban people are a smart and amazing people, too," he said. "If you have your will to approach Cuba, we only ask your respect to Cuba, so that's why we are open—we are waiting for you, we are waiting for your intention, your will, your business, your friendship, so that's why we are here today."

Antonio Martinez, the consultant on Cuba trade opportunities, gave the feature presentation. He said that Cubans remain wary of the U.S., given its history of exploitation and meddling in the affairs of Latin American countries. The country now has a flood of potential investors to pick from, Martinez added, and will assess who is "committed to a long-term approach or a one-shot deal."

"You have to think incrementally," Martinez cautioned. "It's not going to happen where you're going to go there and make a presentation and you're going to close this huge transaction—probably not likely. Everything is going to be done step by step, and in a confidence-building approach. The Cubans will do things in baby steps. It's just the nature of it. It's also because the relationship is still not totally restored or reconciled completely."

After the event, several of the attendees said they were thrilled about the opening of Cuba, even if the going will be slow. Henry Goodfriend, the president of Goodfriend Global Group, an international commercial real estate firm, said he hopes to set up shop on the island quickly to beat the rush.

“You’ve got to start somewhere,” Goodfriend said. “It’s going to happen. If opportunity knocks, you’ve got to at least open the door.”

Rutland Herald

Rutland, Vermont

13 April 2015

Cuba could soon be option for U.S. travelers

By Bruce Edwards
Correspondent

Vermont travel agents are looking forward to the day in the not-too-distant future when they can add another Caribbean island to their list of destinations.

But when that island is Cuba, it takes on added significance.

For more than a half century, Cuba has been off limits for most Americans because of a trade embargo imposed by the U.S. not long after Fidel Castro’s communist regime seized power in 1959.

Now, the U.S. is beginning to loosen its travel restrictions, the result of President Barack Obama’s initiative in December to normalize relations with Cuba.

It’s welcome news for travel agents such as Scott Milne of Milne Travel Agency.

Milne said there was quite a bit of interest earlier this year from “all kinds of folks who thought you could just buy a ticket and go to Cuba now.”

Travel for specified activities has loosened, but heading to Cuba for a fun-in-the-sun vacation is still off limits.

“What we’re seeing down the road is a lot of expectations in the travel industry ... that it’s going to change pretty rapidly between now and the end of the Obama administration,” Milne said.

He said it shouldn’t be too long before Vermonters will be able to hop on a plane and visit Cuba just like any other vacation destination.

Right now, Milne said he books a fair amount of travel to Cuba for authorized people-to-people programs through tour operators licensed by the U.S. government.

“We have a 60-person group on the books for February next year,” he said.

Jan Cronin, who operates Educational Travel Service in South Burlington, said in the past, she’s booked one client to Cuba through a licensed travel broker.

“There’s a lot of interest in Cuba and there’s a lot of interest in people wanting to go there before it becomes inundated with travelers from all over,” said Cronin, a retired teacher.

Cultural Crossroads is another agency that provides specialized travel services.

The Barre agency, which specializes in small group travel, has shied away from Cuba because of the need to obtain a U.S. government license, said Cultural Crossroads President Carrie McDougall.

“I have not done in the past and, primarily, I have not done because it was quite an expensive venture to do so,” McDougall said.

She said the cost to obtain a license was in the neighborhood of \$10,000.

Depending on how the relationship between the countries plays out, McDougall said adding Cuba to her list of destinations for her cultural-based tours is a possibility.

Cuba has been frozen in a sort of time capsule for the past six decades. There is the familiar sight of '56 Chevys still humming along the streets of Havana. Not so quaint is Cuba's infrastructure, which is crumbling and in desperate need of investment.

Milne warned that once the floodgates open there is going to be so much demand “that it's going to change Cuba.”

Given the influx of European and Canadian tourists who already vacation in Cuba each winter, the addition of American tourists will place a strain on Cuba's tourism infrastructure, said John Kavulich, senior policy adviser to the New York-based U.S.-Cuba Trade and Economic Council.

“You have simple arithmetic that there are more U.S. visitors that want to go in certain months than Cuba can accommodate,” he said. “U.S. visitors are not running to Cuba in June, July and August when it's very hot and very humid.”

Also Kavulich warned visiting Cuba isn't cheap. Under Cuba's current policy, he said, it's more expensive for U.S. travelers to visit the island than Canadians or Europeans.

Obama's new policy lifts the ban on the use of U.S.-issued credit cards as well.

Once the U.S. removes Cuba from its state-sponsored terrorism list, which the State Department has recommended, and when full diplomatic relations are re-established, Kavulich said, that will surely trigger a spike in interest and travel.

U.S. airlines are laying the groundwork for the resumption of scheduled air service to Havana.

JetBlue, which serves Burlington with daily flights to New York, already operates several charter flights a week from Florida to Havana.

“JetBlue is interested in providing additional service to Cuba from multiple U.S. cities as soon as legally permitted,” airline spokesman Philip Stewart said in an email. “JetBlue's continued expansion in the Caribbean and Latin America, where one third of its network is operated, reflects the company's network growth strategy in high-value geographies.”

For Vermonters, Montreal is the closest airport to catch a flight to Cuba. Air Canada and Cubana operate flights to Havana.

Under the revised travel regulations issued in January, the Treasury Department no longer requires travelers to obtain written authorization to travel to Cuba. Instead, visits are permitted by general license for the following activities: visiting family in Cuba, official business of the U.S. government, foreign governments and certain intergovernmental organizations, journalistic activity, professional research and professional meetings, educational activities, religious activities, public performances, clinics, workshops, athletic and other competitions and exhibitions, support for the Cuban people, humanitarian projects, activities of private foundations or research or educational institutes, exportation, importation or transmission of information, or information materials and certain authorized export transactions.

What has not changed is U.S. prohibition on vacation travel. Travel for tourism remains prohibited under the Cuban Assets Control Regulations.

Also, the Treasury Department lifted the per-diem restriction on how much U.S. travelers can spend in Cuba.

Authorized travelers can bring back up to \$400 in merchandise, including a maximum of \$100 in tobacco or alcohol products. Under the new rules, travel agents no longer have to be licensed by the U.S. government to book travel to Cuba.

U.S. News & World Report

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Airbnb Awaits Boost in Cuba Tourism

Services like the room-sharing site are eager for U.S.-Cuba relations to normalize.



Airbnb launched in Cuba last week with more than 1,000 lodging listings available in the country.

By Tom Risen

A move by Airbnb to launch its services in Cuba shows the island nation is attracting attention from the tech and tourism industries, but any investment will prove largely symbolic until the Obama administration completes its goal of normalizing U.S. trade and diplomatic relations with the communist dictatorship.

Airbnb – an online platform that allows people to market rooms in their homes to travelers in search of lodging – launched in Cuba last week with more than 1,000 listings available, taking advantage of looser telecommunications and trade restrictions that followed President Barack Obama's December announcement of intentions to restore relations between Cuba and the U.S.

The company is making use of the island's existing culture of *casas particulares*, private homes rented out by local micro-entrepreneurs, it said in a press release.

“Licensed U.S. travelers will now be able to experience the unique culture and warm hospitality that makes the island so special through our new Cuban community,” Airbnb co-founder Nathan Blecharczyk said.

Travel to Cuba from the U.S. is still limited, and though the Obama administration has loosened the ability of telecommunications companies to sell goods to Cuba, the U.S. has for more than 50 years restricted trade with the island nation.

Only Congress can formally remove the trade embargo and travel ban, and Republican lawmakers like Sen. Marco Rubio of Florida staunchly oppose doing so out of fear that increased business could prolong the rule of Cuba's communist regime. Obama may have an opportunity to discuss additional easing

efforts when he encounters Cuban President Raul Castro this week during the Summit of the Americas, a meeting of leaders from across the Western Hemisphere in Panama.

Demand for travel to Cuba is growing despite these obstacles, as Airbnb “saw a 70 percent spike in searches from U.S. users for listings in Cuba,” says Cristina Calzadilla of DKC Public Relations, which represents Airbnb.

“The company plans to file to obtain a special license that would allow it to support travel by non-U. S. persons,” she says. “In 2015, Cuba has already become one of the company’s most searched for destinations in Latin America, with more Americans searching for it than Rio de Janeiro, Buenos Aires or Mexico City.”

Americans may travel to Cuba for purposes that fall under one of 12 categories – such as educational or religious activities and athletic performances – and the Obama administration has relaxed license requirements for such trips. Recently, an estimated 100,000 Americans have traveled to Cuba each year.

And while Airbnb’s launch in Cuba is symbolic for now, if diplomatic relations normalize the site could appeal to budget travelers, people looking for a local experience or simply those looking for an easy online platform to rent rooms, says Collin Laverty, president of Cuba Educational Travel, which organizes exchange programs for travel to Cuba.

“Airbnb has navigated technical, financial and political hurdles to be first-movers in their sector,” Laverty says. “That’s important and sends the right signal to other companies hoping to establish a presence in Cuba.”

Diplomatic changes are also needed to encourage airlines to fly to Cuba. Individual companies like American Airlines and United Airlines currently charter their aircraft and crews to foreign businesses that travel to Cuba, which is “unlikely to change until there is a civil aviation agreement,” says John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

Netflix and MasterCard have also opened their companies to the island in recent months, likely with an eye on future business opportunities because both Cubans and Americans have limited access to their services. Many credit card transactions between the U.S. and Cuba have been restricted, and Internet access on the island is too scarce and expensive for Cuba to provide Netflix with a large online video audience.

Airbnb is making a long-term investment in Cuba, but its efforts are “hopefully the start of a trend of American businesses finding ways to engage with Cuban entrepreneurs,” says David Gomez, political director of the advocacy group CubaNow.

“We’d like to see more services like Airbnb and Netflix that press the Cuban government to invest in an infrastructure that makes the Internet accessible to all Cubans,” Gomez says.

Wall Street Journal

New York, New York

3 April 2015

Real-Estate Revolution Hits Cuba

Ordinary Cubans start to buy and sell their homes, and authorities dust off plans to develop a luxury vacation-home market for foreigners

A real-estate revolution is sweeping Cuba amid changes in laws on buying and selling properties. Photo: Lisette Poole for The Wall Street Journal

By Michael Allen and Kejal Vyas

HAVANA, Cuba—Listed at \$1.2 million, the penthouse has broad terraces, marble floors and stunning waterfront views stretching from the Darth Vader-style Russian Embassy to Meyer Lansky's old Riviera hotel.

That might seem pricey for a Communist country whose average worker earns around \$20 a month. But owner John Jefferis, a 57-year-old hotelier from Bermuda, says his target buyer belongs to a different demographic altogether.

Related

“There are very few apartments that can be legally purchased by foreigners, and when there's a limited supply of something, usually there's a premium for the price,” says Mr. Jefferis, who adds that jet-setters like his expat neighbors here can probably afford to splurge. “It's not their first or second or third home, put it like that.”

It is all part of a real-estate revolution sweeping Cuba. More than five decades after Fidel Castro seized power here, ordinary Cubans are starting to accumulate real wealth by buying and selling their homes. Authorities are dusting off plans to develop a luxury vacation-home market for foreigners. And a diplomatic overture between Washington and Havana is fueling a frenzy of speculation over what might happen here if Americans can legally buy real estate again.

“You can't imagine how many calls we've been getting from U.S. citizens,” said Yad Aguiar, who co-founded the Ontario-based Point2Cuba.com in 2011, one of several sites that have popped up in recent years to connect prospective buyers and sellers.

For now, the 54-year-old embargo remains in place, meaning Americans can't buy property here, or even travel to the island as tourists. And Cuban law bars nonresidents from owning homes outside a few limited experimental developments. But that isn't stopping some foreigners from trying to wriggle through loopholes to get their hands on real estate now in the hopes of striking it rich.

Things to Know About Buying Real Estate in Cuba

The diplomatic opening between Washington and Havana is creating a frenzy of speculation over what might happen in Cuba if Americans can legally buy real estate again. But as a gold-rush mentality takes hold, foreigners need to proceed with caution. Here's what to know:

By Michael Allen

1 If you're an American citizen, you can't- Until Washington's 54-year-old embargo is lifted, a private citizen investing in Cuban property would be exposed to criminal penalties under the Trading With the Enemy Act.

2 Does this also apply to Cuban-Americans? It's a little more complicated, but the answer is essentially the same. Cuban-Americans can send \$8,000 a year to relatives and others in Cuba, and they can transport up to \$10,000 each time they travel to the island. Some Cuban homes are so cheap that it wouldn't take long to accumulate enough cash to close a deal. But if a Cuban-American buys property, that could still be construed as a violation of U.S. law.

3 Are there any Cuban laws that could trip up a would-be foreign investor? Boy are there. It has only been a few years since Cuba started allowing Cuban citizens to buy and sell their own homes, and the government is still trying to keep tight control over the market. Cubans can't have more than two homes, a primary residence and a vacation house. And in all but a few cases, buyers need to be permanent Cuban residents.

4 Suppose, just for the sake of argument, that I'm a Frenchman who falls in love with a nice Cuban woman. What are my

options? First, mazel tov! If you marry her and live in Cuba, you can buy a home in her name. But if she divorces you, she gets the house. There are horror stories circulating in Havana about foreigners who have gone through multiple spouses and multiple homes.

5 So what exactly can a non-American, non-Cuban purchase in Cuba? There are a handful of Havana apartment buildings developed around two decades ago that foreigners can buy and sell freely. There's a penthouse apartment with sweeping views on sale right now for \$1.2 million. And the Cuban government appears to have decided to move forward with a long-delayed golf resort that plans to sell villas, townhouses and apartments to foreigners and locals.



A view from the Habana Palace in Havana's Miramar neighborhood, where foreigners other than Americans can legally buy and sell apartments. The penthouse is listed for \$1.2 million. Photo: Hannah Berkeley Cohen for The Wall Street Journal

That is especially true for Cuban-Americans who fled the country after the revolution and are now starting to exert an increasingly important economic influence here. Exempt from U.S. travel restrictions, they can visit relatives here and funnel them money to fix up fading homes—or even buy one for themselves using a family member's name and dealing in cash.

“Lots of Miami Cubans are just flying there and buying—people with \$300,000 or \$400,000 or a million under their mattresses,” says Hugo M. Cancio, a Cuban-American entrepreneur who is launching a quarterly real-estate publication in Cuba.

Nereida Margarita Álvarez, who runs a bed-and-breakfast out of her family's stately, century-old mansion in the once-exclusive Vedado neighborhood, says she was recently approached by a Cuban offering \$400,000 for the place, which, to be sure, could use a new paint job and some plaster work on its 18-foot ceilings. She says she turned down the offer, which she assumed had to have been financed from abroad. “I don't know where he got the money,” she says. “No Cuban has that kind of money.”



Nereida Margarita Álvarez, who runs a bed-and-breakfast out of her family's 1901 mansion, recently turned down a \$400,000 cash offer. Photo: Lisette Poole for The Wall Street Journal

Next door, a Spanish interior designer in an elegant cardigan says he dropped \$200,000 on a dilapidated six-bedroom house with good bones and servants' quarters in the back, and plans to spend at least another \$100,000 on renovations. The Spaniard, who couldn't buy the 1920s-era house himself, says he recently discovered a Cuban great-uncle who agreed to put the property in his name. He says he has already made a lot of money renovating historical buildings in China, but “when I told my dad I was coming here he said, ‘Oh my God, another Communist country.’ ”

Whether or not Cuba can follow China's path to prosperity is still an open question. The Communist government introduced a few isolated market reforms in the 1990s after the Soviet Union collapsed and cut off the generous subsidies that kept Cuba afloat. After taking over presidential powers from his ailing brother Fidel in 2006, Raúl Castro gave the process a new boost, expanding the types of business that private citizens could conduct and lifting a ban on cellphones. In 2011, in what could prove a major turning point, the government opened the door to Cubans to freely buy and sell their own houses.

"The net worth of the Cuban people has gone up quite a bit," says Antonio Zamora, a Bay of Pigs veteran and former general counsel of the Cuban American National Foundation, a political action group that fought to keep an embargo in place. Now 73, the Miami resident sees major changes sweeping the island and is thinking of retiring here one day.

Most Cubans lack Internet access thanks to controls and underdeveloped infrastructure. So locals looking to buy and sell a house turn to El Papelito, a \$1 pamphlet with classified real-estate ads that is sold on the streets of Havana.

A recent edition had 24 pages, having quadrupled in size over the past several months, underscoring the kind of market activity that would have been unimaginable here a decade ago.

It lists everything from cramped \$5,000 apartments in picturesque Old Havana to \$1 million mansions in upscale quarters like Miramar. It also has listings selling items ranging from televisions to massage services and even has advertising for local restaurants and photocopy shops.

Revised laws and warming diplomatic relations have called attention to Havana's patchwork of colonial beauties and falling-down eyesores

Rafael Alarcón with his son, Javier, left, and neighbor, Rubia, in front of his home along the Malecón seafront in Havana. In the background, tourists dine at newly restored ...

Restored residences alongside dilapidated buildings on the Malecón in Havana. *Lisette Poole for The Wall Street Journal*

Nereida Margarita Álvarez, who runs a bed-and-breakfast out of her family's 1901 mansion in the Vedado neighborhood of Havana. *Lisette Poole for The Wall Street Journal*

Most Cubans lack Internet access, so they turn to El Papelito, a \$1 pamphlet, to search classified real-estate ads. *Lisette Poole for The Wall Street Journal*

Two women lounge at Club Habana, a sports club with restaurants, private beach, pool, gym and tennis courts in the Playa neighborhood of Havana. *Lisette Poole for The Wall Street Journal*

Rasiel Torres Andelo says he and his neighbors have come together to fix old plumbing in their building in Vedado. One of the 19th-century homes has been restored and turned into La Esencia bar, according to a neighbor. *Lisette Poole for The Wall Street Journal*

Archaic electrical wiring at one of the homes in Vedado. *Lisette Poole for The Wall Street Journal*

Some of the mansions in Vedado, once an exclusive neighborhood, have been restored. *Lisette Poole for The Wall Street Journal*

A family in Vedado. *Lisette Poole for The Wall Street Journal*

A newly restored residence on the Malecón. *Lisette Poole for The Wall Street Journal*

Sunset along the Malecón. *Lisette Poole for The Wall Street Journal*

The pamphlet has become a key resource for residents like retiree Ada Nueva, who wants to sell her small second-floor apartment in Vedado for \$23,000. She says she wants to move to a cheaper apartment in the same area and maybe one day use the money to open a shop to generate income.

Meanwhile, artist Annerys Velasco, who shares a 3,000-square-foot, seven-bedroom mansion with several family members, is trying to sell for around \$160,000. It is too costly to maintain the house, which is pockmarked by broken floor tiles and chipped paint, Ms. Velasco said, so she and her siblings hope to divide the money and move into their own smaller places. By law, citizens can own a primary residence and a vacation house.

In December, Presidents Barack Obama and Castro announced an agreement to restore diplomatic ties, and the U.S. has followed up by making it easier for Americans to travel here to pursue educational and sports activities, among other things. Under new rules, U.S. residents can send up to \$2,000 every three months to people on the island—four times the previous limit.

On Thursday, San Francisco-based home-rental service Airbnb Inc. began offering accommodations to licensed U.S. travelers in Cuba, using the island's wide network of private guesthouses.

The economic woes of Cuba's latest patron, Venezuela, have given new urgency to the search for a financial lifeline from abroad. Last year, the government launched a renewed push for foreign investment, loosening restrictions on the areas of investment and allowing full ownership in some cases. A major priority is to attract more capital to the tourism sector, which long ago passed sugar as the biggest generator of foreign exchange here.

Cuba already has a string of hotels and restaurants catering to foreigners and often run by international chains such as Melia Hotels International of Spain. The government has just completed a marina in Varadero, with docking room for some 400 yachts, a shopping center as well as restaurants and cafes. Images of Che Guevara and other revolutionary iconography are noticeably absent. And there is even a bowling alley, a sign that Cuba is awaiting a wave of tourists from up north.

"Of course, it's made for the Americans," Sebastiaan A.C. Berger, director at Guernsey-incorporated CEIBA Investments Ltd., one of the biggest foreign investors in tourism and commercial real estate in Cuba, said of the marina. "If you had asked me half a year ago I would've said the marina would become a white elephant because they laid all of that cement and no one was going to be there to bring their boats," said Mr. Berger.



Shown in their crumbling home on the Malecón, this family worries that plans to restore seafront buildings could dislodge them. Photo: Lisette Poole for The Wall Street Journal

Cuba has even greater ambitions in the works. Plans call for unprecedented sales of vacation properties to foreigners, built around high-end golf courses, something Fidel Castro all but banned for years after the revolution as a bourgeois pursuit. It hasn't been smooth. Most of the foreign companies that announced golf resorts in 2011 have pulled out or disbanded, and Cuban authorities arrested top executives of one firm on corruption charges.

Still, last year, a company controlled by the Tourism Ministry called Grupo Empresarial Extrahotelero Palmares SA quietly established a joint venture with British real-estate investor London and Regional Properties Ltd. to develop a \$350 million golf resort less than two hour's drive east of Havana. The development plans to market up to 1,000 villas, townhouses and apartments to foreigners and locals, along with a boutique hotel, a tennis academy and an 18-hole golf course, according to Desmond Taljaard, head of hospitality for the private group owned by London's billionaire Livingstone brothers.

Mr. Taljaard said the project is “on schedule” and should take five to 10 years to complete. “So far we’ve been met with enthusiastic cooperation,” he said.

The government proved less than enthusiastic about foreign ownership in the early years of the revolution. By 1962, Fidel Castro had nationalized most private companies and seized nearly all real estate belonging to foreigners without compensation. The government also grabbed property belonging to Cubans who fled the country, although those who stayed got to keep their homes. Some skeptics think that track record should weigh heavily on prospective buyers now.

“There’s going to be some unpleasantness at the root of any commercial venture in Cuba,” says John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc. “Cuba is littered with projects that are announced and never happened.”



This private home in Miramar recently had a ‘for sale’ sign outside, but no more.
Photo: Lisette Poole for The Wall Street Journal

Indeed, historical grievances may yet trip up some of the proposed developments. In 2011, when a consortium including Canadian indigenous people called Standing Feather International announced preliminary plans to build a \$400 million golf course community in Guardalavaca, a consultant for the Cuban exile family that claims ownership to the site fired off a letter. “While my clients fully share your assessment of this area’s majestic natural beauty, they actually do so from the perspective of being members of the family that has owned this Cuban property since 1857,” wrote Nicolas Gutierrez Jr., a Miami-based consultant for the Sanchez-Hill family, which owned large sugar plantations and other property.

The Sanchez-Hills never heard back from Standing Feather, and Graham Cooke, who was to be the golf course architect, says the consortium “kind of dissolved.” Representatives of Standing Feather weren’t reachable.

For now, a good measure of Cuba’s attitude toward foreign property rights is a collection of three Mediterranean-style apartment buildings in Miramar, a quiet neighborhood of 1950s-style homes in the western Havana suburbs. The developments, with names like Monte Carlo Palace and Habana Palace, were the product of a joint-venture between a state-owned company and members of Monaco’s Pastor family during the “special period” of economic distress after the breakup of the Soviet Union.

According to a person familiar with the matter, the government initially thought the apartments, priced from under \$100,000 to upwards of \$400,000, would be too expensive to move very quickly. But foreign investors started buying in droves, including an Italian who snapped up 24 units, keeping two for himself and renting the rest to foreign executives for a fat profit. Eventually, government entities stepped in to buy the remaining unsold apartments to rent out themselves, worried they were leaving money on the table, this person says.

Mr. Jefferis, a one-time chairman of the Caribbean Hotel Association who owns hotels in Tobago and Bermuda, says he bought five of the units during the construction phase in 2001, including the penthouse now on the market. He says he paid \$356,000 to cobble together three units into one showpiece, and then

spent extra to build out marble interiors and to create a guest apartment he could rent out separately. The building has a 24-hour concierge, a parking garage and a rooftop pool.

He says his next-door neighbor in the building is Miguel Fluxá, head of the Grupo Iberostar hotel empire and one of Europe's richest men. Mr. Jefferis doesn't get to Cuba often these days, but when he does says he enjoys cruising the lightly trafficked streets in his vintage Mercedes. Crime is nearly nonexistent, he points out, and he doesn't believe there is "any risk" of expropriation. "I've had the apartments for 15 years without any problems whatsoever," he said.

An Italian citizen living one neighborhood over has a greater appetite for risk. Two years ago he purchased a house in the name of his Cuban wife. He knows that he will lose the place if they ever split, but he radiates confidence. He has already spent money to convert the property into a swanky open lounge and restaurant.

"Many of us are here to stay," he says. "But we're also taking a bet because we know that the day this place opens up, it's going to explode."

Newsmax Finance

West Palm Beach, Florida

3 April 2015

US Companies Might Want to Cool Their Enthusiasm

By Dan Weil

The media has been full of optimistic forecasts for U.S. business opportunities in Cuba, following President Obama's decision in December to normalize relations with the island nation.

But many experts say some expectations are overdone.

"We are embarking on a process that is complicated," Stefan Selig, undersecretary for international trade at the Commerce Department, said at a conference this week, according to The Washington Post. "We should remember Cuba is a small country, and a poor country. I don't think we should be overly excited about the near-term economic prospects."

Special: What This Soldier Did When He Came Home From Iraq . . . (Surprising)

Cuba has a population of only 11.4 million, about the same as Ohio. And its citizens earn an average of just \$20 a month, "severely limiting their potential as consumers," notes Post economics correspondent Michael Fletcher.

"The vast majority of the nation's economy is government-controlled. And with the exception of a few sectors, such as agriculture and telecommunications, U.S. firms are prohibited from selling to the Cuban government."

Leon Cooperman, CEO of Omega Advisors, shares that caution. He told CNBC he doesn't have "any particular interest" in investing in Cuba. "That's very far down on my list," Cooperman said.

To be sure, both Cuba and the United States have "a lot to gain" from the resumption of diplomatic relations, he said. "Hopefully we'll succeed in turning them [Cuba] around."

Cuba has long had a hankering for U.S. products, John Kavulich, a senior policy adviser at the U.S.-Cuba Trade and Economic Council, told Bloomberg.

"What's attracted U.S. companies from before the revolution, through the revolution to today is there's an incredibly high awareness for U.S. brand names," he said. That lowers the cost for U.S. companies to enter the market by reducing their marketing needs.

But Kavulich makes the same point as Fletcher does about consumer-spending power. "No one should be holding their breath for the Havana-Mac," he said.

Bloomberg News

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The Cuban Money Crisis

The biggest change to the island's economy isn't the thaw in U.S.-Cuba relations

by Patrick Symmes_



Photographs by Sebastián Liste for Bloomberg Businessweek
Havana's Vedado neighborhood in March 2015.

The currency crisis starts about 75 feet into Cuba. I land in the late afternoon and, after clearing customs, step into the busy arrivals hall of Havana's airport looking for help. I ask a woman in a gray, military-like uniform where I can change money. "Follow me," she says.

But she doesn't turn left, toward the airport's exchange kiosk. Called *cadecas*, these government-run currency shops are the only legal way, along with banks, to swap your foreign money for Cuba's tourist tender, the CUC. Instead, my guide turns right and only comes clean when we reach a quiet area at the top of an escalator. "The official rate is 87 for a hundred," she whispers, meaning CUCs to dollars. "I'm giving you 90. So it's a good deal for you."

I want to convert \$500, and she doesn't blink an eye. "Go in the men's room and count your money out," she instructs. "I'll do the same in the ladies room."

The bathroom is crowded, with not one but two staff and the usual traffic of an airport in the evening. There's no toilet paper. In an unlit stall I try counting to 25 while laying \$20 bills on my knees. There's an urgent knock, and under the door I see high heels. "I'm still counting," I say.

She's back two minutes later and pushes her way into my stall. We trade stacks, count, and the tryst is over. For my \$500, I get 450 CUCs, the currency that's been required for the purchase of almost anything important in Cuba since 1994. CUCs aren't paid to Cubans; islanders receive their wages in a different currency, the grubby national peso that features Che Guevara's face, among others, but is worth just 1/25th as much as a CUC. Issued in shades of citrus and berry, the CUC—dollarized, tourist-friendly money—has for 21 years been the key to a better life in Cuba, as well as a stinging reminder of the difference between the haves and the have-nots. But that's about to change: Cuba is going to kill the CUC. Described as a matter of fairness by President Raúl Castro, the end of the two-currency system is

also the key to overhauling the uniquely incompetent and centrally planned chaos machine that is the Cuban economy.



Photographs by Sebastián Liste for Bloomberg Businessweek
Lining up to exchange currencies in Old Havana.

Even in Cuba there are markets, and the effects of Castro's October announcement of a five-step plan for phasing out the CUC are already rippling out to every wallet in the country. The government has issued notifications and price conversion charts, and introduced new, larger bills to supplement the low-value national peso. Over the next year, the CUC will be invalidated—what Cuban economists call Day Zero—and then, in steps four and five, the regular Cuban peso will become exchangeable and be floated against a basket of five currencies: the yuan, the euro, the U.S. dollar, and two others to be named later.

Thanks to the expected normalization of relations with the U.S., tourism, already the engine of Cuba's current economic boom, is expected to grow enormously—though by this time next year foreigners will be required to negotiate their visits with mounds of regular pesos. Raúl Castro is effectively gambling that he can release some control over the economy in exchange for growth, ensuring the regime's survival.

The reality, however, may be anything but orderly. During my visit, I witness the hoarding of dollars, an unstable black market, and a deep distrust of the government's financial speculations. Get out of CUCs, the rumors urge, and into dollars. For a 3 percent spread, a woman will even follow you into a bathroom stall. "Those in the peso-only economy are completely dependent on the government"

In January 1961, a cargo ship arrived in the harbor of Santiago de Cuba bearing a load of freshly minted cash. Cuba's pre-revolutionary peso had been stable and valuable for decades, a source of patriotic pride. Overnight, the Cuban revolution invalidated the old peso and replaced it with new bills, signed by Che Guevara and worth what the government said they were worth. The gesture sidelined opponents, reduced the independence of the professional and middle classes, and effectively seized the island's remaining wealth in one gesture. In 1967, when Che died, it was his face that went on the currency, memorably gracing a 3-peso note that would get you lunch and a drink. Today that same bill is worth 12¢.

The end of Soviet subsidies in 1991 brought real economic desperation to Cuba. Dollars were traded on the black market. (In a dark Havana alley, I once got 125 pesos for a single greenback in a hurried transaction with a frightened man.) By 1994, in an effort to co-opt the black markets and once again take hold of the island's resources, the government introduced the CUC. Initially this was strictly for tourists, the only legal tender for all those mojitos and langoustines. The CUC was pegged at 1:1 with the U.S. dollar, and just the commissions on exchanging it—up to 20 percent—earned the Cuban government billions a year.



Workers in a CUC shop managed by the government in Sancti Spiritus.
Photographs by Sebastián Liste for Bloomberg Businessweek

The CUC turned tourism into a lucrative lifeline during the 1990s, and at first only a few essential imports—shoes, soap, tires—were sold to Cubans in CUCs, at a few, heavily guarded stores. Today those misnamed “dollar stores” exist in every neighborhood, and the CUC, first intended to insulate Cubans from capitalism, is the only way to buy the majority of consumer goods.

This is the Cuban dilemma: Salaries are paid in ordinary pesos, and average just \$20 a month, even though the cost of survival runs around \$50 a month, and must be paid for with CUCs at government stores that, until now, accepted nothing else. As crazily inefficient as the existing two-currency system appears, it has allowed the government to maintain near-total dominance of the economy. The Cuban revolution has always viewed money as a problem, not a solution. That’s why the peso of the old republic had to be destroyed overnight in 1961. Having money let people be independent and operate outside the system. “It’s part of the DNA that Fidel imprinted on the revolution,” notes Ted Henken, a sociologist at Baruch College who has specialized in the island.

What the government has finally grasped is that the two-currency system has become economically and politically unsustainable. To get around it, Cubans steal state resources, work black market jobs, and even arbitrage the price differential between mangoes at opposite ends of the country. “Those in the peso-only economy are completely dependent on the government, which is in control of more than 85 percent of the total economy,” says John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York. For the citizenry to “have a legitimate stake in the economy,” he notes, there should be one currency, used for salaries and all stores, and traded openly. “It needs to happen,” Kavulich says.

“There are over 250,000 entrepreneurs in Cuba since the new opportunities. This is a door opening that isn’t going to close.”

No política. That’s what Yamil Alvarez Torres says as he settles onto a hotel sofa in Old Havana, his Under Armour socks showing a fashionable amount of ankle from beneath pressed jeans and a striped dress shirt. Alvarez looks the part of the new Cuban entrepreneur, a successful restaurant owner who has bourgeois hobbies—dogs and free diving—and an almost unlimited confidence in the future. But no politics. Like most Cubans, he avoids talking or even thinking about the nation’s closed and secretive political system too much.

Havana today is in physical bloom. A gallon of paint costs 30 percent of a typical monthly salary, yet half the houses in the city seem freshly painted. The once-ubiquitous and fuming thunder chariots of old Detroit are either shined up with new chrome and paint or, more often, sidelined by more recent and reliable Korean and Chinese vehicles. The people I’d known on the edge of starvation over the last 20 years of visiting are now fighting the creep of their waistlines and the return of pastries and deep-fried everything at street-corner kiosks. Even in 1991, Cuba seemed more open than it was, an island without barbed wire or machine guns, the friendly blue ocean serving as its Berlin Wall. Now the openness is tangible: In December, Cuba and the U.S. announced that the two intend to reestablish relations after

more than four decades of enmity. On Havana's streets, there's a charge of anticipation, and one senses a people eager to embrace the world.



Photographs by Sebastián Liste for Bloomberg Businessweek

A "bookshop" located at the door of a private residence in Havana. Until a few years ago, Cubans were not allowed to open private businesses.

"It's getting easier and easier to do business in Havana," Alvarez tells me. "If you get your logistics worked out, you can do it." I'd first visited his restaurant, Los Mercaderes, two years before, when he'd opened it as a *paladar*, or home restaurant, and the place had an empty, tentative feel. Now he has 50 employees and full tables every night, with musicians treading out jazz and Buena Vista Social Club hits from a tiny balcony; he and his wife have moved to another property.

He's nonplussed about the currency change: "If you are running a business and doing well, you are going to do well with one currency or two. ... Honestly, I believe that anything you do efficiently and professionally is going to succeed in Cuba."

Efficiency and professionalism require reversing decades of perverse Cuban incentives, however. Most waiters are state-trained and paid in worthless pesos: They often spend more time on break, or talking to friends in the street, than attending to diners. "They expect to have their job forever," Alvarez says. "They get used to being bad." So he hires blank slates: English-speaking college grads, many of whom have never seen the inside of a nice restaurant before. "The main thing," Alvarez says, "is we want zero experience."

He sounds optimistic. "Very," he says. "There are over 250,000 entrepreneurs in Cuba since the new opportunities. ... This is a door opening that isn't going to close."

If the opening has an official advocate, it's Omar Everleny, the lead economist at the Center for the Study of the Cuban Economy. The center is in a onetime private residence in an elegant Havana neighborhood, surrounded by embassies. Despite arriving at the building with an appointment at 4 p.m., I find it empty; the next morning Everleny meets me in the library, amid the smell of decaying paper, to walk through the slow death of the CUC and the likely benefits for Cuba.

Everleny, like many Cubans, can recite the exact date economic reforms began: Sept. 9, 2010. Raúl Castro had assumed control in 2006, during his brother's gastrointestinal illness. But his official promotion to leadership took two more years, and not till the fall of 2010 did he spell out reforms that expanded self-employment, removed limits on hiring by small businesses, and protected foreign investors from expropriation. Joint-venture hotels are routine now, with 60,000 rooms available. A new container port at Mariel, built by the Brazilian government, has created export capacity for a country that exports very little. More important, Brazilian President Dilma Rousseff has gambled that pharmaceutical production and other tightly controlled businesses can thrive here.



Photographs by Sebastián Liste for Bloomberg Businessweek
The bar at Fabrica de Arte Cubano, a gallery/nightclub that has private investment.

The most probable scenario is that Cuba will reluctantly follow the China model. Cuba isn't embracing freewheeling capitalism—Cubans are still allowed only one business each and are hemmed in on all sides by monopoly controls—but the back streets of Havana reminded me of no place more than the grim but awakening Beijing of 1987, when the People's Republic also had two currencies. Cuba limits self-employment to 201 categories, like Doll and Toy Repair (No. 128) and Breeder/Seller of Pets (No. 26). Even so, the number of licensed entrepreneurs has grown from 140,000 in 2010 to more than half a million today. Unlike a previous wave of self-employment in the 1990s, which was limited to survival-oriented trades like knife-sharpening (No. 6) or tire repair (No. 113), about half of today's licensed businesspeople are real entrepreneurs, concentrated heavily in tourism and restaurants but including taxi drivers, transport companies, clothing shops, cooperatives producing baby clothes, and lots of construction.

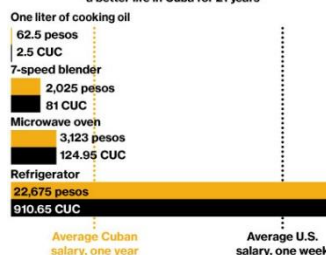
Raúl Castro has meanwhile removed a series of prohibitions that infuriated Cubans: They can now own cell phones, buy and sell their houses, and even stay in the hard-currency hotels (817,000 did last year) that were once the symbol of foreign privilege. Raúl has also loosened, if not released, his grip on expression. Dissidents and regime opponents who were long blocked from leaving the country are now routinely seen at conferences in Miami, New York, and Brussels. In the 1970s, Cuba had some 15,000 political prisoners; today that number is between 50 and 60, according to the Cuban Commission for Human Rights and National Reconciliation.

The currency change is already happening, Everlenny notes. Step one was to tell people, to prepare them psychologically for the coming transition. Step two, which began a week before my February arrival, was to roll out new, larger-denomination peso bills, so that people could pay higher prices without carrying a backpack.

The timing of the remaining three steps remains vague, in the Cuban way. Raúl had said in his speech that the two currencies had to be reconciled before the next Communist Party congress. That's scheduled for April 16, 2016. The only thing known was that Day Zero would come before then.

So You Want to Buy a Fridge?

Raúl Castro plans to kill the CUC, one of the island's two currencies—and the one that's pegged to the U.S. dollar and has been the key to a better life in Cuba for 21 years



GRAPHIC BY BLOOMBERG BUSINESSWEEK
DATA: SYMES, SOCIAL SECURITY ADMINISTRATION

To see how Raúl's changes and the looming currency conversion are playing out, I travel to Sancti Spíritus, a colonial town in central Cuba I hadn't seen for 24 years. I'd hitchhiked there in 1991, a two-day epic that required waiting under bridges with crowds of kind but needy Cubans and a return trip on a dilapidated train that stopped randomly for hours. This time I buy a seat in an unmarked Moscovich, a legal private taxi that roars inland, stopping only to slip behind a barn to buy black-market gasoline, fuel that was manually cranked into our tank. "Sorry about the smell," my driver says, "but this is the only way."

Six hours of driving sweep me into the flat, colonnaded city. Many things are still as I remember them. The streets are sleepy, the bars bleak, and the local bus network consists of eight-person carts towed by horse. Yet even here there's fresh paint, a computer repair business, and private furniture shops. I try to pay for ice cream with CUCs, making the woman laugh; the price is in pesos, 1/25th as much. The reverse happens at night, in the town's best restaurant. Because everyone in the place is Cuban, I expect grim portions and pesos. But the shrimp are superb, a sommelier shows off a genuine wine cellar, and the Cubans all pay hard-currency prices, half a month's salary on beer, beef, and watching baseball. In two decades of visiting, this is the first time I've shared a real restaurant with Cubans.



The storefront of a government-managed hardware shop in Sancti Spíritus.
Photographs by Sebastián Liste for Bloomberg Businessweek

In the morning I go to buy a refrigerator. Home appliances are one of the most desirable items in Cuba, but their sale is restricted to a narrow range of state stores called *electrohogars*, and Sancti Spíritus has two of them off the town plaza. One is shut, the other sleepy and small, with more floor space given over to selling ice cream and soda than consumer durables. But in one corner are hair curlers, electric frying pans, all-in-one laundry machines, and a few Daewoo refrigerators. Many Cubans are eager to replace their 1950s fridges, but buying a full-size model means coming up with 910.65 CUC. At the bathroom-stall conversion rate, that's \$1,001, or twice the price of a similar model on Amazon.com. It's also—as a new price tag says—22,675 pesos, or about four years' worth of the average Cuban salary. "If you're going to buy a refrigerator," Everlenny tells me, "you're not going to pay for it with 20s. You'd have to carry a trunk." The release of new, larger denominations of standard peso bills is meant to smooth such transactions, but a year from now, with the peso possibly floating against a basket of currencies, there's a risk that hidden inflation and exaggerated purchasing power could surface. Many people are hoarding hundred-dollar bills simply to be safe.

On the way back to Havana, I ride on a CUC bus. In the past, regular people had no choice but to ride peso buses that were scarce, slow, and crowded. For 23 CUCs I get a seat on a punctual express that fills up mainly with foreign tourists but also some Cubans, the kind who have more than an average month's salary to spend on a bus ticket. We pass quickly through a string of grim cities—Colón, Cárdenas, Matanzas—all poor and unvarnished yet bustling with shops and commerce I've never seen before in Cuba. Like a vacuum, the unmet demand of Cubans is pulling reform to the farthest corners of the island.



Photographs by Sebastián Liste for Bloomberg Businessweek
Even in the town of Sancti Spíritus, business is picking up.

Cuba has had a mixed economy for a long time: socialist until the food ran out, free-market thereafter. Critically, some of those markets are now legal and enriching, like the new real estate market that has seen houses in prime parts of Havana trade for hundreds of thousands of dollars (or CUCs, actually). There are also smaller, more clandestine markets, even for things like data. Many thousands of Cubans pay a fee to get what's called *el paquete*, an assortment of films, TV shows, video games, glossy magazines, and books from inside and outside the country. Cuba is ranked alongside Iran and North Korea for Internet censorship, with only a heavily filtered intranet available at an hourly price. El paquete is therefore a black-market delivery system, full of inefficiencies. The information is hand-carried into the country once a month, and the collection of American, Spanish, Mexican, and even Cuban media is passed around Havana on a terabyte-sized drive, or shared via illegal Wi-Fi networks in private homes.

The blogger Yoani Sanchez points out that this black market in information sticks to a familiar Cuban rule—nothing in el paquete should be explicitly political, to avoid drawing attention. But even the apolitical is subversive here, she says; when Cuban readers flock to lifestyle articles and glossy celebrity magazine covers, they're imagining themselves in a different country. Everything they see in this digital realm—churros recipes, listicles on the secrets of entrepreneurial thinking—is part of a different state of mind, a terabyte of autonomy and desire.

Even though the economy looks better than at any time since 1991, Cuba remains deeply, dangerously reliant on Venezuela's collapsing economy. The heirs of Hugo Chávez have kept the lights on in Havana by granting Cuba 100,000 barrels of oil a day at about half the market price. That effectively hides 45 percent of the island's trade deficit. Venezuela also pays \$5.5 billion a year for the almost 40,000 Cuban medical professionals who now make up half of its health-care personnel. Neither support can endure unchanged.

When MasterCard announced it would begin accepting charges from Cuba on March 1, the Cuban government slapped that down. U.S. airlines can now start flying directly to Cuba, or so Washington says—but there will likely be years of negotiations over safety, landing fees, and the reciprocal right of Cubana, a state-controlled, military-operated airline, to land its planes in Miami. The last thing on the Cuban list of reforms is sharing power. The Communist Party reflexively insists that nothing will change in Cuba, ever, but Obama's rapprochement is certain to have an effect. Dissidents, the politically ambitious, and human-rights activists believe that some day they'll be legally allowed to exist and their now-secretive work can become routine. The death of the CUC may turn out to be Day Zero for more than funny money.

Tampa Tribune
Tampa, Florida

30 March 2016

U.S. commerce chief expects Tampa-Cuba ties to pay off



"What we do know from other countries who have gone through this transformation is that over time there will be more opportunities," U.S. Commerce Secretary Penny Pritzker said Monday. JIM REED/STAFF

By Paul Guzzo | Tribune Staff

TAMPA — Commerce Secretary Penny Pritzker said she's confident U.S. businesses will benefit from new travel and trade opportunities opened with the Cuba policies announced Dec. 17 by President Barack Obama.

They just won't happen immediately.

In the same way the Obama administration has cautioned against expecting a sudden democratization of Cuba, Obama's new openness toward Cuba will be slow in paying off financially, Pritzker said.

"We have to recognize this is going to take time," Pritzker told The Tampa Tribune on Monday after her keynote speech at a Cuba forum titled "Tampa at the Forefront of Historic Change."

The forum, at the Tampa Marriott Westshore, was put on by U.S. Rep. Kathy Castor, a Tampa Democrat, and the Greater Tampa Chamber of Commerce to help explain what the new policies mean.

Not all change will be slow in coming, Pritzker said.

For one thing, underwater telephone lines connecting the U.S. and Cuba are working for the first time in 15 years. The island recently welcomed its first free wireless hot spot. Travel to Cuba from the U.S. is increasing.

Even attendance at the forum Monday, 130 people, drove home Pritzker's point that change is underway.

"What we do know from other countries who have gone through this transformation is that over time there will be more opportunities," Pritzker told the Tribune. "The early and first often have an advantage, and that may mean you have to invest your time."



One factor slowing growth in trade, analysts say, is that the island's government, citizens and businesses may not have the means yet to buy much from the United States.

So far, expanded business opportunities primarily are aimed at Cuba's citizens and private industries. Cubans make about \$20 a month, according to Cuba's National Statistics and Information Office — augmented by a range of services and subsidies provided by the Communist government.

The economic engine of self-employment accounts for about 483,000 people in a national workforce of 5.4 million, the U.S.-Cuba Trade and Economic Council reported, quoting Cuban government sources.

And though Cuba is considered a large world market, with more than 11 million people, that's far below the population of many U.S. states, Pritzker said.

Florida, the third most-populous state, has about 20 million people.

A senior State Department official, speaking in a conference call with reporters Monday, noted that telecommunications devices are cleared for sale to Cuba under the expanded trade policy. The market appears poised to grow, with only 2 million Cubans estimated to have access to Internet service, for which the Cuban government is the sole provider.

"They will purchase what they need if they can," the state official said.

That might not be much.

Last year, U.S. exports to Cuba were at their lowest since 2003 at \$291 million, the trade and economic council reported. The peak was 2008, when more than \$700 million in U.S. goods were sold to Cuba.

Those were all agricultural commodities — the only goods allowed until Obama's new policy expanded the list to include construction supplies and telecommunications devices.

Still, whether Cuba buys more of those goods depends in part on obtaining the line of U.S. credit that remains illegal after five decades of the U.S. travel and trade embargo.

Pritzker had no comment on when or whether credit will be extended.

"For many of us, the change is never fast enough," she said. "But there is change afoot."

Cubans may find money to buy U.S. goods with the increase in remittances allowed under the Obama policy, said Tampa forum panelist Davin Blackborow, of the U.S. Office of Foreign Assets Control. Cubans in the U.S. can now send home as much as \$2,000 a quarter, up from \$500.

Remittances to Cuba in 2014 totaled \$3 billion, most of it from the U.S., the trade and economic council reported.



Others attending the forum included Tampa City Council members Yvonne Capin and Charlie Miranda, former U.S. Rep. Jim Davis and former Hillsborough County Commissioner Ed Turanchik.

Panelists included experts on trade and travel who explained how licenses are obtained, what types of opportunities are available and what is still off-limits — such as U.S. visits to Cuba for tourism.

These policy changes, Obama has said, are meant primarily to support the Cuban people by empowering them to financially support themselves through increased private-sector opportunities on the island nation implemented in recent years by President Raul Castro.

"We believe the best way to spread democracy is through commerce," Bob Rohrlack, president of the Greater Tampa Chamber of Commerce, told the forum.



Tampa has a business history with Cuba dating to the 1800s when it exported cattle there and later became Cuba's top importer of tobacco for the local hand-rolled cigar industry. Tampa also was a strong supporter of Cuba's fight for independence against Spain and has the third largest Cuban-American population in the country.

Rep. Castor told the forum Tampa is playing an active role in normalizing relations.

Some examples: Parishioners at Tampa's St. Lawrence Catholic Church are funding the first Catholic church built in Cuba since Fidel Castro embraced communism over 50 years ago, Cuban musicians regularly visit Tampa, the chamber of commerce is sending a delegation there in May, The Florida Aquarium is partnering with the National Aquarium of Havana, and airline travel from Tampa to Cuba is rising.

Some 12,000 people flew to Cuba from Tampa in the first two months of 2015, compared with just 8,000 in 2011, said Tampa International Airport spokeswoman Janet Zink.

Pritzker says Tampa knows the value of increasing trade, noting that the area shipped \$6.7 billion in merchandise abroad during 2013.

This helped the region recover from the recession, she said.

When Cuba might play a larger role in trade with the U.S., Florida and Tampa, Pritzker would not say. "I think we all want this done as quickly as possible," she said. "But we cannot expect change overnight."

Emerging Markets

London, United Kingdom

27 March 2016

CUBA: after 50 years, the great thaw begins

Lucien Chauvin

Cuba may be 90 miles off the US coast but for many it is a complete unknown. That hasn't stopped investors lining up to figure out how best to tap into a market isolated for more than 50 years



The stock image of Cuba is of a US automobile from the 1950s, a subtle jab that the Caribbean's largest country has been standing still ever since the Communist revolution nearly six decades ago.

While change has taken place in Cuba, albeit at a much slower pace than similar economies based on agriculture and tourism, a ground-shifting change is now under way, as the Cuban and US governments move to repair diplomatic ties and normalise trade relations.

US president Barack Obama and his Cuban counterpart Raúl Castro simultaneously announced last December the beginning of the process of restoring relations between the two countries. Obama called US policy since the early 1960s a failure, while Castro said his government had embarked on the "task of updating our economic model in order to build a prosperous and sustainable socialism". The first face-to-face meeting between the leaders could happen in early April during the Summit of the Americas in Panama.

Timid steps at economic engagement have already been taken but huge leaps are expected, and investors are lining up to figure out how best to tap into a market isolated from the US for more than 50 years.

“The decision on Cuba is huge,” says Walter Molano, head of research at investment bank BCP Securities. “It may be a cliché, but this is a game changer. The combination of a skilled labour force, low wages, natural resources and its location will make Cuba a magnet for foreign investment.”

Tom Popper, president of insightCuba, which brings groups to the island on cultural exchanges, says his office has been flooded with calls from businesses since the December announcement and a subsequent definition of policy changes in January. “Everyone is trying to figure out how to get in at the beginning as 50-plus years of embargo wind down,” he says. “It may be 90 miles off the coast but for many it is a complete unknown.”

It is hard to pinpoint amounts of potential investment flows, with some estimates close to \$20bn in the next five years. This is enormous compared with the size of the economy, officially \$120bn but closer to \$70bn based on private sector estimates. Cuba had an estimated trade deficit of \$9bn last year and GDP growth was an underwhelming 1.3%. The official forecast is 4% growth for this year.

US companies have been trading with Cuba, despite the embargo, since an initial policy opening in 2000 authorised cash-in-advance transactions. Total exports since 2001 topped the \$5bn mark last year, with \$291m added in 2014. US exports were \$24.8m in the first two months of this year, according to the non-profit US-Cuba Trade and Economic Council, which includes as members a long list of US Fortune 500 companies.

There is a kind of exuberance about Cuba today,” says Council president John Kavulich. “This is not Dubai 93 miles south of Key West, Florida.”

A few service providers, such as American Express and MasterCard, have announced that they will allow their cards to be swiped in Cuba, while Netflix, the online movie and TV company, will make its service available to the island’s 12m people. The first deal since the new thaw came on March 11 between US telecom company IDT and Cuba’s state-controlled Etecsa, allowing for direct long distance communications. Calls were previously routed through third countries.

Hard investment in infrastructure will likely take time, but the Cuban government offered a glimpse of what it would like in an official document, Portfolio of Foreign Investment Opportunities, released in November. The document focused on nearly 250 projects that would require about \$8bn of investment in the short term and \$20bn over the medium to long term.

Many of the projects are in sectors where Cuba wants investment to boost the local economy and potentially ramp up exports. Nearly 100 projects are in energy, 56 in tourism and 32 in agriculture and food production. Most of the energy programmes are joint ventures but the government is willing to allow full foreign ownership of renewable power generation, particularly wind farms. The plan calls for nearly \$500m of investment in two wind farms that would produce 276MW of power. Cuba now has three small wind farms generating 12MW.

What Cuba really wants is to find oil and it hopes companies will jump on opportunities to explore onshore and offshore blocks. The country relied on cut-rate crude exports from the Soviet Union for decades but the elimination of oil subsidies was a key motivation for the Special Period.

More recently, Cuba has benefitted from cheap oil provided by Petrocaribe, the energy assistance programme for Caribbean and Central American countries set up in 2005 by the late Venezuelan president Hugo Chávez. Venezuelan authorities pledged in early March that Petrocaribe would remain in place but doubts continue to mount over the capacity of Venezuela’s state oil company, PDVSA, as low international crude prices cut into its margins.

Tourist lift

Despite US froideur, Cuba has become a big tourist destination. Slightly more than 3m holidaymakers visited Cuba last year, up 5.3% from 2013 and generating more than \$2bn of revenue. The government would like to see 20 new five-star hotels in provinces outside Havana. The investment plan lists the construction of hotel-golf-residence complexes with price tags above \$300m.

The US decision to relax restrictions could lead to a big new influx of visitors. Popper says bookings for insightCuba's cultural exchanges have jumped by double digits since December. The number of US tourists could rocket if the US government lifts more restrictions — today there are 12 categories for US citizens who want to visit the island — and authorises regular commercial flights between the US and Cuba. The same would be true if US cruise ships began docking in Havana.

Land of plenty — potentially

The changes so far offered by presidents Castro and Obama focus on agriculture but there is a wide gap between their ideas, particularly when it comes to production of sugarcane and tobacco used to make the country's iconic rum and cigars. The Cuban investment plan would allow for some management contracts of sugar mills, but the industry would remain under state control and foreign investment would not be allowed in the tobacco sector.

The government has made a major admission regarding agriculture, however, conceding that only 2.3m hectares (5.7m acres) out of 6.3m hectares of farmland are under cultivation.

The changes in US legislation in the last decade allowed for agro-exports to Cuba, and the Obama administration is broadening this by authorising the export of farm equipment to small, non-state producers. Yet only 15% of Cuba's agriculture production is in private hands. This restriction to the private sector, which also applies to other sectors, is a critical detail that could limit US exports and future investment if it stands.

Kavulich at the US-Cuba Trade and Economic Council says there would be much greater investment and trade flows from the US if this limitation were lifted. "The restrictions on the sale of agricultural and building materials will slow trade," he says. "Both sides recognise this so change is likely sooner than later."

Facilitating these changes is the decision to let US banks open corresponding accounts with Cuban financial institutions and a change in the cash-in-advance provision for exports. However, investors, while probing the Cuban market for opportunities, will likely wait until the US State Department finishes its review of Cuba's inclusion on its list of countries that support international terrorism.

"The sanction list is like the Sword of Damocles," says Kavulich. "The most important thing will be removing Cuba from the list. It will happen soon."

The amount of investment and trade with Cuba also depends on policy changes to be made by the Castro government.

Bureaucracy in Cuba, as in many other Latin American countries, is cumbersome and needs to be streamlined. There is also a serious infrastructure gap, with ports, roads and airports urgently needing improvement. "Transportation networks are relics of the 1950s as is the country's electricity and communications grid," says Molano.

A new Mariel Free Trade Zone outside Havana will help but it is still underdeveloped. Molano says Cuba's location and easily accessible deep water port could be turned into key trans-shipment points, but this depends on foreign investment.

And there are political considerations that go beyond Cuba. The Cuban government remains cautious regarding a number of potential imports, with telecoms and electronics at the top of the list. The Obama-Castro deal was predicated on the release of prisoners, including US businessman Alan Gross, accused by Cuba of smuggling telecom and computer equipment into the country.

On a broader level, rising tensions between the Obama government and Venezuela could slow progress. Cuba has come out strongly against US sanctions imposed on Venezuela, its chief trading partner. Venezuela was a staunch critic of the US embargo of Cuba so it is only natural that Cuba would step up for Venezuelan president Nicolás Maduro.

Kavulich, nevertheless, says Cuba is aware of the risks of relying too heavily on Venezuela because of its past experience with the Soviet Union. “If there is a hard landing in Venezuela, it would create a crater in Cuba that would be hard to get out of any time soon,” he says.

And while there is caution on both sides after decades of mistrust, “a learning process is under way,” Popper believes. “Progress is being made but companies going in need to see this with a long term vision.”

Aviation Week

New York, New York

25 March 2015

Airlines

What Routes Will Cubana de Aviación Fly To The United States?

Aviation Daily Brian Sumers

Once the U.S. and Cuba governments reach a new civil aviation agreement, Cubana de Aviación may launch flights from Havana to New York John F. Kennedy, Chicago O’Hare, Los Angeles and Atlanta with Airbus aircraft, the president of the U.S.-Cuba Trade and Economic Council said in a speech this week.

John S. Kavulich told attendees of a trade summit in New York that Cubana also would eventually fly to New Jersey and Florida, though it might avoid both states at first because of what he called, “localized political considerations.” Given the political landscape in both regions, Cubana’s entry in Miami or Newark might not be cheered by locals, he said.

Cubana’s early routes might be money losers, but Kavulich suggested the airline would absorb losses. “The company is likely to operate some regularly scheduled routes even with non-optimum passenger loads to serve as a marketing tool,” he said in remarks at the U.S.-Cuba Corporate Counsel Summit. Kavulich called international air travel between the two countries, “the first visible symbol of a bilateral commercial landscape.”

In a recent report, consultant Mike Boyd predicted that U.S. carriers would have, by far, the most near-term success from Florida, which has the most Cuban-Americans of any U.S. state. He noted that Broward and Miami-Dade counties in South Florida have about 700,000 Cuban-Americans, many of whom will want to visit Cuba.

The U.S. county with the third most Cuban-Americans is Los Angeles, with only about 38,000, Boyd’s study notes.

In his report, Boyd warns U.S. carriers against launching flights from hub airports not located near a large population of Cuban-Americans. He specifically mentions Atlanta and Chicago likely will be poor performers, at least in the short term, because they would attract little visiting friends and relatives (VFR) traffic.

Boyd suggested tourism traffic to Cuba will be relatively small until the country can build enough hotel rooms for Americans, a process he predicted could take several years.

Advertising Age

New York, New York

16 March 2015

Some American Brands Will Have a Leg Up When Cuba Embargo Finally Lifts

Even Without Access to Goods or Advertising, Cubans Keen on U.S. Brands

By Ana Radelat.



No Credit: Bloomberg

Despite President Barack Obama's initial moves to normalize relations with Cuba, it will be some time before the U.S. embargo is actually lifted. And even when it is, U.S. companies will be moving into a country that's been a no-fly zone for their products and their marketing.

But that doesn't mean some American brands won't have a leg up when the doors of commerce swing open.

"One of the characteristics of the Cuban marketplace for U.S. companies is that a large segment of the population is familiar with U.S. brand names and a large number has a preference for U.S. brand names," said John Kavulich, senior policy advisor for the U.S.-Cuba Trade and Economic Council.

That's despite living a society where that for decades was virtually advertising-free, except perhaps for store signage. Most billboards and other advertising platforms have been used for political slogans and political purposes in the socialist nation. And it's not because of the border-busting potential of social media. Internet access is limited and too expensive for most Cubans, whose salaries average about \$20 a month, although doctors, nurses and other key professionals can earn up to about \$70.

Legacy brands

There are, of course, the ancient, pre-revolutionary Buicks, Chevy's and Ford automobiles that are still running on Cuban roads and serve as special advertising for those brand names.

And there are those products that were sold, and even produced in Cuba and shipped to the rest of Latin America, before the embargo was imposed more than 50 years ago. Those include Gillette razors, Coca-Cola, Palmolive soap, Cheerios, Colgate toothpaste and Sherwin Williams paint, said Robert Muse, a Washington-based attorney who is an expert on Cuba issues.

Despite the embargo, these favorite brands aren't excluded from Cuba. Rather, they arrive as a result of requests from relatives in the U.S.

"The older generation would continue to ask by name for certain products and introduce them to family members," Mr. Muse said.

Still on trend

But it's not just a matter of nostalgia. Many U.S. brand names popular with Cubans were born after the Cuban Revolution, like Nike, Juicy Couture and Calvin Kline.

Cubans have some access to American movies and TV shows -- "Desperate Housewives" and "House" are favorites on state-run television -- that introduces many to U.S. name brands. But those same relatives that shipped Palmolive and Cheerios sometimes visited the island. And when they did, the newer brands did not go unnoticed.

Another reason Cubans can readily identify Nike's "swoosh" and other U.S. products are that they are brought to Cuba by foreign tourists, said Nelson Valdez, a sociology professor that studies Cuban trends at the University of New Mexico.

No gold rush

But a lifted embargo won't mean a gold rush for American brands. European, Canadian and Latin American brands have long been available in Cuba. But the fact remains that many Cubans can't afford to buy them, so they don't circulate very widely.

Nor will American goods, at least not at first, Mr. Kavulich said.

"There are 11.2 million people on the island, but this should not be confused with Dubai," said Mr. Kavulich. "An extremely limited number of people have access to enough Cuban pesos or American dollars to buy American products."

Mr. Muse said all major American companies keep their brand registrations current in Cuba, awaiting the day their products can be sold there.

About 15 years ago, U.S. companies bristled when former Cuban President Fidel Castro, angered at Bacardi's move to acquire a popular Cuban rum trademark, threatened to produce counterfeit "Cuban Coca-Cola."

Business pressure

Major American advertisers through business groups like the U.S. Chamber of Commerce are lobbying for an end to the embargo, and it has started to totter for the first time since it was imposed 50 years ago.

Using his executive authority, President Obama has taken steps to normalize relations with Cuba and asked Congress to begin lifting the embargo. But there isn't enough political support in Congress at the moment to completely lift the embargo, so it's not likely to happen anytime soon.

But Mr. Muse said that someday "the Cuban consumer market will be up for grabs" and U.S. products will be favored over other imports that are available to Cubans who can afford them now.

When that day comes, Mr. Kavulich said, U.S. advertisers should be aware the Cuban market will be unique, with special wants and needs.

"There will be some companies who say 'We will do what we did in the [former Soviet Union]'" he said. "But they need to be flexible with the template."

Customs Today

10 March 2015

Lahore, Pakistan



Removal of trade embargo: US agricultural delegation reached in Cuba to find market

HAVANA: An agricultural delegation from the US arrived in Cuba in search of potential business partners. The trip occurred after several months of hard lobbying by American agribusinesses, urging the US government to lift its long-standing trade embargo on the island nation. Though most of the embargo remains in place and can only be fully lifted through action by the Republican-controlled Congress, American farming interests are hopeful that that will soon change and are currently laying the groundwork for the future exploitation of Cuba's \$2 billion food-import market.

Besides emissaries from private agricultural conglomerates, the 95-member delegation included representatives from a variety of state farm bureaus and a number of state officials. To add weight to the mission, several former US Agriculture Secretaries, along with Georganne Nixon the wife of Missouri Governor Jay Nixon – joined the coalition.

The chairwoman of the delegation, a Cargill executive named Devry Boughner Vorwerk, told reporters that “the message we hope will get back to Washington is that we are a unifying voice that would like to see Congress act in 2015 and end the embargo.”

The lobby is not altruistic: While the U.S. government did create a humanitarian exemption to the embargo in 2000 that formally permitted the sale of American food products in Cuba, a ban on Cuban credit persists and seriously undermines agricultural, and other, trade between the U.S. and the Caribbean country. According to estimates by the US-Cuba Trade and Economic Council, U.S. food sales to Cuba fell to \$291 million last year, a drop of more than \$400 million from a 2008 peak.

Absent from the delegation's proclamations was any mention of the potentially harmful impact that increased agricultural trade would likely have on the Cuban agricultural sector – a significant source of employment in that country. A number of developing countries that have entered into trade agreements with the U.S. in the past have seen their domestic agricultural sectors and food sovereignty decimated by subsequent tidal waves of cheap imported American foodstuffs. It is unclear if Cuba's experience would be any different.

These, and other, concerns were similarly out of sight when the State House Agriculture Finance Committee in Minnesota voted on Tuesday to begin Cuban trade promotion efforts. The resulting bipartisan bill allocates \$100,000 of the state's budget for the promotion of exports to Cuba. The bill still needs to pass Minnesota's other legislative bodies to go into effect, but there is already widespread support for it.

Politico

Washington, DC

9 March 2015

For U.S. businesses, road to Cuba fraught with uncertainties

By Victoria Guida

Moves by the Obama administration and members of Congress to make up with Havana have had businesses strategizing since mid-December about how to break into the Cuban market.

But even if Congress were to lift the decades-old embargo tomorrow, Havana's trade hurdles won't just disappear.

As the White House pushes forward with negotiations to reopen embassies at a fast clip, business leaders are struggling to navigate Cuba's challenging business environment — from the communist bureaucracy's tight control over the distribution of imports and its clamp-down on Internet access to its abysmal credit rating and the country's dearth of hard currency.

The National Cooperative Business Association is trying to be proactive about building up the private sector in Cuba. The nonprofit trade association's international arm, the Cooperative League of the USA, is launching a U.S.-Cuba Cooperative Working Group on Tuesday with the goal of helping foster the cooperative business model, in which farmers, auto mechanics or other private entrepreneurs band together in common interest, CLUSA communications director John Torres said.

"It is an exciting time for Cuba, and we also think it's an exciting time for the nascent cooperative community inside Cuba," Torres said.

But while the Communist Party of Cuba has promoted cooperatives and more self-employment as part of its economic reforms, businesses need to go into the country with a long-term strategy in mind, not with the idea of getting rich quick, said Mark Entwistle, a former Canadian ambassador to Cuba and founder of the merchant bank and advisory firm Acasta Capital. "For smaller companies that are living from account receivable to account receivable," he said, "Cuba's probably not your place."

Supply chain problems

Cuba's economic stagnation requires that the country import far more products than it exports, so Havana could decide to open its arms to the bulk of goods and services Washington has approved, including equipment and supplies for construction and farming.

"Somebody described Havana as a city in need of a billion gallons of paint," said Pedro Freyre, a partner at the law firm Akerman. "I suspect, if I were a member of the Cuban government, I would say bring it on, because it's positive. It's a good thing for the country."

But red tape at the ports, including excessive paperwork and other bureaucratic delays, remain a major obstacle, including for agricultural imports, which supply 60 to 70 percent of the country's food and comprised a \$2.2 billion market in 2015, according to the U.S.-Cuba Trade and Economic Council.

"If you have perishables and have them stuck on a dock in a loading terminal, that can be deadly to the business," Entwistle said. "That kind of logistical stuff can happen."

With trains in disrepair, imports move by truck in a vertically integrated delivery system in which port facilities, trucking fleets and warehouses are controlled by national import agencies. But controlled

distribution and undeveloped wholesale and retail sectors offer no way for Cuba's emergent crop of entrepreneurs — the target of the expanded U.S. exports — to do business directly with foreign markets.

“[T]he intention is to permit supplies, goods and money to wind up in the hands of Cuban entrepreneurs, but [administration officials] recognize there will need to be government pass-throughs,” said Jake Colvin, vice president of global trade issues at the National Foreign Trade Council. “Understanding the logistics of that, who’s able to take receipt of goods, ... distribution arrangements, what’s acceptable to the U.S. government, that is going to be the first challenge.”

Despite the obstacles, Erick Erickson, vice president of the U.S. Grains Council, said Cuba is still a “substantial current market opportunity for U.S. agricultural products.” In 2008, for example, the U.S. provided 100 percent of Cuba's corn imports. “If we'd been at 100 percent last year, it would've been our 12th largest market,” he said.

Telecom blackout

Another hurdle? Cuba's lack of Internet service and telecommunications access in general, which play a huge role in international business deals. The Obama administration's new policy allows telecommunications companies to build up infrastructure in Cuba and also exempts computers, cellphones and televisions from licensing requirements.

But if U.S. companies build it, will Internet access come?

Havana's track record hasn't given much reason for optimism. About one-quarter of Cubans have access to the Internet, according to the International Telecommunication Union, but that so-called access is heavily censored; the White House puts the number with full access at closer to 5 percent. Meanwhile, only about 13 percent of Cubans have computers in the home — with 3 percent reporting Internet access — and only 18 percent have mobile phone subscriptions, the United Nations agency says.

While Havana might prove leery of unwittingly importing in U.S. surveillance along with American telecom services and equipment, the White House's decision to ease telecom exports at least has the effect of taking away Havana's claim that Cubans don't have access because the Americans have been standing in the way, Freyre said.

Cash flow

Cuba's longstanding trade deficit has made hard currency scarce. The government's attempts to gain access to private sources of U.S. dollars led to a two-tiered monetary system in which services employees with access to tourists' money, as well as other sources, are often better off than Cubans in other state jobs who are paid in the less-valuable national peso.

While the “convertible” peso — the currency of tourists, foreign trade and upscale stores that stock imported products — is pegged to the value of the U.S. dollar, the national peso, used for purchases of food staples and other rationed items, is not, and has fallen to about 1/25th of the former's value.

The upshot: Not only does the average Cuban not have the money for higher-end U.S. goods, but the overall lack of currency drives down exports to the island because Cuba's import agencies sometimes can't pay for shipments from the U.S. with cash in advance, as required by the U.S. embargo.

The Obama administration raised the cap on the money Cuban-Americans can send family members on the island, quadrupling it to \$2,000 a quarter, and eased travel and spending restrictions, which will swell the ranks of the 600,000 Americans who visited Cuba in 2013; if travelers each spend \$1,200 while in the country, Cuba's gross revenue could go up by tens of millions of dollars, U.S.-Cuba Trade and Economic Council President John Kavulich said.

Credit woes

Foreign companies, meanwhile, aren't interested in extending credit to Cuba for business transactions — despite Havana's list of roughly 250 economic priorities, including energy and agricultural development

— because Havana has been defaulting on its debts. Just last April, Moody's downgraded Cuba's credit rating to "CAA2," a very high risk.

"While I think that the business community recognizes Cuba's potential, there's also the reality that Cuba is bankrupt," Freyre said. "Cuba is grossly in need of investment ... but they don't have a philosophy, don't have the legal infrastructure to support any kind of mid-level to even higher-level industry."

And when the idea of floating credit came up in the early 2000s, U.S. agricultural companies weren't interested either, Kavulich said. "Which one of us wants to have our CEO on CNBC explaining why our stock just tanked because we had to report a default from Cuba?" he said of the general thinking at the time.

But Entwistle said companies need to understand the need for patience when doing business with Cuba. While they may delay payments, Cuban importers generally won't renege on them, he said.

"Some of the foreign business guys don't really understand the ... payment regime, and don't have the patience to wait it out and to see it through," he said

Congress

But the embargo itself remains the biggest roadblock — something a bipartisan group of senators, including Amy Klobuchar (D-Minn.), Debbie Stabenow (D-Mich.), Dick Durbin (D-Ill.), Patrick Leahy (D-Vt.), Jeff Flake (R-Ariz.) and Mike Enzi (R-Wyo.), want to change. They've introduced a bill to remove the remaining trade and travel restrictions, which they say are ineffective, blocking benefits for U.S. companies and damaging America's image.

"If we can get this passed, if we can take away one of the communist government's talking points as to why they shouldn't be engaging with the U.S., that's a big step forward," a Senate aide said of the legislation, adding that Havana's concerns over ushering in more openness is another reason to pursue the bill.

"As we build a history, creditworthiness goes up, those things [hurdles to trade] can get resolved. Even if it's only a symbolic move, it is still a necessary one. You can't even begin to address all those other issues until we address [the embargo] first."

A handful of House Democrats and Republicans have introduced more than a half-dozen such bills, although, as in the Senate, the Republican leadership is unlikely to take them up.

Flake, who also introduced a bill to end the travel restrictions, told POLITICO that ban would be much easier to scrap in this Congress than the entire trade embargo, adding, "There's just increasing consensus that this is the right thing to do."

Public opinion polls show increasing support for such a move. A Feb. 14-15 Gallup poll found that 59 percent of respondents favored lifting both the travel and trade embargoes, while 30 percent opposed ending the travel restrictions and 29 percent the trade ban.

But Congress' Cuban-American contingent is dead set against such moves. Longtime House Foreign Affairs member Ileana Ros-Lehtinen (R-Fla.), Senate Foreign Relations Committee ranking member Robert Menendez (D-N.J.), and potential presidential candidate Sen. Marco Rubio (R-Fla.), who is also a panel member, say no olive branches should be offered to Cuba until the Castro regime makes human rights reforms.

"For what are these negotiations?" Ros-Lehtinen said at a recent hearing on the administration's policy shift. "So that more Americans can travel to Cuba and see what the regime wants them to see? All the while the regime fills its coffers, and we ignore the real truth? Because who owns the hotels? The Castro regime. Who runs the hotels? The Castro military. The truth about the Cuban regime is that it is a regime that severely punishes dissent, forbids reform and will do anything to maintain its grip on power."

Critics say the administration squandered the chance to force Cuba's hand, with internal pressures mounting on the Castro regime now that its major benefactor, Venezuela, is in an economic crisis because of slumping oil prices.

Kavulich said Havana's troubles likely played into its willingness to reopen talks with Washington. But while the Castros might try to show they're serious about economic reforms by allowing more privately owned businesses, Freyre said, "I would be astonished if you were to see a political opening with dissidents, public space for debate. That would be anathema to them because in their mind that would signal weakness."

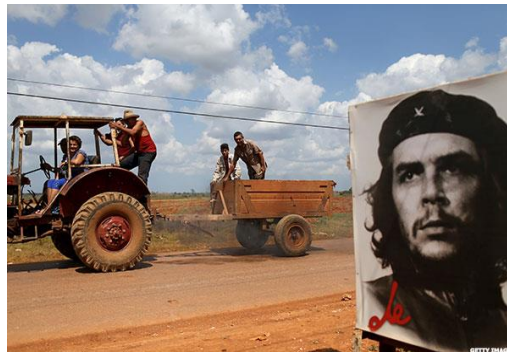
TheStreet

New York, New York

4 March 2015

Cuba Opportunities Will Come Slower Due to Terrorism, Risk

By Luis Escobar



NEW YORK (TheStreet) -- The euphoria created by December's announcement of a new era of Cuba-U.S. relations, and what it means for trade and business, has been diminishing gradually as optimism fades in the face of reality.

The slow pace of diplomacy and politics, relatively high risk and, believe it or not, terrorism are all hurdles that need to be overcome before normal trade with the nearby island nation of 11 million can be restored. And it will take time.

Though President Obama said on Monday in an interview with Reuters that he hopes that United States will have an embassy in Cuba by the second week of April, that does not mean that a flood of U.S. companies will soon be making landfall, ready to do business after more than fifty years of absence.

"My hope is that we will be able to open an embassy, and that some of the initial groundwork will have been laid ... but keep in mind that our expectation has never been that we would achieve full normal relations immediately," Obama said in the interview. "There's a lot of work that still has to be done."

One of the biggest obstacles to normal relations is that Cuba is on the U.S. State Department's list of state sponsors of terrorism. This greatly limits the ability of companies and individuals to engage in financial transactions and trade with people and businesses in Cuba. U.S. banks as well as foreign subsidiaries in the United States have been hesitant to serve as intermediaries in transactions conducted on the island.

"Capital does not go where there is risk," says Alex Sanchez, president and CEO of the Florida Banking Association, a trade group that represents the banking industry in a state where more than 1.5 million Cuban ex-pats and their descendants reside. "Money does not go to Iran and probably won't go to Cuba for the time being because of the risks."

Cuba and Iran are joined on the list only by Syria and Sudan. Being on the list severely limits the capacity of U.S. companies to do businesses within the country. Under several different U.S. laws, being on the list means that U.S. and international foreign assistance, defense sales and other goods sales are limited and that the country is subject to "miscellaneous financial and other restrictions," according to the State Department website.

Heavy hitters in the telecommunications industry, such as **AT&T** (T), **Sprint** (S) and **Verizon** (VZ), have been waiting patiently to venture into the market. It will be lucrative to link the 11 million Cubans on the island with the two million in United States and Puerto Rico. So far, only **IDT** (IDT - Get Report), a much smaller company, has taken the first step, recently announcing long-distance service in the country -- but the company is proceeding carefully.

"Our primary retail market is focused on the immigrant community", said William Ulrey, vice president of investors relations of at the Newark, NJ-based firm. "We are now in the early stages. We hope, down the road, to advance significantly in other telecommunication services, but that depends on many factors." Even in areas where trade to Cuba has been well established, U.S. restrictions have been an issue for businesses.

In 2000, under President Bill Clinton, the U.S. government issued an embargo exception to allow food sales, though it denies Cuba credit, forcing it to pay cash up front. As a result, U.S. agricultural sales to Cuba fell in 2014 to \$291 million after reaching \$700 million in 2008. Other producers like Brazil, Argentina, Canada and some European countries stepped in and are allowing Cuba to buy food on credit.

A 100-member U.S. agricultural delegation began a three-day visit to Cuba on Monday. The visit's purpose is to search of potential partners while also sending a message to the U.S. government to lift the embargo and explore the \$2 billion market just 90 miles away.

"It's an ongoing process," says John Kavulich, senior policy adviser at the U.S.-Cuba Trade and Economic Council, a private non-profit advocacy group. "For the time being, they are not talking about investment, as long as Cuba remains on the list of countries that sponsor terrorism."

One of many hurdles.

"Also, we have to keep an eye on how Cuba manages its economy and how it restricts the expansion of the private sector," says Kavulich, adding, "another point, is how it pays its debt."

Global Times

Beijing, China

4 March 2015

US agribusinessmen in Cuba call for end to embargo

A sizable delegation of US agri-business owners visiting Cuba has called for an end to the US-led trade embargo, state daily Granma reported Tuesday.

The 96-member delegation of agricultural representatives on Monday kicked off a series of meetings with their Cuban counterparts, aimed at "exploring trade and exchange opportunities," said the daily.

Their visit was organized by the US Agricultural Coalition for Cuba (USACC), which was created shortly after the historic Dec. 17 joint announcement by Raul Castro and Barack Obama on restoring broken bilateral ties, and which is campaigning to have the embargo lifted.

The group believes that a proposed bill in the US Congress calling for unfettered export to Cuba

"represents an important step to clearing the obstacles that block their normal business transactions with a market of 11 million people only 90 miles away," said Granma.

USACC chairperson Devry Boughner said at a press conference Monday, "we are working very hard to get the US Congress to eliminate the restrictions that prevent trade exchange between the two countries."

Boughner, an executive at transnational firm Cargill, said while they have yet to determine what products will be most in demand by the two markets, the sectors with the most apparent potential included tobacco, rum, soy, rice and seafood.

The idea is to promote two-way exchange, said Boughner, adding she would like to see a similar Cuban delegation visit the US.

Delegation member John Block, former US agriculture secretary under Ronald Reagan, admitted the fight to lift the embargo will not be easy, but said a substantial segment of the US agricultural sector "understands the (trade) potential" in normalizing ties.

The high-profile delegation also included former agriculture secretary Michael Espy, who served under Bill Clinton.

Current Agriculture Secretary Tom Vilsach has said trade with Cuba represents a great business opportunity to US farmers and ranchers, said Granma.

The US Congress in 2000 approved the sale of food products and medicine to Cuba, on the condition that payments are made in cash and goods are transported aboard non-Cuban ships, said Granma.

The USACC, however, says such existing legal and trade limits prevent producers from being competitive and choke exchange.

Citing data from the US-Cuba Trade and Economic Council, the daily said US food sales to Cuba fell to 291 million US dollars in 2014 from 349 million dollars the year before, and have fallen way down from the 710 million dollars registered in 2008, the year Cuba was hit by two hurricanes and increased its imports of food products.

The delegation has met with Cuban officials from the ministries of Agriculture and Foreign Affairs, as well as sugar producer Azcuba and the national association of small farmers, and is set to tour agricultural regions in the western provinces of Mayabeque, Artemisa and Pinar del Rio.

USA Today
2 March 2015
Arlington, Virginia

Red flags in Cuba slow investment

Alan Gomez and Rick Jervis



(Photo: Ramon Espinosa, AP)

MIAMI — After an initial wave of enthusiasm following President Obama's decision to re-establish relations and expand trade with Cuba, American businesses are hitting the brakes.

Although companies such as MasterCard, American Express, Netflix and Twitter have announced plans to expand operations in Cuba, they can't flourish on the island until two essential U.S. industries get on board: banking and telecommunications. And so far, officials in those fields are hesitant to jump into the risky Cuban market.

"Capital doesn't like to go where there's risk," said Alex Sanchez, president and CEO of the Florida Bankers Association. "It's not going to Iran, it's not going to Iraq and it probably won't go to Cuba for a while because of the risk."

Ever since Obama and Cuban President Raúl Castro made their historic announcement in December that they would end 50 years of estrangement, diplomats in both countries have been working to formalize that process.

The other part of the deal expands trade between the two countries. American businesses can now sell more products to Cuba and Cuban entrepreneurs can export their products to the U.S. market. American businesses can establish corresponding bank accounts in Cuba to facilitate those transactions, travelers can use their credit and debit cards on the island, and U.S. telecom companies can help build up Cuba's Internet infrastructure.

In the months since, however, lawyers and compliance officers at U.S. companies have been raising red flags. The biggest is that Cuba remains on the U.S. State Department's list of State Sponsors of Terrorism, which severely limits the ability of American companies to do business with the country.

That's just the start. Cuba has no independent judicial system U.S. companies can turn to for settling disputes. The communist government has a long history of seizing foreign property. American companies still face restrictions because of the economic embargo the U.S. maintains on Cuba. In the wake of the 9/11 terror attacks and the U.S. recession, American regulators have cracked down on financial institutions that deal with customers involved in money-laundering, narco-trafficking, terrorism and other high-risk fields.

"In the 1990s, we thought \$50 million was a heavy fine. Now we're in the billions," said David Schwartz, former vice president for international compliance risk management at Regions Financial Corporation and now the executive director of the Florida International Bankers Association.

Because of those fears, no U.S. bank has agreed to process transactions conducted in Cuba. In the telecom industry, only one U.S. company — IDT Corp. of New Jersey — has signed a deal with the Cuban government.

Bringing better connectivity to Cuba has been one of the main tenets of Obama's renewed diplomacy with Cuba. Today, a mere 5% of Cuba's 11 million residents are estimated to have access to the Internet — one of the lowest rates in the hemisphere.

Cuba's state telecom company, ETECSA, retains a monopoly on Internet service that is slow and expensive to the average Cuban. Internet service is mostly available through one of 155 cybercafes across the island and an hour of connection costs around \$5 an hour, equivalent to a full week's salary.

IDT's agreement, which creates direct long-distance links between U.S. callers and Cuba, represents a "first step," said spokesman Bill Ulrey. Company officials hope the agreement will lead to more Cuba-related services, he said.

Even if more U.S. companies rush to the island offering deals on cellular towers and broadband equipment, it's still largely unknown how much Cuban officials will accept, said John Kavulich, a senior policy adviser at the U.S.-Cuba Trade and Economic Council.

Cuban officials will likely want assurances that the telecom equipment they're offered hasn't been tampered with by the U.S. intelligence agencies, or they may ask for "backdoor" access to monitor the Internet after it's installed. Telecom companies may find those requests difficult to meet, he said.

Cuba has tightly controlled Internet access since it first surfaced in the mid-1990s.

Setting up an Internet system that allows Cuban officials to control its usage would go against Obama's goal of using connectivity as a way to empower Cuban citizens, Kavulich said. "The lack of statements by the Cuban government should be a very large yellow caution flag," he said.

Until Cuba signals a willingness to connect its people, all the telecom firepower and know-how in the USA won't make a difference, said Larry Press, professor of information systems at California State University-Dominguez Hills, who has studied Cuba's Internet.

"The ball's in their court now," he said.

Reuters Americas

2 March 2015

Havana, Republic of Cuba

US agricultural team visits Havana, protests embargo



Devry Boughner, chair of the US Agriculture Coalition for Cuba, speaks during a meeting between Cuban and US agriculture businessmen in Havana yesterday

The most important US agricultural delegation to visit Cuba in more than a decade began three days of meetings yesterday, hoping to find potential business partners and urge the US Congress to lift the trade embargo against the Caribbean nation.

Two former agriculture secretaries, a number of state agriculture officials and representatives of various state farm bureaus are among the 95 people whose visit was organised by the US Agriculture Coalition for Cuba, formed after the December 17 announcement that the US and Communist-run Cuba would restore diplomatic relations.

“The message we hope will get back to Washington is that we are a unifying voice that would like to see Congress act in 2015 and end the embargo,” Cargill executive Devry Boughner Vorwerk, chairwoman of the coalition, said.

The coalition says US farmers are hungry for the \$2bn market so close to home and frustrated by US restrictions.

“We understand our competitors are here - Argentina, Brazil, the Europeans - and our hands are being tied behind our backs by our own government,” Vorwerk said. While President Barack Obama has loosened some trade and travel restrictions, most of the embargo remains in place and can only be ended by Congress, now in Republican control. The coalition was formed in January to lobby Congress to normalise trade relations.

The US created an embargo exception in 2000 to allow food sales, but it still denies Cuba credit, forcing it to pay cash up front.

US food sales to Cuba fell in 2014 to \$291mn from \$349mn in 2013 and far from the \$710mn peak in 2008, according to the US-Cuba Trade and Economic Council.

Cuba imports between 60% and 70% of its food, which came to \$2bn worth in 2014. The Freedom to Export to Cuba Act introduced in the Senate would eliminate all trade restrictions, but the Republican leadership opposes the bill in both houses of Congress.

At a welcoming dinner on Sunday, soy farmer Mark Albertson marvelled at the crowd. “There is sorghum, rice, corn, wheat, soy beans; all the commodities are here,” said Albertson, director of strategic marketing of the Illinois Soy Bean Association. “It is one thing to compete with Brazil for the Chinese market, but embarrassing when our own government stops us from being competitive in our own backyard.”

Star Journal

Peoria, Illinois

26 February 2015

Litchfield farmer set to represent Illinois Farm Bureau in Cuba

There have been major changes in U.S-Cuba relations since Thomas Marten last visited the island nation in the summer of 2012.



Justin L. Fowler/The State Journal-Register
Thomas Marten, a farmer in rural Litchfield, will represent the Illinois Farm Bureau as part of the first major business and trade delegation to Cuba since President Barack Obama announced in December plans to normalize relations between the two nations. Marten was also a member of a Farm Bureau delegation during a 2012 visit to Cuba when he was a senior in agriculture at Southern Illinois University-Carbondale.

By Tim Landis of GateHouse Media Illinois

LITCHFIELD — There have been major changes in U.S.-Cuba relations since Thomas Marten last visited the island nation in the summer of 2012.

The rural Litchfield farmer is scheduled to leave Sunday as part of the first major business and trade delegation to Cuba since President Barack Obama announced in December plans to normalize relations between the two nations. Marten, 23, will represent the Illinois Farm Bureau. He also was a member of a Farm Bureau delegation during a 2012 visit to Cuba.

Marten, who was a senior in agriculture at Southern Illinois University-Carbondale in 2012, said he came back with a lasting impression of the Cuban people.

“I was impressed by how kind and courteous people were there. It’s a beautiful island,” said Marten, who works with his uncle on the family’s 2,000-acre farm near Litchfield.

Next week’s five-day trip is sponsored by the U.S. Agriculture Coalition for Cuba (usagcoalition.com). The coalition formed in response to the president’s trade actions in December and includes some of the biggest names in agricultural companies and farm organizations. About 75 business, academic and farm representatives make up the U.S. delegation.

Marten said farm exports, specifically Illinois grains, are his focus. But he said he believes both countries stand to benefit from increased trade of a variety of products and services.

“There’s a lot of opportunity,” Marten said. “It’s evident that Cuba needs food. They import about 80 percent of their food.”

A more than half-century-old U.S. trade embargo was a topic of intense interest to Cubans during his 2012 visit, Marten said, adding that he expects a similar focus this time as a result of the president’s actions.

“I think we’re going to have a lot of conversations now because of the progress that’s been made,” he said.

Trade politics

Exports from the United States to Cuba have fallen from a peak of \$710 million in 2008 to \$291.2 million last year, according to figures from the U.S.-Cuba Trade and Economic Council Inc., based in New York. Politics and a cash-advance requirement for purchases of U.S. goods were the primary reasons for the sharp drop, said Paul Johnson, executive director of the Illinois Cuba Working Group. The Chicago not-for-profit was formed by resolution of the General Assembly in 2013 to promote Illinois-Cuba trade.

“It’s been up and down because of politics,” said Johnson, who also will make the trip next week. “You don’t want to purchase from a country that has an embargo against you.”

He said other nations, including Canada and Brazil, have aggressively marketed agricultural products to Cuba, including by offering sales on credit. While there are no official figures on Illinois sales to Cuba, Johnson said estimates are that 10 percent of soybeans and corn exported to Cuba comes from Illinois.

Organic products, winter vegetables, citrus products, seafood, tobacco and alcohol are among Cuban products that would find markets in Illinois, Johnson said.

Johnson also is head of Chicago Foods International, which has been exporting to Cuba for about seven years. “It’s complicated. It’s a unique market,” he said.

Johnson said that while he considers Obama's action a significant improvement, it still will take an act of Congress to lift the trade embargo. He said he also disputes arguments that lifting sanctions rewards an authoritarian regime.

"There are 11 million Cubans on the island who would benefit," Johnson said. "To me, if we start trading commerce and ideas, it's going to benefit the Cuban people."

MarketWatch

New York, New York

21 February 2015

Dual currency system increases income inequality in socialist paradise

By BarryWood



Cuba circulates two different currencies: The nearly worthless national peso or CUP (top) and the Convertible peso or CUC (bottom), which is worth \$1 or 24 times as much as the CUP.

HAVANA, Cuba (MarketWatch) — American visitors arriving in Cuba should be aware that the communist island has two currencies of widely divergent values circulating simultaneously. The more brightly colored convertible peso (CUC) is exchanged at 1 to 1 with the U.S. dollar.

However, most Cubans live with the lowly national peso (CUP) that trades at 24 to the CUC. An average monthly wage is CUP 480 or \$20.

The CUC was created in 1993 when the Cuban economy was in deep crisis from the sudden loss of subsidies from Russia. Desperate for foreign currency, the Cubans sought to capture the foreign exchange that tourists were spending by forcing them to buy pesos at an inflated price. They've been stuck with two currencies ever since. Visitors will notice that prices are listed in CUCs and CUPs.

Cuba's foreign-managed hotels are a case study of how unfair the system is. Tourists pay dollars to the hotels, which then set aside in CUCs (1:1 to the dollar) the wages owed to employees. That money goes to the state employment agency that actually pays the workers.

Now the catch. The state entity pays the workers in CUPs and pockets the difference, which goes to the government. With a 2,000% disparity between the currencies, the windfall is huge. A worker typically gets only 480 CUPs (\$20) from the 480 CUCs (\$480) the hotel set aside for his/her salary. This indirect tax nets the government \$460. on every transaction.

Augusto de la Torre, the World Bank's chief economist for Latin America, calls this practice a huge tax on labor that is offensive to socialist ideals. De la Torre, a former central bank chief in Ecuador, has co-authored a paper on how Cuba can unify its two exchange rates.

Aware that the dual money system is unfair and inefficient, the Cuban authorities have said for years that they're going to change it and have just one currency. But unifying them is a complicated task and, not surprisingly, they don't know how to do it.

Anders Aslund, a researcher at Washington's Peterson Institute for International Economics which hosted [a recent forum on the Cuban economy](#), says unless the currency transition is done skillfully there could be a run on the banks and runaway inflation. He emphasizes that no one knows what the actual peso-dollar exchange rate should be. Cuba is broke and thus has no hard -currency reserves to back up whatever exchange rate is eventually fixed.

The partial normalization of Cuban-U.S. relations is likely to mean that hotel maids, waiters and cab drivers will see their incomes rise because American travelers tend to leave generous gratuities. This, says John Kavulich of the U.S. Cuba Trade and Economic Council, will widen income inequality in the communist state.

Sen. Jeff Flake, the Arizona Republican who is a strong advocate of normalization and a frequent visitor to Cuba, says the Raul Castro government faces huge economic challenges. Noting the absence of modern cars on the island, Flake joked at the Cato Institute this month, that "the Cuban regime is traveling the last mile to communism in a 1957 Chevrolet."

This month the Cuban authorities began issuing high-denomination CUP notes, saying the move is preparation for the long-delayed currency unification. The central bank said it expects CUPs to be more widely used and thus 200, 500 and 1,000 CUP notes are needed. Monetary experts say the move probably suggests that the Cuban authorities are expecting a big uptick in inflation.

Cuba may be considering applying for membership in the International Monetary Fund, a potential source of money and equally important technical advice. Cuba was a founding member of the financial cooperative but after refusing to pay its foreign debt the Castro government withdrew in 1964.

Some years earlier the Argentine-born revolutionary icon Che Guevara headed the Cuban central bank. His image adorns the tattered three-peso CUP, but he's not present on the much more valuable three-peso CUC.

The Wall Street Journal

New York, New York
10 February 2015

Netflix Offers Streaming Video in Cuba

Access Could Boost Demand for Broadband, Though Few Cubans Can Now Afford It



Netflix in January said it hopes to offer its service in 200 countries by the end of next year, up from roughly 50 today. Photo: Mike Blake/Reuters

Felicia Schwartz

Netflix Inc. is starting to offer streaming video service in Cuba, making it one of the first companies to expand into that market since President Barack Obama announced a thaw in relations with Havana late last year.

Cubans now can access a variety of popular titles, including Netflix's own hits, such as "Orange is the New Black," the company said Monday. However, the announcement won't significantly alter mass media in Cuba, where there were only 5,360 fixed broadband connections as of 2013, according to the International Telecommunication Union. The country's population is about 11 million.

Still, the company is betting that as Internet connectivity and access to American credit cards expands through the countries' normalization process, more Cubans will be able to use the service. For instance, the loosening of financial regulations could allow Americans to lend their credit-card information to family members in Cuba to sign up for a subscription.

"We are delighted to finally be able to offer Netflix to the people of Cuba, connecting them with stories they will love from all over the world," said Netflix co-founder and Chief Executive Reed Hastings in a statement. "Cuba has great filmmakers and a robust arts culture and one day we hope to be able to bring their work to our global audience of over 57 million members."

Access to video-streaming could increase the demand for broadband access, though few Cubans can afford it. Residential broadband access in Cuba costs about \$40 a month, more than most Cuban government employees make. Netflix's subscription service on the island will cost \$7.99 a month.

"This deal standing alone is much more important symbolically than commercially," said Jack Nadler, a partner at Squire Patton Boggs who has advised companies and governments on opening telecommunications markets.

The recent announcement of loosened financial regulations in Cuba made the expansion of the service possible, said Anne Marie Squeo, a Netflix spokeswoman.

Still, lingering restrictions on payments to the U.S. will require those who want to subscribe to set up an international payment method, like a credit or debit card. Both MasterCard and American Express announced plans in January to begin handling U.S. credit-card transactions in Cuba. MasterCard said it would begin doing so March 1.

Other service-based e-commerce businesses could follow Netflix's example, experts said.

"This is a service; there's no infrastructure Netflix is putting down there. This isn't a risk for them," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

Also significant is how swiftly Netflix announced the expansion of its service. President Obama announced the policy shift in December, and the loosened regulations went into effect in January. Now, less than a month later, some Cubans can watch “House of Cards” in their living rooms.

“This opens up the full gamut of e-commerce,” Mr. Nadler said. “It’s only a matter of time before J. Crew starts shipping T-shirts to Havana.”

The next round of talks to restore diplomatic ties, the first step in the normalization process, is expected to be held in Washington this month, though a date hasn’t been set. In December, President Obama announced that the U.S. would move toward normal relations with Cuba, and loosened restrictions on travel and trade.

Netflix’s Cuba launch is part of an ambitious global expansion for the streaming service. Netflix in January said it hopes to offer its service in 200 countries by the end of next year, up from roughly 50 countries today. It will launch in Australia and New Zealand in March and in Japan in the fall.

Reuters Americas

London, United Kingdom

6 February 2015

By Marc Frank

HAVANA Feb 6 (Reuters) - U.S. agricultural exports to Cuba fell below \$300 million last year for the first time since 2003 as the communist-led island's financial woes continued and it purchased food on credit elsewhere, a trade group said on Friday.

The United States created an exception to its trade embargo of Cuba in 2000 to allow food and medicine sales, but it still denies Cuba credit, forcing it to pay cash up front.

Although the United States and Cuba are seeking to restore diplomatic relations after more than five decades of confrontation, the embargo on Cuba remains largely in place.

With Cuba increasingly turning to suppliers who extend credit, American farmers have argued for normalizing trade with Cuba so they can better compete.

U.S. food sales of \$291 million in 2014 were down from \$349 million in 2013 and far from the \$710 million peak in 2008, the New York-based U.S.-Cuba Trade and Economic Council said in a report obtained by Reuters ahead of its release on Friday.

It attributed the decline to a cash shortage, Cuba purchasing on credit and from government entities, and a desire to pressure the United States to lift trade restrictions.

President Raul Castro, who took over from his ailing brother Fidel in 2008, has introduced austerity measures, including significant cuts in imports and a push for trade credits with payments due in 365 days or more.

A new private agricultural organization backed by U.S. Secretary of Agriculture Tom Vilsack is likely to seize on the report as an argument for ending U.S. sanctions against Cuba.

The U.S. Agriculture Coalition for Cuba was formed after the announcement Dec. 17 that the United States and Cuba would restore diplomatic relations.

"Although agricultural exports to Cuba are legal, the financing and trade restrictions have hampered the ability of American farmers to compete with other countries, such as Argentina and Brazil, which do not face the same restrictions," the National Corn Growers Association said last month when it joined the coalition of more than 30 U.S. farm organizations and businesses.

"Corn exports to Cuba have decreased from nearly 800,000 metric tons in 2008 to 200,000 tons in 2013," it said.

Cuba imports between 60 percent and 70 percent of its food. It buys chicken, corn, soy, wheat, animal feed and other products from the United States but most purchases come from Asia, Europe and Latin America and are made on credit.

Agweek

Fargo, North Dakota

6 February 2015

As US food sales to Cuba slow, farmers seek end to embargo

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Cuba’s food imports were \$2 billion in 2014 and are expected to increase by \$200 million this year, the government says.

Farmers Advance

Camden, Michigan

4 February 2015

Deirdre Shesgreen
Gannett Writer

WASHINGTON -- Ohio farmers are poised to benefit from the Obama administration's decision to normalize trade relations with Cuba -- with the Buckeye State's corn, soybean, and poultry producers hoping that closer ties with the communist nation will lead to increased exports.

The new policy, announced by President Barack Obama in December, will expand trade, increase travel and establish diplomatic relations with Cuba's regime.

"It's very positive anytime we open trade barriers and especially when you're looking at a country like Cuba, which is so close and where we would have competitive advantage -- due to the issue of proximity," said Joe Cornely, a spokesman for the Ohio Farm Bureau Federation.

"We're talking about the potential for millions or tens of millions of dollars in sales eventually," Cornely added.

Ohio farmers already export some soybeans and corn to Cuba, under a narrow exemption to the five-decade trade embargo. The exemption, passed by Congress in 2001, allows American businesses to sell food and agricultural products to Cuba -- with restrictions.

Cuban buyers must pay in cash, payments are required in advance and the money must be routed through a third-party bank in another country. Cornely said those extra "hoops" have made trade with Cuba complicated, and the island nation often turns to other countries that offer financing for purchases and other incentives.

It's not clear yet how quickly trade will expand under the new policy -- or how far the changes will go. Some hints will emerge in the next week or so, when the U.S. commerce and treasury departments are expected to issue new regulations implementing Obama's executive action.

Agriculture Secretary Tom Vilsack said the administration will remove some "technical barriers" and make U.S products "far more price-competitive."

"It's a \$1.7 billion market," Vilsack said last week, noting that Cuba imports about 80 percent of its food.

In 2014, about 20 percent of Cuba's food imports came from the United States, according to data from the U.S.-Cuba trade council. That leaves a lot of room for growth.

Cornely and others say Ohio is ideally positioned to meet any new demand.

Agriculture is Ohio's largest industry, and it's a diverse sector -- producing everything from apples to cabbage to Swiss cheese. Ohio ranks sixth in the nation in sweet corn production, second in egg production, and third in tomatoes, according to data from the secretary of state's office.

The new trade relationship will still have limits, noted John S. Kavulich, a senior policy adviser at the U.S.-Cuba Trade and Economic Council Inc.

The council is a nonpartisan, nonprofit organization that analyzes U.S.-Cuba political relations.

Kavulich said, for example, that the Obama administration cannot nix the cash-payment requirement without legislation from Congress. But it can allow direct exchanges between American banks and Cuban banks.

And even as the administration moves ahead, some lawmakers are aiming to curtail the effectiveness of the new policy. Many Republicans have blasted the president's decision as a victory for the oppressive regime in Cuba, led by Raul Castro.

They say the U.S. should continue to isolate Cuba diplomatically and economically until its leaders grant their people more political and economic liberty.

Sen. Rob Portman, R-Ohio, said agriculture exports might improve "somewhat," but he sounded skeptical that it would make a big difference. And he said the U.S. has now lost its leverage to force democratic change in Cuba.

"The president moved without getting the kinds of commitments that all of us would like to see on human rights and opening up that society more," he said.

Sen. Sherrod Brown, D-Ohio, was more optimistic about the possible benefits.

"Engaging the Cuban government on diplomatic relations, trade, and travel will benefit Ohio businesses that export - particularly our state's largest industry: agriculture and food," Brown said in a statement.

The real question, according to Kavulich, is not how far the new White House policy can stretch, but how far the Castro regime will let it reach. He said trade will only increase if Castro believes it's politically advantageous to buy from the U.S. rather than, say, Brazil, China, or Venezuela.

"It's not going to impact (U.S.) food and agriculture exports unless the Cuban government wants it to," Kavulich said.

USA Today
Washington, DC
1 February 2015

Voices: Cuba's not ready for prime-time tourism



Rick Jervis, USA TODAY



(Photo: Rick Jervis, USA TODAY)

HAVANA — It's no big deal to arrive in in this Caribbean city without a toothbrush, sunscreen or guidebook.

Just don't come without a hotel reservation.

I arrived in Havana not long ago to cover the U.S. State Department meetings here without a hotel reservation, figuring I'd find *something* in town. My Cuban visa didn't come through until the day before I departed from the USA, so I left thinking I'd find a room when I got there.

After arriving at José Martí International Airport, I watched in awe and dismay as a very nice lady at the airport's tourist desk called what appeared to be every hotel in Havana. All sold out. She told me she knew someone who rents out rooms in her house. I took it, the thought of sharing a bedroom in someone's home being only marginally better than the prospect of sleeping on a park bench in Havana.

In the wake of President Obama's announcement last month that his administration was renewing ties with Cuba and easing trade and travel restrictions to the island, there's been a lot of buzz about Americans visiting Cuba.

But is Cuba ready for a large-scale influx of new visitors? Even without hordes of American visitors, Havana hotels already run at 80% capacity during the high season (which is now), according to John Kavulich, senior adviser to the U.S.-Cuba Trade and Economic Council. If U.S. cruise ships dock at the Port of Havana, there won't be enough Cuban taxis and restaurants to accommodate the throngs of new visitors, he said.

New U.S. regulations could pave the way for more U.S.-Cuba ventures, including hotels and other tourism infrastructure. But don't count on those anytime soon, Kavulich says.

"The Cuban government has to want it," he says. "They have not indicated they are excited about U.S. property developers, U.S. unions and U.S. hotel management companies assaulting the Cuban archipelago."

For now, it's up to the Cubans.

I was driven to the house where I'd be staying in the leafy Kohly district of Havana, next to the incredibly lush Havana Forest and a short drive to downtown. The three-story home belonged to a very nice widow in her 50s named Tania Galeano, who lived there with her grown son and daughter. My room was on the top floor. The shower was a trickle, and I was awakened early each morning — ready or not — by a boisterous rooster who appeared to be directly outside my window. The house also had no Internet, so I needed to walk down the street to Hotel El Bosque to check e-mail and file my stories.

It was less than ideal for a working journalist to be so effectively cut off from the rest of the world. But it also offered an interesting opportunity to chat and interact with a Cuban family. Over small cups of strong Cuban coffee, Galeano told me how she had waited a long time for Cuba and the U.S. to restore ties. She cried in December when she heard the announcement on state TV.

Getting around town was also a challenge. Sometimes, Galeano's son, Onyx, would drive me in his 1980 Russian-built Lada, which would stall at every other stoplight. Other times, I would walk down to El Bosque and hope to grab a taxi there. When there were no taxis around, which was often, I would stick my arm out on a busy street and flag down a passing motorist, who would take me to my destination for a few bucks. Once, I managed to pull a ride with the owner of a pristine, pink-and-white 1956 Chevy. Sometimes you just get lucky.

For all its rough edges, Havana remains a fascinating place. Its people are generally friendly and skilled in the art of getting things done – *resolviendo*, they call it -- when life presents obstacles.

It'll be interesting to see what happens when the city's tourist numbers suddenly double. Make sure to book your hotel well in advance.

If not, just call Tania. She'll take care of you.

Los Angeles Times

Los Angeles, California

31 January 2015

In Cuba-U.S. talks, the list of disagreements is still long



Senis Perez waits outside the U.S. Interests Section in Havana as a family member applies for visas inside. (Carolyn Cole / Los Angeles Times)

By Tracy Wilkinson

For all the talk about historic talks, the list of disagreements between Cuba and the United States, which could trip up renewed ties after the first round of official negotiations this month, looks a lot like it has for many years.

The moods and political will on both sides of the Florida Straits may have changed, but key issues have not, at least not in substantial ways. And where there is significant agreement, it is on topics that were already pretty much resolved.

Cuban President Raul Castro, in a regional meeting this week in Costa Rica, emphasized the line between renewing diplomatic relations and the "normalization" of relations, a much broader arrangement where the disagreements are most stark.



U.S.-Cuba talks focus on embassies, diplomatic restrictions

Castro continues to insist that detente should not imply any changes in Cuba's "domestic affairs," while the Obama administration continues to insist its ultimate goal is changing Cuba's domestic affairs.

"The government of the Republic of Cuba will only accept what it feels it can control," said John S. Kavulich, senior policy advisor for the U.S.-Cuba Trade and Economic Council. "The initiatives proposed by President Obama are designed to tear at the social fabric of the Republic of Cuba." Here are some of the outstanding issues:



Senators push legislation to lift Cuba embargo

Embassies. Both countries seem determined to open embassies in each other's capital, replacing the interests sections that have handled diplomatic affairs for the last few decades. Both countries want travel restrictions on their diplomats removed. Cuban diplomats can't venture far from Washington, and U.S. officials can't leave Havana without permission. Cuba remains wary about American diplomats being allowed to travel the nation freely, possibly influencing antigovernment sentiment. Havana wants a promise to end U.S. efforts to drum up dissidence against the Castro government; the U.S. has refused.



Obama's renewed push to close Guantanamo prison is seen as promising

Embargo. This is the foremost demand by Cuba: an end to the embargo, imposed during the Eisenhower administration, that forbids most American business, private and individual dealings with Cuba. The Obama administration, and others before it, lifted numerous restrictions that eased travel and some trade. But an absolute removal of the embargo must be ordered by Congress. On Thursday, a bipartisan group of U.S. lawmakers introduced legislation that would remove all travel restrictions on American citizens going to Cuba, seen as a first step in whittling away the embargo.

Terrorism. Cuba is also demanding it be removed from the U.S. list of state sponsors of terrorism. This seems easier for the Obama administration to do, and the president has ordered the State Department to review the matter.

Fugitives. The U.S. is reiterating its long-standing demand for the return of several American fugitives who fled to Cuba in the 1970s and '80s, lured by the safe haven and the vision of a leftist utopia. Most famous, and most in demand, is Joanne Chesimard, a former Black Panther and member of the Black Liberation Army who was convicted in the 1977 killing of a New Jersey state trooper. She was sentenced to life in prison but escaped and fled to Cuba, where she is now known as Assata Shakur. Cuba continues to defend its policy of granting asylum to criminals it considers victims of persecution in other nations. And it counters with its own insistence that the U.S. hand over Luis Posada Carriles, wanted by Cuba in connection with the 1976 bombing of a Cuban airliner that killed 73 people.

Human rights and dissidents. The talks this month highlighted the continued differences over human rights. Cuba bristles at the suggestion that Washington can take a higher moral road when it comes to human rights. Cuba also wants U.S. officials to stop meeting with the island's small dissident community and to end anti-Castro propaganda. The U.S. says no.

Migration. Although there is much general agreement on eased travel between the two countries and family reunification, Cuba insists on an end to the special legal status that the U.S. grants Cuban immigrants. The so-called wet-foot, dry-foot policy — Cubans who reach American shores are allowed to remain, but those intercepted at sea are not — lures Cubans to the U.S. and is largely responsible for a brain drain, Cuba argues. U.S. negotiators in Havana said the policy would not change.

Guantanamo. Although it didn't come up publicly in this month's talks, Cuba says it wants the U.S. to close its naval base at Guantanamo Bay, Cuba, and return the land to the Cuban government. Obama has said he wants to close the U.S. prison there, but has not commented on the larger demand.

Reparations and compensation. Both countries want monetary compensation — for different reasons. On the U.S. list are billions of dollars in private and commercial properties confiscated by the Cuban government after the 1959 revolution. In his speech this week, Castro said the U.S. owed unspecified reparations to Cuba for damage caused by the embargo.

Compliance Week

Boston, Massachusetts

27 January 2015

Cracking Open the Cuba Market

Jaelyn Jaeger

U.S. companies eager to do business in Cuba face a long, difficult road ahead, impeded by a complex regulatory landscape even after the federal government this month eased the 53-year old trade embargo on our socialist southern neighbor.

Effective Jan. 16, the Office of Foreign Assets Control amended its economic sanctions regulations, and the Commerce Department's Bureau of Industry and Security amended its export control regulations on Cuba. Both changes are the opening moves in President Obama's announcement in December to re-open diplomatic relations.

Industries with potential to gain the biggest foothold in Cuba include travel, banking, agriculture, residential construction, and telecommunications. The regulations, however, don't constitute a complete lifting of the embargo. Most trade is still illegal.



Kavulich

“Don’t go and fuel up the corporate jet to Havana just yet,” says John Kavulich, senior policy adviser for the U.S.-Cuba Trade and Economic Council. Compliance, legal, and risk professionals of U.S. companies wanting to do business in Cuba first should review all their potential transactions to ensure they comply with the amended regulations under both OFAC and BIS.

Some U.S. companies that have been doing business with Cuba for a while (under certain narrow conditions, trade with Cuba is legal) praised the reforms. “We see the reforms announced as a positive for U.S. agriculture and businesses,” says Dan Fogleman, a spokesman with Tyson Foods. “We’ve been doing business with Cuba under the existing rules, and we welcome any reforms that will help simplify these transactions in the future.”

Since 2000, U.S. food and agricultural producers have been allowed to sell unprocessed agricultural products—such as corn and soy beans—and raw forestry materials to Cuba under the Trade Sanctions Reform and Export Enhancement Act. The restrictions are tight: U.S. producers must be paid cash in advance, and payments must be funneled through a third-party bank in another country, typically Europe.

Global food processing giant Archer Daniels Midland, which has in the past exported agricultural products to Cuba, indicated that it’s weighing its options. “Should trade regulations change between the United States and Cuba, we will be ready to adapt to new opportunities as they arise,” says Jackie Anderson, a spokesperson for ADM.

Permitted Exports

The newly relaxed regulations expand the scope of permitted commercial sales and exports. Items authorized for export from the United States will include building materials for private residential construction, goods for use by private-sector Cuban entrepreneurs, and agricultural equipment for farmers.

From a practical standpoint, however, the Cuban government controls almost every aspect of trade transactions, which will create compliance obstacles. Consider, for example, what would happen if a private farmer in Cuba leases land from the government, or if that farmer belongs to a cooperative that’s part of the government? What if he sells some produce to the government and the rest to the free markets?

“The regulations have to define what a ‘private farmer’ is in Cuba,” says Kirby Jones, founder of consulting firm Alamar Associates, a long-time consulting business for working with Cuba. “Every time you open one policy door, you may have five other doors that open,” says Jones.

The regulations also will authorize the commercial export of certain items that “contribute to the ability of the Cuban people to communicate with people in the United States and the rest of the world.” This includes the commercial sale of certain consumer communications devices, related software, applications, hardware, and services.



Epstein

Internet-based communications will be allowed under a general license. “The question is how quickly and how willing the Cuban government will be to allow that,” said Jonathan Epstein, a partner with law firm Holland & Knight.

Financial Services

Kavulich says the “most striking and potentially complex” component of the policy changes is the re-establishment of direct correspondent banking, which is subject to a “blindingly deep amount of regulation and law.”

Under the regulations, U.S. banks will be allowed to open correspondent accounts at Cuban financial institutions to ease the processing of authorized transactions. That will effectively allow travelers to use U.S. credit and debit cards in Cuba and exporters to make and receive payments in Cuba, without having to go through a third-party bank.

Remittance levels to Cuban nationals and humanitarian projects will be raised from \$500 to \$2,000 per quarter (excluding officials of the government or the Communist Party). Remittance forwarders will no longer require a specific license.

Also, the definition of the statutory term “cash in advance” has been revised from “cash before shipment” to “cash before transfer of title to, and control of,” the exported items. The change will “allow expanded financing of authorized trade with Cuba, according to OFAC.

For a U.S. bank to establish a business relationship with Cuban financial institutions, compliance officers of U.S. banks effectively will have to certify the books of that Cuban financial institution, Kavulich says. That means telling a long list of regulators—Treasury Department, Justice Department, Office of the Comptroller of the Currency, and the Federal Reserve—that the Cuban bank meets all the required criteria, that it doesn’t engage in money laundering, terrorism financing, drug cartel financing, and more.

“In terms of compliance, that’s a huge headache for a bank to start to figure out how to process transactions in Cuba,” Epstein says. That hurdle alone may be enough for many banks to wait around until someone else goes first and irons out the practical difficulties, before they decide whether the Cuba market is worth the time.

¡Vamos!

U.S. companies that want to expand their footprint into Cuba shouldn’t wait for all the follow-on regulations and guidance to come out before making their next move. “If a company sits back and waits until this is all approved, they’re going to be late to the party,” Jones says.

In fact, Jones adds, some U.S. companies are already developing strategies to introduce their products and services into the Cuban market, similar to the approach food and agricultural companies took in the late 1990s before it was legal to sell food and agriculture products in Cuba.

Moving forward, companies should consider working collaboratively with regulators as new policy questions arise. “Companies should not be reluctant to talk to OFAC, so that OFAC is not writing regulations in a vacuum,” Jones says.

He gives the hypothetical example of a farm equipment manufacturer. “I would get to know who would buy my tractors and how private farming works,” Jones says. “How do they go about getting loans from the government? How do they go about borrowing from the bank?”

The more knowledge you have on how business is done in Cuba, the more you can inform OFAC, because the agency itself might not know, Jones says. “The industry can play a real role in shaping the regulations, because right now we’re dealing with a blank slate.”

CUBA SANCTION AMENDMENTS

Below, the Treasury Department lists some of the significant elements of changes in the revised regulations for Cuba sanctions.

Travel –

- In all 12 existing categories of authorized travel, travel previously authorized by specific license will be authorized by general license, subject to appropriate conditions. This means that individuals who meet the conditions laid out in the regulations will not need to apply for a license to travel to Cuba.
- These categories are: family visits; official business of the U.S. government, foreign governments, and certain intergovernmental organizations; journalistic activity; professional research and professional meetings; educational activities; religious activities; public performances, clinics, workshops, athletic and other competitions, and exhibitions; support for the Cuban people; humanitarian projects; activities of private foundations or research or educational institutes; exportation, importation, or transmission of information or information materials; and certain authorized export transactions.
- The per diem rate previously imposed on authorized travelers will no longer apply, and there is no specific dollar limit on authorized expenses. Authorized travelers will be allowed to engage in transactions ordinarily incident to travel within Cuba, including payment of living expenses and the acquisition in Cuba of goods for personal consumption there.
- Additionally, travelers will now be allowed to use U.S. credit and debit cards in Cuba.

Travel and Carrier Services –

- Travel agents and airlines will be authorized to provide authorized travel and air carrier services without the need for a specific license from OFAC.

Insurance –

- U.S. insurers will be authorized to provide coverage for global health, life, or travel insurance policies for individuals ordinarily resident in a third country who travel to or

within Cuba. Health, life, and travel insurance-related services will continue to be permitted for authorized U.S. travelers to Cuba.

Importation of Goods –

- Authorized U.S. travelers to Cuba will be allowed to import up to \$400 worth of goods acquired in Cuba for personal use. This includes no more than \$100 of alcohol or tobacco products.

Telecommunications –

- In order to better provide efficient and adequate telecommunications services between the United States and Cuba, a new OFAC general license will facilitate the establishment of commercial telecommunications facilities linking third countries and Cuba and in Cuba.
- The commercial export of certain items that will contribute to the ability of the Cuban people to communicate with people within Cuba, in the United States, and the rest of the world will be authorized under a new Commerce license exception (Support for the Cuban People (SCP)) without requiring a license. This will include the commercial sale of certain consumer communications devices, related software, applications, hardware, and services, and items for the establishment and update of communications-related systems.
- Additional services incident to internet-based communications and related to certain exportations and reexportations of communications items will also be authorized by OFAC general license.

Consumer Communications Devices –

- Commercial sales, as well as donations, of the export and reexport of consumer communications devices that enable the flow of information to from and among the Cuban people, such as personal computers, mobile phones, televisions, memory devices, recording devices, and consumer software, will be authorized under Commerce's Consumer Communication Devices (CCD) license exception instead of requiring licenses.

Financial Services –

- Depository institutions will be permitted to open and maintain correspondent accounts at a financial institution that is a national of Cuba to facilitate the processing of authorized transactions.
- U.S. financial institutions will be authorized to enroll merchants and process credit and debit card transactions for travel-related and other transactions consistent with section 515.560 of the CACR. These measures will improve the speed and efficiency of authorized payments between the United States and Cuba.

Les Echos
Paris, France
22 January 2015

John Kavulich : « Avec un salaire de 20 à 60 dollars, les Cubains ne vont pas se mettre à acheter des iPad »

Lucie Robequain / Correspondante à New York |



John Kavulich, est président émérite du Conseil économique et commercial Etats-Unis – Cuba - WILFREDO LEE/AP/SIPA

Créé il y a une vingtaine d'années, le Conseil économique et commercial Etats-Unis-Cuba est basé à New York. Il aide les hommes d'affaires américains à mieux saisir les relations économiques et commerciales entre les deux pays.

Comment l'assouplissement de l'embargo américain peut-il transformer l'économie cubaine ?

L'assouplissement de l'embargo ne va pas changer l'île du jour au lendemain. Le gouvernement de Raul Castro n'autorisera aucune réforme qui puisse lui donner l'impression de perdre le contrôle de la situation. A titre d'exemple, Barack Obama serait heureux que les entreprises américaines puissent vendre des équipements à des entrepreneurs individuels. Mais c'est quelque chose que le gouvernement cubain n'autorisera pas. Les produits américains ne pourront profiter qu'aux entreprises contrôlées directement ou indirectement par l'Etat. Ne nous faisons pas d'illusions : en renouant le contact avec la Havane, Barack Obama n'a pas appuyé sur un bouton permettant de passer subitement de l'obscurité à la lumière.

Quelles sont les entreprises américaines qui profiteront le plus de cette ouverture ?

Les Américains rêvent tous d'exporter vers Cuba. Mais avec un salaire qui oscille entre 20 et 60 dollars par mois, les Cubains ne vont pas se mettre à acheter subitement des iPad et des smartphones. Pour que les habitants retrouvent leur pouvoir d'achat, il faut que la production cubaine se redresse, ce qui nécessite des réformes en interne. Les seuls qui profiteront de l'ouverture cubaine à court terme sont les entreprises de tourisme et les établissements bancaires. Les exilés cubains vont être autorisés à transférer quatre fois plus d'argent qu'aujourd'hui vers Cuba. Les touristes pourront retirer de l'argent sur l'île. C'est une bénédiction pour les banques américaines.

Verra-t-on bientôt des McDonald's et des Starbucks à La Havane ?

Certainement pas ! McDonald's n'est pas autorisé à Cuba et ne le sera pas de sitôt. Tant que l'embargo sur Cuba perdure, il n'y aura aucun investissement direct sur l'île. Les entreprises américaines ont le droit de vendre, mais pas de s'installer. Et je n'imagine pas le Congrès américain lever cet embargo rapidement. Pour Coca-Cola, il n'y a pas de grande nouveauté non plus : il vend des bouteilles sur l'île depuis 2000, en passant par Panama et le Mexique notamment. Les entreprises de communication, quant à elles, vont avoir du mal à s'imposer à Cuba, car le gouvernement communiste va leur mettre beaucoup de bâtons dans les roues. Si Cisco veut installer des serveurs Internet sur l'île, par exemple, le gouvernement va lui demander : « *Comment pouvons-nous être sûr que les équipements que vous voulez vendre ne sont pas infiltrés par une agence fédérale américaine ?* » Pire encore, il pourrait exiger que ces équipements soient configurés pour contrôler toutes les communications du pays.

Doit-on s'attendre à un enrichissement de la population cubaine ?

La richesse va se concentrer à La Havane. Les professionnels du tourisme et les Cubains ayant de la famille exilée aux Etats-Unis vont voir leurs revenus augmenter – je rappelle que ces derniers pourront recevoir quatre fois plus d'argent de leur famille en exil. Mais pour les Cubains noirs, qui n'ont pas de famille aux Etats-Unis et qui vivent de manière assez autarcique, il n'y aura pas d'accroissement de richesse. Leur bien-être dépend en fait massivement du Venezuela aujourd'hui. Rendez-vous compte : Caracas leur offre gratuitement 100.000 barils de pétrole tous les jours ! Mais le Venezuela subit une grave crise économique. S'il réduit son soutien à La Havane, les Cubains vont beaucoup souffrir.

En savoir plus sur <http://www.lesechos.fr/monde/ameriques/0204099037929-john-kavulich-avec-un-salaire-de-20-a-60-dollars-les-cubains-ne-vont-pas-se-mettre-a-acheter-des-ipad-1085501.php?GrUOfgwSwmVaz416.99>

The Jewish Voice

Tel Aviv, Israel

21 January 2015

Ready to Travel to Cuba?- Not So Fast!!



Old Havana square captures the feel the city gives of being trapped in time. (Traveler photo by Bobcav)

On Friday, January 16, the U.S. Treasury implemented new rules relaxing restrictions on trade and travel with Cuba. Although the move is a step toward the Obama administration's goal, announced last month, of normalizing ties with the communist nation, U.S. tourist shouldn't start planning their vacations yet. The embargo can only be fully removed by Congress, but it is up to the administration to enforce, or ignore it.

In a statement made on Thursday, January 15, Treasury Secretary Jack Lew said the United States was "one step closer to replacing out-of-date policies that were not working."

Under the new rules, Americans do not need to apply for a license to be able to travel to Cuba for any of a dozen approved reasons, including family visits, education, and humanitarian and religious work. Travel agents and airlines are allowed to provide authorized services without a license. But general tourism to Cuba remains banned.

Robert Muse, a Washington attorney and expert on U.S. law related to Cuba, told VOA that hefty fines remain for those involved in unauthorized travel.

"It is \$100,000 per infraction," he said. "So if you have 20 people in a group traveling to Cuba and the organizers violated the rules, you are looking at a \$2 million penalty. So I would counsel organizations and institutions in the United States to proceed carefully with travel to Cuba."

White House spokesman Josh Earnest said President Barack Obama would like to see all travel restrictions removed.



The Varadero beach in Cuba's city of Havana. (Traveler photo by Beban)

"However, there are limits on what the president can change in that relationship using his executive authority," Earnest said. "So we certainly would welcome congressional action that would make it possible for people to travel to Cuba solely for the purposes of spending time on the beach in Cuba."

United Airlines said Thursday that it planned flights to Cuba from Houston, Texas, and Newark, New Jersey, subject to government approval. Delta Air Lines and JetBlue Airways said they would look into adding services.

While Cuban President Raul Castro has welcomed last month's deal with the U.S., he has made clear that Havana does not intend to abandon single-party rule or the state-controlled economy. Some in the U.S. Congress have expressed opposition to relaxing sanctions on Cuba, saying it will not encourage democratic progress.

The decades-old trade embargo can be completely lifted only by Congress, a move that appears unlikely. But Muse said the president has the executive authority to greatly reduce the restrictions.

"He can leave the embargo on Cuba virtually all holes and no cheese by the time that he is done, and I think that is what he is doing," Muse said. "This is meant to be a legacy project for Barack Obama, and this is what they are pursuing. So expect to see continuing expansions of commercial activity with Cuba."

As of Friday, January 16, commercial activity has begun to expand. U.S. travelers are allowed to import up to \$400 worth of goods purchased in Cuba for personal use, including \$100 worth of tobacco and alcohol.

The new rules also raise a limit on remittances. Americans can send up to \$8,000 to Cuba a year, up from \$2,000 previously, and take \$10,000 with them when they travel to the country. They are also able to use credit and debit cards.

The rule changes allow U.S. financial institutions to establish accounts in Cuban banks. Companies are allowed to ship building materials and equipment to private Cuban companies.

U.S. businesses are also able to export communications devices to Cuba, a step many say could help encourage the free flow of information in Cuba.

But John Kavulich, a senior policy adviser for the U.S.-Cuba Trade and Economic Council, told VOA this may be “wishful thinking.”

"If you are the Cuban government," he said, "you know about Edward Snowden, and you are going to rightly say, 'How do we know that any equipment we purchase from you is not compromised before it gets here or cannot be compromised once it gets here?' I do not remember the Cuban government making an announcement saying it hopes all 11.3 million people have a smartphone, an iPad and Gmail.”

There are also questions about whether authorized exports of agricultural, medical and other goods from the U.S. will go to their intended recipients or end up in the hands of the Cuban government. U.S. officials said Thursday, January 15, that they would enforce restrictions among U.S. exporters but had no authority once the items were in Cuba.

Some members of Congress have accused Obama of making concessions to Cuba’s leaders and receiving few in return, but Havana has given signs it is willing to live up to its end of the bargain with Washington. Last week, the communist government released 53 political prisoners, as it promised to do in the rapprochement deal with the U.S.

The New York Times

New York, New York

16 January 2015

Americas

Starting Friday, U.S. Will Ease Restrictions on Travel to Cuba

By PETER BAKER and RANDAL C. ARCHIBOLDJAN



A girl left for school last week in Havana as her grandmother watched. Americans have long had to justify their visits to Cuba. Credit Andrea Bruce for The New York Times

WASHINGTON — For decades, the aging tourist mecca of Havana beckoned, but the United States did not make it easy for Americans hoping to visit. They had to justify their trips to a government agency, apply for licenses, sign up with a company organizing “people to people” exchanges, or circumvent the law altogether by flying somewhere else first.

As of Friday, the door will open a lot wider. While ordinary tourism remains banned by law, new rules put in place by President Obama will make it easier for Americans to visit Cuba than it has been for most of the last half-century. If airlines begin regular service between the United States and Cuba, as they quickly moved to do, it could soon be as simple as logging on to a computer to order a ticket and checking a box to say the trip serves a legitimate purpose.

The rules will usher in a new era of contact between neighbors that have been estranged for longer than most of their citizens have been alive. It will be easier not only to travel, but also to send money. American telecommunications providers, financial institutions and agricultural companies will be given more opportunities to do business in Cuba. Visitors will be allowed to spend more, use credit cards and even bring home up to \$100 in Cuban cigars.



Josh Earnest, the White House press secretary, commented on the announcement that beginning Friday, the United States will ease restrictions on travel to Cuba.

United Airlines announced on Thursday that it planned to seek approval to begin regular service to Cuba from Newark and Houston. American Airlines, which operates charter flights to Cuba from Miami and Tampa, Fla., said it was reviewing the rule changes.

“This is basically the end of the travel ban, once they work out the kinks,” said Julia E. Sweig, a longtime scholar and author on Cuba. “At first glance, the new regulations look to allow most Americans to travel to Cuba without having to ask for permission in advance, and by booking air travel directly rather than through authorized groups and agencies.”

That is not to say everything will suddenly be possible. The embargo imposed by President Dwight D. Eisenhower in 1960 after Fidel Castro stormed to power remains in effect, and most trade is still illegal. Travelers will have to certify that their visits are for educational, religious, cultural, journalistic, humanitarian or family purposes, among other permitted categories.

Some analysts warned against expecting quick, drastic change. Visitors will still need visas from the Cuban government, and the island’s aging hotels and restaurants may not be able to accommodate them all.

“Where are all these people going to eat?” asked John S. Kavulich, a senior policy adviser at the U.S.-Cuba Trade and Economic Council, a nonprofit group of businesses. “Where are all these people going to stay? The excitement, the exuberance, is just out in another galaxy. You can only do what can be done.”

Moreover, those traveling on people-to-people exchanges will still need to go with a group that maintains a full schedule of approved activities. “So a couple cannot go to Cuba to educate themselves on a subject like Cuban music,” said Robert L. Muse, a lawyer experienced in laws relating to Cuba. “They can only go under the auspices of an organization that arranges a structured educational trip.”



New rules put in place by President Obama are making it easier for Americans to visit Cuba than it has been for half a century. Still, some analysts warn that Cuba's aging infrastructure may not be able to accommodate the fervent interest quite so fast. Credit Desmond Boylan/Reuters

Still, while educational exchanges have been one of the most common forms of travel to Cuba in recent years, government officials said Thursday that they expected the new rules to make solo visits outside of such arrangements more frequent, because it will be easier to travel under other permitted categories.

The rules put into reality the changes Mr. Obama promised last month when he announced plans to resume normal diplomatic relations with Havana for the first time since 1961. The administration made this latest move after Cuba freed 53 political prisoners it had agreed to release as part of a deal between Mr. Obama and President Raúl Castro, Fidel's brother.

Critics said Mr. Obama was playing into the hands of the Castro brothers by relaxing sanctions without obtaining commitments from them to expand freedoms for Cubans. Cuba remains one of the most repressive nations in the world, according to human rights groups and the State Department, which have cataloged the ways it smothers dissent through arbitrary arrests, government intimidation, selective prosecution and control of the news media.

"This is a windfall for the Castro regime that will be used to fund its repression against Cubans, as well as its activities against U.S. national interests in Latin America and beyond," said Senator Marco Rubio, Republican of Florida.

Mr. Rubio, who is Cuban-American, sent a letter this week to Jacob J. Lew, the Treasury secretary, questioning whether the new rules violated American law. "While those questions remain unanswered," Mr. Rubio said Thursday, "one thing that's become even more crystal clear is that this one-sided deal is enriching a tyrant and his regime."

Mr. Obama argues that the approach of the last 50 years has not worked and that it is time to try something new. Officials said Thursday that they were confident the new rules complied with the law, and Mr. Lew said they would benefit Cubans.

"These changes will have a direct impact in further engaging and empowering the Cuban people, promoting positive change for Cuba's citizens," he said.

"Cuba has real potential for economic growth," Mr. Lew added, "and by increasing travel, commerce, communications and private business development between the United States and Cuba, the United States can help the Cuban people determine their own future."

Cuba is the only country in the world to which United States law bans Americans from traveling as tourists. For years, Americans have found ways to bypass those restrictions, and Mr. Obama has twice before changed the rules to allow more exceptions.

According to the Cuban government, 98,000 Americans visited Cuba in 2012, a year after Mr. Obama most recently eased restrictions — twice as many as traveled there five years earlier. That does not

include many more Cuban-Americans who visit each year but are not counted by Havana because they are still considered Cubans.

Under previous rules, Americans wanting to travel legally to Cuba had to justify their trips under one of 12 categories and, in some cases, obtain a license from the Treasury Department's Office of Foreign Assets Control. Under the new rules, Americans will not need specific licenses to certify they fit those categories.

Just as important, airlines will be allowed to open regular commercial routes to Cuba once a civil aviation agreement is struck with Havana. Currently, they can operate only charter flights under a government license. About 300,000 passengers took charter flights to Cuba from Miami last year, and another 30,000 flew from Tampa, according to officials at those airports. In Tampa, the number was up 50 percent in just two years.

The Cuban government made no comment on Thursday but published articles on the changes on state news sites. Many Cubans embraced the new regulations but expressed skepticism that the United States would follow through.

"Of course I want more customers and support, but I will wait until they are here to believe it," said Juanita Ceballos, who rents a room in the Vedado neighborhood of Havana, a favorite of tourists.

But others were encouraged by the higher ceiling on remittances, which are a major source of income for some families. "It will decrease the stress of living day to day," said Herminia Salvador, 41, a former government secretary largely supported by money from relatives in Florida.

International Business News

New York, New York

16 January 2015

US Relaxes Restrictions On Cuba, But A Maze Of Hurdles Remains

By Brianna Lee



The Obama administration's new rules on U.S. travel and business with Cuba, which went into effect Friday, is the first concrete step toward softening the 50-year-old embargo on the island. But that doesn't mean Cuba is flinging open its doors to Americans just yet. Spencer Platt/Getty Images



People wait for passengers to arrive at the airport in Havana. Reuters/Stringer

The Obama administration's new rules on U.S. travel and business with Cuba, which went into effect Friday, is the first concrete step toward softening the 50-year-old embargo on the island. But that doesn't mean Cuba is flinging open its doors to Americans just yet.

The U.S. Treasury Department and Commerce Department announced Thursday that they would lift certain restrictions on U.S. remittances, exports and travel to Cuba, one month after President Obama announced the U.S. would be resuming diplomatic relations with the island's government. But the new regulations only pertain to U.S. entities, and analysts say the actual effect of these changes is still largely in Cuba's hands.

New rules on U.S. travel to Cuba make up perhaps the biggest change. Tourist travel to Cuba is still prohibited, but travelers going to Cuba under 12 existing categories – including family visits, educational trips and traveling for religious reasons – will no longer require a special license.

Effectively, this means an American citizen can now book a trip to Cuba and simply sign an affidavit affirming that he or she is going under one of the 12 approved travel categories. In theory, a traveler could go for tourist activities while citing a different reason on the affidavit. But travel agencies are required to keep those documents for five years in case federal authorities ever want to check those visits. Travelers also must still get a Cuban visa to travel to the country, and approval times vary; visas for journalists can take much longer to obtain than those for educational trips.

It will also still be a while before Americans may be able to purchase plane tickets directly via Kayak or Orbitz. Armando Garcia, president of Marazul, a charter and travel agency that specializes in travel to Cuba, explained that while the new rules allow airlines to start running their own regularly scheduled flights to Cuba – charter companies are currently the only ones operating those flights, some in agreement with American Airlines, Delta Air Lines and JetBlue – Cuban government approval is still needed.

“There needs to be more negotiations between Cuba and the U.S. in order to begin transportation with regularly scheduled airlines,” he said. “In order to operate a charter to Cuba, you need the permission of the U.S. and landing rights with Cuba.” For now, U.S. travelers can book trips through a number of travel agencies. And because those agencies no longer need special licenses to organize trips, travelers now have a wealth of new companies to choose from. But Garcia noted that even if flights increase, Cuba's hotel capacity remains limited.

For business dealings with Cuba, the situation gets trickier. The new regulations open opportunities for U.S. businesses to export certain goods to Cuba, including telecommunications equipment and building materials for private residents and small businesses. But the Cuban government still must allow permission for those exports to come through, and satisfying its requirements has proven cumbersome.

“It sounds easy on paper and policy, but it's not necessarily so,” said Kirby Jones, president of Alamar Associates, a consulting firm that specializes in U.S. trade with Cuba. He noted that under Cuban law, nongovernmental entities cannot import goods into the country without Havana's approval. “So when we say we're going to sell construction materials to private residences, to whom are we going to sell those?” he asked.

Jones noted that the problem of identifying Cuban recipients of exports had already been an issue. "If you read the fine print under [export rules around medicines], it says medical products can be sold to Cuba if the exporter proves who the end user is and is not," he said. "How do you do that? Well, you can't. Who's to say who the patient is that's going to use that machine or take those pills?" Those questions, he said, still have to be hashed out between the U.S. and Cuban governments.

Under the new regulations, U.S. banks may also open direct corresponding accounts inside Cuba. But John Kavulich, senior policy adviser for the U.S.-Cuba Trade and Economic Council, said they would wait to take advantage of the new regulations, even though doing so immediately would greatly speed financial transactions between the two countries. The reason for the hesitation is the fact that banks have already been hit with billions of dollars in fines due to violations of Cuban sanctions.

"It potentially is going to take some time for U.S. banks to make certain that the Treasury Department, the [Office of the Comptroller] and the Federal Reserve are all on board," he said. "Because if you do a Cuba transaction now within what's authorized, and you get a decimal out of place, you can get hit with a \$100,000 fine, even if it's a \$700 transaction."

Kavulich agreed with Jones that U.S. businesses would not be getting an immediate foothold in Cuba, despite the new U.S. rules. But he also said the Castro government remained the main obstacle to increased engagement. "The Cuban government generally will permit what it believes it can control," he said. "The perception that Cuba is Dubai, 93 miles south of Key West, Florida, waiting with piles of money to buy product from the U.S., is illusory at best."

The Chosunilbo

Seoul, South Korea

16 January 2015

U.S. Relaxation of Cuba Sanctions Begins Friday

The United States Treasury says new rules relaxing trade and travel restrictions to Cuba will be implemented beginning Friday. The move is a step toward the Obama administration's goal, announced last month, of normalizing ties with the communist nation.

In a statement Thursday, Treasury Secretary Jack Lew said the United States is now "one step closer to replacing out of date policies that were not working."

Under the new rules, Americans will not need to apply for a license to be able to travel to Cuba for any of a dozen approved reasons. Travel agents and airlines will also be allowed to provide authorized services without a license.

But general tourism to Cuba remains banned. Washington attorney and expert on U.S. law related to Cuba Robert Muse tells VOA hefty fines remain for those involved in unauthorized travel. "It is \$100,000 per infraction. So if you have 20 people in a group traveling to Cuba and the organizers violated the rules, you are looking at a \$2 million penalty. So I would counsel organizations and institutions in the United States to proceed carefully with travel to Cuba," he said.

Some Congress members have expressed opposition to relaxing sanctions, saying it will not encourage democratic progress. The decades-old trade embargo can only be completely lifted by Congress, a move that appears unlikely. But Muse says the president has the executive authority to greatly reduce the restrictions.

"He can leave the embargo on Cuba virtually all holes and no cheese by the time that he is done, and I think that is what he is doing. This is meant to be a legacy project for Barack Obama, and this is what

they are pursuing. So expect to see continuing expansions of commercial activity with Cuba," states Muse.

Starting Friday, that commercial activity will start to expand. U.S. travelers will be allowed to import up to \$400 worth of goods purchased in Cuba for personal use, including \$100 worth of tobacco and alcohol.

The new rules will also raise a limit on remittances and allow U.S. financial institutions to establish accounts in Cuban banks. Companies will be allowed to ship building materials and equipment to private Cuban companies.

U.S. businesses will also be able to export communications devices to Cuba, a step many say could help encourage the free flow of information in Cuba.

But John Kavulich, a senior policy advisor for the U.S.-Cuba Trade and Economic Council, tells VOA this may be "wishful thinking."

"If you are the Cuban government, you know about Edward Snowden, and you are going to rightly say, 'How do we know that any equipment we purchase from you is not compromised before it gets here or cannot be compromised once it gets here?'" I do not remember the Cuban government making an announcement saying it hopes all 11.3 million people have a smartphone," he adds, "an iPad, and Gmail."

But Cuba has given signs it is willing to live up to its end of the bargain with Washington. This week, the communist government released 53 political prisoners, as it promised to do in the rapprochement deal with the U.S.

Latin America News Dispatch

New York, New York

16 January 2015

White House Rolls Out Details of New Cuba Policy



White House Press Secretary Josh Earnest a number of regulatory changes towards Cuba on Thursday.

Top Story — The United States on Thursday announced the details of the partial restoration of economic ties with Cuba, a handful of regulatory changes set to take effect on the following day. The policy changes by the U.S. Treasury and Commerce Departments follow the historic announcement by the U.S. and Cuban governments in December that they will seek to normalize diplomatic relations.

Starting Jan. 16, U.S. citizens will be allowed to use credit cards, open bank accounts and conduct limited trade activities in Cuba. While tourism on the island remains illegal, travelers seeking to take trips for previously approved purposes, like journalism or humanitarian missions, will no longer need to seek authorization in advance.

U.S. airlines will also be allowed to schedule regular flights to the island. Previously, Cuba was only accessible from the U.S. by charter flights. However, the new commercial flights will be on hold until the U.S. and Cuba can agree on civil aviation standards, despite an announcement on Thursday by carrier United Airlines that it would plan flights from Newark, N.J. and Houston, T.X.

As the Latin Dispatch reported following the initial announcement in December, many remain skeptical that the changes will bring about a renaissance in trade. A broader economic embargo remains in place, under the control of the U.S. Congress, where critics of President Barack Obama's December announcement are likely to push hard against any further efforts to strengthen ties, despite reforms on the island like the release of political prisoners and the announcement that wireless internet service will soon become available.

Despite the potential for further diplomatic progress, a boom in tourism is not immediately expected. While approved trips may be scheduled more easily, those visitors would still be required to keep strict schedules, which would likely deter casual vacationers. Even if U.S. law allowed it, Cuba would need to find a way to accommodate an influx of visitors to the island. When interviewed by The New York Times, John S. Kavulich of the U.S.-Cuba Trade and Economic Council asked, "Where are all these people going to eat?"

The Telegraph

London, United Kingdom

16 January 2015

United Airlines announces flights to Havana as companies prepare to cash in on Cuba détente

From tourism to mobile phones, the end of the Cuban cold war could be good news for US corporations



Companies hope to cash in on Cuba detente Photo: ALAMY



By David Millward, US Correspondent

United Airlines has announced it will operate flights to Cuba following President Obama's relaxation of restrictions dating back 52 years.

The move by the airline, which will run flights from Houston, Texas and Newark, New Jersey, is evidence that companies are preparing for what they hope will be a commercial bonanza.

Much, however, will depend on the extent to which Cuba is prepared to open up its economy to the US and willingness of the Republican-controlled congress to lift the trade restrictions.

That could still prove problematic given the hostile reception Republicans gave to the initiative when it was announced by President Obama.

“I think the first industry to benefit will be agriculture,” said Rob Sequin, owner and publisher of the Havana Journal, a website containing information about trade and business with the island.

“It is already legal for American companies to sell agricultural products and there is a sales network in place.”

Already a newly formed group, the US Agriculture Coalition for Cuba, comprising more than 30 firms, intends to lobby congress in support of easing trade restrictions.

“We have the momentum we’re carrying it forward,” said Paul Johnson, the group’s vice chairmen.

Experts also believe banking will benefit, especially with new rules making it possible for Americans to use credit cards in Cuba.



The easing of restrictions should see an upturn in trade between the US which, according to the US-Cuba Trade and Economic Council, had fallen dramatically from a peak of \$710 million (£467 million) to \$349 million last year.

American corporations have been keen to see the five decade embargo brought to a close, according to Jodi Bond, vice president of the Americas for the International Division at the U.S. Chamber of Commerce.

"The business community has been against the embargo for quite some time," she said. "You'll be hearing more and more from companies soon."

Some analysts believe that American companies could also benefit if Cuba chooses to modernise its creaking infrastructure.

This would be good news for construction and telecommunications firms in particular.

Cuba does have a mobile phone network, but compared with other countries – including poverty-ridden Haiti – it is primitive and expensive.

The internet is also painfully slow and access restricted.



According to one recent study only 3.4 per cent of Cuban homes are online.

The potential for US companies to win contracts to modernise the network is obvious.

But some have argued that Havana could have done this with European trading partners already if it had identified it as a priority.

The other potential big winner is likely to be the travel industry.

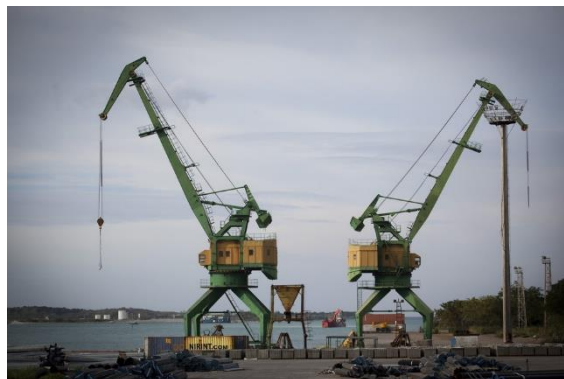
Even though travel to Cuba purely as a tourist remains restricted, some of the bureaucracy involved in taking a trip to the island has been eased.

The Wall Street Journal

New York, New York

15 January 2015

Businesses Push White House for More Cuba Access **Industries Are Eager to Recover Lost Ground in the Formerly Off-Limits Nation**



U.S. industries are eager to recover lost ground in Cuba. Pictured, cargo cranes at Cuba's Mariel port. Bloomberg News

By William Mauldin

U.S. businesses are pressing the Obama administration to offer wider access to Cuba's markets than it has signaled, fearing they could lag behind overseas competitors as the nation takes steps toward opening up its economy.

The administration plans to provide its first set of detailed guidance in coming days, a month after President Barack Obama surprised the world by moving to renew diplomatic and economic ties after decades of sanctions.

Some American industries, including agriculture and travel, are eager to recover lost ground in Cuba and are already pressing the administration to go further than it did in December to open up trade and investment, despite determined opposition from some lawmakers.

“If we move slowly as Americans, we’re tying one hand behind our backs,” said Devry Boughner Vorwerk, vice president for corporate affairs at agribusiness giant Cargill Inc.

But some former U.S. officials and other experts are encouraging the administration to move cautiously because of Cuba’s state-run economy, dismal credit record, poor treatment of investors and the tangled web of restrictive U.S. government laws and rules, many of which require congressional action to be removed.

Advertisement

“It’s best to move slowly,” said John Kavulich, senior policy adviser at the U.S.-Cuba Trade and Economic Council, a nonprofit group that tracks the Cuban business environment. “Cuba is only going to permit what it believes it can control.”

Opening up Cuba too quickly to U.S. companies could lead to pitfalls similar to those encountered after the collapse of the Soviet Union, some economists say. But U.S. firms don’t want European, Asian or Latin American companies to gain an advantage if Havana is serious about shifting its economy away from the state. Commerce across the Straits of Florida also faces a determined political opposition not seen when rules were relaxed on Vietnam or other countries.

“It’s going to be a while before any U.S. businesses do any real business in Cuba,” said Sarah Stephens, executive director at the Washington-based Center for Democracy in the Americas, which backs closer ties with Havana.

In coming days, the Treasury Department and Commerce Department are expected to publish regulations that flesh out Mr. Obama’s December announcement on removing some of the decades-old embargo. The U.S. also is considering taking Cuba off its list of state sponsors of terrorism, a move that would lighten some trade restrictions.

Concrete regulations permitting certain types of businesses may galvanize some firms to enter the Cuban market, even if they’ve waited for decades and faced disappointment during temporary thaws before.

“When people say, ‘You gotta move slow,’ you have to take it with a grain of salt when it comes to Cuba,” said Bill Lane, global governmental affairs director at Caterpillar Inc., at a packed event hosted Wednesday by the Washington International Trade Association. The firm, like many others, sees entry into the Cuban market as a long-term process.

The coming rules will broaden the groups of Americans that can travel to Cuba without permission, quadruple the maximum amount of U.S. cash remittances to Cuban citizens, permit exports of some building materials, further facilitate the trade of agricultural goods and food, allow the sale of telecommunications equipment and infrastructure, and give U.S. banks the green light to approve card transactions in Cuba and set up correspondent account there, the White House said last month.

The rules also may alleviate the global burden of Cuba-related sanctions and allow U.S. firms to do business with Cuban citizens in other countries, among other issues.

Once the rules are published, many firms will seek clarification from the Obama administration on how it will interpret and enforce them in practice to assess how much leeway they’ll have for commerce with the island.

Then companies like Coca-Cola Co. and American Airlines Group Inc., for instance, will be able to analyze whether it makes sense to sell soft drinks or operate scheduled flights. While some types of trade won’t automatically be allowed, firms may have better luck getting explicit permission to go to Cuba in the current environment in Washington. Others will immediately start pressing for more access to Cuba. Many business leaders and trade lawyers say Mr. Obama can do a lot more to open up trade and

investment with Cuba without action from Congress, which passed the Helms-Burton Act and other legislation enshrining Cuban sanctions in law.

“Even if you still do require a license, you’re going to have more resources” in the administration, said Jake Colvin, Cuba expert at the National Foreign Trade Council, which represents businesses and opposes unilateral sanctions.

The agribusiness community last week organized the U.S. Agriculture Coalition for Cuba with two-dozen companies, part of an effort to keep U.S. market share in Cuba from slipping to Brazil and other countries.

The U.S. has long allowed agricultural trade in Cuba on humanitarian grounds, but only on a “cash-in-advance” basis.

The new rules are expected to give Cuba’s state importers a “bit of flexibility” in paying for American food, shrinking their disadvantage in transportation and financing compared with shippers in other countries, said

Ms. Vorwerk of Cargill, who is chairwoman of the agricultural coalition. “It will take an act of Congress for us to be able to take advantage of flexible financing,” she said.

Ms. Vorwerk says she’s optimistic Congress could act to lift Cuba restrictions as early as this year, but most experts don’t see Congress touching the issue soon.

Sen. Robert Menendez (D., N.J.) said the coming regulatory changes are “clearly intended to circumvent the intent and spirit of U.S. law and the U.S. Congress.”

“It’s a fallacy that Cuba will change just because the American president believes that if he extends his hand in peace that the Castro brothers suddenly will unclench their fists,” Mr. Menendez, the top Democrat on the Senate Foreign Relations Committee, said in the Senate on Tuesday.

Another problem: The Cuban government faces U.S.-recognized claims for seized property that is now worth \$7 billion with accrued interest.

One test will be whether U.S. banks embrace card use in Cuba and establish correspondent accounts, which would facilitate direct payments without having to rely on third countries.

“If there are banks opening up correspondent accounts, that will definitely make trade easier,” said Serena Moe, a former sanctions official at the Treasury Department who is now at the law firm Wiley, Fein & Fielding.

But even a green light for the U.S. government may not be enough, since some banks have paid out billions of dollars tied to Cuba sanctions violations. The existing web of regulations is so wide that many firms will be wary of stepping up soon.

“U.S. banks don’t want to have anything to do with Cuba,” said Robert Muse, a Washington lawyer who advises companies doing business in Cuba on U.S. law.

NPR

Washington, DC

15 January 2015

White House Starts Chipping Away At U.S. Embargo On Cuba



Michele Kelemen

The Obama administration is following through on its pledge to ease travel and trade restrictions on Cuba. The Treasury and Commerce Departments say the new rules they have just issued go into effect on Friday. Critics of the administration, though, are questioning the legality of the moves.

AUDIE CORNISH, HOST:

The Obama administration is making good on its promise to ease travel and trade restrictions on Cuba. The Treasury and Commerce Department say new rules go into effect tomorrow. Critics of the administration are questioning the legality of those moves, as NPR's Michele Kelemen reports.

MICHELE KELEMEN, BYLINE: Silvia Wilhelm has been leading cultural and educational tours to Cuba for nearly two decades and says her job just got a whole lot easier. She's looking forward to spending less time filling out paperwork for the Treasury Department.

SILVIA WILHELM: It took, like, six months to get the license, and then another six months to get it extended. It was totally a bureaucratic nightmare. We don't have to do that anymore.

KELEMEN: But it's not yet open season for tourism, she cautions. Americans hoping to go to Cuba have to fit into one of 12 categories that include family visits, professional research, religious activities and cultural exchanges.

WILHELM: So people can't just go individually if they don't fall under the 12 categories of travel and just go to the beach. That's still not possible.

KELEMEN: Still, she says, the phones at her company, Cuba Puentes, have been ringing off the hook. And Wilhelm is pleased to see that travelers will now be allowed to use U.S. credit and debit cards on the island, and Cuban-Americans, like herself, will be able to send more money back to family in Cuba, up to \$2,000 every three months. Travelers will also be able to bring back up to a hundred dollars' worth of Cuban cigars. At the White House, spokesman Josh Earnest says President Obama has gone as far as he could to chip away at a decades-old embargo.

(SOUNDBITE OF ARCHIVED RECORDING)

JOSH EARNEST: However, there are limits on what the president can change in that relationship using his executive authority. So we certainly would welcome congressional action that would make it possible for people to travel to Cuba solely for the purposes of spending time on the beach in Cuba.

KELEMEN: There are still some staunch supporters of the embargo on Capitol Hill, though. One of them, Florida Senator Marco Rubio, calls the changes announced by the Commerce and Treasury Departments a windfall for the Castro regime. And he's raised questions about the legality of the administration's actions. The president does have a lot of latitude on this issue, according to John Kavulich, senior policy advisor to the U.S.-Cuba Trade and Economic Council. He supports the regulatory changes and thinks Obama's critics should take another look.

JOHN KAVULICH: The abilities to provide a much higher level of remittances and allow individuals to carry much more cash to Cuba and allow support for private entrepreneurs and micro businesses and that has the potential to stress the social fabric of Cuba.

KELEMEN: The U.S., he says, will be in a better position to support the development of a Cuban middle-class and promote change on the island, but Kavulich isn't expecting an increase in trade overnight.

KAVULICH: This is a poor country. It has horrible credit. And it has some major challenges. And it's only going to be able to import what it can afford to import.

KELEMEN: And what it can control, he says. So he has his doubts, for instance, that Cuba will allow U.S. investments in the telecommunications sector, as the Obama administration has been suggesting. When it comes to travel, Silvia Wilhelm has other concerns.

WILHELM: Cuba is not ready to greet the - who knows how many - thousands and thousands and thousands of American travelers that may want to go in the next year or so.

KELEMEN: The infrastructure just isn't there, she says. Still, Wilhelm, who was in Cuba a few days ago, says her contacts are excited about the prospect of increased travel, and she's expecting to add more cultural tours this year. Michele Kelemen, NPR News, Washington.

Voice of America

Washington, DC

15 January 2015

US Relaxation of Cuba Sanctions Begins Friday



FILE - A woman walks past a bicycle taxi displaying the U.S. and Cuban flags in Havana, Dec. 17, 2014.

The United States Treasury says new rules relaxing trade and travel restrictions to Cuba will be implemented beginning Friday.

The move is a step toward the Obama administration's goal, announced last month, of normalizing ties with the communist nation.

In a statement Thursday, Treasury Secretary Jack Lew said the United States is now "one step closer to replacing out of date policies that were not working."

Under the new rules, Americans will not need to apply for a license to be able to travel to Cuba for any of a dozen approved reasons. Travel agents and airlines will also be allowed to provide authorized services without a license.

But general tourism to Cuba remains banned. Washington attorney and expert on U.S. law related to Cuba Robert Muse tells VOA hefty fines remain for those involved in unauthorized travel. "It is \$100,000 per infraction. So if you have 20 people in a group traveling to Cuba and the organizers violated the rules, you are looking at a \$2 million penalty. So I would counsel organizations and institutions in the United States to proceed carefully with travel to Cuba," he said.

Some Congress members have expressed opposition to relaxing sanctions, saying it will not encourage democratic progress.

The decades-old trade embargo can only be completely lifted by Congress, a move that appears unlikely. But Muse says the president has the executive authority to greatly reduce the restrictions.

"He can leave the embargo on Cuba virtually all holes and no cheese by the time that he is done, and I think that is what he is doing. This is meant to be a legacy project for Barack Obama, and this is what they are pursuing. So expect to see continuing expansions of commercial activity with Cuba," states Muse.

Starting Friday, that commercial activity will start to expand. U.S. travelers will be allowed to import up to \$400 worth of goods purchased in Cuba for personal use, including \$100 worth of tobacco and alcohol.

The new rules will also raise a limit on remittances and allow U.S. financial institutions to establish accounts in Cuban banks. Companies will be allowed to ship building materials and equipment to private Cuban companies.

U.S. businesses will also be able to export communications devices to Cuba, a step many say could help encourage the free flow of information in Cuba.

But John Kavulich, a senior policy advisor for the U.S.-Cuba Trade and Economic Council, tells VOA this may be "wishful thinking."

"If you are the Cuban government, you know about Edward Snowden, and you are going to rightly say, 'How do we know that any equipment we purchase from you is not compromised before it gets here or can not be compromised once it gets here?'" I do not remember the Cuban government making an announcement saying it hopes all 11.3 million people have a smartphone," he adds, "an iPad, and Gmail."

But Cuba has given signs it is willing to live up to its end of the bargain with Washington. This week, the communist government released 53 political prisoners, as it promised to do in the rapprochement deal with the U.S.

Savannah Morning News

Savannah, Georgia

15 January 2015

Georgia port No. 1 in exports to Cuba



GPA/Stephen Morton

Better known for its auto carriers, the Port of Brunswick is also the top U.S. port for exports to Cuba. President Barack Obama's recent decision to begin thawing relations with Cuba leads to the inevitable PortSide question: Will trade with the island nation resume or increase, and will it affect our ports?

Turns out, according to a story posted by the Miami Herald earlier this month, the Port of Brunswick is the United States' top exporter to Cuba.

Lest we get too excited about that distinction, it should be noted that U.S. exports to Cuba — imports from Cuba are forbidden by the embargo — are at their lowest level in more than a decade.

The U.S. shipped \$266 million in exports to the island nation between January and November of last year, according to statistics from the U.S.-Cuba Trade and Economic Council Inc. The last time it was lower was \$257 million in 2003.

According to the council, reasons for the cumulative reduction in U.S. exports in the last 10 years include substantial financial considerations to Cuba from both China and Venezuela and stronger import relations between Cuba and the governments of Brazil, Argentina, Vietnam, Mexico, Canada, Russia, Iran and France. The council also noted Cuba's preference to buy products from government-controlled entities, which provide more favorable payment terms and less publicity when those payment terms are not honored.

In 2014, frozen chicken was the top U.S. export to Cuba, followed by soybean oil cake, soybeans, corn and mixed animal feeds.

In the last three years, Georgia Ports Authority sent nearly 38,000 short tons of soybeans, flour and meal of oilseed to Cuba, which makes up 80 percent of those products the nation receives. Georgia Ports Authority also sent 35 shipments of other products including cordage and twine, logs and lumber and petroleum products.

Because there is no direct service from Savannah to Cuba, the numbers reflects transshipments through the Caribbean, GPA spokesman Robert Morris said.

C-Span **Washington, DC** **14 January 2015**

Washington International Trade Association (WITA) Conference

<http://www.c-span.org/video/?323777-1/discussion-uscuba-trade-relations>

Telegraph-Forum (USA Today/Gannett)

Bucyrus, Ohio

14 January 2015

Deirdre Shesgreen



(Photo: Lisa Bernheim/Gannett Ohio)

WASHINGTON – Ohio farmers are poised to benefit from the Obama administration's decision to normalize trade relations with Cuba, with the state's corn, soybean and poultry producers hoping closer ties with the communist nation will lead to increased exports.

The new policy, announced by President Barack Obama in December, will expand trade, increase travel and establish diplomatic relations with Cuba's regime.

"It's very positive any time we open trade barriers and especially when you're looking at a country like Cuba, which is so close and where we would have competitive advantage due to the issue of proximity," said Joe Cornely, a spokesman for the Ohio Farm Bureau Federation.

"We're talking about the potential for millions or tens of millions of dollars in sales eventually," Cornely said.

Ohio farmers already export some soybeans and corn to Cuba under a narrow exemption to the five-decade trade embargo. The exemption, passed by Congress in 2001, allows American businesses to sell food and agricultural products to Cuba with restrictions.

Cuban buyers must pay in cash, payments are required in advance and the money must be routed through a third-party bank in another country. Cornely said those extra hoops have made trade with Cuba complicated, and the island nation often turns to other countries that offer financing for purchases and other incentives.

It's not clear yet how quickly trade will expand under the new policy or how far the changes will go. Some hints will emerge in the next week or so, when the U.S. commerce and treasury departments are expected to issue new regulations implementing Obama's executive action.

Agriculture Secretary Tom Vilsack said the administration will remove some "technical barriers" and make U.S products "far more price-competitive."

"It's a \$1.7 billion market," Vilsack said last week, noting that Cuba imports about 80 percent of its food.

In 2014, about 20 percent of Cuba's food imports came from the U.S., according to data from the U.S.-Cuba trade council. That leaves a lot of room for growth.

Cornely and others say Ohio is ideally positioned to meet any new demand.

Agriculture is Ohio's largest industry, and it's a diverse sector, producing everything from apples to cabbage to Swiss cheese. Ohio ranks sixth in the nation in sweet corn production, second in egg production and third in tomatoes, according to data from the secretary of state's office.

The new trade relationship still will have limits, said John S. Kavulich, a senior policy adviser at the U.S.-Cuba Trade and Economic Council Inc. The council is a nonpartisan, nonprofit organization that analyzes U.S.-Cuba political relations.

Kavulich said, for example, that the Obama administration cannot nix the cash-payment requirement without legislation from Congress. But it can allow direct exchanges between American banks and Cuban banks.

Even as the administration moves ahead, some lawmakers are aiming to curtail the effectiveness of the new policy. Many Republicans have blasted the president's decision as a victory for the oppressive regime in Cuba, led by Raul Castro. They say the U.S. should continue to isolate Cuba diplomatically and economically until its leaders grant their people more political and economic liberty.

Sen. Rob Portman, R-Ohio, said agriculture exports might improve "somewhat," but he sounded skeptical it would make a big difference. And he said the U.S. has now lost its leverage to force democratic change in Cuba.

"The president moved without getting the kinds of commitments that all of us would like to see on human rights and opening up that society more," he said.

Sen. Sherrod Brown, D-Ohio, was more optimistic about the possible benefits.

"Engaging the Cuban government on diplomatic relations, trade and travel will benefit Ohio businesses that export, particularly our state's largest industry — agriculture and food," Brown said in a statement.

The real question, Kavulich said, is not how far the new White House policy can stretch, but how far the Castro regime will let it reach. He said trade will increase only if Castro thinks it's politically advantageous to buy from the U.S. rather than, say, Brazil, China or Venezuela.

"It's not going to impact (U.S.) food and agriculture exports unless the Cuban government wants it to," Kavulich said.

WLRN
Miami, Florida
14 January 2015

Why It's Time For A Reality Check On Normalizing Relations With Cuba

By Tim Padgett



An unidentified Cuban exile speaks out against President Obama's plans to normalize relations with Cuba at a downtown Miami rally on December 30. Credit Pedro Portal / El Nuevo Herald

4:30- Press Listen to hear the radio version of this report

What President Obama did on December 17 was hardly going to prevent what Cuban leader Raúl Castro did on December 30.

Obama last month announced plans to normalize relations with communist Cuba, which were severed 54 years ago. As if to test the waters in the wake of that historic decision, a new Cuban dissident group called Yo También Exijo (I Also Demand) called a free-speech gathering in Havana's Plaza de la Revolución for December 30.

To no one's surprise – especially after Castro days earlier had explicitly insisted normalization would not change Cuba's autocratic regime – authorities rounded up the organizers and a number of other dissidents before they could even plug in their microphones.

RELATED: The Cuba Illusion Has Vanished - And Now The Embargo Should Too

The arrests were a human rights violation – and one for which Cuban exile leaders in the U.S., who oppose any engagement with the Castro government, all but blamed Obama. Re-establishing diplomatic ties with Cuba, they insisted, is a betrayal of the island's pro-democracy activists. Many Cuban exiles here made the same argument at a downtown Miami rally that day in support of Yo También Exijo.

But Frank Mora, the Cuban-American director of the Latin American & Caribbean Center at Florida International University and a former Assistant Secretary of Defense for the Western Hemisphere, posted some common sense on Twitter afterward: "Never an expectation from [Obama]," Mora tweeted, "that Havana would stop repression."

Mora could just as well have been addressing folks on the opposite side of the issue – those who've gushed that normalizing relations is a ticket to democratic reform in Cuba.

His tweet was a reminder that both camps have been guilty of facile hyperbole about Obama's announcement. Normalization is neither a treacherous capitulation to the Castros nor the overnight catalyst for a Cuban Spring. It's about more effectively positioning the U.S. – at least more effectively than the exile leadership and half a century of isolation policy have done – to influence change in Cuba over the long haul.

This policy is not about expecting or hoping that Raul Castro will become the next Jefferson or even Gorbachev of Cuba. - Frank Mora

At this point, with high-ranking U.S. State Department officials set to travel to Havana a week from today to start negotiating normalization's nuts and bolts, "it's important to do a reality check on what the president's announcement did and did not do," says Jose Fernandez, a Cuban-American attorney in New York and a former Assistant Secretary of State for Economic, Energy and Business Affairs.

Fernandez knows that forging ties again with Cuba is a big deal. But he and other experts I consulted say the results will probably be small – at least while Raúl Castro and his brother Fidel, both in their 80s, are still alive.

That's because normalization doesn't change the basic fact that what the U.S. wants in Cuba and what the Castros want remain diametrically opposed. "We'd like to see an independent private sector," says Fernandez. "That's not exactly what they have in mind."

What the Castros have most in mind is making sure normalization doesn't threaten their hold on Cuba. So even though they released 53 dissidents from prison this week as part of the normalization deal, it's not like free elections are around the corner.

"This policy is not about expecting or hoping that Raúl Castro will become the next Jefferson of Cuba or even the Gorbachev of Cuba," says Mora.

Or the next Cuban capitalist. Obama wants to let Americans do more business with Cubans who own small enterprises under Raúl Castro's limited economic reforms. But the real question is whether Castro will let Cubans do more business with us – receiving more non-remittance U.S. investment or exports like telecom and building materials. So far that's uncertain at best.

"The lack of response by the Cuban government to any of what the president has announced is telling," says John Kavulich, a veteran Cuba watcher and senior policy adviser for the U.S.-Cuba Trade and Economic Council in New York. "They're only going to accept what they feel they can control, and no further."

OUR LADY OF WISHFUL THINKING?

Jerry Haar, an FIU international business professor, agrees – and he says Obama is pinning too much hope on the Castros loosening their grip.

"This truly is for those who worship at the church of Our Lady of Wishful Thinking," says Haar.

Then again, even Haar says it's worth at least trying to help Cuba's independent entrepreneurs. And Fernandez and other experts say the expectations that normalization has raised among Cubans themselves make it hard for Raúl not to allow more capitalist opportunities.

"Cuba has very few [finance] options," says Fernandez. "I think the Cuban government will allow small businesses to receive investment from the United States."

As more cracks like that appear in Cuba's wall, more engagement makes the U.S. better situated to boost reform there when the Castros are gone and a new, perhaps more Gorbachev-like generation of leaders emerges.

"Having a larger presence inside a country as it's making changes is far more beneficial than looking in from outside the fence," says Kavulich.

As a result, says Mora, Obama took last month's step not because he thought it would stop dissident arrests today, but because "in *spite* of the Cuban government, it's creating conditions that will facilitate or ease a transition towards a more open and free society."

Short-term regime change in Cuba is a battle the U.S. lost quite a while ago. U.S. officials say they'll be carrying the new long-term approach to engaging Cuba when they fly to the island next week.

USA Today
Arlington, VA
12 January 2015

U.S. businesses eye new opportunities in Cuba



Rick Jervis



(Photo: Jack Gruber, USA TODAY)

Jay Brickman envisions a day when the company he works for freely trades with Cuban entrepreneurs and the Cuban government without restrictions or crippling regulations.

But that day is still a speck on the horizon despite President Obama's announcement last month on plans to normalize U.S. relations with the island nation.

"It's an extraordinarily important first step but it really is just a first step," said Brickman, vice president of government services for Crowley Maritime Corp., a Jacksonville, Fla.-based container and shipping company that already does some business in Cuba. "The embargo is still there. That continues to restrict a lot of things that can be done."

Crowley joins a myriad of other U.S. businesses — from telecommunications giants to building suppliers to poultry and rice farmers — keen on doing business in Cuba. Yet they say the main obstacle is the half-century-old economic embargo on Cuba, which only Congress can lift.

Some groups — mostly in the agricultural sector — plan to push the new Republican-led Congress to dismantle the embargo. Others are waiting for Cuba to loosen control of its own economy and the U.S. to issue new rules of commerce.

Tennessee Sen. Bob Corker, the new Republican chairman of the Senate Foreign Relations Committee, recently said the embargo hadn't yielded the intended results — regime change in Cuba, increased civil liberties — and warned the issue will spark heated debate on Capitol Hill.

"Cuba has been off the front burner for a long, long time," he said. "You're going to see that change in the next several weeks."

Fellow Republican Sen. Marco Rubio of Florida, one of the embargo's most strident supporters, has blasted Obama's decision to improve relations with Havana but said he would listen to the administration's plans. "I think their arguments are going to fail, but we're going to take the process seriously," Rubio said. "We're going to give them the hearing that they want."

In his Dec. 17 announcement, Obama promised to facilitate travel to Cuba for family visits, humanitarian projects and other reasons and expand sales and exports of certain goods and services from the U.S. to Cuba. The goal, he said, is to empower the nascent Cuban private sector and help its citizens gain economic independence, as well as allow telecommunications providers to furnish Cuba with a more robust infrastructure and internet services.

Direct trade, however, is still severely hamstrung by the embargo, which only allows some exports, such as food and medicine, to go to Cuba, and requires Cuba to pay cash up front.

As Cuba has found more accessible trade partners elsewhere, U.S. exports to Cuba have dipped to one of the lowest points in more than a decade, from a peak of \$710 million in 2008 to \$349 million in 2013 and \$266 million last year through November, according to the U.S.-Cuba Trade and Economic Council.

There's much room for growth. Merchandise exports to Cuba could reach \$4.3 billion annually, while Cuban merchandise exports to the U.S. could reach \$5.8 billion annually, up from zero today, if the embargo were lifted, according to a study by the Peterson Institute for International Economics.

Little wonder many businesses would like to see an end to the embargo, said Jodi Bond, vice president of the Americas for the International Division at the U.S. Chamber of Commerce. "The business community has been against the embargo for quite some time," she said. "You'll be hearing more and more from companies soon."

Opening trade with Cuba not only provides U.S. businesses a new market where telecom, construction, agriculture and tourism firms could flourish, but it also will improve U.S. trade with the rest of Latin America, which would view the move favorably, said Paul Johnson, vice chair of the recently-formed U.S. Agriculture Coalition for Cuba. The group, consisting of more than 30 firms, plans to lobby Congress to end the embargo. "We have the momentum," Johnson said. "We're carrying it forward."

Even if the embargo were to end tomorrow, huge doubts linger on doing business with Cuba, said John Kavulich, senior policy adviser to the U.S.-Cuba Trade and Economic Council. For starters, all trade transactions still go through the Cuban government, not individual Cubans or companies, making business cumbersome. Also, Cuban officials will only allow as much telecom infrastructure and free market leeway they feel they can control, he said. "They're not going to embrace something that's going to put them out of businesses," he said.

The island of 11 million — roughly the size of Ohio — has little to no dispensable consumer income and the government also defaults on contracts, making it a less-than-attractive choice for U.S. firms now, Kavulich said.

"This is not Dubai 93 miles south of Key West," he said. "There needs to be meaningful commercial and economical change in Cuba before anything that the president announced is going to be beneficial to U.S. exporters."

Brickman, of Crowley Maritime Corp., agrees that more meaningful Cuban economic reforms would help boost trade with the U.S. But Obama's announcement was a necessary — and historic — first step.

Brickman had just landed at José Martí International Airport in Havana for a business trip last month when the announcement was made. A Cuban customs officer ran over to him and gave him a hug, professing her enthusiastic approval of the renewed ties.

"My feeling is that this is a lot more important than trade," he said. "It's the beginning of a new journey."

The Washington Post

Washington, DC

11 January 2015

The Americas

Despite changes, U.S. businesses still face a minefield of sanctions in Cuba



Pedestrians walk past Fin de Siglo, a department store dating back to pre-revolution Cuba, in Havana on Monday, Dec. 22, 2014. U.S. is moving to restore diplomatic relations with Cuba for the first time in more than a half-century. (Bloomberg)

By Joshua Partlow and Nick Miroff

MEXICO CITY — To the Cuban government, it is “The Blockade,” and sometimes, “The Genocidal Blockade,” as if U.S. Navy gunboats had circled the island and cut off its inhabitants.

The “Cuban Embargo,” as it’s known in the United States, has failed for 54 years to push the Communist government from power. The U.S. economic sanctions have left Cuba neither fully isolated nor able to conduct completely normal business relations with other countries and foreign companies.

Now, as President Obama plans to poke new holes in the patchwork of financial, commercial and travel restrictions first imposed by the Eisenhower administration, American businesses are eagerly awaiting new opportunities on the island. But a maze of regulatory obstacles remains, and the embargo may endure as the defining feature of U.S.-Cuba relations long after an American embassy reopens in Havana.

For American companies, the sanctions look “like a scary forest of monsters,” said Robert Muse, a Washington attorney who specializes in Cuba trade issues.

It is also not clear whether the Cuban government will truly be open for business and ready to allow U.S. firms to regain a foothold on an island where American brands and products are revered but the government remains deeply wary of steamrolling yanqui capitalism.

U.S. and Cuba move to end more than five decades of enmity



The two nations exchange prisoners and begin to overhaul relations.

With only 11 million people and a GDP about the size of West Virginia’s, Cuba isn’t exactly a grand prize for corporations. But it represents pure potential for the U.S. tourism industry, as well as agriculture companies, firms that can overhaul its rudimentary telecommunications infrastructure, and many others.

The top State Department official focused on Latin America, Roberta S. Jacobson, is scheduled to arrive Jan. 21 to begin laying the groundwork for the reopening of a U.S. Embassy on the island. She will be followed by Commerce Secretary Penny Pritzker and a U.S. business delegation on a “commercial diplomacy mission.”

The Obama administration has proposed a few basic changes to the Cuba rules, such as allowing U.S. companies to export building materials for private homes, agricultural equipment for farmers, and telecommunications equipment. The U.S. government will allow new relationships with Cuban banks, and limited imports of Cuban goods such as rum and cigars.

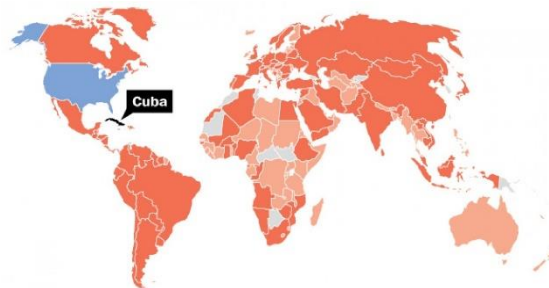
Raul Castro and other Cuban officials have been quick to temper enthusiasm on the island for Obama's moves with reminders that the sanctions remain a formidable obstacle to truly normal relations. They can be lifted only by the U.S. Congress.

According to Havana, the measures have inflicted \$1.1 trillion worth of damage on the island's economy over the decades — a figure that will almost certainly enter into future negotiations over the billions of dollars' worth of pending claims by U.S. litigants whose property was seized after Castro's 1959 revolution.

Cuba claims the sanctions hurt its citizens by depriving them of U.S. medical technologies and pharmaceuticals, although U.S. officials say such sales are generally allowed with export licenses from the Treasury Department.

Trade with the rest of the world

Though the restrictions block most U.S. commerce with the island, the Castro government, which has a virtual monopoly on foreign trade, does business with other nations all over the world, though not always smoothly.



On the streets of Havana, new Hyundai and Kia sedans from South Korea dart among the old Soviet Ladas and battered Chevy Bel Airs from the Eisenhower years. Cuban resort kitchens are stocked with Spanish wine, Chilean salmon and filet mignon flown in from Canada. There's a Lacoste store selling polo shirts under the colonnaded archways of Old Havana.

With shipments of subsidized petroleum, Venezuela, Cuba's top trading partner, keeps the island's lights on. From China, the Cuban government can get just about anything.

These competitors have eaten away at whatever small beachhead certain American companies gained in Cuba over the past decade or so. After a series of devastating hurricanes in the island nation, Washington carved out new exceptions to the embargo allowing Havana to buy American food on a cash-only basis.

Within a few years, the United States had become one of Cuba's top 10 import partners. U.S. food sales peaked at more than \$700 million in 2008. Today, state-run supermarkets still stock Corn Flakes, Heinz ketchup and American oatmeal. Apples from Virginia show up in big white boxes at holiday time.

Sales have slowed, though, as Cuba has boosted trade with Brazil and European countries that can offer financing and credit. American companies sold an estimated \$300 million worth of food to Cuba last year, nearly half of which consisted of frozen chicken parts.

"We've lost a lot of market share over the years, and we want to get that back," said Mark Albertson, director of strategic market development at the Illinois Soybean Association.

His organization, and American producers of poultry, soy, pork, corn, milk and other goods, have banded together in a new coalition to try to lobby Congress to end the embargo. Obama's proposal, although a good step, Albertson said, "doesn't go far enough."

Even with the new changes, companies expecting to do business in Cuba say they are going to be hamstrung by U.S. restrictions on financing and credit. There are "so many exemptions and hoops we have to jump through that make it not competitive," Albertson said.

U.S. fines fuel skepticism

Banking is a big problem. The Obama administration has hit foreign financial institutions with more Cuba-related fines than any previous administration, according to Cuba's Foreign Ministry.

In July, the French bank BNP Paribas agreed to pay an \$8.9 billion fine from the U.S. Treasury Department for Cuba-related violations. The German financial giant Commerzbank said last month it will pay \$1 billion in a similar settlement.

The banks broke the law because they routed the transactions through U.S. territory, regulators said.

Muse, the trade attorney, said American banks remain skeptical that Cuba is worth the trouble. The confusing overlay of U.S. laws — from the USA Patriot Act to money-laundering statutes — convinces some that it is easier to avoid the island entirely.

These hurdles, as well as the Communist-ruled island's difficult business climate, have led some to conclude that the current excitement over the U.S.-Cuba rapprochement is mostly hype and wishful thinking, and that little will change for American businesses seeking to invest in Cuba.

"They're believing what they hope will be," said John Kavulich, senior policy adviser at the U.S.-Cuba Trade and Economic Council, a nonprofit group that includes major American businesses. "And they're forgetting that the Cuban government is not about to say: 'We're going to accept everything that you want to do to us, knowing that your goal is to change us.'"

"The Cuban government will allow only what it believes it can control," he added.

In an interview, Commerce Secretary Pritzker highlighted travel, agriculture and telecommunications as areas of opportunity for U.S. firms.

Though many are skeptical Cuba will allow the U.S. government to fiddle with its Internet or cellphone services, given Communist officials' concern over spying, Pritzker said there were still opportunities created by the president's opening. With relatively few Cubans owning cellphones, and even fewer with Internet access, she said, "there's enormous telecommunications infrastructure that needs to be put in."

"We have to respect the fact that by statute the embargo is still in place," Pritzker said, but that "commercial engagement can change the diplomatic relations between our two countries."

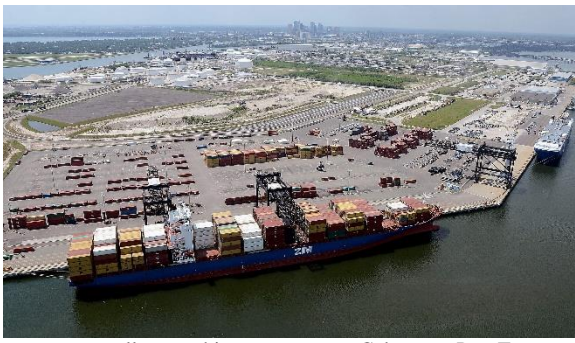
And, she added, "the president is encouraging us to go."

The Tampa Tribune

Tampa, Florida

10 January 2015

Cuba doesn't buy much of what Tampa offers



At most, one small cargo ship a year goes to Cuba, says Port Tampa executive VP Raul Alfonso. And no shipping companies are planning regular trips. TAMPA PORT AUTHORITY

By Paul Guzzo | Tribune Staff

TAMPA — Ever since President Barack Obama announced expanded trade with Communist Cuba, business interests in Tampa — a Cuban trading partner for more than a century before the U.S. embargo — have been on high alert.

Leaders of Port Tampa Bay are fond of noting that it's closer in nautical miles to Havana than any major U.S. port.

But as details emerge of Obama's policy for normalizing relations with Cuba, it's becoming clear that Tampa can offer few of the exports that can soon be shipped to the island nation — and that you can't trade in history.

“We heard this same thing in 2000 — Tampa was going to earn money from Cuban trade,” said Mike Mauricio, president of Florida Produce in Tampa, which has exported agricultural products to Cuba. “And look how that turned out.”

Tampa has done little trade with Cuba since 2000, the year when the 1962 embargo was first relaxed to allow the sale of agricultural supplies and medical equipment to Cuba.

Mauricio is traveling to Cuba next week in hope of reinvigorating his business there, but he hasn't sold anything to Cuba in three years.

No one else here has either, as far as he knows.

At most, one small cargo ship a year travels from Port Tampa to Cuba, said Raul Alfonso, the port's executive vice president. And no shipping companies are planning regular trips to Cuba.

“Times are changing, and other cities are lining up to take advantage of the new opportunities,” Mauricio said. “But we are sitting on the sidelines. We talk a good game but it takes more than talk.”

Shipments from at least 12 U.S. ports to Cuba since 2001 have totaled just \$5 billion, according to the U.S.-Cuba Trade and Economic Council — the value of all exports from Port Tampa in 2012 alone.



Alfonso said his port is certainly open to discussing trade with any other.

Through CSX rail lines, goods from around the country could be moved to Tampa for shipment from the port to Cuba, he noted.

But much of the trade with Cuba now goes through ports that are situated near the places where the goods are grown or made, he added.

The Port of New Orleans is one.

From January through October 2014, 23,000 tons of poultry went to Cuba from the Port of New Orleans, said its president Gary LaGrange, and all of it came from Louisiana or the surrounding states.

The Port of New Orleans exported \$36.12 million in goods to Cuba from January through October 2014, according to WorldCity Inc., a Coral Gables-based media company focused on the impact of globalization on local economies.

Alabama is a top three poultry producing state and the Alabama State Port Authority sends around 4,000 tons of frozen poultry to Cuba every four to six weeks, said Jimmy Lyons, its director.

In Virginia, most of the \$40 million in agricultural products sold to Cuba in 2013 went through the state's own Port Norfolk, said Todd Haymore, the state's secretary of agriculture and forestry.

The top U.S. exports to Cuba are frozen chicken, soybean oil cake, soybeans, corn and mixed animal feeds, according to the U.S.-Cuba Trade and Economic Council.

Among those, only mixed animal feed is made in bulk in the Tampa Bay area, primarily through the Minnesota-based Mosaic Co., one of the world's largest suppliers of phosphate and potash for fertilizer.



Mosaic already can sell Cuba some of the 11 million tons of animal feed and fertilizers made here each year, and did do business there in the early 2000s, said spokesman Bob Nelson.

Another potential export from Tampa is medical equipment, said Bob Rohrlack, CEO of the Greater Tampa Chamber of Commerce, who made two fact-finding trips to Cuba and will return for a third this year.

"Tampa Bay is a huge center for medical device manufacturing," Rohrlack said.

So far, it isn't a big market: From January through October last year, Cuba purchased just \$892,181 worth of medical equipment from the U.S., according to the U.S.-Cuba Trade and Economic Council.

It remains unclear when the Obama administration will ease the trade embargo and what specific products are involved.

"It is simple supply and demand," said John Parke Wright IV, descendant of Tampa's pioneer Lykes family, who made their fortune selling cattle to Cuba and running steamships carrying cargo there. "Tampa needs to find what supply Cuba demands."

Wright, who lives in Naples, sells cattle semen to Cuba. Through that business, he has developed relationships with people in Alimport, the Cuban government agency that handles all imports.

Wright wants to see his native Tampa benefit from trade with Cuba but is struggling to figure a way.

There is no bulk manufacturing here of construction supplies or equipment or of agricultural equipment, nor does it produce lumber, all vital as Cuba grows.

Perhaps, he suggested, if modern equipment from the U.S. helps the Cuban agricultural industry grow, farmers will need more of Mosaic's animal feed and fertilizer.

"We will continue to watch the development of the relationship between the U.S. and Cuba before seriously considering doing any additional business with the island in the future," Mosaic spokesman Nelson said. "We do believe better farming practices including proper animal nutrition, would benefit the people of Cuba."



Or, Wright said, if major companies like Home Depot or John Deere choose to do business with Cuba, they might turn to Tampa for storage and shipping.

This would require regularly scheduled cargo ships though.

“The chicken or the egg theory,” he said. “Although I think this could be done together.”

Since Obama’s Dec. 17 announcement, Florida’s largest law firm, Miami-based Akerman, has received calls from entrepreneurs around the nation interested in doing business with Cuba, said Augusto Maxwell, chairman of the firm’s Cuba practice.

Some are from Tampa, he said, though he would not elaborate.

Telecommunications equipment — the Tampa Bay area’s top export at \$2.5 billion in 2013 — is among the goods Obama would allow to be sold to Cuba. That creates opportunities, the chamber’s Rohrlack said, and something to pitch on his next visit to Cuba.

Unless the new policies are in place then, though, such discussion would be illegal, he said.

Still, the Florida community best poised to cash in on these products is Doral in Miami-Dade County — home to Latin America headquarters for several of the world’s largest cellphone distributors as well as other technology products, said Ken Roberts, founder of WorldCity, an international media and event company based in Miami.

One of those companies is Tech Data, headquartered in Clearwater.

What’s more, South Florida has the largest population of Cuban Americans in the U.S. and thus, the most residents with business ties to Cuba.



Proximity to the production of goods might give a port a leg up on shipping to Cuba, but some top shipping areas don’t have this advantage. Exports last year from Port Everglades in Fort Lauderdale totaled around \$43 million, according to WorldCity.

“I spent 22 years at Port Everglades and I can assure you Broward County does not make one thing Cuba currently buys but the port has a weekly container ship that sails to Havana,” said Carlos Buqueras, executive director of Port Manatee. Buqueras, too, hopes his port can benefit from expanded trade with Cuba.

Jacksonville, on the other hand — shipping \$22 million in goods to Cuba last year — is close to states that make products sent to Cuba.

Mauricio with Tampa’s Florida Shipping suggested Tampa might become a hub for exporters — offering connections rather than goods. He purchased agricultural products in California, for example, and shipped them to Cuba from ports outside the state — moving them there by rail or truck.

Still, more businesses in Tampa would step up as middle men if Port Tampa Bay had regular cargo ship service to Cuba.

“I can’t speak for everyone but I personally like to keep an eye on my products,” Mauricio said. “I want to see them loaded and shipped out.” And if Tampa had the potential to emerge as a hub for trade, he added, it probably would have happened already. “I think politics play a part,” he said. “People are scared to do business with Cuba. I never had one problem with the Cuban people though.”



Another challenge in trade with Cuba is that the island nation might not have much business to do, said John Kavulich, senior policy adviser with the U.S.-Cuba Trade and Economic Council.

Exports to Cuba from the U.S. continue to dwindle — from \$710 million in 2008 to \$348 million in 2013, he said. That's a trend likely to continue once 2014 numbers are available. From January through October, the total was \$253 million.

Kavulich blames the drop, in large part, on U.S. law that requires Cuba to pay for items before they leave a U.S. port. No purchases on credit are allowed.

Obama's new initiatives partially address this problem: Cuba can now wait until the cargo arrives to pay. Other nations do extend credit to Cuba so the government trades with them.

How Cuba buys the American goods soon to be available may also help determine how they are shipped, said Miami attorney Maxwell.

Now, all U.S. agriculture products must be channeled through the Cuban government's Alimport agency. Will a Cuban who needs, say, a new toilet for a restaurant be able to go online and order one from Home Depot or must the order be placed through a government agency like Alimport?

The answer could spell the difference between shipping one toilet or a lot of toilets.

"A lot needs to be worked out," said exporter Wright of Naples. "In the meantime, I'll guess we'll continue to see things done in the same manner as they have been done for years." Under the status quo, Cuban citizens have a relative or friend in the U.S. buy a toilet and bring it to the island when they visit. "The more things change," Wright said, "the more they stay the same."

Journal Star

Lincoln, Nebraska

10 January 2015

Agribusiness pushes Congress to end embargo on Cuba



Ramon Espinosa / AP Photo/ A boy dressed as a Cuban revolutionary holds an image of Fidel Castro at a caravan tribute marking the 56th anniversary of the original street party that greeted a triumphant Castro and his rebel army, in Regla, Cuba, Thursday.

WASHINGTON — At least 30 food and agriculture American companies and associations announced they will push Congress to end the embargo the United States imposed on Cuba in 1962.

Representatives of the companies said they want to take advantage of the recent rapprochement between the two countries to end the embargo. A year ago, they created a coalition called The U.S. Agriculture Coalition for Cuba (USACC).

Devry Boughner Vorwerk, Vice President at Cargill and Chair of USACC, said at a news conference that "we will work with key stakeholders to build momentum that drives historical change."

Secretary of Agriculture Tom Vilsack said President Barack Obama looks forward to engage with Congress "in an honest and serious debate on what we can do to promote positive change in Cuba. That is where the American farmers and ranchers come into play."

Statistics from the U.S.-Cuba Trade and Economic Council show that 2014 could be the worst year for U.S. exports to Cuba in the last decade.

American farmers say the main barrier to sales to Cuba is a U.S. government ban on providing credit to the island and that doesn't change under reforms Obama announced last month.

Obama's proposals include a slight relaxation of U.S. rules on Cuban payments to American farmers, allowing Cuba to pay for goods once they are delivered rather than before they are ordered. But U.S. law still prohibits any form of credit for Cuba's state-run import agencies.

The U.S. is expected to issue detailed regulations opening trade with Cuba this month, but granting credit would require an act of Congress that appears unlikely in the short term. Washington still prohibits unfettered American tourism to Cuba, and the Obama Administration cannot end the trade embargo without congressional approval — something unlikely to happen anytime soon.

Obama changed five decades of U.S. policy toward communist-governed Cuba by announcing that he would move toward full diplomatic ties, drop regime change as a U.S. goal and work toward easing the longstanding trade embargo.

A new agribusiness coalition is seeking an immediate end of the U.S. economic embargo on Cuba, prodding Congress to act as the Obama administration eases some restrictions in place for more than 50 years.

"It's going to take time for Congress to get comfortable with Cuba," Paul Johnson, the president of Chicago Foods International LLC, a company that handles logistics for products sold to Cuba. "But we need to end this embargo."

Johnson, vice chairman of the coalition, said pushing for a quick end to the embargo might not be a pragmatic approach because Obama's limited moves have already drawn criticism from Republicans in control of both the House and Senate. "But there's a lot of sentiment for trade, and moving forward."

The Fresno Bee

Fresno, California

10 January 2015

California farmers see potential in trade with Cuba

By Robert Rodriguez



Representatives of the California Raisin Marketing Board meet with Cuba President Fidel Castro in 2002 as part of a trade show in Cuba. Judy Hirigoyen, then vice president of the raisin marketing board, is in the white jacket; next to her is Stefan Kaercher, then vice president of International Sales for Sun-Maid Growers. HANDOUT — Photo provided by Judy Hirigoyen

Top 10 U.S. ag exports to Cuba

1. Frozen chicken
2. Soybean oil cake
3. Soybeans

4. Corn
5. Mixed animal feeds
6. Herbicides
7. Frozen pork
8. Frozen turkey
9. Soups/broths
10. Breads/biscuits/cookies

Note: Statistics are from January-October 2014.

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

Benefits of trade with Cuba

- Cuba imports about 80% of its food from other countries
- California, led by the San Joaquin Valley, is a world leader in the production of major crops including grapes, raisins, almonds and tree fruit
- Raisins and grapes, two of the Valley's biggest crops, have previously been shipped to Cuba

As the push to lift the U.S. economic embargo against Cuba gains renewed attention, many San Joaquin Valley farm industries stand to benefit from easing trade restrictions with the communist country.

Agriculture leaders and farmers say that while Cuba is a relatively small country in population (11.2 million people), it has a major appetite for imported food. Cuba imports about 80% of its food, with much of it coming from countries other than the United States.

Experts say that Valley farmers — including those who are world leaders in producing raisins, grapes and tree nuts — are in a good position to take advantage of an open-door trade policy with Cuba.

“If they are going to buy almonds, it is going to come from us,” said Daniel Sumner, director of the University of California Agricultural Issues Center at UC Davis. “The whole idea here is that the more open markets there are, the better.”

California agriculture's excitement over exporting to Cuba was fueled last month by President Barack Obama's announcement to make it easier to travel and trade with Cuba. Although the U.S. has been able to export food products to Cuba since 2000, it has come with restrictions that many companies say put the U.S. at a competitive disadvantage. As a result, U.S. exports to Cuba were just \$253 million for the first 10 months of 2014.

That could begin to change under the president's new rules and a lobbying effort by a coalition of 25 food companies and farm groups that is calling for Congress to end the embargo. Members of the U.S. Agriculture Coalition for Cuba point to a 2010 study by Texas A&M University that estimated Cuba has the potential to spend \$365 million in additional imports.

How successful the group will be remains to be seen, and some congressional leaders have already said that Cuba is not on their immediate agenda. Still, Valley agriculture leaders say the president's actions are an important step towards increasing trade.

Under the previous policy, Cuba was required to pay cash upfront for any food products bought from the U.S. Typically, a bank in a different country was used for the transaction. Now, the funds can be wired to the seller's account.

“It will make sales easier, more efficient and increase our competitiveness,” said C. Parr Rosson III, agriculture economics professor at Texas A&M. “But the impact won't be felt right away. The average Cuban consumer is still worried about being able to buy basic staple items.”

In the short run, California and Valley farmers may find an opportunity in supplying Cuba's burgeoning tourism industry. Rosson said hotels and restaurants that cater to the tourist trade could be increasing their purchases of fresh fruits and vegetables. Cuba also has a need for food ingredients, including dry fruit and nuts for baked goods.

Valley raisin and grape industry representatives are familiar with Cuba, having journeyed to the country in 2002 as part of a trade show. The representatives met with buyers and even had a sitdown meeting with then-President Fidel Castro.

After the trip, California shipped about 100 tons of raisins to Cuba, but that has since dwindled to zero. Jane Asmar, vice president of sales for National Raisin Company in Fowler, said the country has potential as an export market.

“I think this could be a great opportunity,” said Asmar. “But we will also have to work at building that market.”

The raisin industry, like several others in the Valley, has increasingly looked to foreign markets to grow its sales. Last year, raisin growers exported more than 30% of their crop, and about 70% of California almonds were exported. Grape industry officials said that about 40% of the crop was sold to foreign buyers and they are optimistic that there is a demand for California grapes in Cuba.

The industry hasn't shipped any grapes to Cuba since 2009 and 2010. But Kathleen Nave, president of the California Table Grape Commission in Fresno, is hopeful the industry can export about 200,000 boxes to the country within the next few years. That may seem small, given that the industry exported 48 million boxes in 2013, but Nave said it is a good start.

“Our experience tells us that in markets like Cuba, once the economy improves and people have more disposable income, they will become buyers of California grapes,” Nave said. “And that's why we continue to have a bright future for table grapes.”

Tree fruit grower, packer and shipper Harold McClarty is doing his homework on Cuba. McClarty's company, HMC Farms in Kingsburg, is a big believer in exports, shipping about 35% of its total supply of fruit.

“We have shipped fruit to South America and Mexico and it seems that they eat more fresh fruit than we do in the United States,” McClarty said. “We are waiting to see what develops in Cuba, but as far as our business goes, the more markets we have available, the more legs we add to the stool that supports us.”

Tallahassee Democrat

Tallahassee, Florida

10 January 2015

Tim Lynch: U.S., Cuba win if last cold war wall falls

Tim Lynch, My View



(Photo: Phil Sears)

A decade back, Michael Gorbachev looked down at the assembled body of American businessmen, congressional leaders, academics and press attending the U.S.-Cuba Trade & Economic Council Cuba Summit conference and called out “Mr. Bush – tear down your wall.”

He, of course, was referring to the then-Bush-maintained last vestige of the famous Communist era cold war Iron Curtain prohibiting free trade between Cuba and the U.S. He was also throwing the gauntlet back at an American president as had been thrown at him when then-President Ronald Reagan challenged him to tear down the Berlin Wall.

The Communist world threats have melted with the growth in open free markets and expanded global trade, with consumer goods replacing ICBMs aimed at each others' major cities. This change resulted in the well-documented improvement in quality of life and wealth for all.

For decades now, sustained consensus to remove the trade embargo exists among U.S. businesses, many governors, state lawmakers and 60 percent of the U.S. population. Even the vast majority of the 2 million Cuban-Americans, most born in this country, support free trade, too.

In the past five-plus decades, the Castros have learned the lessons (though considerably slower than others) of modern economics: If you want a better quality of life for your people, more and better education, jobs and access to the wide ranging diverse worldly goods and lower prices, your economy must be based on free markets and incentives for individuals, not a government collective.

Over the past several decades various sectors of the Cuban economy have experienced differing levels of market freedom and international co-operation. Competition among international businesses from China, Europe, Canada, South America and Japan (to name only a few) to partner in Cuba has intensified over the years. This international flow represents a large and growing share of the expanding Cuban economy. U.S. businesses are noticeably absent.

Foreign business partnerships (especially Chinese) are mining natural resources, exploring for oil in the Gulf, building Cuban transportation and other infrastructure. Additionally they are competing for the gigantic and growing tourism and retail sales (electronics and other goods) markets. Like everywhere else, this nation's educated and growing 12 million consumers and businesses are demanding more and U.S. businesses are champing at the bit to get involved — it will mean jobs for Americans, too.

After Gorbachev's challenge, conference organizers invited me to estimate the economic impacts trade normalization policy would bring to the U.S. economy. I visited Cuba twice (as part of a Florida Trade mission) and have studied it for years. Our research and that of many other university researchers across the country indicates expanding trade with Cuba is and will be good for citizens of both nations.

Not trading with Cuba is like stopping the economic flow of trade between Florida and the economies of Georgia and Alabama — states with combined population equal to that of Cuba. Prior to the embargo, U.S. accounted for over 80 percent of Cuban imports, and Florida ports were dominated by Cuban trade. Many researchers believe this scenario is possible again.

The Peterson Institute for International Economics recently released "Economic Normalization with Cuba: A Roadmap for U.S. Policymakers," authored by Gary Hufbauer and Barbara Kotschwar. Their study results were consistent with our research. They suggest that if U.S.-Cuban trade operated under a Free Trade Agreement that annual U.S. exports to Cuba could have exceed \$8 billion in 2011, with U.S. imports from Cuba at \$10.8 billion that year. Other, perhaps more realistic estimates of U.S.-Cuba exchanges for that year might be closer to half those amounts.

Our forecasts estimate free trade with Cuba would increase U.S. productivity gains by an additional \$253 billion over a 20-year period. This trade would translate into as many as 850,000 new U.S. jobs over these 20 years. Florida would gain the most because of our proximity to this new market. We estimated removal of the travel ban to tourism in Florida alone will result in gains in exceed \$2.1 billion and job creation of 30,000 jobs over a 30-year period.

The path and choices are clear. With expanded economic freedom and wealth, the Cuban people will demand more socio/political freedom — as we are seeing across China today. I hope our nation responds well to this wise Gorbachev challenge; we will all gain by peacefully welcoming another nation into full membership in the global economy — Florida most of all.

AGWEEK

Fargo, North Dakota

9 January 2015

Cramer, Klobuchar lead Cuba coalition

Rep. Kevin Cramer, R-N.D., and Sen. Amy Klobuchar, D-Minn., have emerged as leaders of a bipartisan coalition to support President Barack Obama's policy of normalizing relations with Cuba, which would allow more U.S. agricultural exports to be sold to the island nation.

By: **Jerry Hagstrom** , Agweek

WASHINGTON — Rep. Kevin Cramer, R-N.D., and Sen. Amy Klobuchar, D-Minn., have emerged as leaders of a bipartisan coalition to support President Barack Obama's policy of normalizing relations with Cuba, which would allow more U.S. agricultural exports to be sold to the island nation.

Cramer and Klobuchar spoke at a Jan. 8 press conference with other members of Congress and farm group leaders, announcing the establishment of a private sector of the U.S. Agriculture Coalition to back normalization.

Cramer said he thinks he had been invited because, while other Republicans initially expressed opposition to Obama's announcement he said, "It doesn't sound dumb to me."

He said, "What motivates me to come out so early" on Cuba is not just the sales of North Dakota peas, lentils, beans, durum and potatoes, but "the opportunity to influence an oppressed country."

Cramer noted there are risks to establishing trade relations with Cuba, which used to be a large sugar exporter to the U.S.

"North Dakota also grows sugar beets," Cramer noted. "We are very sensitive to the importance of fair, free trade."

Klobuchar, who has sponsored a Cuba trade bill, said Minnesota's unemployment rate of only 3.1 percent is in large part because of agricultural exports.

Cuba is not a partisan issue, Klobuchar said, and the Senate should not block the confirmation of an American ambassador to Cuba.

Cramer and Klobuchar spoke after Agriculture Secretary Tom Vilsack, who noted the changes President Obama has promised to banking rules that require exporters to go through third-country banks and Cuba to make payments before the goods leave the U.S. "will make our products more price-competitive."

The news conference, held at the National Press Club, attracted more agricultural lobbyists and a wider range of reporters than any other agricultural event in recent memory, including most farm bill news conferences.

Repealing laws

The lobbyists thanked Obama for announcing on Dec. 17 that he intends to ease banking regulations on agricultural sales to Cuba and re-establish diplomatic relations, but they also made clear their ultimate goal is to repeal the laws that restrict trade between Cuba and the U.S.

The coalition will actively engage "to end the embargo," said Devry Boughner Vorwerk, the chair of USACC and a vice president of Cargill.

The U.S. should also import “what Cuba produces well,” added Paul Johnson, executive director of the Illinois Cuba Working Group and president of Chicago Foods International LLC.

Rep. Sam Farr, D-Calif., the ranking member on the House Agriculture Appropriations Subcommittee, said he thinks agricultural and banking interests must lead the charge on Capitol Hill for changes to the Cuba policy.

“The politics will be motivated by the agriculture interest,” Farr said. “Business people are going to have to use their political voices.”

Neither the government nor private sector leaders offered much new information on the issues surrounding Cuba, but their presence together and their determination signaled there is a lot of support in the agriculture community for Obama’s actions, and that members of Congress who oppose normalization of relations with Cuba will face opposition in rural America.

He also noted that 50 years have passed since Soviet Union leader Nikita Krushchev visited Iowa and saw “the extraordinary power of American agriculture.”

Vilsack said exposure to U.S. food products will lead Cubans to ask questions about why their system is not more productive.

Ignoring customers

Missouri Democratic Gov. Jay Nixon, who traveled to Washington for the event, said, “When it comes to Cuba, we are not on a level playing field. We cannot ignore 11 million customers, 90 miles from our country.”

Nixon said support for normalizing relations with Cuba is not only bipartisan in Congress, but “extremely bipartisan” among the nation’s governors.

Sen. Jerry Moran, R-Kan., noted when he was in the House he was one of the sponsors of the amendment in 2000 that allowed the export of U.S. agricultural products to Cuba.

When Cubans don’t buy American food, he said, “it is not that the Cubans are not getting agricultural goods. They are getting them from someone else.”

Cargill Americas President Grant Kadavy said the U.S. competitively sells corn to Mexico, but not to Cuba. Cargill has built more than 70 schools in Vietnam, he said, but has not had the opportunity in Cuba.

Several speakers also said Cubans should be able to buy on credit, even though John Kavulich, the senior policy director of the U.S. Cuba Trade and Economic Council, has noted Cuba has not always paid other countries on time for its purchases.

U.S. Wheat Associates President Alan Tracy said the decision to offer credit would be up to the individual companies, but they should have the ability to extend it if they wish. He said the most important issues are “the hoops” through which Cuba has to go to buy American farm products.

“These are some of the things we’d like to see fixed,” Tracy said. “We don’t expect to have our full trade relationship restored over night.”

teleSUR

Caracas, Venezuela

9 January 2015

US Agriculture to Press Congress to Lift Cuba Blockade



U.S. agriculture firms aim to boost exports to Cuba.

Several powerful agriculture corporations have stated they intend to pressure U.S. legislators to remove the extreme economic measure against Cuba.

U.S. agricultural interests will lobby Congress in the run-up to hearings on President Barack Obama's recently announced Cuba policy, an industry group announced.

Leading up to the congressional debate in the coming weeks, the recently created U.S. Agriculture Commission for Cuba, which is formed by nearly 30 companies from the country's agricultural sector, said Thursday that they will pressure congress to entirely lift an embargo on Cuba in order to win a larger share of its exports to the island nation in the wake of President Obama's decision to renew diplomatic relations with Havana.

Cuba imports 80 percent of the food it consumes, a market estimated to be worth nearly US\$1.7 billion. The U.S. had had a small share of US\$253 million of this market in 2014.

Despite the heavy reliance on agricultural imports, the Cuban government has managed to achieve significant progress in the area of food sovereignty.

In December, Theodore Friedrich, representative of the Food and Agriculture Organization (FAO) mission to Cuba, asserted that the island is moving toward food independence. He went on to highlight the importance of Cuba's domestic agricultural policies that include measures that support the development of local mini-industries and that lends assistance to small-scale farmers.

The recent endorsement by the U.S. Agriculture Commission for Cuba also coincides with backing from the American Farm Bureau Federation and other commodity interests groups whom expressed in December support for President Obama's decision to normalize relations with Cuba.

The U.S. already exports large quantities of agricultural goods to Cuba under humanitarian exceptions under the U.S. embargo. According to a Congressional Research Service report on Cuba, the United States regained its position as Cuba's largest supplier of agricultural goods from Brazil in 2012. The leading agricultural exports to Cuba in recent years have been poultry, soybean oilcake, corn and soybeans

Approved U.S. food exports to Cuba authorized for the fiscal year of 2013 reached US\$349 million, which marks a decline from their 10-year peak of US\$710 million in 2008, according to data from the U.S.-Cuba Trade and Economic Council.

The recent backing from U.S. agricultural businesses has caused tension between U.S. lawmakers whom oppose the new policy toward Cuba. Obama announced Dec. 17 that his government would aim to allow U.S. companies to sell more agriculture products to the country. However, U.S. lawmakers have vowed to block any rapprochement with Cuba.

Cuba-U.S. Diplomatic Relations

Deputy Secretary of State for Latin America Roberta Jacobson will travel to Havana Jan. 21 to meet with Cuban officials to discuss the re-establishment of diplomatic relations. The meeting will focus on the "normalization of diplomatic relations, visas and embassies," the State Department reported Friday.

Arkansas Business

Little Rock, Arkansas

8 January 2015

Figures Show U.S.-Cuba Trade Hit Decade Low Last Year

by Associated Press



A street in the old part of Havana, Cuba. (Photo by Shutterstock)

HAVANA — U.S. exports to Cuba hit one of their lowest points in a decade last year, a demonstration of the longstanding barriers to trade that will hamper President Barack Obama's recent move to expand ties, new figures showed Monday.

The statistics from the U.S.-Cuba Trade and Economic Council show that U.S. farmers sold slightly more than \$253 million worth of food and agricultural products to Cuba in the first 10 months of 2014. If the last two months of the year reflect similar sales levels, 2014 could be the worst year for U.S. exports to Cuba since 2004.

American farmers say the main barrier to sales to Cuba is a U.S. government ban on providing credit to the island. That wouldn't change under reforms Obama proposed last month.

Obama's proposals do include a slight relaxation of U.S. rules on Cuban payments to American farmers, allowing Cuba to pay for goods once they are delivered rather than before they are ordered. But U.S. law still prohibits any form of credit to Cuba's state-run import agencies, which routinely run low on cash and ask for several years to pay for the goods they have ordered.

Those repayment terms are often granted by the Brazilian and Spanish food companies whose products fill the shelves of many Cuban supermarkets.

The U.S. is expected to issue detailed regulations opening trade with Cuba this month, but granting credit would require an act of Congress that appears unlikely in the short term.

"There is nothing in what the president has announced that indicated that there are any opportunities to provide payment terms," said John Kavulich, senior policy advisor for the trade and economic council. "No one should expect a meaningful increase in exports to Cuba on the day these regulations are issued."

U.S. agricultural producers are launching a push this week to persuade Congress to do away with the legal restrictions that remain part of the U.S. embargo on Cuba.

"It's going to take Congress to end this embargo for the U.S. to be competitive in Cuba," said Paul Johnson, vice-chairman of the newly formed U.S. Agriculture Coalition for Cuba. "Our products can't compete with Brazil, Argentina, the EU and China because of the credit issue."

CTV News

Toronto, Canada

8 January 2015

U.S. farmers will push Congress to end embargo on Cuba



In this Sept. 27, 2014 file photo, a central Illinois corn farmer, on top of his combine, is silhouetted against the setting sun while harvesting corn in Pleasant Plains, Ill. U.S. agriculture has a big appetite for freer trade with Cuba, and corn is one of the main products Cuba now buys from the United States. (Seth Perlman / AP Photo)

WASHINGTON -- At least 30 food and agriculture American companies and associations announced Thursday they will push Congress to end the embargo the United States imposed on Cuba in 1962.

Representatives of the companies said they want to take advantage of the recent rapprochement between the two countries to end the embargo. A year ago, the countries created a coalition called the U.S. Agriculture Coalition for Cuba.

Devry Boughner Vorwerk, vice-president at Cargill and chairman of the coalition, said at a news conference that "we will work with key stakeholders to build momentum that drives historical change."

Secretary of Agriculture Tom Vilsack said President Barack Obama looks forward to engaging with Congress "in an honest and serious debate on what we can do to promote positive change in Cuba. That is where the American farmers and ranchers come into play."

Statistics from the U.S.-Cuba Trade and Economic Council show that 2014 could be the worst year for U.S. exports to Cuba in the last decade.

American farmers say the main barrier to sales to Cuba is a U.S. government ban on providing credit to the island, and that wouldn't change under reforms Obama announced last month.

Obama's proposals include a slight relaxation of U.S. rules on Cuban payments to American farmers, allowing Cuba to pay for goods once they are delivered rather than before they are ordered. But U.S. law still prohibits any form of credit for Cuba's state-run import agencies.

The U.S. is expected to issue detailed regulations opening trade with Cuba this month, but granting credit would require an act of Congress that appears unlikely in the short term.

Washington still prohibits American tourism to Cuba, and the Obama Administration cannot end the trade embargo without congressional approval -- something unlikely to happen anytime soon.

Obama changed five decades of U.S. policy toward communist-governed Cuba by announcing that he would move toward full diplomatic ties, drop regime change as a U.S. goal and work toward easing the longstanding trade embargo.

The Washington Post

Washington, DC

8 January 2015

U.S. food companies want end to embargo of Cuba

TRADE

U.S. food firms want end of Cuba embargo

At least 30 U.S. food and agriculture companies and associations announced Thursday that they will push Congress to end the embargo Washington imposed on Cuba in 1962.

Representatives of the companies said they want to take advantage of the recent rapprochement between the two countries to end the embargo. A year ago, the countries created a coalition called the U.S. Agriculture Coalition for Cuba.

The coalition's chairman, Devry Boughner Vorwerk, vice president of Cargill, said at a news conference that "we will work with key stakeholders to build momentum that drives historical change."

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Statistics from the U.S.-Cuba Trade and Economic Council show that 2014 could be the worst year for U.S. exports to Cuba in the past decade.

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The United States is expected to issue detailed regulations opening trade with Cuba this month, but granting credit would require an act of Congress that appears unlikely in the short term.

Springfield News-Leader

Springfield, Missouri

7 January 2015

McCaskill plans Cuba trip to explore how Missouri farmers can benefit from eased relations

Deirdre Shesgreen



(Photo: News-Leader)

WASHINGTON – Sen. Claire McCaskill is planning a trip to Cuba, saying she wants to explore opportunities for Missouri farmers to trade with the Communist nation.

Her announcement comes after the Obama administration moved to normalize trade relations with Cuba--an historic and controversial decision that ended a five-decade diplomatic freeze between the two nations.

McCaskill, D-Mo., said she strongly supports the president's decision and argued that it will be a boon for Show-Me State farmers.

"It's terrific for Missouri agriculture," McCaskill told reporters Wednesday, adding that she is hoping to travel to Cuba in the coming weeks "to look at the specifics of how we can access those markets."

McCaskill is working with the Center for Democracy in the Americas, an advocacy group focused on improving U.S. ties with Cuba and other countries, to make arrangements and set up meetings for the trip, which will take place this month or next. A spokesman said she would use her own money to pay for the trip.

McCaskill is not the only one hoping to go to the island nation, 90 miles off the coast of Florida, in the wake of the new federal policy.

President Barack Obama outlined the change in mid-December, saying the U.S. would expand trade, increase travel, and establish diplomatic relations with Cuba's Communist regime. For Missouri agriculture producers, that could mean an end to restrictions on selling products to Cuba for everything from beef and pork to rice to soybeans.

Shortly after Obama's announcement, Gov. Jay Nixon directed his state agriculture director, Richard Fordyce, to find out how Missouri agricultural producers could benefit from the move. Nixon also said he wanted to arrange a trade mission of Missouri business, agriculture, and government officials to Cuba and had reached out to the Department of Agriculture and State Department to see if that was possible.

Missouri is the country's fifth-largest rice producer, seventh-largest soybean producer and 10th-largest corn producer. Food and agricultural exports have been exempt from U.S. trade sanctions on Cuba since 2001. But rules on completing transactions--using cash isn't an option, for example, and payments are required in advance--resulted in extra expense and time, complicating shipments of some products.

Agriculture Secretary Tom Vilsack said the shift in relations with Cuba will remove barriers and "create a more efficient, less burdensome opportunity for Cuba to buy U.S. agricultural products." Those items would become more price-competitive, he said, giving Cubans more options and creating more customers for U.S. farmers and ranchers.

Agricultural shipments to Cuba have remained volatile the past decade, peaking at around \$700 million in 2008. In 2013, shipments totaled almost \$350 million, with frozen chicken making up 41 percent of the figure, according to the U.S.-Cuba Trade and Economic Council. Soybean oil cakes, corn and soybeans made up an additional 48 percent.

Missouri Farm Bureau President Blake Hurst said the requirement that Cuba pay in cash for any commodities has been a hurdle to trade. Hurst and others said rice farmers in Missouri were in the best position to benefit from the new policy, but others could also gain from access to the new market.

"Hands down (rice) is the crop that could benefit the most," said D. Scott Brown, an agriculture professor at the University of Missouri. "(But) I think it's going to be an across-the-board benefit to a lot of commodities."

Still, he and others said it was unclear how quickly trade would begin and how far the policy would go.

"Since it's a new market, it will take I'm sure some time before we're selling to them," said Hurst.

In addition, there may be political pressure from the new GOP-controlled Congress, with some critics aiming to limit the effectiveness of the policy shift. Republicans have blasted the president's decision as a victory for the oppressive regime in Cuba, led by Raul Castro. They say the U.S. should continue to isolate Cuba diplomatically and economically until its leaders grant their people more political and economic liberty.

Easing diplomatic ties "is not helpful for the long-term freedom of the people of Cuba," Sen. Roy Blunt, R-Mo., told reporters after Obama's December announcement. "It's a mistake."

Blunt also questioned the benefit, saying American businesses that trade with Cuba could wind up "with a whole lot of debt that the Cuban government will not pay."

McCaskill dismissed such criticisms, saying "the policy in place for over five decades has not worked." She said her trip was in the works even before Obama's announcement because Missouri agriculture groups have long pressed for access to that market.

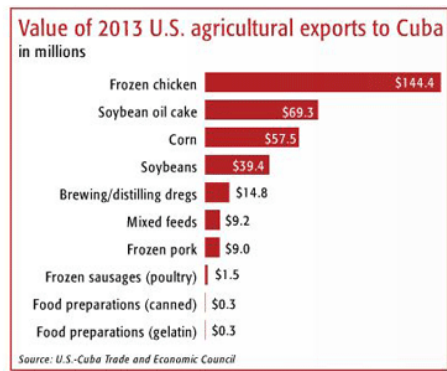
"This is a market that's nearby, that's easily accessible," McCaskill said. "I want to get down there as soon as possible to see for myself what we can be doing to help Missouri agriculture."

Food Business News

7 January 2015

Kansas City, Missouri

Welcome to Cuba
by JaySjerven



Value of 2013 U.S. agricultural exports to Cuba

President Barack Obama's Dec. 17 announcement that the United States will begin the process of normalizing diplomatic relations with Cuba was hailed by U.S. agricultural groups eager to increase sales to the island nation. President Obama said the United States will reestablish an embassy in Havana, probably at the site of the current U.S. Interest Section there. He also said certain trade restrictions that placed U.S. food exporters at a disadvantage vis-à-vis those of other exporting nations would be lifted.

The president did not remove the half-century-old embargo on trade with Cuba and does not have the authority to do so without congressional approval and action. But sales of U.S. food and medical products were exempted from the embargo when Congress passed and President Bill Clinton signed the Trade Sanction Reform and Export Enhancement Act of 2000.

After the act took effect, the United States became a major supplier of food to Cuba, which must import about three-fourths of its food requirements (estimates range from 65% to 80%).

The value of U.S. agricultural exports to Cuba peaked in 2008 at \$710.1 million, according to the U.S.-Cuba Trade and Economic Council. But in most recent years, U.S. agricultural exports to Cuba declined as onerous terms applying to financing purchases of U.S. products encouraged Cuba to turn to other suppliers. This was especially the case for wheat and rice.

The U.S. Department of Agriculture indicated the United States sold 500,000 tonnes of wheat to Cuba in 2007-08, but the United States has sold no wheat to that nation since 2010-11. The European Union and Canada now control the wheat market in Cuba. The United States sold 186,000 tonnes of rice to Cuba in 2005-06 but has sold no rice to that nation for the last six years as Vietnam and Thailand became the principal rice suppliers.

U.S. grain trade groups pointed to unilateral restrictions on financial transactions for food products as a principal cause for losing market share in Cuba. Currently, U.S. agricultural exporters wishing to do business with Cuba may receive money upfront from the Cuban government buying agency before they may ship the product. Additionally, the money exchange must be handled by a third-party institution (a non-U.S. bank). The red tape, time delays and transaction costs effectively raise the price of U.S. wheat and rice exports above those of foreign competitors.

President Obama said U.S. banks and financial institutions now will be permitted to open correspondent accounts at Cuban financial institutions to facilitate the processing of authorized transactions. Also, the regulatory definition of the statutory term "cash in advance" will be revised to specify that it means "cash before transfer of title," not before shipment. The administration said these measures will improve the speed, efficiency and oversight of authorized payments between the United States and Cuba.

At the same time, improvement may come more slowly than many wish, as some analysts noted Cuban financial institutions themselves would have to make significant changes to comply with post 9/11 banking laws aimed at preventing money laundering and support for terrorism.

The National Association of Wheat Growers (NAWG) and U.S. Wheat Associates (U.S.W.) applauded President Obama's announcement.

“If Cuba resumes purchases of U.S. wheat, we believe our market share there could grow from its current level of zero to around 80% to 90%, as it is in other Caribbean nations,” said Alan Tracy, U.S.W. president.

“The changes to banking are very important because they will significantly reduce red tape and costs associated with doing business with Cuba,” said Betsy Ward, president and chief executive officer of the USA Rice Federation. Ms. Ward said her organization long has maintained that the “embargo was not on Cuba, as they could source rice and other products from around the world, but rather on the rice growers in the United States, whose own government cut them out of one of the world’s top markets, just 90 miles from our shores.”

In five of the past six years, frozen chicken has held the top spot for U.S. food exports to Cuba. The value of U.S. frozen chicken exports to Cuba was \$144.4 million in 2013, accounting for 41% of the value of all U.S. food exports to Cuba in that year. In 2012, the value of frozen chicken to Cuba reached its peak at \$154.9 million.

“The National Chicken Council and our members support the concept of free and fair trade,” the council said in a statement issued after the president’s address. “If the updated policy has the effect of boosting Cuba’s private sector, and therefore the wealth of its citizens, high-quality protein is usually the first to increase in demand. Because of our proximity, we would welcome the opportunity to provide more of our safe, wholesome and high-quality poultry to the Cuban people.”

CBS News

New York, New York

5 January 2015

2014 U.S.-Cuba trade set for 10-year low

HAVANA - U.S. exports to Cuba hit one of their lowest points in a decade last year, a demonstration of the longstanding barriers to trade that will hamper President Barack Obama's recent move to expand ties, new figures showed Monday.

The statistics from the U.S.-Cuba Trade and Economic Council show that U.S. farmers sold slightly more than \$253 million worth of food and agricultural products to Cuba in the first 10 months of 2014. If the last two months of the year reflect similar sales levels, 2014 could be the worst year for U.S. exports to Cuba since 2004.

American farmers say the main barrier to sales to Cuba is a U.S. government ban on providing credit to the island. That wouldn't change under reforms Obama proposed last month.

Obama's proposals do include a slight relaxation of U.S. rules on Cuban payments to American farmers, allowing Cuba to pay for goods once they are delivered rather than before they are ordered. But U.S. law still prohibits any form of credit to Cuba's state-run import agencies, which routinely run low on cash and ask for several years to pay for the goods they have ordered.

Those repayment terms are often granted by the Brazilian and Spanish food companies whose products fill the shelves of many Cuban supermarkets.

The U.S. is expected to issue detailed regulations opening trade with Cuba this month, but granting credit would require an act of Congress that appears unlikely in the short term.

"There is nothing in what the president has announced that indicated that there are any opportunities to provide payment terms," said John Kavulich, senior policy advisor for the trade and economic council. "No one should expect a meaningful increase in exports to Cuba on the day these regulations are issued."

U.S. agricultural producers are launching a push this week to persuade Congress to do away with the legal restrictions that remain part of the U.S. embargo on Cuba.

"It's going to take Congress to end this embargo for the U.S. to be competitive in Cuba," said Paul Johnson, vice-chairman of the newly formed U.S. Agriculture Coalition for Cuba. "Our products can't compete with Brazil, Argentina, the EU and China because of the credit issue."

Associated Press

Havana, Cuba

5 January 2015

New figures show US-Cuba trade likely hit 1 of lowest points in a decade last year



A worker in a tire repair shop rests on an inner tube in Havana, Cuba. New figures show U.S. exports to Cuba likely hit one of their lowest points in a decade last year. (Ramon Espinosa, AP) Associated Press

New figures show U.S. exports to Cuba likely hit one of their lowest points in a decade last year, an indication of the barriers to increased trade despite President Barack Obama's move to expand ties.

The statistics show that U.S. farmers sold slightly more than \$253 million worth of food and agricultural products to Cuba in the first 10 months of 2014. If the last two months of the year reflect similar levels of sales, 2014 could be the worst year for U.S. exports to Cuba since 2004, according to the figures from the U.S.-Cuba Trade and Economic Council.



Cuba expects stronger growth as relations with U.S. improve. American farmers say the main barrier to sales to Cuba is a U.S. government ban on providing credit to the island. That wouldn't change under Obama's reforms.

Rutland Herald

Rutland, Vermont

5 January 2015

Leahy sees slow increase in trade with Cuba

By Bruce Edwards
Correspondent

Don't look for Cuban cigars anytime soon at your neighborhood store. But President Barack Obama's bold initiative last month to drastically improve relations with Cuba includes a loosening of trade and travel restrictions.

Sen. Patrick Leahy, who returned from Cuba last month with formerly imprisoned U.S. Agency for International Development worker Alan Gross, said trade with Cuba will increase, but slowly at first Leahy hopes to do his part to encourage trade between the two adversaries. As it stands now, the 54-year old trade embargo limits U.S. exports to medical supplies, agricultural products and commodities.

"I hope at some point, and I've talked to a number of people at our Chamber of Commerce and others, to bring a trade mission down to Cuba," Leahy said last week on a visit to Rutland.

Leahy said Vermont's specialty foods industry is one area that could eventually benefit from increased trade with Cuba.

"I've had a lot of people tell me here in Vermont, they'd like to be involved," he said.

Although Cuba is a small market, Leahy said increased trade and cultural ties would be a positive development. He noted Burlington College already has a semester abroad program in Havana.

Ten years ago, Vermont farmers sold 76 cows to Cuba to help the country rebuild its dairy industry. The Cubans also purchased powdered milk and agreed to buy 4,000 bushels of Vermont apples. However, the apple deal fell through when Cuban inspectors failed to obtain the required visas from the Bush administration to visit the U.S.

Florida businessman John Parke Wright IV, who brokered the sale of Vermont cows, said Obama's initiative will allow for more licensed (non-tourist) travel to Cuba, which could also increase the demand for additional food products.

In terms of the dairy industry, Wright said more needs to be done to rebuild Cuba's dairy herd.

"The dairy situation is sad because the economy is so weak in Cuba that they have not been able to import much-needed animal feed to support the dairy industry," said Wright, who has been doing agricultural business in Cuba for a number of years.

He said Vermont has the resources to help Cuba, including the Brattleboro-based Holstein Association USA and the University of Vermont dairy program.

Wright, like Leahy, said there may be an opportunity for Vermont's manufacturers of specialty food, including cheese and coffee. He said Vermont could also lend its expertise in the areas of environmental cleanup and historic preservation.

John Kavulich, senior policy adviser with the US-Cuba Trade and Economic Council, said while a normal, two-way trade relationship with Cuba is not on the immediate horizon, agricultural exports to Havana could increase "not dramatically, but meaningfully."

Kavulich said an increase in American visitors allowed under the Obama plan will not by itself generate enough business for Cuba to open its wallet to buy more food and agricultural products.

When it comes to Vermont's specialty products, he said the price would likely be out of reach for the Cuban government.

"In Vermont's case, should a Vermont producer of maple syrup be gearing up to send additional cases down to

Havana to meet the demand of U.S. visitors who want maple syrup on their Belgian waffles and pancakes and their French toast?” Kavulich asked. “The answer is no.”

He said politics and money have driven Cuba’s decision whether to buy agricultural products from the U.S., which have declined since their peak in the mid-2000s.

“You still have to have an economy that supports this stuff and Cuba doesn’t have that yet,” he said, referring to specialty food products. He said that’s why increasing trade with Cuba will be “a slow process.”

He added that given the demand on the existing hotel accommodations, Cuba couldn’t handle a large influx of tourists from the U.S.

Vermont’s Agency of Agriculture is monitoring the potential for trade with the island nation of 11 million. Agency officials said while there is indeed potential, what transpires in the future will depend on what happens at the federal level.

Deputy Secretary Diane Bothfeld, who oversees dairy policy, identified several potential areas of interest: genetics (the export of top-quality animals to improve Cuba’s dairy herd), powdered milk, whey and cheese.

Chelsea Bardot Lewis, who oversees the agency’s export program, said the Caribbean has been a good market for U.S. exporters.

“The Caribbean generally is considered a strong market for U.S. specialty goods, with its close proximity, lenient regulatory structure, and tourist market,” Lewis said in an email. “Cheeses tend to command higher prices there, meaning that Vermont’s premium cheeses could potentially compete.”

She said a Caribbean market workshop the agency held three years ago in Randolph was attended by eight specialty food companies, “so there’s definitely interest among Vermont companies to tap this market.”

Total Vermont exports last year (2014) to all countries totaled \$4.27 billion, a decline of 14 percent from the previous year, according to the Vermont Global Trade Partnership.

Dairy-related exports totaled \$45.8 million, which ranked ninth among all Vermont exports and represented a 56 percent increase from 2013. Under the current setup, Cuba is required to pay cash for U.S. agricultural products, depositing money in a third country bank, which is then transferred to a U.S. bank.

What Obama is proposing would streamline the process by allowing the Cuban government to wire transfer money the same day directly to a bank in the U.S.

“So the exporter would receive it within several hours,” Kavulich said. “That would increase efficiencies and decrease costs.”

He also said the U.S. should stick to its cash-in-advance payment policy. Since the U.S. authorized agricultural exports to Cuba in 2001 on humanitarian grounds, U.S. suppliers have been paid \$5 billion.

“U.S. companies have never had to wait in line with hundreds of companies from throughout the world that Cuba owes money to,” Kavulich said.

Not everyone is thrilled with the new tack Obama is taking with the communist regime. Cuban-American lawmakers, including Sen. Marco Rubio, R-Fla., and Sen. Robert Menendez, D-N.J., expressed outrage at the new policy, warning it will only ensure a continuation of the Castro regime’s authoritarian rule.

Kavulich also added a word of caution.

“People should not think the Cuban government is going to welcome changes that’s going to cause it to change in any way it doesn’t want to,” he said. “It will only allow change to a level that it can control.”

Leahy, however, is more optimistic that change will come to Cuba. He said after more than 50 years of a failed policy of trying to topple the Castros from power, it’s time to engage Cuba with trade and people-to-people diplomacy.

“I think it’s all positive,” he said.

Agri-Pulse

Camdenton, MO

4 January 2015

Washington Week Ahead: Keystone, Cuba and GMOs

By Philip Brasher

WASHINGTON, Jan. 4, 2015 - The 114th Congress convenes at noon on Tuesday, putting both houses in Republican hands for the first time in eight years.

The new members won't get much time to savor their swearing-in ceremonies. Republicans are promising to challenge President Barack Obama on one issue after another, and they will get started this week with the Keystone XL pipeline.

The Senate Energy and Natural Resources Committee will hold a hearing Wednesday on a bill to approve the pipeline, and then the panel will vote on the measure Thursday.

A Keystone bill failed in the Senate in November as the committee's then-chairman, Mary Landrieu, D-La., was facing a runoff election that she ultimately lost. The bill failed, 59-41, one vote short of the 60 necessary to proceed to final approval.

Sen. Chuck Schumer, D-New York, said on CBS's "Face the Nation" Sunday that Democrats would offer a series of amendments to the Keystone bill, including requirements that the steel used to construct the pipeline be made in America and that the oil transported be used only in America. Another amendment would create new clean energy jobs within the wind and solar industries.

But even with those changes, Schumer said he would recommend that President Obama veto the bill.

"These amendments will make it better but certainly not good enough at this point in time," Schumer said.

Sen. John Thune, speaking on "Fox News Sunday," said the Keystone vote will provide an early test of how President Obama intends to govern in the next two years and whether he's "listening to his sort of left-wing base on this issue rather than where the American people are, who are overwhelmingly supportive of the project."

Thune said the vote "will certainly be a way in which we can measure where he's going to come down"

Despite the flurry of activity on Capitol Hill, many in the food and agribusiness sectors will be looking away from Washington to Vermont on Wednesday when U.S. District Judge Christina Reiss holds oral arguments in the food industry's challenge to Vermont's GMO labeling law.

Lawmakers are watching the case, too. If Vermont prevails in this lawsuit, there will be a lot more pressure on Congress to pass legislation pre-empting such laws. A revised version of a pre-emption bill proposed last year by Rep. Mike Pompeo, R-Kan., is expected to be introduced this year.

On Thursday, farm groups are launching an effort to get Congress to support the Obama administration's initiative to increase trade with Cuba, another of the many issues on which some congressional Republicans are eager to take on the president.

The American Farm Bureau Federation, National Farmers Union and the National Council of Farmer Cooperatives are among the groups forming the U.S. Agriculture Coalition for Cuba. The coalition, which reflects a broad spectrum of commodities and regional interests, also includes Cargill Inc., the American Meat Institute, International Dairy Foods Association and the National Association of State Departments of Agriculture.

Obama last month called for ending the embargo on Cuba and announced a series of executive actions to increase trade with the island nation that will include loosening Treasury Department restrictions that require Cuba to pay for purchases of agricultural commodities through a third-country bank. Obama also plans to allow shipments of U.S. farm equipment.

There is strong resistance in Congress to ending the embargo, and Obama is unlikely to even get the Senate to confirm an ambassador, the outgoing chairman of the Foreign Relations Committee, Robert Menendez, D-N.J., said Sunday on CNN's "State of the Union". Menendez, a Cuban American, has strongly criticized Obama's recent negotiations with the Cuban regime.

But John Kavulich, senior policy adviser to the U.S.-Cuba Trade and Economic Council, tells Agri-Pulse in an "Open Mic" interview that there is a bipartisan support for "a change in direction toward Cuba." Obama can probably count on help from Republicans whose states will benefit from agricultural exports to Cuba, according to Kavulich.

But Kavulich warns against expecting a major increase in exports to Cuba anytime soon. "Cuba still has an abysmal credit record, and its finances are a mess."