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CUBAN ECONOMIC SANCTIONS:
THE TIME HAS COME TO LIFT THEM AND MOVE FORWARD

BY

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Cuban Economic Sanctions: The Time has Come to Lift Them and Move Forward

by

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ABSTRACT

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The purpose of this paper will be to propose that the current United States policy of economic sanctions against Cuba be altered such that normal diplomatic and trade relations are achieved. I will provide a history of the sanctions, the events that initiated the sanctions and how the sanctions have changed with successive administrations. I will identify who the major stakeholders are, what their stated position, their reason to support or change the existing policy and desired end state for each stakeholder group. I will provide rationale for a recommended policy change based on two major reasons. First of all, the sanctions have not been effective, included in this discussion will identify why the Cuban sanctions have not been successful. To contrast the failure, I will provide examples of successful sanctions and how those differed from the Cuban Sanctions. Secondly, I will discuss the impact of the economic sanctions on National Security. The warming Cuban relations with Russia and China present a National Security concern. Finally, I will describe Cuba’s ability to present a significant National Security risk to the United States and compare that to what their ability was during the Cold War.
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CUBAN ECONOMIC SANCTIONS: THE TIME HAS COME TO LIFT THEM AND MOVE FORWARD

Since the early 1960s, the United States has imposed economic sanctions and restrictions on Cuba. The current United States policy of economic sanctions against Cuba should be altered if we desire normal diplomatic and trade relations with Cuba, for the Western Hemisphere, and the world. There are four reasons that form the foundation for the policy change. First, the ineffectiveness of the sanctions against Cuba and the overall limited historical effectiveness of economic sanctions. Secondly, the continuation of these sanctions does not contribute to the United States' national security. These sanctions are creating friction between the US and the international community since most of the world does not support the sanctions. Further, the American imposed isolation of Cuba has created an opportunity for competitor and unfriendly nations to establish political and economic footholds on our doorstep. Thirdly, the sanctions result in lost business opportunities for American farmers and industries especially considering the prospective market is so close to the United States. Gradually lifting trade embargo, easing financing restrictions, and liberalizing travel restrictions would spur growth of the Cuban economy that would lead to an infusion of investment to achieve it's full potential. Fourth, drawing Cuba into the World Trade Organization (WTO) or into the North American Free Trade Agreement (NAFTA) would encourage them to act as a business partner and live within the rules of law of the global community. Regardless of what the United States does the final decision is up to Fidel Castro, or his successor. It will not be easy to coax him in from the cold. Lifting the embargo would remove the sanctions as a tool that Castro can use to fan hate of the US.

ECONOMIC SANCTIONS BACKGROUND AND HISTORY

Economic sanctions started as a limited trade embargo of Cuba in October 1960 following expropriation of property owned by United States businesses. The expropriation activity by the Castro regime started soon after his rise to power in March 1959. The expropriation of property started in January 1960, with significant acreage that was owned by sugar and fruit producers, that was part of Castro’s plan to eliminate private ownership of property. The expropriation continued throughout 1960 and included oil refineries, industrial and agrarian businesses, and banking.

In response to the expropriation the Eisenhower administration took action in October 1960 by imposing a partial embargo excluding food and medicine. Relations between the United States and Cuba continued to deteriorate when a failed CIA backed invasion of Cuba on 17 April 1961 enraged Castro. The tensions increased to the brink of war during the missile
crisis of October 1962. In response to the Soviet attempt to place medium and intermediate-range nuclear armed ballistic missiles on the island, President Kennedy expanded the partial embargo to a total embargo by prohibiting both travel and commercial transactions with Cuba.

The continuation and depth of disdain of the Cuban regime was illustrated during the Johnson administration when the Food for Peace Act was enacted, the act in part prohibited food aid to countries that traded with Cuba and North Vietnam. President Johnson signed the legislation even though he felt that restriction limited the options of a president to utilize food aid as leverage in pursuit of national objectives.¹

President Nixon quietly attempted diplomacy without achieving any results. Attempts by the Ford Administration to restore diplomatic relations were halted after Cuba sent combat troops to Angola. Subsequent Cuban military involvement in El Salvador and Nicaragua brought all efforts to normalize relations to an end. President Carter loosened the controls by permitting US citizens to travel to and spend money in Cuba.

The Reagan administration again tightened restrictions re-instituting the travel and money spending ban for US citizens. Additionally, President Reagan lowered cash and gift limits sent by Americans to Cuba. Radio Marti was established to keep up the pressure on the informational front. As a result of the collapse of the Soviet Union in 1991 the broad based economic and military support from the Soviet Union to Cuba ended in 1992. To accommodate that change Castro relaxed some economic restrictions on the citizens of Cuba by permitting independent farming, some self-employment and tourism.

In 1992 the Congress led by then Representative Robert Torricelli (D-NJ) passed the Cuban Democracy Act (CDA) with the promise from Torricelli that Castro would fall within weeks.² The CDA prohibited ships from entering US ports for 180 days after loading or unloading goods in Cuba, levied further restrictions on humanitarian (e.g., food, medicine and medical) supplies and authorized sanctions against countries providing aid to Cuba. The CDA also governs the export of medicine and medical supplies to Cuba. A license is required in order to sell medicine and medical supplies to Cuba, the primary purpose of acquiring a license is to make arrangements for proper end-use monitoring. This monitoring acts to verify that the products benefit the people of Cuba not the Cuban government. End-use monitoring is difficult, but can be accomplished by non-governmental or international organizations.

In 1996 President Clinton signed the Helms-Burton Act also known as “Cuban Liberty and Democratic Society (LIBERTAD) Act” which strengthened the embargo. The act, in part, reinforced sanctions regarding international financial transactions, US imports from third countries and economic assistance provisions that make it nearly impossible for Cuba to receive
foreign credit and multilateral aid. Starting in 1999 and continuing today, Congress has been engaged in a debate that has not yielded any substantive changes that would relax the economic sanctions.

One tempered bright spot was the first direct export of agriculture products from the US to Cuba since 1963. Two Liberian flagged ships carrying food arrived 16 December 2001 in Havana. The ships were loaded with chicken and corn in Gulfport, Mississippi. This shipment was far from a sure bet, current laws bar government or private US financing of humanitarian supplies. Complicating the offer was Castro’s indication that Cuba would not buy under such financing restrictions, in the end he did relent.³ A set back occurred during a meeting at a trade conference in Cancun, Mexico on 1 February 2002 between Cuban government officials and United States producers. The Cubans, lead by Cuba’s Trade Minister Raul de la Nuez, have taken a position that business under the current conditions is not possible. In particular, the Cubans want the United States to ease the credit restrictions, permitting US banks or firms to extend credit for imports. Currently, Cuba must pay cash or get credit from a third country.⁴

Cuba was a founding member of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO). Cuba was also a founding member of the International Monetary Fund (IMF) and World Bank (at that time known as the International Bank for Reconstruction and Development). Cuba withdrew from the IMF and other international organizations in 1964 making them ineligible for financial assistance independent of the US sanctions.⁵

United States businesses are continuing to miss opportunities in Cuba. Last year goods and services sold by 400 economic associations “amounting to $5.5 billion of foreign capital growing by 5%, exports by 4%, and net profits 19%, while income into the country increased by 8%. Cuba’s principal foreign associations are with Spain, Canada, Italy, France, the United Kingdom, Mexico, Venezuela, China, Panama, and Germany. Further, Cuba has cooperative relations with 163 countries, five more than in 2000.”⁶ The first nine months of 2001 were promising, exports grew by nine percent and imports by three percent over the prior year. The downside was a decline in export prices for tobacco, nickel and sugar.

The September 11, terrorist attacks were felt in Cuba, in particular, the tourism sector which experienced a significant drop in business.⁷ The effects included the closing of at least 20 hotels, laid off taxi drivers, and tourist services like restaurants, were left idle.⁸ To make matters worse, the island was hit by Hurricane Michelle on 4 November. The death toll was only five persons but, the economic damage was very severe by some estimates running in the hundreds of millions of dollars. Damage included tens of thousands of homes destroyed or
damaged, about 125 high voltage towers knocked over, sugar cane fields and banana plantations flattened.9

The Cuban tourist minister Ibrahim Ferradaz maintained an optimistic outlook by suggesting that the hotels were undergoing renovation and that foreign investors are planning to build new ones. Further, the Cuban economy is suffering a slowing of hard currency via remittances from relatives in America, it is thought to be related to the slowing United States economy. In addition, the amount of money being sent from Mexico has fallen by half.10

EFFECTIVENESS OF SANCTIONS

The efficacy of the economic sanctions against Cuba is at best inconclusive. After forty plus years of sanctions, Castro is still at the helm and the only new freedoms that have opened up for the Cubans resulted from the collapse of the Soviet Union. Sanctions can work if the world community supports such an action as they did against the South African policy of apartheid. Unlike the unified pressure of the world community on South Africa there is no coherent worldwide policy of sanctions or other pressures on Cuba. The Cuban economic sanctions have not achieved their desired end state, the United States stands alone and it is the Cuban people that are being held back economically, not the leadership, and ironically hurt are American businesses in the process. On the 16 February 2001 the International Trade Commission (ITC) released a report on The Economic Impact of U.S. Sanctions with respect to Cuba. Regarding the effectiveness of the sanctions, the report states, “U.S. economic sanctions with respect to Cuba generally had a minimal overall historical impact on the Cuban economy. Cuba adjusted quickly to U.S. economic sanctions through political and economic alliances with the Soviet bloc countries, largely offsetting any adverse effects of U.S. sanctions. The loss of Soviet economic assistance after 1990 caused a severe downturn in the Cuban economy, bringing to the forefront longstanding inefficiencies in the Cuban economy. The loss of Soviet assistance eventually forced Cuba to introduce economic reforms to attract foreign investment and selective economic liberalization to stimulate domestic production. Currently, sanctions force Cuba to acquire some products that could be supplied by the United States from distant trading partners at higher transportation costs.”11

The ITC report glosses over what the sanctions have done to the Cuban economy. It also does not answer the question: who is paying the price for the continued embargo? Determining how the economy is performing and how the people are doing under Castro and the US trade sanctions.
In order to determine the effectiveness of sanctions, one must compare pre-Castro Cuba to present day Cuba. Additionally, one needs to compare Cuba to other Latin America countries. The World Bank’s President and Vice President for Development Policy both applauded Cuba’s ability to achieve the lowest infant mortality rate and highest primary education enrollment in Latin America in spite of the embargo. What the low infant mortality rate numbers do not reflect is Cuba’s incredible abortion rate, 0.71 abortions per live births in 1991. For a global perspective, a Kaiser Family Foundation study indicates that in 1996 the worldwide abortion rates per 1000 varied from a low of 6.5 in Netherlands to a high of 77.7 in Cuba, the US average was 22. The apparent strategy, although not articulated, is to selectively terminate high-risk births in order to reduce health care costs and to achieve favorable infant mortality data.

Comparing Latin American literacy rates from 1950-53 to rates in 1995 it is obvious that all countries of Latin America have improved significantly over the time in question. One conclusion that could be drawn that the literacy rate improvement occurred independent of the embargo or Castro solely based on the character of the Cuban people. Over the same period, many of the Latin America countries experienced significant political and economic turmoil as well as guerilla wars and were still able to improve.

The decline in the per capita food consumption is a clear indication that the Cuban people are paying the penalty for current economic problems. One needs to ask, is the problem caused by the embargo or is the decline reflective of the inefficiencies of a communist agricultural system? Consider that the agricultural potential was never achieved under the communist system in the Soviet Union. Primarily because of the inefficiencies inherent in state run enterprises, with no incentive to increase output and the intolerance of creative thinking. The systemic inefficiencies are exacerbated by inadequate foreign exchange due in part of the inflexibility of Castro’s policies, only recently has he permitted some private ownership.

The embargo is strictly unilateral and can be lifted at any time. Assume that the prices Cuba is charged for foodstuffs are fair and competitive. That would leave higher transportation costs as the only possible source of greater total costs that one could reasonably attribute to the embargo. To further illustrate the agricultural inefficiencies, Cuba is the only Latin American country whose rice production decreased between 1958 and 1996. The estimated production in 1992 was 425,000 tons and estimated production for 1999 was 275,000 tons. The domestic consumption is approximately 650,000 tons that some believe to be underrepresented of true demand because of is depressed as a result of inadequate availability. A sterile way of suggesting people are going hungry.
Both export and import tables illustrate the magnitude that Cuba had relied on the Soviets as a market and supplier. The Soviets provided over $100 billion in aid and loans to Cuba since 1962, the aid peaked at $6 billion annually in the late 1980's.  

In 1994 Cuba legalized dollar denomination "remittances", payments that residents of Cuba received from family members that left Cuba. The estimated amount of annual remittances varies between $300 and $800 million. Even at the high estimate, the family remittances from the United States can not replace the aid that came from the Soviet Union. The government set up state operated dollar stores throughout the country that sell food, household and clothing. In a recent television news account on a major network showed that Cubans who have relatives that have fled the island and who are now able to send money to Cuba are in fact doing well by their standards because of the flourishing black market. One could easily assume that not all residents of Cuba are getting money from the US so those who are not are paying the highest price living under Castro. It is this point that is quite disconcerting, Cuban exiles who support the embargo with the goal of toppling Castro are not considering the suffering that Cuban people are bearing. This burden that would be greatly eased if the embargo were lifted leading to money into their economy via tourists and investors.

The Cuban economy experienced a dramatic decline as a result of the collapse of the Soviet Union and the subsequent end to the aid that Cuba benefited from during the cold war. The following export and import tables, clearly show the depth of collapse across all sectors.

<table>
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<td>3690</td>
<td>2235</td>
<td>2000</td>
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<td>35</td>
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<td>160</td>
<td>190</td>
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<td>275</td>
<td>300</td>
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<td>315</td>
<td>360</td>
<td>515</td>
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<td>705</td>
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<td>535</td>
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<td>2085</td>
<td>1225</td>
<td>1470</td>
<td>1635</td>
<td>2000</td>
<td>1850</td>
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<td>2670</td>
<td>1300</td>
<td>820</td>
<td>785</td>
<td>855</td>
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<td>70</td>
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<td>75</td>
<td>85</td>
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</tr>
<tr>
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<td>50</td>
<td>20</td>
<td>110</td>
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<td>270</td>
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<td>100</td>
<td>110</td>
<td>135</td>
<td>120</td>
<td>125</td>
</tr>
</tbody>
</table>

TABLE 1
starting in 1990 and bottoming out in 1994, both total exports and imports dropped 70 percent in that period. The amount the economy fell is most directly related to sugar, making up 70 percent of the 1990 total exports. The Soviet sugar subsidy was slashed from $4 billion in 1990 to $1 billion in 1991. The reduction in sugar purchases and subsidy had an additional effect as the Cubans used the sugar exports to acquire Soviet oil and oil products. Finally, the Soviets price for oil sold to Cuba was below the world market price, in effect giving Cuba an oil subsidy. Since 1994 the Cuban economy (Real GDP) has been growing at a typical rate of 2.5 percent with more significant growth of 5.5 percent in 2000.

While considering the effectiveness of sanctions one needs to consider unintended results and the possibility that the policy change should be pursued with some urgency. Two visitors to Cuba in December 2000 are the basis of this push. The Chinese Foreign Trade Minister and Russian President Vladimir Putin. The Chinese visit highlighted China’s entry into the World Trade Organization and suggested that there was great promise for trade and economic cooperation between the two countries on the basis of equality and mutual benefit. Putin’s visit with Castro focused on mending fences and Russia’s desire to re-establish a presence in Latin America and bilateral trade with Cuba. These two visits may be indicators that the United States has missed an opportunity to establish itself as a strong trading partner. Further missing the opportunity to place itself in a better position to influence the democratization of Cuba while blocking Russia and the PRC from gaining a foothold in the Western Hemisphere. A chilling example of influence and threat came to light June 2001. The media widely reported the event and the State Department responded to the reports during a noon briefing on 13 June. It was reported that the Chinese using the state owned China Ocean Shipping Company made three shipments of weapons to Cuba in recent months. Not surprising, Castro responded that the shipments were of beans and buttons not arms. As this matter involves intelligence issues no more information was available and no public resolution to the difference of opinion. What is clear is that distrust continues to remain a major influence in the US and Cuban relationship.

From July 1964 to July 1975 the sanctions were multilateral receiving support from the members of the Organization of American States(OAS). The OAS support eroded starting in the early 1970’s and by 1975 trade had resumed with no restrictions.

SANCTIONS AND NATIONAL SECURITY

There is much hypocrisy in the continued economic sanctions against Cuba by the United States. Proponents suggest that the isolation is justified because of Castro’s oppressive regime and poor human rights track record. While true, at the same time the United States is
maintaining normal diplomatic and trade relations with the People’s Republic of China (PRC). The PRC is no less oppressive of its population and their human rights record is no less appalling as the one under the Castro’s Regime. In addition the PRC possesses nuclear weapons presenting a more serious threat to National Security than Cuba. However, one should note that the PRC government has tried to be less isolationist since the breakthrough overtures by President Nixon. The PRC has been more engaged in the world community, a member of the WTO, scheduled to host the 2008 Summer Olympic Games, Internet access is spreading throughout the country, and foreign investment in China is increasing. Human Rights remains a significant problem area according to Amnesty International (AI) and the US State Department, State is less morose than AI. In spite of the serious issues that exist, one could make the argument that without engagement and having them an active participant the circumstances would be worse. Purely from a pragmatic perspective even though not our friend or ally, it is clear that the two nations have benefited from improved trade relations. The existence of open channels assisted in the peaceful and reasonable quick resolution of the EP-3 incident. Finally, since the PRC has long range ballistic missiles it is another reason to keep them engaged in dialog and not force them into an isolationist posture.

Normalizing relations considering national security is not as clear cut as compared to other political and economic perspectives. The January 2000 National Security Strategy mentions Cuba only twice, identifying Cuba as the only nation in the Western Hemisphere without a free market economy and a democratic form of government. An 18 November 1997 Defense Intelligence Agency report addressed the Cuban threat to the national security of the United States. The report states that with the Soviet Union demise and subsequent lack of fiscal support has transformed the Cuban army into a force with minimal current and future capability. However, the report goes on to state that the intelligence and counter-intelligence operations have not degraded. Although these operations are a threat, the Cubans have shared intelligence data with the United States. On the other hand, Cuba permits the Russians to operate a signal intelligence facility on the island. Although the DIA report generally states that Cuba is not very capable, the report concludes “Nonetheless, Cuba has a limited capability to engage in some military and intelligence activities which would be detrimental to U.S. interests and which could pose a danger to U.S. citizens under some circumstances.”

Changes regarding the signal intelligence facility, Russian President Vladimir Putin announced on 17 October 2001 that Russia would within a few months close the Lourdes listening post in Cuba citing financial reasons. Closing the facility also helps Russia achieve the planned reduction of 90,000 personnel. It cost $200 million annually in rent to Cuba and takes a Russian
staff of 1,500 personnel to operate the facility. The Cubans see the pullout as a financial setback as well as a source of concern for their security in the context of the war on terrorism being prosecuted by the United States after the attacks of 11 September 2001. The closing of the station is not fully embraced by the Duma members, the opposition echoed Castro's concern of a possible US attack.28 Ironically, the Cubans were using the rent to repay the $17 billion Russian debt.29 An interesting comment although unrelated to the Cuban embargo issue came from Russian Foreign Ministry Aleksandr Yakovenko referring to the closing of the Lourdes radar center. He said on October 18, 2001 that Russia naturally expects reciprocal moves from the United States. The Russian expectation is that the United States would close some their listening posts, in particular the station in Vardoe, Norway.30

A State Department report "Patterns of Global Terrorism: 2000" report was released on 30 April 2001 that referenced Cuba's role in this insidious web. "While state-sponsored terrorism has declined over the past several decades, seven governments -- Cuba, Iran, Iraq, Libya, North Korea, Sudan, and Syria -- remain on the list of state sponsors of international terrorism...". The report further states "Cuba continued to provide safe haven to several terrorists and U.S. fugitives and maintained ties to state sponsors and Latin American insurgents..."31 A desire to lift sanctions to benefit US businesses and minimize Chinese and Russian influence in Cuba must be weighed against the terrorism concerns raised by DIA and the State Department.

There are several examples of Cuban duplicity that raise concerns about the intentions of its government. Ana Belen Montes, a DIA senior intelligence analyst on Cuba, was arrested in September 2001 accused of spying for Cuba.32 Although a serious matter, spying is a typical and significant part of pursuing a nation's interests, even among allies as such as Israel and US.

Cuba has also reportedly provided sanctuary for terrorists such as the Spanish ETA (Basque separatists), Colombian FARC, the Irish IRA, and has operated training camps for other terrorists.33 It also has provided safe haven for approximately 77 fugitives from US justice, including murderers of US law enforcement officers, hijackers, drug dealers and swindlers.34 There is no argument that Cuba is involved in these activities. To continue to isolate Cuba when we are maintaining contact with other states like the PRC who are no less involved in spying and human rights violations does not appear to be consistent. Since punishment resulting from the embargo has not changed Castro's attitudes and policies. Different approaches should be pursued including direct aid or lifting sanctions incrementally in exchange for the fugitives or changes in Cuban behavior.
Additional legislation to tighten the sanctions on Cuba recently could be characterized as arrogant and lacking full appreciation for the possible end states. Consider the following two examples. Richard Nuccio, a former special advisor to President Clinton, helped write the 1996 Helms-Burton bill was interviewed by Business Week on October 27, 1999. During that interview he was asked, “What is the potential for other dangerous flare-ups?” Nuccio responded, “US policy toward Cuba is schizophrenic. The official goal is to promote a peaceful transition to democracy. But the Helms-Burton approach is what I call the pressure-cooker model for change: You screw down the lid and turn up the heat until the lid blows off. If there is a violent transition in Cuba, if the US becomes involved in taking sides — or even worse, if it intervenes militarily or acts in a tutelary role, as it has done in the past — it will be a disaster for our relations with Latin America.”

The rationality of such an approach is disconcerting, that the administration was willing to proceed, full well recognizing that there was risk of a violent reaction. Further, the administration was apparently not concerned with the effects such an event would have on the well being and safety of the population that it is intending on helping or that it could lead us into an unpopular conflict. Secondly, consider what the bill’s sponsor New Jersey Congressman Torricelli said in 1992 regarding the Cuban Democracy Act, “... the act would result in Castro’s downfall in weeks”, and Castro is still in power.

The world community is far from embracing the Helms-Burton Act, the reaction was immediate at the WTO Trade in Goods Council held in Geneva Switzerland 19 March 1996, seven days after President Clinton signed it into law. The Cuban Ambassador declared that the law violated a number of articles of the WTO/GATT. “The European Union (EU) was concerned over the extra-territorial implications and it was particularly unacceptable to the EU that a third country is to direct the EU’s foreign trade.” Mexico, Canada, Chile, India also raised concerns with the US Law.

The United Nations General Assembly has passed a draft resolution every year since 1991 for US to end the economic, commercial and financial embargo against Cuba. The resolution votes were reasonably consistent, “For” from 117 to 157 and “Against” were either 2 or 3. Israel casts one of the “against” votes. Clearly, self interest drove the decision since Israel has significant business interest in Cuba and would stand to lose market share if the embargo was lifted. On the other hand, they can claim they support the US on Cuba. A final point about the sanctions is how the international community views them. In a 15 August 2000 report commissioned by the United Nations, written by Marc Bossuyt a Belgian Law professor, regarding the US policy he states, “The theory behind economic sanctions is that economic pressure on civilians will translate into pressure on the government to change. This theory is bankrupt both legally and practically.”
LOST BUSINESS OPPORTUNITIES

"The impact of lifting the United States embargo on food and medical sales to Cuba would be beneficial to the US economy. Under the partial liberalization permitted by pending legislation reported out of committee in both the House and Senate, as part of US agricultural appropriation bills the US could commercially export more than $400 million in food and agricultural products to Cuba. In a fully unrestricted trade environment the US could expect to export $1 billion worth of food and agricultural products to Cuba. In medical goods the US could expect to export to Cuba more than $20 million in five years with the limited liberalization and more than $600 million in the longer term in a fully unrestricted trade environment. The aggregate of the food and medical exports to Cuba could amount to $444 million and approximately 6,000 associated jobs under partial liberalization. In a scenario of unrestricted trade, the aggregate of food and medical exports could amount to $1.6 billion with 20,000 associated US jobs."^40

In 2001, Cuba is expected to import 450,000 tons ($86 million) of rice, most it from Vietnam and China. The US was a major supplier of rice to Cuba prior to sanctions imposed in 1962. Shipping rice from the US versus Vietnam or China would result in considerable savings for Cuba with lower shipping costs and faster time to market. The shipping time from Vietnam is 45 – 50 days versus 5 days from US ports in the Gulf of Mexico. Cuba’s Foreign Trade Minister Raul de la Nunez said, “It makes no sense for us to buy rice from Asia when we could buy it from the United States.” He did mention that European and Canadian suppliers would not be replaced since there would be ample opportunity for all.^41 Through the use of fertilizers and improved agricultural techniques from the US, rice production could increase and reduced the need for rice imports. US businesses can supply these resources for a price. In the broader view Cuba imports approximately $320 million in grain, grain products and pluses. Livestock feed grain imports are currently low but projections suggest that Cuba could import $40 million annually if the sanctions were lifted.^42

Other agricultural products that Cuba would demand include vegetable oil, soybeans, solid wood products, cotton, pork, poultry, beef and dairy products. The outlook for displacing some competition is favorable, for example in Mexico where the US competes with Canada for the pork market, the US has 95 percent market share.^43 The US transportation infrastructure would benefit from the increase volume of agricultural goods and materials being shipped from US ports to Cuba. As an example the Port of Lake Charles in Louisiana expects $15 million annual economic impact.^44
Medical products make up another sector in which US producers have an opportunity to make significant gains. There is very little data regarding current consumption in this sector however, one source estimates the current market to be $40 million.\textsuperscript{45} The estimate is made in an environment with chronic supply and service shortages. Raising the per capita expenditure by $100 would put the potential medical market at $1 million, assuming the US market share was 60 percent then the US share could be worth $600 million.\textsuperscript{46} Finally one additional example of what may be missed business opportunities. "While the US struggled with the Elian Gonzalez situation, six European, Canadian and Latin American oil companies are vying to corner the exploration of Cuba's potential oil rich offshore area, a 112,000 square kilometer swath off the island's north western coast."\textsuperscript{47}

One way to determine if the markets as projected could be realized is to compare the Cuban economy to the Dominican Republic and Costa Rican economies. The comparison validity is based on similarity between Cuba and the aggregate of the two countries considering population, geographic location, and size. The combined GDP of the Dominican Republic and Costa Rica in 1998 was $64 billion with imports and exports totaling $8 and $5 billion respectively. The aggregate approach suggests that the Cuban economy could grow several times above the $17 billion GDP (1998). It is a reasonable conclusion because the literacy rate in Cuba is much higher than either Dominican Republic or Costa Rica in addition to having a larger than the aggregate work force of the Dominican Republic and Costa Rica.\textsuperscript{48} On paper all is a "green", the markets present will be there for US products, the Cuba economy will be able to grow several times what it is today. However to make progress in general Cuba has other significant challenges, one is the shortage of hard currency. Since 1994 tourism has been the leading source of hard currency earnings, replacing sugar. The gross revenue generated for 1998 was $1.8 billion while only $600 million came from sugar. Continued growth in tourism will spark growth in food and other goods that tourists demand.\textsuperscript{49} This year Cuban officials expect two million visitors and expand to seven million by 2010, a growth rate of approximately 12.5 percent per year. An added one million US tourists could vacation in Cuba the first year after the travel restrictions are lifted.\textsuperscript{50} The projections paint an optimistic picture, but tourism alone will not generate enough hard currency to fully develop the economy, to achieve maximum trade potential with the US Cuba will need to borrow from US or other financial institutions. The difficulty will arise with the loan conditions. It is expected the American institutions will be structured so that Cuba would have to make changes otherwise the US would be subsidizing an archaic, inefficient, repressive economic system.\textsuperscript{51}
Cuba is not a benign or democratic state, but neither are Russia, PRC, Vietnam, or Saudi Arabia to cite a few. The United States by economic and diplomatic means continues to work with Russia to reduce the threat of nuclear proliferation and with the PRC to improve human rights. We opened up to Vietnam getting over a dark part of our history which cost both countries dearly. The United States was able to “get over it” and move forward even though the Vietnamese government had not embraced democratic processes and we were able to move beyond the emotional scars caused by the war. The future will be better for some, not all, in Vietnam who will experience the emergence of middle class, the growth of which will depend on the degree of freedom the ruling Communists cede. The key is that there is hope.52

What is it that sustains our hate of Cuba and Castro? He expropriated US property, his agents spied on us and killed some dissidents, refugees, and agents, we tried to invade his country and when the Soviets collapsed we tightened the noose. Curious, since we embraced the emerging countries from the Soviet Union. Those states as part of the Soviet Bloc that did all that Cuba did and more. So, why the difference in our behavior? Is our policy affected by the 88 percent of Cuban-Americans who live in four electoral vote rich states of Florida, New Jersey, New York and California, with 52 percent living in Florida? Certainly the Cuban American community is vocal and does contribute to politicians. Congressman Torricelli a steadfast supporter of sanctions has received $223,000 for the period 1979 to 200053 from Cuban American sources both PAC and individual. That sum does not appear significant when one considers the Congressman received approximately $12.2 million between 1995 and 2000.54 Could it be, simply stated a case of bruised ego? How dare he, Castro thumb his nose at us, the United States of America. The expropriated properties are a problem, but it is high time to get over it because we are losing economic opportunities at a rapid pace. We should lift the sanctions incrementally and continue dialog about expropriated property, drugs, terrorism and other important issues for all involved.

I think it is worth considering that the Cuban-American community is changing its attitude with respect to Cuba and the embargo. “The generation of Cubans who fled to Florida in the early years of the revolution expected that Castro’s government would not last and that they would return before long to Cuba. Family stories abound: the grandmother who postponed buying an air conditioner in the early 1960’s because “next year we’ll be back in Cuba,” ... Although there are exceptions, the majority of that generation holds views derived from the bitter experience of being driven into exile. Not only do those exiles reject Castro, but they want no contact with Cuba as long as he remains in power.” An exception was the very strong reaction that the Elian Gonzales case sparked within the Cuban-American community.
Younger Cuban Americans think differently. In a 1997 Miami Herald poll, a majority of Cuban Americans under age 45 supported “establishing a national dialogue with Cuba,” while their elders opposed it.55

What does the future hold for Cuba after Castro? Castro’s brother Raul five years junior and who is the Armed Forces Minister is not considered to have the same nation leading charisma as Fidel. There is speculation that identifies several to leadership to be likely successors. Successors include vice president Carlos Lage, Foreign Minister Roberto Robaina and Ricardo Alarcon a diplomat and National assembly president. That would be the best case scenario, however given the autocratic nature of his governance Castro could die and leave a power vacuum that could result in social unrest and friction between factions.56 With the worse case in mind, there is no time to lose to mend fences.

CONCLUSION

The expected end state for the US is a democratic Cuba with or without Castro. The means, the application of US economic power against Cuba must aim toward this goal. The ways, the use of embargoes and trade sanctions have clearly failed to achieve this desired end state. Any national security concerns certainly must be weighed carefully before changing the policy. Normal relations with Cuba could serve as a tool to minimize the growth of unchallenged influence of the PRC and Russia in Cuba. The existing sanctions should be ended as they lack support from the international community and have not altered the Cuban government’s undesirable pattern of behavior. Bringing Cuba into the world economy would encourage it to comply with the rules set down by organizations such as the World Trade Organization and improve the standard of living for the Cubans as a whole. There was a similar discussion regarding the PRC and they certainly pose a greater potential threat to our national security than Cuba. Since the current policy is not achieving the desired end state it is time and appropriate to change the approach even if there is some risk.

Finally on November 17, 1999 from Speaker of the House Dennis Hastert who wrote the following in a letter regarding lifting sanctions against Cuba. “Congress should act to end such sanctions for three reasons;

1) Unilateral sanctions do not work because our allies freely supply the same products to sanctioned states
2) Denying access to food and medicine is an abhorrent foreign policy tool
3) Unilateral sanctions punish American farmers and depress American commodity prices by denying access to significant international markets”

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ENDNOTES


3 "First U.S. Commercial Food Shipments In Nearly 40 Years Arrive in Cuba" Associated Press, 16 December 2001; available from <http://cuba.tbo.com/cuba/1216aid1.htm>; Internet; accessed 12/28/01.


5 The Cuban Economy: Background Information, Trade and Investment Policies and Trends; available from <http://cubafacts.com/Economy/econmain.htm>; Internet; accessed 12/31/01.


8 "Cuba's economy: Blaming the victim: Few places have been hit as badly by the tourist drought," The Economist, November 25, 2001; available <http://www.revistainterforum.com/112501artprin_en.html>; Internet; accessed 2 March 2002.


10 "Cuba's economy: Blaming the victim: Few places have been hit as badly by the tourist drought," The Economist, November 25, 2001; available <http://www.revistainterforum.com/112501artprin_en.html>; Internet; accessed 2 March 2002.


13 Ibid.

14 Ibid.

15 Ibid.


32 Tim Johnson, "Cuba spy suspect was rising into senior intelligence ranks," Miami Herald, 29 September 2001; available from <http://www.veteranscausa.org/cuby%20spy.htm>; Internet; accessed 1 January 2002.


41 Ibid.


44 Ibid.

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