

# El Nuevo Herald

## Miami, Florida

### 30 December 2004

## No quieren cambios en las ventas de EEUU

WILFREDO CANCIO ISLA  
El Nuevo Herald

En un esfuerzo por preservar las incipientes relaciones comerciales con Cuba, 34 poderosas organizaciones agrícolas y firmas exportadoras de Estados Unidos pidieron al presidente George W. Bush que no promueva cambios legales "innecesarios y dañinos" que pudieran afectar las ventas de alimentos a la isla.

Las entidades estadounidenses suscribieron una carta enviada a la Casa Blanca manifestando preocupación por los impedimentos comerciales que podrían derivarse de regulaciones más exigentes para los pagos del gobierno cubano, según prevé la Oficina de Control de Bienes Extranjeros (OFAC) del Departamento del Tesoro.

“Le pedimos que no haga cambios innecesarios y dañinos para la implementación de TSRA [ley de autorización de exportación a Cuba], señaló la misiva obtenida por El Nuevo Herald. “Cualquier cambio amenazaría con cerrar un importante mercado para los exportadores agrícolas de Estados Unidos”.

Los firmantes recordaron al presidente Bush que Cuba ocupa actualmente el lugar 22 entre los compradores de productos agrícolas en EEUU, valorado en unos \$400 millones anuales, y afirmaron que “este es un mercado que no podemos darnos el lujo de perder”. Ni la Casa Blanca ni OFAC se han pronunciado sobre la misiva, fechada el 8 de diciembre. Entre las instituciones que suscriben el texto figuran American Farm Bureau Federation, Ag BioTech, American Meat Institute, National Foreign Trade Council y la corporación naviera Crowley Maritime.

Integran además el listado, National Milk Producers Federation, National Turkey Association, US Dairy Export Council, US Wheat Associates y otras reconocidas agrupaciones de productores de arroz, trigo, pollo y alimentos lácteos a nivel nacional y de estados como Minnesota, Oklahoma, Texas, Colorado, Dakota del Norte y Dakota del Sur. El documento se produjo como respuesta a recientes declaraciones de OFAC, que anunció en noviembre la próxima emisión de nuevas reglas para acreditar los pagos de la empresa cubana Alimport.

La reacción de OFAC se produjo tras las quejas de exportadores a quienes se les retuvieron pagos provenientes de Cuba y no se acreditaron en bancos norteamericanos en medio de una investigación federal sobre los embarques con destino a la isla. Las pesquisas se habían iniciado meses atrás debido a interrogantes suscitadas sobre los tipos de pagos autorizados en las licencias comerciales para vender a Cuba. Funcionarios y legisladores alegan que la ley TSRA, aprobada por el Congreso en el 2000, establece que los pagos deben ser en "efectivo por adelantado", lo que implica la obligación de que la retribución monetaria se realice antes de que los cargamentos abandonen los puertos estadounidenses.

Los firmantes de la petición opinan que esa obligatoriedad en los pagos es "contraria a las normas internacionales del comercio", violatoria de los estatutos de TSRA y más restrictiva que cualquier otra práctica de exportación a través del mundo. Pero también apuntan a que la "reinterpretación de los pagos" pudiera derivar en una apropiación del cargamento por parte de instituciones y ciudadanos estadounidenses que reclaman compensaciones del gobierno cubano, respaldados por dictámenes judiciales.

"Ni los exportadores estadounidenses ni los compradores cubanos están en posición de aceptar este extraordinario riesgo legal", enfatiza la carta, emitida una semana antes de un encuentro convocado por Alimport en La Habana para celebrar el tercer aniversario de los negocios bilaterales y firmar contratos con los empresarios visitantes. La representante cubanoamericana Ileana Ros-Lehtinen reconoció ayer que "hay intereses poderosos y grupos bien organizados" que intentarán flexibilizar el embargo durante el período congresional del año entrante. "Seguiremos poniendo presión sobre OFAC para que haga cumplir lo establecido en la ley y se obligue a [el gobernante] Fidel Castro a pagar antes de recibir los cargamentos", señaló Ros-Lehtinen. “No vamos a bajar la ofensiva”.

John Kavulich, presidente del Consejo Económico y Comercial Cuba-EEUU, consideró que la carta no tendrá influencia sobre la Casa Blanca. "La administración Bush está interesada en dificultar cada paso en los intercambios comerciales con Cuba", apuntó Kavulich.

**Associated Press**  
**New York, New York**  
**29 December 2004**

**Rep. Davis to oppose changes to Cuba trade policies**

WASHINGTON (AP) -- U.S. Rep. Artur Davis said Tuesday he will ask the U.S. Treasury Department not to change Cuba trade policies, because new rules could damage Alabama's growing trade relationship with the nation.

Alabama-based agricultural companies have built an \$18 million export industry since 2002, when the state first began pursuing trade with Cuba. The Trade Sanctions Reform and Export Enhancement Act of 2000 allowed Cuba to import humanitarian products despite the U.S. economic embargo.

Federal regulations do not allow Cuba to use credit or financing to purchase imported American products, but the island nation often makes payments after goods have been shipped from U.S. ports. Changes would require Cuba to pay before shipments leave the United States.

"If there was a significant problem with late payments, it would make sense to tighten the cash schedule but Cuba has made its payments in a timely fashion," Davis, D-Birmingham, told the Birmingham News.

About 90 percent of current exports to Cuba come from 15 American companies, according to the U.S.-Cuba Trade and Economic Council, Inc. American interests argue that changes to the current payment arrangement would send Cuban business elsewhere.

"It's either Alabama fills these chicken orders or Brazil fills these chicken orders. If someone else fills those orders, we are not going to get them back," said Alabama Agriculture Commissioner Ron Sparks.

Alabama's exports include poultry, timber and snack foods.

Sparks just returned from leading a delegation to Cuba for his fourth trade mission to the Communist nation.

Davis said he will contact the U.S. Treasury in writing at Sparks' request. Other members of the congressional delegation had not yet responded to the request, the Birmingham News reported.

# **The Birmingham News**

## **Birmingham, Alabama**

### **29 December 2004**

## **Davis against changing rules on Cuban exports**

MARY ORNDORFF

News Washington correspondent

WASHINGTON - Rep. Artur Davis said Tuesday he opposes changing rules on how Cuba pays for its imported food and medicine because it could disrupt Alabama's growing export business to the island nation.

Davis, a Birmingham Democrat, said he'll ask the U.S. Treasury Department to leave unchanged the policy allowing Cuba to pay for its products after they've been packed and shipped from U.S. ports.

"If there was a significant problem with late payments, it would make sense to tighten the cash schedule but Cuba has made its payments in a timely fashion," Davis said.

Questions over whether the payment system ran afoul of the law, which does not allow Cuba to use credit or financing to buy U.S. goods, stopped some recent bank payments.

In the meantime, the disruption caused an intense reaction among American agribusiness interests. They argued that the current payment system works well and that requiring cash up front, before shipping, would send Cuba shopping elsewhere.

Since the Trade Sanctions Reform and Export Enhancement Act of 2000, Cuba has been allowed to import humanitarian products as an exception to the economic embargo designed to pressure Cuba's communist regime. More than \$714.5 million worth of goods have been exported from the United States to Cuba since the food and medicine exemption. Alabama poultry and timber producers alone have built an \$18 million market, according to the Alabama Farmers Federation.

Davis said he plans to notify the Treasury Department of his position in writing, as requested by Alabama Agriculture Commissioner Ron Sparks. Other members of the congressional delegation were still researching the issue over the holiday break and had not yet responded to Sparks' request.

President Bush's administration is adhering strongly to the economic sanctions against Cuba. While Davis said he also supports the overall embargo, he doesn't consider the cash payment issue an attempt to weaken it.

"There is no question Cuba is one of the most repressive countries and economies in the world and we should use American foreign policy as an instrument to affect change," Davis said. "The embargo prevents a widespread exodus of goods but also has reasonable humanitarian allowances. It's been the right balance."

About 15 American companies account for about 90 percent of the humanitarian exports to Cuba, according to the U.S.-Cuba Trade and Economic Council Inc.

# **El Nuevo Herald**

## **Miami, Florida**

### **28 December 2004**

## **Aumentan la tarifa para obtener el pasaporte cubano**

WILFREDO CANCIO ISLA  
El Nuevo Herald

Apartir del próximo año Cuba elevará a \$350 el costo de la emisión del pasaporte para sus ciudadanos residentes en el extranjero, triplicando así su valor con relación a la tarifa vigente.

En un mensaje electrónico enviado por la Sección de Intereses de Cuba en Washington a operadores de vuelos fletados y agencias que tramitan viajes a la isla, nuevas tarifas consulares entrarán en vigor a partir del 1ro. de enero del 2005 y afectarán a todos los cubanos radicados en el exterior.

### **CONTENIDO RELACIONADO**



La comunicación transmitida por el Consulado cubano paralizó los trámites de actualización de pasaportes desde el lunes 20 de diciembre y anunció que la sede diplomática en Washington no recibiría más solicitudes hasta el próximo 3 de enero, según una copia obtenida por El Nuevo Herald.

Cuba no ha anunciado aún la medida en sus publicaciones oficiales ni en el sitio electrónico del Ministerio de Relaciones Exteriores. Hasta el momento, la confección de un pasaporte cubano costaba \$96, válido por seis años y con obligatoriedad de prórrogas cada dos años, a un precio de \$66. La nueva tarifa del pasaporte es independiente de las prórrogas que pueda realizar su titular. El mensaje añade que se gravará un impuesto de \$20 por cada trámite, a menos que el interesado realice personalmente la gestión en un consulado cubano. Varios representantes de agencias de viaje en Miami declinaron opinar sobre el tema hasta que no se emita la circular oficial de las tarifas, argumentando que la comunicación deja múltiples interrogantes sobre el nuevo pasaporte.

"Es un incremento enorme", opinó ayer John Kavulich, presidente del Consejo Económico y Comercial Cuba--EEUU, con sede en Nueva York. Kavulich consideró que la decisión está vinculada a las pérdidas provocadas a la economía cubana tras las restricciones de viajes y remesas a la isla, puestas en vigor el pasado 30 de junio por la Casa Blanca. "La política de la administración Bush le ha dado la excusa perfecta a Cuba para aplicar medidas como ésta", dijo Kavulich. "El gobierno cubano sabe que la gente asumirá cualquier sacrificio monetario para ver a sus familiares en la isla".

La medida afectará mayormente a los 1.2 millones de cubanos que residen en Estados Unidos, unos 800,000 en el área de Miami. A los cubanos que salieron de Cuba hasta 1970 y se naturalizaron en EEUU, se les permite regresar a la isla con pasaporte norteamericano. Se estima que apenas 30,000 cubanos podrán viajar legalmente a la isla durante el primer año de aplicación de las restricciones impuestas por Washington para reforzar el embargo. En el 2003 unos 154,000 residentes en EEUU visitaron Cuba por motivos familiares.

Cuba calcula que su economía dejará de ingresar entre \$93 y \$104 millones en la esfera del turismo como consecuencia de las medidas de la administración Bush. El Ministerio del Turismo indicó que sólo la limitación de viajeros cubanos implicaría pérdidas de \$66 millones este año.

# Chicago Tribune

Chicago, Illinois

20 December 2004

## Beijing bolsters economic ties with eager Latin America Influence grows with investment

By Gary Marx

Tribune foreign correspondent

HAVANA -- In his first visit to Cuba, Chinese President Hu Jintao lent strong political support to this besieged nation but also came bearing gifts, including \$500 million for a new nickel plant and \$15 million for education, health and other areas. Hu even pledged late last month to finance the manufacture of 1 million television sets on the island.

Experts say the Chinese investments could undercut the Bush administration's efforts to isolate Cuba and symbolize China's growing influence throughout Latin America, a region long known as America's back yard but increasingly ignored by U.S. policymakers.

Overall, Hu signed investment deals worth more than \$30 billion during his 12-day swing last month through a region eager to diversify its ties away from the U.S. and kick-start its nations' struggling economies with fresh capital.

"There are a lot of things happening in the region that the U.S. is not involved in and doesn't really seem to care," said Riordan Roett, director of the Western Hemisphere Studies program at Johns Hopkins University. "China is a marvelous fit."

So far, President Bush has expressed little concern about China's growing links to a region where the U.S. remains far and away the largest trading partner.

One U.S. official dismissed the importance of Hu's trip to Cuba. "There seemed to be lots of agreements," the official said, "but they did not add up to much."

"China appears to be interested in doing business in this hemisphere, but there is no economy in Cuba to speak of," said the official, who asked not to be identified. "Our guess is that the Chinese, too, appear to be positioning themselves for the inevitable transition. One would be a fool to invest in Cuba for any other reason."

Peter Hakim, president of the Inter-American Dialogue, a think tank in Washington, said he expects China to proceed cautiously in a region marred by instability despite the optimism generated by Hu's trip.

Nonetheless, he added, "That doesn't mean China is not going to be a major player. It just means that it's not going to happen as quick as first indicated."

In Cuba, the Chinese-backed nickel operation will boost production in one of the nation's most important industries and pump tens of millions of dollars annually into the island's moribund economy.

Lifeline for Castro?

That money combined with the recent rapprochement between Cuba and the European Union could weaken U.S. efforts to topple President Fidel Castro's government by tightening the 4-decade-old trade embargo.

"There is no question that the more foreign exchange Cuba earns the more detrimental it is for the Bush administration," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. "Clearly, Cuba potentially gaining foreign exchange revenue from nickel is important."

On one level, China's increasing involvement in Latin America is strictly economic. With a surging economy, China is scouring the globe for new markets, trade opportunities and places where it can park its huge cash reserves.

China is specifically looking to Latin America for a steady supply of copper, bauxite, iron ore, oil and other raw materials for its industries, along with soybeans, grains, chicken and other commodities.

In return, Latin America needs Chinese capital to help its nations' economies emerge from recession and to finance costly road, rail and other infrastructure improvements.

As the world's most populous nation, China also represents a huge potential market for Latin American farmers and other exporters, though some Latin American manufacturers fear competition from their lower-cost Chinese counterparts.

Trade between China and Latin America doubled last year to almost \$27 billion.

In Chile, President Ricardo Lagos and Hu announced the start of formal negotiations to secure a bilateral free-trade agreement. The two nations agreed to negotiate a deal that would send large quantities of Chilean copper to China while also securing Chinese financing for new copper-mining projects.

In Argentina, the Chinese president signed deals that could see up to \$20 billion in investments over the next decade, primarily in railways, oil and gas exploration, and construction projects.

#### Ambitious goals with Brazil

The linchpin of Hu's trip was Brazil, South America's economic and political powerhouse. In addition to offering up to \$7 billion in investments in Brazilian ports and railways, Hu said he hoped trade between the two nations would double within three years and pledged wider access for Brazilian goods to China's market. China is Brazil's third-largest trading partner and Argentina's fourth-largest.

"Sino-Latin American co-operation is facing an unprecedented historical opportunity," Hu told Brazilian legislators. "We should seize it and work side-by-side to push this friendly cooperation toward continuous progress."

But experts say China's aggressive steps into Latin America also contain a political component. China insists that any nation it does business with adopt a "one-China policy" recognizing that Taiwan remains part of China and has no right to conduct foreign relations.

China also is nurturing alliances with many developing countries to solidify its position in the World Trade Organization, flex its muscles on the world stage and act as a counterbalance to U.S. power.

Hu found a receptive audience in Latin America, where Bush, the Iraq war and a perceived unilateralist U.S. foreign policy are unpopular. Resentment also lingers over the failure of neoliberal economic reforms championed by Washington to alleviate chronic unemployment and poverty.

Bush's main initiative in the region--a hemispheric free-trade accord--also has stalled amid a broader battle between developing nations and the U.S. and Europe over subsidies and other farm-trade issues. "There is a general souring of relations between the U.S. and Latin America," Hakim said.

# Financial Times

## London, United Kingdom

### 20 December 2004

## Clash over payment imperils US sales to Cuba

By Marc Frank

The first battle over US policy on Cuba since President George W. Bush's re-election blew up in Havana and Washington this month concerning the future of booming US agricultural sales to the otherwise embargoed Caribbean island.

Cuban payments for food are being held up for the first time since the trade began three years ago. Sales depend on licences from the US Treasury Department, which oversees the embargo.

The Trade Sanctions Reform and Export Enhancement Act of 2000 created a crack in the embargo, allowing Cuba to import agricultural produce for cash in advance. That was enough to catapult the country from last to 22nd place among US agricultural export markets, with sales of about \$400m (€301m, £206m) this year and \$1bn since 2001.

Some officials in the Bush administration are questioning the practice of paying after cargo is dispatched from the US but before it is released to the Cuban importers, saying that payment should arrive before the goods leave port. Cuba has made clear it will buy elsewhere if that happens. The administration says it will issue new guidance on the trade before the end of the year.

"The Bush administration has a two-pronged strategy relating to Cuba," says John Kavulich, the president of the US-Cuba Trade and Economic Council, a group that monitors commercial activity. "First, use every available regulatory means to lessen the foreign exchange earnings by the government of Cuba. Second, use every available regulatory means to increase the cost to the government of Cuba of all imported products and services."

Pedro Alvarez, head of Cuba's food-importing agency, Alimport, suggests he will turn to other suppliers if he is forced to pay while goods remain in US ports. "Such a requirement makes our purchases almost impossible to proceed," Mr Alvarez told 350 US politicians and business executives in Havana last week to mark the third anniversary of the food trade.

Washington's Cuba policy, once the exclusive domain of cold warriors and anti-Castro exiles, has become a bread-and-butter issue for farmers in the rice-growing Mississippi delta, the corn and soya fields of Iowa and apple orchards and cattle ranches of the north-east. Gulf Coast port workers, employees of Georgia's chicken-processing plants and executives of agribusinesses now link jobs and income with the land many knew only for its trouble-making president, Fidel Castro, and a revolutionary called Che Guevara.

"This issue has galvanised and energised everyone in the industry because you are dealing with serious money and a serious economic consequences on farmers, businesses and communities," said Kirby Jones, the president of Washington-based consulting firm Alamar Associates. "Events over the past few weeks have shown us how tenuous and fragile what we have achieved over these years is, subject to the interpretation of just three words: cash in advance."

Inside the Havana convention centre, Mr Alvarez, banned from visiting the US as a security risk, was on first-name terms with a host of state-level agriculture officials and just about everyone else. But beyond the conference confines it was obvious that the US-Cuba relationship, always tense, could deteriorate during Mr Bush's second term.

Cuba's largest defence manoeuvres in 18 years were under way across the country in response to a hypothetical "imperial fascist invasion". The US's top diplomat was embroiled in his latest scrap with authorities for including a reference to imprisoned dissidents in a Christmas display fronting Havana's seafront drive. Cuba retaliated by placing hoardings in front of the US mission with red swastikas and photos of Iraqi prisoners being tortured and children accosted by US troops.

"The egg and chicken industries have benefited greatly from this business that is now at about \$60m," says David Radlow of United Egg producers. The organisation has joined 30 other farm groups to demand that the trade be left alone. "We certainly hope the president will hear our prayers. Cuba is now our eighth market for chicken exports," Mr Radlow says.

The president of the US Rice Producers' Association, Dwight Roberts, adds that his group is also lobbying hard for the status quo. "We've gone from zero exports three years ago to 160,000 tonnes in 2004. Cuba is now our third export market after Mexico and Japan," he says "We are taking this issue very seriously. Here we are with a \$400m market 90 miles off our coast that we can grow and it just does not make economic sense to damage that."

**Stateline.org**  
**Richmond, Virginia**  
**18 December 2004**

## **Despite Federal Chill, States Keen to Trade with Cuba**

By Kathleen Murphy

**State officials from Alabama, Louisiana and Maine will visit a Cuban cigar factory and tour a rum museum this week while encouraging President Fidel Castro's communist regime to buy more U.S. agricultural products.**

Stateline.org - Alabama, Louisiana and Maine are among a number of states trying to drum up trade with Cuba despite a federal embargo first imposed by Dwight Eisenhower in the late 1950s shortly after the revolution that brought Castro to power. Congress amended the embargo in 2000, allowing agricultural products to be sold to island nation 90 miles south of Florida.

The action came after Illinois Gov. George Ryan (R) led a delegation to Cuba in 1999, becoming the first governor to visit since before the Bay of Pigs invasion in 1961 when about 1,300 members of a CIA-supported Cuban exile force launched an invasion that ended in failure.

In July 2002, North Dakota Gov. John Hoeven (R) visited Cuba and two months later then-Gov. Jesse Ventura of Minnesota (I) traveled there. South Carolina Lt. Gov. Andre Bauer visited in January, 2004.

During the latest state visit to Havana this week, state officials will try to help U.S. companies negotiate cash-only contracts for sales of agriculture and health-related goods under the narrow confines of U.S. restrictions. Last July, the Bush administration tightened limits on travel and currency transfers, but sales of the type states are pushing were unaffected.

At least 10 states will be represented at this week's trade fair, Michelle Butler, CEO of the Navarretta Group, a San Diego firm that analyzes the Cuban market and arranges business meetings, told Stateline.org. However, not all will have officials present.

Maine is providing \$250 stipends for the trip to industry representatives who hope to sell apples, potatoes, maple syrup and dairy products, said Maine Agriculture Commissioner Robert Spear. Spear, who traveled to Havana on Sunday (12/12), said Cuba's controversial record on human rights isn't a deterrent to capitalizing on export trade opportunities.

"We're looking to help our farmers and develop export trade. That's our priority. As far as I know, it probably hasn't been fair down there, but I think there is a future for them, and a future for trade. The first (exporters) that can get in may succeed in the future," Spear said.

While Spear and others see the trade trip as potentially opening the door to an untapped market, others have criticized it as a political event. "The government of Cuba has continued to politicize the commercial process," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a non-partisan research group that has tended to be critical of Cuba's commercial activities.

Politicians such as Rep. Peter Deusch, D-Fla., have questioned the legality of agreements to

facilitate Cuba's import of farm products. Idaho, Montana, California, South Carolina and Kansas are among states that have signed such deals. Deutsch said Cuba has been pressuring U.S. firms that want to sell agricultural products to the regime to become more politically active and work to abolish the embargo.

Emory University political scientist Juan del Aguila agrees with Deutsch that the commercial activity is politically motivated. "From the standpoint of the Cuban government, the purchases serve more than an economic need. They serve a broader, longstanding foreign policy and political goal which is to recruit American firms on behalf of ending the commercial embargo," he said.

Despite the Bush administration's hard line, U.S. trade with Cuba has grown steadily and reached \$321 million this year as of September. Archer Daniels Midland Co. of Decatur, Ill., ranked first among all U.S. companies, exporting \$8.9 million worth of corn to Cuba last year.

Maine, California and Texas have passed resolutions encouraging trade with Cuba, and more than half the states are making sales there. Among the top U.S. exporters to Cuba are North Dakota, Iowa and Illinois. Other states active in Cuban trade are Arkansas, California, Florida, Georgia, Louisiana, Mississippi, Pennsylvania and Texas, according to federal trade data.

Kansas Gov. Kathleen Sebelius (D) signed an agreement in January with Cuba's largest food importer aimed at increasing trade. A South Carolina delegation signed a similar agreement. Other state agreements struck with Cuba have included:

South Dakota's delegation agreed to sell 5,000 metric tons of peas in October. Vermont contracted in August to send \$6 million in powdered milk to Cuba. Montana agreed in September 2003 to sell \$10 million in farm products to Cuba such as wheat, dry beans and peas. Iowa is among the top exporters of corn and soybeans to Cuba, but Gov. Tom Vilsack (D) expressed ambivalence about promoting trade with the Caribbean island nation.

Vilsack said, "I have deep concerns about the human rights situation in Cuba and have been unwilling to travel to Cuba for that reason. Having said that, our secretary of agriculture, Patty Judge has been promoting trade with Cuba, primarily to benefit our farm families who are struggling for new markets. I think it's a matter of opening up opportunities for family farmers so that they have better incomes."

Rich Waltzer, president of Splash Tropical Drinks of Fort Lauderdale, Fla., said he has sold millions of dollars worth of daiquiri mix, soy milk, orange juice, sardines and other products to Cuba since September 2002.

"Cuba is our neighbor. Cubans want to put the past in the past. What are you going to do, alienate them for the next 1,000 years? It doesn't make sense. I am creating jobs, new jobs in the state of Florida. It's the next untapped economy worth billions of dollars for the United States," Waltzer said.

# The Miami Herald

Miami, Florida

16 December 2004

## PUBLISHING

### Firms allowed to print Cuban works

**Scholarly publishers wishing to print works from Cuba, Iran and Sudan win a new policy from the U.S. government after filing a lawsuit protesting onerous rules.**

BY CHRISTINA HOAG

Academic publishers claimed victory on Wednesday when the U.S. government relaxed rules about printing works from Cuba and other blacklisted countries in response to a lawsuit filed in September.

Publishers now can obtain a newly created "general license for publishing activities," allowing presses to do business with writers in Cuba, Iran and Sudan instead of having to apply for a license for each work they want to print. The new policy states that publishers can pay royalties and advances to writers, commission new works, undertake marketing campaigns, and edit, collaborate and enhance works, as well as "other transactions necessary and ordinarily incident to the publishing and marketing of written publications," said the Treasury Department's Office of Foreign Assets Control.

"Previous guidance was interpreted by some as discouraging the publication of dissident speech from within these oppressive regimes. This is the opposite of what we want," said Stuart Levey, U.S. Department of Treasury undersecretary for the Office of Terrorism and Financial Intelligence. "This new policy will ensure those dissident voices and others will be heard without undermining our sanctions policy."

Literary group PEN American Center, the Association of American Publishers, the Association of American University Presses and Arcade Publishing sued OFAC in September, arguing that the rules were stifling the free exchange of information and ideas between nations and cultures. Presses, they said, were afraid to proceed with projects from Cuba, Iran and Sudan after OFAC ruled in 2003 that copy editing an Iranian engineering paper and submitting it for peer review violated the law, exposing the publisher to fines of up to \$1 million and a prison term of up to 10 years.

OFAC later reversed that ruling, but publishers said they needed definitive clarification of the regulation that outlawed "providing services" to embargoed countries, especially in view of the Bush Administration's crackdown on relations with Cuba and other nations. Publishers hailed the new policy as a breakthrough that could free up six Cuban projects that were put on ice out of fear that they would incur fines. "It sounds encouraging," said Dan Ross, director of the University of Alabama Press. "That's good news." Ross may now be able to proceed with two publications: one on Cuba's 1825 slave rebellion and another on Cuban archaeology.

Edward Davis, the lawyer who filed the suit, said he was still evaluating the policy's details but he was especially pleased that OFAC acted so quickly. "It's a very constructive response to the lawsuit," said Davis of New York firm Davis, Wright, Tremaine. "The general thrust allows a large variety of activities."

The policy still imposes several prohibitions: travel to and from Cuba, opening a sales outlet on the island, contracting a translator or publisher in Cuba, importing or exporting goods other than informational material and engaging in any transaction that would benefit the government of Cuba. The policy said that academic institutions are not included in the definition of "government."

Cuba watchers said they did not expect the new policy to usher in a softened stance on Cuba by the Bush Administration, which earlier this year tightened regulations on travel and money transfers to the island.

"I don't think anyone should read into this that there will be similar policies on other Cuba issues," said John S. Kavulich, president of the U.S.-Cuba Trade & Economic Council.

# The Dallas Morning News

Dallas, Texas  
16 December 2004

## Trade stays brisk as U.S., Cuba spar

BY TRACEY EATON

HAVANA - (KRT) - Even as Washington steps up the pressure on Fidel Castro's government, hundreds of American business people swept into Havana on Wednesday to sign tens of millions of dollars in trade deals with Cuba.

The Bush administration has taken a hard line on Cuba, seeking to cut off the flow of cash to the island nation, strangle the economy and force Castro from power. U.S. officials say that is one way to bring about a rapid, peaceful transition to democracy in Cuba.

But farmers, rice growers, shipping company executives and others from Texas, Florida, Alabama and other states say forget about Cold War politics and let's make a deal. "More than 50,000 Americans were killed in Vietnam. But we do business with Vietnam. We do business with Red China. Why not do business with Cuba?" said Terry Coleman, a Democrat and speaker of Georgia's House of Representatives. "Cuba should be one of our closest allies and trading partners in the hemisphere," said Coleman, who joined the Americans promoting trade with Havana.

The United States slapped a brutal economic embargo on Cuba in the early 1960s, but in 1991 began allowing American companies to sell food and agricultural products to the socialist nation. Since then, American companies have sold \$733 million in products to the country, according to the U.S.-Cuba Trade and Economic Council in New York. Cuban officials on Wednesday said the figure was even higher - an estimated \$894 million now, and expected to surpass \$1 billion by year's end.

Exact numbers aside, one thing's certain: Trade continues between the hemispheric neighbors even as relations sink. In the latest diplomatic stink, Cuba demanded that U.S. officials take down Christmas lights in front of their office, known as the U.S. Interests Section. The reason: The display includes a huge No. 75, a tribute to 75 dissidents, journalists, librarians and pro-democracy activists jailed and sentenced to harsh prison terms in spring 2003. More than a dozen have since been released for medical reasons.

James Cason, chief of the U.S. mission, said Cuban officials told him to get rid of the lights or they'd retaliate - just how he's not sure. His response: Stick it in your Christmas hat. The lights are staying up. The No. 75 symbol is "a reminder of those arrested for thinking and speaking independently," Cason told reporters. "The Castro regime is now threatening this diplomatic mission with retaliation. Our position is that all our decorations are up through Christmas." As for U.S. trade with Cuba, Cason said in an interview that he believes the Cuban government has been making "politically motivated purchases" to try to build support for a lifting of the longtime trade embargo. But he doesn't believe the tactic will work because, as he sees it, the socialist economy is failing and running on fumes.

Americans in Havana this week said they just want to make some money. "We are Americans in Cuba, and we are working under U.S. laws. We are helping to put American-produced food on the table in Cuba. It doesn't matter what the politicians say," said John Parke Wright IV, a cattle rancher from Florida. Trying to prevent Cubans from buying the food they need is a "criminal act," he said. "It's not right to try to starve an island."

These were the 10 biggest agricultural exports from the United States to Cuba in October 2004 under the Trade Sanctions Reform and Export Enhancement Act of 2000, which reauthorized the direct sale of food and agricultural products to the island.

1. Corn: \$5,345,499; 27.55 percent	2. Poultry: \$2,942,065; 15.16 percent	3. Wheat: \$2,940,242; 15.15 percent
4. Powdered milk: \$2,066,033; 10.64 percent	5. Wood (pitch pine, pine, yellow poplar): \$1,502,880; 7.74 percent	6. Vegetable oil cake: \$1,293,582; 6.66 percent
7. Durum: \$1,070,482; 5.51 percent	8. Hams: \$696,001; 3.58 percent	9. Malt: \$511,996; 2.63 percent
10. Eggs: \$316,430; 1.63 percent	Total value: \$18,685,210; 96.25 percent. Source: U.S.-Cuba Trade and Economic Council in New York	

# Congress Daily (National Journal)

Washington, D.C.

13 December 2004

## TRADE

### Treasury Denies Cuba Actions Violate Congress' Intent ...

The Treasury Department will not comment on the Congressional Research Service's recent legal analysis that the Bush administration's proposed changes to rules on agricultural trade with Cuba might conflict with the intent of Congress. But Treasury Department officials "do not share" the view of Sen. Byron Dorgan, D-N.D., that Treasury's Office of Foreign Assets Control might already have broken the law by requiring banks to apply for and receive a specific license to make deposits from Cuban payments, a Treasury spokeswoman said late last week. Dorgan released the 19-page CRS legal memo Friday. The Treasury spokeswoman also said the department is issuing the licenses in an attempt to make sure the Cuban people get food in a "humanitarian" fashion, but both Dorgan and John Kavulich, president of the U.S.-Cuba Trade and Economic Council, disagreed.

The spokeswoman said the Treasury Department had begun issuing the special licenses after banks called the department because there was "confusion" over the trade rules with Cuba. Kavulich said banks did become "hyperscared" after the Federal Reserve in May fined Switzerland's largest bank, UBS AG, \$100 million for allegedly sending dollars to Cuba, Libya, Iran and Yugoslavia in violation of U.S. sanctions. Kavulich said the banks are worried the Bush administration will view them as soft on terrorism and might have asked the Treasury Department about any other problems with Cuba. Kavulich said it would have been Treasury that told the banks to withhold funds and started the specific licensing program.

But the Treasury spokeswoman said it was the financial institutions that began interdicting payments. "OFAC has adopted an interim licensing policy to authorize the release of these funds in order to ensure that the people of Cuba receive these much needed food supplies," she said. "When final guidance is issued, which we expect to issue in the near future, it will balance our responsibilities to administer effective sanctions against Cuba while ensuring the Cuban people receive the humanitarian aid they are starved for under Castro's rule." The banks have made no public statement on the issue and the Treasury Department has declined to release the names of banks that allegedly made the inquiries.

But an official at a key agriculture group whose members export to Cuba noted that the sales are commercial. "They are obviously suffering an identity crisis down at Treasury," Dorgan said. Congress "wrote the law. They are supposed to follow it. We decided that our farmers should be able to sell into the Cuban marketplace. These are commercial transactions. This is not the U.S. Department of the Treasury acting in some spirit of benevolence. We've got some zealots down at the Treasury Department -- they are buried in almost every agency, State, Treasury, the White House -- that would shut down all shipments to Cuba if they accomplish it," he said. Noting the Agriculture Department recently announced the United States may import more agricultural products than it exports next year for the first time since the late 1950s, Dorgan added: "I've really had a belly full of these people. ... They ought to have their heads examined."

-- by Jerry Hagstrom

# The Miami Herald

## Miami, Florida

### 11 December 2004

#### CONGRESS

##### **Election galvanizes Cuba embargo backers**

**For the first time in years, congressional supporters of the economic embargo against Cuba are prepared to go on the offensive.**

BY PABLO BACHELET

WASHINGTON - After years of fighting defensive maneuvers to keep U.S. sanctions on Cuba intact, changes in Congress and the White House have emboldened pro-embargo legislators to consider more aggressive policies against the island.

The addition of Florida's Mel Martinez to the Senate, the strengthening of the Republican majority in Congress and Condoleezza Rice's nomination as secretary of state have shifted the balance of power in favor of the pro-embargo camp, analysts and congressional officials say. "We're going to get together and form a coalition with other members of like mind to have a proactive stance . . ." said Rep. Ileana Ros-Lehtinen, a Miami Republican.

Ros-Lehtinen, Martínez and Reps. Lincoln and Mario Díaz-Balart, brothers and Miami Republicans, have created a congressional bloc, tentatively named the Cuba Democracy Group, to counter the bipartisan Cuba Working Group, which favors more trade with the island. Much of the Cuba Democracy Group's efforts will target freshmen legislators who might be unfamiliar with Cuban issues. In February it will launch an "adopt-a-prisoner" campaign that will invite lawmakers to wear buttons with pictures of political prisoners, their names and prison sentences. Ros-Lehtinen said the group also will look to curtail U.S. agriculture exports to Cuba and keep U.S. banks from doing business with Fidel Castro's government. U.S. food and agricultural exports to Cuba totaled \$714.5 million from December 2001 to October 2004.

#### A POSSIBLE TARGET

The group may even nudge the Bush administration to enforce the most controversial provisions of the 1996 Helms-Burton Act -- which punishes foreigners for investing in properties confiscated by the communist government. The Clinton and Bush administration each year signed waivers on those provisions because of fierce opposition from Canada and Europe, whose businessmen have invested in some of those properties. Ros-Lehtinen and the Díaz-Balarts have always worked as a tight-knit group on Cuban issues, often joined by the other Cuban-American in Congress, Rep. Robert Menendez, D-N.J. Ros-Lehtinen said Menendez also would be invited to join the new congressional bloc.

#### LOGJAM IS BROKEN

On the Senate side, the Cuba Democracy Group will include Sens. George Allen, R-Va., and Rick Santorum, R-Pa., in addition to Martinez. Until November, a stalemate had prevailed on Cuban issues in Washington for several years. Almost ritualistically, a congressional majority in the past would vote in favor of moves to ease some of the sanctions on Cuba. But the GOP leadership has blocked the moves in the past two years under threat of a White House veto. Martinez's arrival in the Senate could change all that, said Daniel Erikson, who monitors Cuba at the Inter-American Dialogue, a Washington think tank. "Since the retirement of Jesse Helms in 2002, the Senate has not had a really staunch pro-embargo advocate," he said, adding that many of the Republican freshmen senators are conservatives unlikely to back a change in Cuba policy. The pro-embargo camp also gained ground in the House in the Nov. 2 elections, with the defeat of several anti-embargo advocates.

Bush's decision to name Carlos Gutierrez, a Cuban American, as secretary of commerce, and Rice as secretary of state also strengthened the anti-Castro camp, said John Kavulich, who runs the U.S.-Cuba Trade and Economic Council, a New York-based group that monitors commercial relations.

#### SUPPORT FOR RICE

Ros-Lehtinen described Powell as "a good soldier" on Cuban issues but said she considers Rice, an expert on the former Soviet Union, "a true believer" in the anti-Castro cause. The Bush administration already is considering tightening the system that Cuba uses to pay for U.S. food and agricultural imports -- changes that would make it much more difficult for U.S. companies to export to the island, a move resisted by business groups and many lawmakers. For its part, the antiembargo camp is not giving up, especially on its efforts to ease U.S. restrictions on travel to Cuba. "I think as far as travel goes we'll continue to win," said Rep. Jo Ann Emerson, R-Mo. "It's a ridiculous policy to have."

**Associated Press**  
**New York, New York**  
**8 December 2004**

## **Baucus Warns of Blocking Bush Nominations**

By MARY DALRYMPLE, AP

WASHINGTON (AP) - A Senate Democrat threatened Wednesday to block the president's Treasury Department appointments as the Bush administration reconsiders a rule for companies that sell food and agricultural products to Cuba.

Sen. Max Baucus of Montana, the top Democrat on the Senate Finance Committee, said a potential revision threatens to obstruct trade and "takes this administration's dangerous obsession with Cuba to a whole new level."

"I will not sit idly by if the Treasury Department attempts to rewrite legislation Congress intended to facilitate trade with Cuba," he said. Treasury Department spokeswoman Molly Millerwise said, "We're anxious to get our nominees confirmed, and we will work collaboratively with Congress to achieve that goal."

Beginning a few weeks ago, companies that sell food and agricultural products to Cuba found that payments were not being credited to bank accounts in the United States, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc. Banks confirmed receipt of payments from Cuba but did not credit the accounts of exporters on instructions from the U.S. government.

The Treasury Department's Office of Foreign Assets Control, which administers sanctions policy, has since let transactions proceed on a case-by-case basis. Banks and OFAC have questions about whether a 2000 law permitting agricultural trade with Cuba requires that U.S. exporters be paid before shipping their products to Cuba. An embargo against Cuba bans most U.S. exports to the country with a few exceptions, including certain food and agriculture products. Some exporters currently ship products to Cuba before getting paid, but Cuban importers do not get the goods until they pay the U.S. exporter. Baucus wants OFAC to let exporters stick with their current shipping and payment practices.

Josh Markus, a Florida attorney and former American Bar Association international law officer, said the government might look askance at the delayed payments because U.S. laws prohibit companies from extending credit to the Cuban government. "The U.S. government has taken a much harder line on many things for Cuba," he said. A government official, speaking on condition of anonymity, said guidance will be issued soon.

Kavulich said switching the policy to require payment in advance "will not result in an insurmountable commercial environment" but will make transactions more complicated.

President Bush has called for more stringent enforcement of provisions that forbid most economic activity and travel with Cuba. President Kennedy imposed economic sanctions against Cuba in 1963 during the Cold War. The policy aims to isolate the Cuban government economically and deprive it of U.S. dollars, the government says.

# CubaNews

## Bethesda, Maryland

### December 2004

#### **New OFAC rulings worry food exporters as U.S. sales to Alimport pass \$1 billion**

BY LARRY LUXNER

The Bush administration is on the verge of issuing “clarifications” that might restrict the ability of U.S. companies to sell food to Cuba under the 2000 Trade Sanctions Reform and Export Enhancement Act (TSRA). Coincidentally, or perhaps not, the new rules could be announced this week — just as 300 U.S. food executives prepare to visit Havana for a Dec. 15-17 round of negotiations with Alimport, Cuba’s state food purchasing agency. Both TSRA and the Treasury Department’s Office of Foreign Assets Control (OFAC) require “payment in advance” for sales of U.S. farm commodities, though in practice, Alimport generally directs a third-country bank such as BNP Paribas to credit the U.S. bank account of an exporter once a ship has been loaded and begun its 72-hour voyage to Cuba. Since late 2001, OFAC has let U.S. exporters comply with the “cash in advance” provision by shipping the goods, and then transferring title and control of the goods to the buyer only after payment has been received.

But now, say industry sources, OFAC will demand payment for food before vessels carrying the goods even leave U.S. shores — a requirement that could doom future food sales to Cuba. Treasury spokeswoman Molly Millerwise said OFAC began reviewing the 2000 law after some U.S. financial institutions handling Cuban purchases asked Treasury to clarify its policy. “OFAC at this point is working directly with exporters to issue specific licenses to unblock their payments,” she told Reuters. “At the same time, Treasury will be issuing guidance shortly on the payment policy itself.”

John Kavulich, head of the U.S.-Cuba Trade & Economic Council, told CubaNews that “in the past, supporters of TSRA have found that when they stir up a storm quickly, the Bush administration tends to mitigate whatever it was hoping to do. So far, that’s been a successful strategy.”

“Clearly, financial institutions reacted to a perceived threat from the Treasury Department,” Kavulich said. “They reacted to overt policy statements to the effect that although TSRA transactions are permitted, no one should engage in them.”

The payment issue is so sensitive that the spokesman for the Cuban Interests Section in Washington declined comment, pending further analysis. So did Bank of America, which along with other U.S. financial institutions has been prevented by OFAC in the past few weeks from processing Cuban payments for U.S. farm goods on the grounds that those sales may be violating the “cash in advance” requirement.

#### **DORGAN LASHES OUT AT OFAC’S TACTICS**

In fact, nearly everyone contacted by CubaNews for this story asked not to be quoted by name, for fear of retribution from White House officials. Said one Washington-based Cuba expert: “With the results of the election, the extremists in the administration have begun looking for an opening to mess with and disrupt U.S.-Cuba trade, which has been very successful. “Regretfully, OFAC is allowing itself to become the policy playground for right-wing Cuban-American congressmen, and it’s shameful that these people would hurt U.S. businesses and jobs.” The expert claimed that zealots in the Bush administration “want to create an air of uncertainty. They want everyone who’s going [to the Alimport conference] to have doubts that this will continue. Ultimately, while TSRA is the law, their objective is to find every possible way to frustrate it.”

A Texas food executive told CubaNews that “this is the beginning of the end,” while Alabama Agriculture Commissioner Ron Sparks said “such a reinterpretation of this law would be a reckless act at the expense of Alabama’s \$61 million, double the previous year’s total. Sen. Byron Dorgan (D-ND) said “it’s clear the administration wants to shut down agricultural trade with Cuba.” Dorgan, who sponsored the original TSRA legislation, said he’d ask Treasury’s inspector-general to investigate whether OFAC is exceeding its legal authority by using its resources to block Cuba food sales. “With our trade deficit soaring, you would think the administration would be working to boost exports,” Dorgan fumed in a Dec. 2 statement. “Instead, OFAC is using resources that could fight terrorists to thwart the cash sales of hundreds of millions of dollars in farm products to Cuba. Those sales would mean more income for family farmers in North Dakota and across the nation.” Dorgan said this new tactic by OFAC is another attempt to make food sales to Cuba virtually impossible by increasing red tape and raising shipping times and costs, making U.S. farm products uncompetitive.

OFAC has still not publicly announced the moves, and farm exporters are learning of the new tactics only when told by their banks. In a Dec. 2 letter to House and Senate members, 18 industry associations note that “Cuba has become our 21st-largest agricultural market valued at \$400 million per year, and one we cannot afford to lose” (see box at left). “This serious and alarming consequence of any reinterpretation of ‘cash in advance’ would force Cuba to pre-pay for goods prior to shipment: Cuban-owned goods would be sitting in a U.S. warehouse at a U.S. port until payment has been received,” the letter said. “Cuban goods on U.S. property are subject to court-ordered seizures that could result from legal claims against Cuba. Neither U.S. exporters nor Cuban buyers are in a position to accept such extraordinary legal risks.”

<b>Entities protesting OFAC rule</b>
Ag BioTech Inc.; American Farm Bureau Federation; Crowley Maritime Corp.; Louis Dreyfus Corp.; National Association of Wheat Growers; National Chicken Council; National Corn Growers Association; National Foreign Trade Council; National Milk Producers Federation; National Turkey Federation; U.S. Dairy Export Council; U.S. Rice Producers Association; U.S. Wheat Associates; United Egg Producers; USA*Engage; USA Poultry and Egg Export Council; USA Rice Federation; Wheat Export Trade Education Committee

### **NOT EVERYBODY IS NERVOUS**

At present, 15 companies account for over 90% of the \$1.04 billion in cumulative U.S. food sales to Alimport since 2001, with only three of them — ADM, Cargill and FCStone accounting for 60-70% of the total.

“What made companies livid was the fact this was done without notification,” Kavulich said. “It’s the sneakiness which is malicious, because in essence, the Treasury Department equated the exporters with terrorists.” Yet not all food executives are complaining about OFAC’s proposed revisions.

Craig Jacobs, VP of Splash Tropical Drinks in Fort Lauderdale, Fla., said his company has already sold \$600,000 worth of frozen daiquiri and piña colada mix to Alimport. “I don’t think these changes will affect us,” Jacobs told CubaNews. “The only thing we worry about is how Cuba will view these changes. Whether we lose sales to other countries as a result remains to be seen.” Another wild card is President Bush’s selection last week of Cuban-born Carlos Gutiérrez as secretary of commerce. Gutiérrez, whose family fled the island in 1960 when he was 6 years old, went on to become CEO of Kellogg Co. Despite the fact that Kellogg showed some interest in exporting breakfast cereals to Cuba at a 2002 trade show in Havana, Gutiérrez is known to be solidly pro-embargo.

In June, he donated \$4,000 to the U.S.-Cuba Democracy PAC, an anti-Castro organization. Asked what kind of impact Gutiérrez could have on future U.S. food sales to Cuba, Kavulich was pessimistic.

“The question is not how they’ll be impacted, but how negatively,” he said. “Gutiérrez will be as fully engaged [in anti-Cuba policy] as the White House wants him to be. With Mel Martínez in the Senate, Condi Rice as secretary of state and Lincoln Díaz-Balart and Ileana Ros-Lehtinen moving up in seniority, there may be changes in U.S. policy toward Cuba, but not the kind of changes people in the U.S. business community want.”

# The Times-Picayune

## New Orleans, Louisiana

### 6 December 2004

## Trade trip to Cuba has its critics

Havana conference a sham, experts say

By James Varney  
Staff writer

A handful of Louisiana officials and businesspeople are planning the state's first trade delegation to Cuba in nearly 50 years, but the four-day tour next week to the Communist isle has elicited some local grumbling.

State Secretary of Economic Development Michael Olivier is slated to lead 14 people to Havana on Dec. 14. That group, along with contingents from other states such as Alabama, will attend a conference marking the third anniversary of relaxations in the trade embargo that allow the sale of U.S. food and agricultural products to Cuba.

Olivier's proposed journey drew a rebuke from New Orleans lawyer George Fowler, the general counsel of the Cuban American National Foundation and a prominent critic of dictator Fidel Castro.

Calling Olivier a "headline-grabber," he chided him for his intent to "go visit a terrorist state," referring to Cuba's official designation by the U.S. State Department as a terrorist-supporting country.

The Havana trip is sponsored by Alimport, the Castro regime's agency in charge of food and agricultural trade. The conference is scheduled each December to mark the anniversary of the first shipment to Cuba under new embargo rules: a 30,000-metric-ton cargo of corn that departed from the port of New Orleans in 2001. New Orleans was chosen as the port of departure because, before Castro's toppling of strongman Fulgencio Batista, it was Cuba's largest trading partner.

Castro usually attends the conference, and in past years has made a point of hosting luncheons with individual delegations. It's unclear whether the Louisiana contingent will meet with him.

'These are political events'

The annual conferences are regarded as something of a sham by some Cuban experts.

"They are a corruption of the commercial process," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a nonprofit clearinghouse for information on trade issues with Cuba. "These are political events, and it is not necessary for businesses to attend."

Although Kavulich's organization says it does not take political positions, Fowler regards the council as a champion of increased ties with Castro, and he tangled with Kavulich twice when he was invited to speak at the World Trade Center in New Orleans. Despite those confrontations, Kavulich appeared to be in agreement with Fowler on the dubious nature of the Alimport spectacle.

"Cuba puts pressure on U.S. businesses to attend these meetings so the government there can present them as increasing numbers in opposition to U.S. policies," Kavulich said. In particular, he cited "advocacy agreements" Castro's regime typically urges state delegations to sign, agreements that ask delegations to lobby for further easings in the embargo in return for business deals in Cuba.

"They're about as quid pro quo as it gets, and the Treasury Department is increasingly skeptical of them," Kavulich said, noting the council opposes such deals and that some states, such as Vermont, pointedly refused to enter into them and still landed business.

### Exports to Cuba growing

That food and agricultural exports to Cuba have increased since December 2001 is beyond dispute. In that first month, Cuba bought \$4.3 million in food and agricultural products, ranking it 144th out of 226 global agricultural export markets for the United States, according to government figures.

Since then, more than \$714 million of those items have been exported to Cuba, and in 2003, the most recent full year for which statistics are available, it bought \$256.9 million, ranking it the 35th-largest market.

Louisiana's place in that trade is considerable. The state's deep-water ports are the departure point for roughly half of all food and agricultural products bound for Cuba, which, in turn, comprise 95 percent of all exports to the island. Under approved changes to the embargo, only food and agricultural or medical products are allowed to be traded, along with minuscule amounts of other commodities, such as wood products or paper.

There might be room for local growth in those smaller areas, some trade experts say.

"Just by judging from the statistics, it does appear that Louisiana's place in the export of goods could get bigger," said Gene Schreiber, executive director of the World Trade Center in New Orleans.

Kavulich noted, however, that 15 companies account for 90 percent of all agricultural sales to Cuba, and, of that number, three companies, led by the giant Archer Daniels Midland, account for 70 percent. Thus, the market is a tough one to crack for smaller entities.

### Foot in the door?

At least six companies are set to accompany Olivier to Havana. One of them, Buras Agriculture and Specialty Feeds in Bogalusa, is a subsidiary of Cargill Inc., the No. 2 seller to Cuba, but others are hoping to enter the field. The most promising, said Felipe Martinez, a deputy to Olivier and a Cuban-American who is handling the Havana trip's details, is an Alexandria outfit that sells telephone poles, an item the Cuban government has specifically requested recently.

When he announced the trip last week, Olivier said it would mark but one in a flurry in the coming months, and both he and Martinez said Gov. Kathleen Blanco may lead a formal delegation next spring.

Olivier is no stranger to Cuba, having visited the Communist nation several times when he ran the Harrison County Economic Development Commission in Mississippi.

Other officials who might be expected to participate appear unlikely to do so this time. For example, Gary LaGrange, president of the Port of New Orleans, will not attend, both because the trip coincides with a scheduled meeting of the port's board of commissioners and because his visa for travel to Cuba lets him make only one visit every 12 months, and he went there earlier this year. Port officials said they think LaGrange could have gone under the umbrella of the Department of Economic Development but that he had declined to do so.

One of the private members of the delegation is Harlon Pearce, owner of LA Fish LLC in Kenner and chairman of Louisiana's Seafood Promotion Board.

Pearce, who already has an international presence through operations in Asia, is hoping to make wholesale seafood deals with Cuba. Since Castro's dictatorship gets a cut of any deal, Pearce acknowledged some moral qualms about doing business in Cuba, but he argued the ripple effect of increased commerce is a net boon for the Cuban people.

"I think Castro's time is just about up, and I look at this as something that can help Cuba and the Cubans," he said. "Someone's got to be in there first, and there's no reason we should have a closed mind-set about this or stick our heads in the sand.

"I don't have any expectations about all of this," he added. "I'm looking at it as a fact-finding mission, and I'm grateful the state is doing anything to try to boost business."

Feeling neglected

Last week, Fowler hosted a three-day conference on Latin American affairs under the aegis of Tulane University's law school, and he is frustrated Olivier didn't attend.

"We can do business with all these countries who are coming to visit us, and he's not going to come here?" Fowler said, echoing the puzzlement of some other attendees.

Representatives of several New Orleans companies circulated through the Tulane conference, and other state officials appeared to pitch Louisiana, most notably Lt. Gov. Mitch Landrieu. He delivered a luncheon speech Wednesday stressing the state's desire to increase investment here by Latin American companies and to expand trade opportunities. Landrieu declined to comment on either the proposed delegation to Havana or Olivier's absence.

Olivier could not be reached for comment, but Martinez said no slight of Tulane's Latin American Law Institute or the attendees was intended. Olivier planned to attend the conference in September, when it was originally scheduled. Hurricane Ivan forced a postponement, and Martinez said Olivier could not make it this time.

In addition, the Cuba trade delegation is one of several to Latin American nations already completed or planned, Martinez said.

"No one is getting neglected," he said. "The state has made an effort to work with all these countries."

# Congress Daily (National Journal)

Washington, D.C.

3 December 2004

## AGRICULTURE

### More Lawmakers Caution Administration Over Cuba Moves

Senate Intelligence Chairman Roberts and Sen. Larry Craig, R-Idaho, wrote Treasury Secretary Snow and Secretary of State Powell late last week to oppose a possible Bush administration plan to change how Cuba pays for U.S. agricultural products. The administration wants Cuba to pay for products before they are shipped rather than follow the current practice of requiring payment before products are unloaded. Senate Budget ranking member Kent Conrad, D-N.D., also wrote Snow that requiring payment before shipping could endanger agricultural sales. The Roberts-Craig and Conrad letters follow a similar letter Sen. Byron Dorgan, D-N.D., sent to Snow and Powell last week. The Dorgan letter was also signed by Sens. Michael Enzi, R-Wyo., and Arlen Specter, R-Pa., Senate Finance ranking member Max Baucus, D-Mont., and Senate Foreign Relations Western Hemisphere Affairs Subcommittee ranking member Christopher Dodd, D-Conn.

The Bush administration is considering the change of policy, industry sources say, because the Cuban government has been late with some payments and U.S. officials believe that may amount to sales on credit even though shipping companies have not turned over the goods until they have received payment. In November, the Bush administration asked U.S. banks to halt payment to some companies, but eventually released the funds. The Treasury Department's Office of Foreign Assets Control is in charge of U.S.-Cuba economic relations, but it makes decisions after consultation with the State Department and other agencies. Industry sources said the Bush administration held an interagency meeting on the issue last week. A Treasury Department spokeswoman said today that no decision has been reached, but that "we hope to offer guidance in the near future."

In their letter, Roberts and Craig wrote "to express our strong opposition to any administrative or regulatory change affecting U.S. agricultural sales to Cuba." Changing the current interpretation of when Cuba should make payments for the food and medicine it is allowed to buy "will be met with our swift opposition and will be viewed as a complete disregard to the will of Congress." Conrad said the Bush proposal would amount to a "radical reinterpretation" of the law that would "harm the competitive position of U.S. products compared to those readily available from other suppliers" at a time the Agriculture Department has said the U.S. agricultural trade surplus is falling and may go into deficit next year. Meanwhile, John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said today that the uncertainty has led one of his member companies to delay signing a contract with Cuba for delivery of \$20 million in commodities and to delay purchase of the commodities to fulfill the contract.

# Congress Daily (National Journal)

Washington, D.C.

3 December 2004

## TRADE

### Administration Takes Steps To Curb Ag Trade With Cuba ...

In an apparent effort to discourage U.S. agricultural sales to Cuba, the Bush administration last week temporarily halted the transfer of money to U.S. agricultural firms making sales to Cuba and is reviewing its definition of a law requiring Cuba to make "payments in advance" for U.S. agricultural imports. That review could result in Cuba being required to make payments in advance of shipping. The situation has infuriated members of Congress and agricultural business leaders. Reps. Jo Ann Emerson, R-Mo.; Sam Farr, D-Calif.; and Jeff Flake, R-Ariz., wrote Treasury Secretary Snow last week to protest the actions. Sen. Byron Dorgan, D-N.D., one of the authors of the law that allows agricultural sales to Cuba, wrote Secretary of State Powell Thursday that "there is no justification for asserting that the law requires cash in advance of shipment." Eighteen farm groups -- including the American Farm Bureau Federation and wheat and rice groups -- wrote every member of the House and Senate Thursday asking them to call the White House and State and Treasury departments to oppose the change. "Cuba has become our 21st largest agricultural market and valued at almost \$400 million per year ... one we cannot afford to lose," the groups wrote.

"Company executives are livid about this," said John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, particularly because the government did not give advance notice the funds would be stopped. Kavulich said the situation is probably a portent of U.S.-Cuban relations in Bush's second term. The conflict has arisen from a provision in the Trade Sanctions Reform and Export Enhancement Act of 2000 that allows sale of U.S. agricultural products to Cuba only on a cash basis with "payment of cash in advance." Kavulich said when sales to Cuba began in December 2001 the administration agreed that the "payment in advance" provision would follow the common business practice of allowing buyers to pay for goods after they have been shipped but before they are unloaded.

Kavulich said after he reported last July in a newsletter to his members that Alimport, the Cuban food import agency, had been late with some payments, administration officials began questioning whether the delay amounted to sales on credit, which is prohibited under the law. They suggested requiring payment before the goods leave the United States. The Treasury Department's Office of Foreign Assets Control, which oversees the Cuba trade, began telling U.S. financial institutions to halt payments to some U.S. companies doing business with Cuba and last week halted all payments. But the House members who wrote Snow last week said "there are no legitimate grounds for considering U.S. agricultural sales transactions a credit sale of goods" because the exporter retains title and the goods are not unloaded in Cuba until payment is received. House members also noted that requiring payment before the goods leave the United States would "end all U.S. agriculture sales to Cuba" because the goods would be considered Cuban-owned goods and subject to seizure. A Treasury Department spokeswoman said Thursday that OFAC "is working directly with the companies to unblock their payments while the determination is made on [policy] guidance."

by Jerry Hagstrom

# Congress Daily (National Journal)

Washington, D.C.

3 December 2004

## TRADE

As Cuba, Administration Appear On A Collision Course

U.S. agricultural trade with Cuba could become a victim of increasing tensions between the Bush administration and Cuba during a second Bush term, U.S.-Cuba Trade and Economic Council President John Kavulich said earlier this week. Kavulich said U.S. trading companies doing business with Cuba may be squeezed between a Bush administration publicly discouraging the trade and the Cuban government "doing everything possible to antagonize the Bush administration." Kavulich noted the election of Sen.-elect Mel Martinez, R-Fla., who was born in Cuba and fled the nation; Bush's selection of Commerce Secretary-designee Carlos Gutierrez, who was born in Cuba; and the elevation of White House National Security Adviser Condoleezza Rice to secretary of State, along with the likely appointment of her deputy Stephen Hadley as national security adviser. All are considered hardline opponents of Cuban President Fidel Castro, he said, and those appointments, combined with the political importance of Cuban-Americans in Florida, may "all together" result in a tougher policy on Cuba trade.

At the same time, Kavulich said the Cuban government has begun asking U.S. governors, senators and House members on trade missions and company executives who export goods to Cuba to sign agreements that they will advocate a change in the U.S. embargo on Cuba that bans export of all products except food and medicine. Texas-based Sysco, a food services provider, declined to export to Cuba after the Cuban government made the demand. Kavulich said Cuba is able to make these demands because Venezuela has not been demanding payments for \$1 billion in oil it sold Cuba and China is not aggressively seeking repayment of grants and credit it has provided. "The largess of those two governments is what prevents meaningful economic and commercial change in Cuba," Kavulich said.

But Kavulich said the Cuban government's actions do not justify requiring it to pay in advance for U.S. agricultural products. "The vast majority of the transactions" have met the legal requirements for payment before the goods have been received, he said. Kavulich said company executives are "reticent" about pushing the Bush administration too much on the Cuba issue because they fear the administration then will not help them on trade problems with bigger importers such as China. But Kavulich pointed out that Cuba has continued to increase its agricultural purchases from the United States, with sales rising from \$4.3 million in 2001 to \$256.9 million in 2003 and \$314.7 million through Oct. 1. Noting that the Agriculture Department recently said the value of U.S. agricultural imports may equal exports in FY05 for the first time since the late 1950s, Kavulich said: "You would reasonably expect that the U.S. government, seeing that potential, would move heaven and earth to create an environment where U.S. exporters can excel irrespective of political concerns ... But in the case of Cuba, the Bush administration has said economic consequences be damned."

by Jerry Hagstrom

# The Miami Herald

Miami, Florida

3 December 2004

## Export rules may get tighter

BY NANCY SAN MARTIN

WASHINGTON - U.S. food and agricultural products sold to Cuba may soon be barred from leaving American ports until Havana makes the cash payments required by law -- a change that could disrupt the multimillion-dollar business, industry experts said Thursday.

"From a logistical standpoint, the change is unpleasant but workable. Might Cuba decrease purchases to show its displeasure? Perhaps," said John Kavulich, head of a U.S. group that monitors business between the two countries.

Since the U.S. sales to the communist nation began in 2001, Havana has paid most of the \$714 million in purchases after the cargo arrived in Cuba. But Bush administration officials are reviewing the law to determine if payments must occur before the shipments leave the United States.

"We expect to issue guidance in the near future," said Molly Millerwise, a Treasury spokeswoman. "We're working with our counterparts to clarify the policy for shipping agricultural goods to Cuba."

Sales of U.S. food and agricultural products to Cuba are allowed under a 2000 law, known as TSREEA, that requires American sellers to receive cash payments, a move designed to prevent Havana from establishing credit lines with U.S. firms. The law allows Cuba a 72-hour window to make the payment.

But it's not clear whether the cash-in-advance provision means payment in advance of the shipment or in advance of obtaining possession of the cargo, referred to as "cash against documents." Some banks have delayed crediting the Cuban payments to the accounts of U.S. exporters because of concerns about possible violations of the U.S. legislation, said officials at the Treasury and State departments.

"We want to comply with the law," said a State Department official from the Bureau of Western Hemisphere Affairs, which is pushing to change the current system. "We need to do what the law says. We have to get everyone on the U.S. government on the same page." Officials at the Cuban Interests Section in Washington could not be reached for comment.

Most of the U.S. business deals with Cuba have been conducted as "cash against documents" transactions, meaning Cuba must pay for the shipments within 72 hours of arrival there, and the goods cannot be unloaded until payment is confirmed by the banks. Cuba has generally complied with the 72-hour payment requirement, making for a fairly smooth operation.

But the proposals to change the system have raised concerns that they could jeopardize a profitable arrangement. Over the past two years, the United States has become a significant supplier of food and agricultural products for Cuba. The island ranks as the 22nd-largest export market for those types of goods. Industry experts said that while a change would affect the vast majority of the U.S.-Cuba transactions, it would only impact a small number of U.S. corporations.

Some members of Congress who oppose trade and travel restrictions on Cuba criticized the Bush administration's move to tighten the sales transactions. "This is the most shortsighted, convoluted thing I've ever heard," Rep. Jo Ann Emerson, R-Mo, said. "This will have an enormous impact because obviously it can't just apply to Cuba." Emerson joined 14 other legislators in a bipartisan letter sent to Treasury Secretary John Snow on Nov. 22, saying any tightening of the trade rules "would defy the will of the Congress to allow cash trade in agricultural products with Cuba."

# The Miami Herald

Miami, Florida

3 December 2004

## Kellogg no show averts controversy

**Kellogg was on an early list of participants in a Cuba trade fair, but the company then headed by current Bush nominee Carlos Gutierrez pulled out.**

BY NANCY SAN MARTIN

When nearly 300 U.S. firms gathered in Havana two years ago for an unprecedented trade fair, the cereal giant Kellogg was among the American firms that reserved an exhibition booth.

But its executives withdrew at the last minute from the politically sensitive fair, unwittingly also averting controversy for Cuban-born Chief Executive Carlos Gutierrez, President Bush's recently announced choice as commerce secretary.

"Right before the exhibition, they called and said they would not be represented," said John Kavulich of the U.S.-Cuba Trade and Economic Council, which monitors business between the two countries and assisted in organizing the fair. "It was a decision taken because of political consideration."

The withdrawal came to light Thursday after conference organizer Peter Nathan, of PWN Exhibicon International, told the Associated Press that Kellogg representatives had taken part in the Havana fair. Nathan later acknowledged that they had not.

Kellogg's withdrawal provides a clean slate for Gutierrez, whose nomination must be confirmed by the Senate. Any history of exploring possible business with the communist-ruled nation would not fare well in a U.S. Congress divided over whether or not to alleviate sanctions on the island.

American companies were allowed to participate in the 2002 U.S. Food & Agribusiness Exhibition in Havana under a U.S. law adopted in 2000 that permits limited sale of U.S. food and agricultural products to Cuba. More than 750 executives from some 30 U.S. states attended the show and signed deals worth \$92 million.

Kellogg has not made any direct sales to Cuba, Kavulich said.

# The Birmingham News

## Birmingham, Alabama

### 3 December 2004

## Officials: Rule could end Cuba trade

MARY ORNDORFF

News Washington correspondent

WASHINGTON - Alabama's agriculture industry is protesting a possible new policy from the Bush administration they say will choke off their exports to Cuba.

If the U.S. Treasury Department changes the rule on how buyers in Cuba pay for their goods, it could cause Cuba to shop elsewhere, according to several trade and agriculture officials in Alabama.

"After all the work that has gone into helping our state's economy grow, this would be a giant step backwards," said Alabama Agriculture and Industries Commissioner Ron Sparks in a prepared statement.

At issue is Treasury's Office of Foreign Assets Control and whether it will insist that Cuba make cash payments before the cargo is loaded at U.S. ports. For the last three years, the trade community has interpreted the law, with the agreement of the federal government, to allow payment after shipping but before the goods are unloaded in Cuba.

But if Treasury decides to require the cash up front, it can slow down the trade and make Cuba the legal owner of the product before it ever leaves the U.S. port. Under the change, the cargo would then be subject to legal seizure by someone to whom Cuba has an outstanding debt, according to James Lyons, director and chief executive of the Alabama State Port Authority.

"The suggested change for Cuban business transactions will in effect cool or end U.S. exports to Cuba," Lyons wrote to the state's congressional delegation asking for their help.

The Trade Sanctions Reform and Export Enhancement Act of 2000 opened up limited trade with Cuba, mostly food and medicine paid for with cash, with no credit or financing allowed. Since then, \$714.5 million worth of goods have been exported by the U.S. into Cuba, according to the U.S.-Cuba Trade and Economic Council.

Alabama's poultry and timber producers have built an \$18 million export market with Cuba since that law, according to the Alabama Farmers Federation.

But some of the payments to the American exporters were blocked when the U.S. banks moving the cash contacted the Office of Foreign Assets Control and asked for clarification on what was an allowable agribusiness payment from Cuba. Molly Millerwise, a spokeswoman for the Treasury Department, said the government is working to unblock those payments and will be announcing a clarified policy in the "near future."

Until then, agriculture and trade officials from Alabama are lobbying Congress to force Treasury to stick with the agreement that permits the "cash against documents" process as opposed to "payment in advance."

"There is a clear double standard when the U.S. allows imports from communist China and Vietnam, yet we can not freely sell our homegrown products to Cuba," Sparks said.

Although a small number of the cash payments from Cuba over the last three years have been late, the vast majority were within the 72-hour window, said John Kavulich, president of the U.S. Cuba Trade and Economic Council Inc. On the other hand, some U.S. companies were already requiring the advanced cash payment, without a problem, and the issue only affects about 15 companies, he said.

The Council does not take a position on the political relations between Cuba and the U.S. "The Bush administration has been doing everything possible to discourage transactions, but then the Cuban government is trying to antagonize the U.S. government, and you have U.S. companies sitting in the middle of this," Kavulich said.

**Associated Press**  
**New York, New York**  
**2 December 2004**

## **Poultry Industry Fears Loss of Cuba Trade**

GARRY MITCHELL

MOBILE, Ala. - Poultry industry officials say a surge in product sales to Cuba could be halted by the Bush administration's attempt to reinterpret a 2000 trade law covering payment for the shipments.

U.S. poultry sales to Cuba more than doubled to \$61 million in the past year, according to Richard Lobb, a spokesman for the National Chicken Council in Washington, D.C. But Lobb said sales could be jeopardized because the reinterpretation of the law - if adopted - requires Cuba to deposit money for the purchases in U.S. banks before shipments leave port for Havana.

"Such a reinterpretation of this law would be a reckless act at the expense of Alabama's poultry farmers and producers," said Alabama Agriculture Commissioner Ron Sparks, who has traveled to Cuba supporting trade ties.

Treasury spokeswoman Molly Millerwise said Thursday the review of the 2000 law began when some U.S. financial institutions handling Cuba's purchases asked the government to clarify the policy. "We expect to issue guidance in the near future," she said.

She declined to speculate on the final decision or the extent of a lobbying campaign against any change in the payment system. She said the U.S. Agriculture Department and State Department are working with Treasury on the issue.

Sen. Byron Dorgan, D-N.D., a sponsor of the 2000 trade law, called for an Inspector General's probe into whether Treasury's Office of Foreign Assets Control has exceeded its legal authority by using its resources in the matter. He also plans to introduce legislation in the new Congress to prevent OFAC from using strong-arm tactics to thwart the sales.

Dorgan said OFAC's top job is to track terrorists' funding sources.

"It's clear the administration wants to shut down agricultural trade with Cuba," Dorgan said. "This wrong-headed policy is doing nothing to bring down Fidel Castro. It just hurts American farmers and violates the spirit of the law allowing these sales to go forward."

According to Dorgan, U.S. farmers and ranchers have sold nearly \$1 billion worth of agricultural goods to Cuba in the past three years despite numerous Bush administration roadblocks.

The United States has maintained embargoes of various forms against Cuba for more than 40 years to pressure the communist-controlled island to make democratic and economic changes.

Now Bush has named Cuban-born Carlos Gutierrez, former chief executive officer of Kellogg Co., to his Cabinet as secretary of commerce and he's expected to support the president's policies of blocking most trade with Fidel Castro's government.

Agriculture products are only part of the multimillion-dollar trade with Cuba pegged to the 2000 law. Sales to Cuba are required to be in cash, but nothing is unloaded from vessels until Cuba's payments are deposited in a bank.

Federal officials, however, have been looking at the terminology "payment in advance" versus "cash against documentation" in the law to determine whether it extends a line of credit to Cuba.

The new interpretation of the law could potentially require "in-hand" prepayment for goods prior to being shipped out of the United States.

"Cuba is very concerned about the idea of putting money in a bank before the product has left U.S. ports, concerned it might be seized," Lobb said in a telephone interview.

Attempts to seize prepaid Cuban cargo in U.S. ports could come from anyone with claims against Cuba, said Alabama Port Authority spokeswoman Judith Adams in Mobile.

But John Kavulich, president of the U.S.-Cuba Trade and Economic Council, pointed out that some \$714 million has moved through the financial system for Cuba purchases in the last three years without a problem. "Some companies have got payment in advance," he said.

Food giants Tyson Foods Inc., Louis Dreyfus Corp. and Gold Kist Inc. currently ship about 15,000 tons of Alabama-raised poultry to Cuba, Alabama Port Director and CEO James K. Lyons said in a Nov. 29 letter to U.S. Sen. Richard Shelby, R-Ala., enlisting his support in protecting the current payment system.

Other ports in the Southeast share in those shipments.

"There appears to be no legitimate grounds for considering U.S. agricultural sales transactions as a credit sale of goods, nor a need for tightening requirements on these U.S. sales to Cuba," Lyons said.

In Atlanta, Gold Kist spokesman Wayne Lord said the company awaits guidance from Treasury officials.

"We want to be in position to serve the world market within the limitations of the law," he said. The National Chicken Council's Lobb said the current payment system is not an extension of credit to Cuba. He said officials at Treasury and the State Department are giving a "bureaucratic" interpretation to the law.

**Associated Press**  
**New York, New York**  
**2 December 2004**

Updated: 02:03 PM EST

## **Commerce Nominee Explored Trade With Cuba**

By KEN GUGGENHEIM, AP

WASHINGTON (AP) - As commerce secretary, Cuban-born Carlos Gutierrez would be expected to support President Bush's policies of blocking most trade with Fidel Castro's communist government. Yet while Gutierrez was chief executive officer of Kellogg Co., the nation's largest cereal maker explored the possibility of doing business with Cuba, signing up for a trade show in Havana in 2002.

The Treasury Department permitted U.S. companies to attend the event, but the Bush administration made its disapproval clear.

The conference organizer, Peter Nathan of PWN Exhibicon International, initially said Kellogg took part in the event. But on Thursday, Nathan said Kellogg pulled out of the event shortly before it opened. He said a colleague pointed out to him that Kellogg had withdrawn.

The U.S.-Cuba Trade and Economic Council, which assisted Nathan, included Kellogg in a list of 291 companies that had participated in the event. The council's president, John Kavulich said Thursday that a review of records showed the company withdrew at the last minute.

Kavulich said Kellogg paid to attend the event and was listed in the exhibition guide, with a description of Kellogg products. But "just before the event, they contacted the organizers" to withdraw.

"The understanding was that it had to do with input from Cuban-American community in south Florida," Kavulich said.

A salesperson for the show, David Gerhardt of E.J. Krause & Associates Inc., said the company contacted organizers and withdrew about a week before the event.

Kellogg's spokeswoman Kimberley Goode said Gutierrez was not involved in the decision to participate in the fair or the decision to withdraw. Both were decided by the company's Caribbean unit. She said she was not aware of political considerations being a factor.

"They just weighed the cost and the time involved in participating and did not see the business return for it," Goode said.

Gutierrez could face questioning about Kellogg's dealings with Cuba as he defends the administration's position that trade with Cuba only aids Castro's authoritarian government. Kellogg products produced in Mexico are well-stocked in Cuba's consumer goods stores. Many American products produced by subsidiaries are exported to Cuba by wholesalers in Mexico and other countries through wholesalers.

Anti-Castro activists strongly support the nomination of Gutierrez, whose family fled Cuba in 1960 when he was 6. They say Gutierrez backs the embargo. In June, he donated \$4,000 to the anti-Castro U.S.-Cuba Democracy Political Action Committee, according to a report the group filed with the Federal Election Commission.

"He definitely shares the Bush vision for a free Cuba," said Rep. Ileana Ros-Lehtinen, R-Fla., who supports the embargo.

An embargo opponent, Sen. Byron Dorgan, D-N.D., said he does not expect Gutierrez to oppose Bush's policies of tightening the embargo.

"When he signed on to be commerce secretary, he signed on to the administration's policies with Cuba - lock, stock and barrel," said Dorgan, a member of the Senate Commerce Committee, which will consider the nomination.

The United States has maintained embargoes of various forms against Cuba for more than 40 years to pressure Cuba to make democratic and economic changes. Opponents say the penalties are ineffective, hurt poor Cubans and reduce export opportunities for American businesses.

The 2002 U.S. Food and Agribusiness Exhibition was made possible by a law signed by President Clinton two years earlier allowing direct commercial sales of American food and agricultural products to Cuba.

With 291 exhibitors including many major U.S. corporations, the exhibition was the first major fair of its kind in Cuba. The Cuban government signed contracts to buy about \$92 million in American farm products during the exhibition.

Kavulich said Gutierrez, as CEO of Kellogg, appeared to distance himself from the company's decisions about trade with Cuba.

"He hasn't been a vocal advocate, but he hasn't prohibited the company from evaluating the marketplace," Kavulich said.

In a 2002 interview with Hispanic Magazine, Gutierrez said he would be interested in someday bringing Kellogg to Cuba.

It is not unusual for corporate leaders to shift their views on assuming public office. When Vice President Dick Cheney headed Halliburton, the oil services company, he denounced trade embargoes. Under Cheney, Halliburton expanded trade with Iran through an offshore subsidiary. Bush has included Iran as part of his "axis of evil."

As commerce secretary, Gutierrez would oversee the Bureau of Industry and Security, which approves licenses for approved exports, such as food and health care products, to Cuba. He would also be the leading champion for boosting U.S. trade around the world.

**Associated Press**  
**New York, New York**  
**2 December 2004**

Updated: 12:51 PM EST

## **Commerce Nominee Explored Trade With Cuba**

By KEN GUGGENHEIM, AP

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A salesperson for the show, David Gerhardt of E.J. Krause & Associates Inc., said the company contacted organizers and withdrew about a week before the event.

Kellogg officials did not respond to repeated requests for comment earlier this week, and did not immediately respond to another request on Thursday. It is not known if Gutierrez was involved in decisions about the exhibition.

Gutierrez could face questioning about Kellogg's dealings with Cuba as he defends the administration's position that trade with Cuba only aids Castro's authoritarian government. Kellogg products produced in Mexico are well-stocked in Cuba's consumer goods stores. Many American products produced by subsidiaries are exported to Cuba by wholesalers in Mexico and other countries through wholesalers.

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An embargo opponent, Sen. Byron Dorgan, D-N.D., said he does not expect Gutierrez to oppose Bush's policies of tightening the embargo.

"When he signed on to be commerce secretary, he signed on to the administration's policies with Cuba - lock, stock and barrel," said Dorgan, a member of the Senate Commerce Committee, which will consider the nomination.

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In a 2002 interview with Hispanic Magazine, Gutierrez said he would be interested in someday bringing Kellogg to Cuba.

It is not unusual for corporate leaders to shift their views on assuming public office. When Vice President Dick Cheney headed Halliburton, the oil services company, he denounced trade embargoes. Under Cheney, Halliburton expanded trade with Iran through an offshore subsidiary. Bush has included Iran as part of his "axis of evil."

As commerce secretary, Gutierrez would oversee the Bureau of Industry and Security, which approves licenses for approved exports, such as food and health care products, to Cuba. He would also be the leading champion for boosting U.S. trade around the world.

**Associated Press**  
**New York, New York**  
**2 December 2004**

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WASHINGTON (AP) - As commerce secretary, Cuban-born Carlos Gutierrez would be expected to support President Bush's policies of blocking most trade with Fidel Castro's communist government. Yet while Gutierrez was chief executive officer of Kellogg Co., the nation's largest cereal maker explored the possibility of doing business with Cuba, participating in a trade show in Havana in 2002.

The Treasury Department permitted U.S. companies to attend the event, but the Bush administration made its disapproval clear.

It is not known whether Kellogg pursued trade with Cuba beyond attending the 2002 fair or whether Gutierrez was involved in the company's decision to go the event. Kellogg officials did not respond to requests this week for details.

The company's participation could lead to awkward questions at Gutierrez's Senate confirmation hearing as he defends the administration's position that trade with Cuba only aids Castro's authoritarian government.

Anti-Castro activists strongly support the nomination of Gutierrez, whose family fled Cuba in 1960 when he was 6. They say Gutierrez backs the embargo. In June, he donated \$4,000 to the anti-Castro U.S.-Cuba Democracy Political Action Committee, according to a report the group filed with the Federal Election Commission.

"I separate Carlos Gutierrez, the man and his principles and what he stands (for), and what he had to do as a CEO of a major corporation," said Rep. Ileana Ros-Lehtinen, R-Fla., who supports the embargo.

She said Gutierrez, while at Kellogg, had to respond to the interests and wishes of the company's board and shareholders.

An embargo opponent, Sen. Byron Dorgan, D-N.D., praised Gutierrez for Kellogg's participation in the trade show. But Dorgan said he did not expect Gutierrez to oppose Bush's policies of tightening the embargo.

"When he signed on to be commerce secretary, he signed on to the administration's policies with Cuba - lock, stock and barrel," said Dorgan, a member of the Senate Commerce Committee, which will consider the nomination.

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John Kavulich of the U.S.-Cuba Trade and Economic Council, said he does not believe Kellogg followed up the fair by exporting products from the United States to Cuba.

"They haven't been aggressive in pursuing opportunities," said Kavulich, whose group tracks business between the two countries and assisted the exhibition's organizer.

Kavulich said Gutierrez has appeared to distance himself from the company's decisions about Cuba.

"He hasn't been a vocal advocate, but he hasn't prohibited the company from evaluating the marketplace," Kavulich said.

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As commerce secretary, Gutierrez would oversee the Bureau of Industry and Security, which approves licenses for approved exports, such as food and health care products, to Cuba. He would also be the leading champion for boosting U.S. trade around the world.

Kavulich cautioned against reading too much into Kellogg's participation in the fair as a sign of what he might do if in the Cabinet.

"The positions he held as an executive with Kellogg Co., if they were in opposition to Bush administration policy, you can reasonably expect that any differences will be in hibernation for the next four years," Kavulich said.

**Reuters Americas**  
**London, United Kingdom**  
**1 December 2004**

## **U.S. to issue new guidance on Cuba food sales**

By Doug Palmer

WASHINGTON, Dec 1 (Reuters) - The Bush administration will soon issue new guidelines governing sales of U.S. food to Cuba under an exemption to the four-decade-old embargo, a U.S. Treasury Department spokeswoman said on Wednesday.

U.S. wheat and other farm industry groups worry the new guidelines could hamper, or possibly kill, further food sales to the \$400-million export market by requiring cash payment before ships carrying the goods leave U.S. shores. The new rules could appear within three weeks or so, industry sources said. It was not clear how stringent they would be. A requirement for payment before shipment could result in cargo-laden ships sitting idle in harbor, driving up costs, while exporters wait for a check to arrive.

The expected new guidelines come after the Treasury Department's Office of Foreign Assets Control (OFAC) has instructed U.S. banks to delay some Cuban payments to exporters because of concern about possible violations of the strict no-credit terms of 2000 legislation allowing the food sales, sources said. "OFAC at this point is working directly with the exporters to issue ... specific licenses to unblock their payments. At the same time, Treasury will be issuing guidance shortly on the payment policy itself," a Treasury spokeswoman said, speaking on condition she not be identified.

The Trade Sanctions Reform and Export Enhancement Act of 2000 (TSREEA) and OFAC regulations require "payment of cash in advance" for sales of U.S. farm goods to Cuba. The practice has been for Cuban buyers to direct a third-country bank to make payment to the U.S. bank account of an exporter once a ship has been loaded and begun its 2-3 day trip to the island.

John Kavulich of the U.S.-Cuba Trade and Economic Council, which monitors trade, said OFAC interceded in these payments "without any announcements. They just seized money." Exporters "are livid because of the sneaky way this was done," he added. The same objections applied to Treasury's work behind closed doors on new guidelines for sales, Kavulich said. "If you're going to make changes ... give notice to people. It's how government is supposed to behave."

Word of the new rules ended weeks of speculation that the administration, with the November elections out of the way, would seek new ways to inconvenience Cuba. "Both governments are doing almost everything possible to end what commercial activity exists," said Kavulich.

Farm groups, who lobbied hard for the crack in the trade embargo, fear OFAC is now trying to close it. The U.S. Wheat Associates, which represents the export arm of the wheat industry, warns in an upcoming newsletter that a prepayment requirement "may stop all U.S. sales of wheat and other agricultural commodities to Cuba."

In a letter last week to U.S. Treasury Secretary John Snow, eight Democrats and seven Republicans from the U.S. House of Representatives said there were "no legitimate grounds" to consider current payment practices a credit extension. They warned requiring prepayment would discourage Cuban purchases by creating the possibility that shipments could be seized before they left the United States. "Such a clarification creates a condition whereby Cuban-owned goods would be located at a U.S. port. Cuban goods on U.S. property are subject to court-owned seizures that could result from legal claims against Cuba," the lawmakers said.

# **El Nuevo Herald**

**Miami, Florida**

**25 November 2004**

## **Estados Unidos revisa las ventas a Cuba**

WILFREDO CANCIO ISLA

El Nuevo Herald

En un paso que podría agravar las tensiones entre Washington y La Habana, la administración de George W. Bush está revisando las reglas establecidas para los pagos en efectivo del gobierno cubano a las compañías estadounidenses que venden alimentos a la isla.

La Oficina de Control de Bienes Extranjeros (OFAC) del Departamento del Tesoro explicó que tiene bajo escrutinio varios casos de exportadores cuyos pagos no han sido acreditados por los bancos norteamericanos, y dijo que dará a conocer próximamente un nuevo reglamento para los pagos realizados por la empresa estatal cubana Alimport, que preside Pedro Alvarez.

"OFAC ha adoptado una política provisional de licencias para los exportadores a quienes se les han retenido pagos provenientes de Cuba en virtud de ulteriores orientaciones sobre las regulaciones para embarcar productos agrícolas con destino a la isla", indicó ayer una portavoz de esa dependencia federal.

La controversia se agitó tras alegaciones de que Cuba estaba demorando los pagos e interpretando a su antojo las disposiciones de la ley.

La funcionaria afirmó que OFAC está en contacto directo con esos exportadores y y ha dado "licencias interinas específicas" para desbloquear sus pagos por parte de instituciones financieras de EEUU.

"Desde que se nos pidió esclarecer la política para el envío de productos agrícolas a Cuba, hemos venido trabajando estrechamente con varias dependencias gubernamentales, incluyendo los departamentos de Estado y Agricultura, y esperamos tener un nuevo reglamento en una fecha próxima", agregó la fuente.

Las aclaraciones del Departamento del Tesoro se producen después que varias compañías se quejaron de que los pagos de Cuba no se los estaban acreditando en sus cuentas en bancos norteamericanos. Las pesquisas habían sido iniciadas por OFAC meses atrás debido a dudas sobre "los tipos de pago autorizados" en las licencias comerciales para las ventas a la isla, lo que derivó en el congelamiento de numerosas transacciones.

La ley aprobada por el Congreso en el 2000 afirma que los pagos deben "en efectivo por adelantado", lo que es interpretado por funcionarios y legisladores partidarios de reforzar el embargo como la obligatoriedad de pagar antes de que los cargamentos abandonen los puertos estadounidenses.

Pero generalmente los pagos se estaban realizando en un plazo de 72 horas, mientras la mercancía estaba en tránsito o luego de su arribo a Cuba.

Hasta ayer, una docena de firmas habían contactado al Consejo Comercial y Económico EEUU-Cuba, con sede en Nueva York, para alertar sobre el problema.

"Por ahora parece un tecnicismo, pero puede convertirse en un tema altamente político", comentó John Kavulich, presidente de esa entidad no gubernamental.

Kavulich considera que la administración Bush está ``aprovechando todos los resquicios para desalentar y entorpecer las ventas a Cuba".

Un grupo bipartidista de congresistas encabezado por Jo Ann Emerson, representante por Missouri, ha enviado ya una carta al Departamento del Tesoro manifestando sus preocupaciones por los posibles cambios en las reglas de pago.

"No hay ninguna necesidad de reforzar los requisitos para las ventas a Cuba", señala la misiva de los congresistas. ``Ciertamente requerir pagos antes del envío de mercancías finalizará con todas las ventas de productos agrícolas a Cuba".

Pero la congresista cubanoamericana Ileana Ros-Lehtinen opina que el propósito de la legislación --conocida como TSRA-- es ``asegurar que el dinero se pague y proteger tanto al negociante como al contribuyente estadounidense".

Desde que las ventas autorizadas por el Congreso se iniciaron en diciembre del 2001, Cuba ha comprado \$714 millones en alimentos a EEUU y proyecta superar los \$1,000 millones el próximo año.

Con tales expectativas, Alimport está invitando a las compañías norteamericanas a celebrar en La Habana --del 14 y el 18 de diciembre próximos-- el tercer aniversario del inicio de los negocios bilaterales, con la promesa de firmar nuevos contratos por más de \$100 millones.

Pero el momento no parece el más propicio si se suman las inconformidades de ciertos empresarios con el comportamiento de los funcionarios de Alimport.

"Cuba está interpretando la política de pago en contravención a la ley establecida por el Congreso", opinó el empresario Eduardo Rubiera, presidente de Premier Commodity Traders en Orlando. ``El reloj cuenta siempre a su favor, y esto podría dar motivos a Washington para apretar las tuercas".

Rubiera acaba de finalizar una venta de refrescos a Alimport que fue retribuida 21 días después que presentara los documentos a Crowley, la naviera que llevó el cargamento desde Jacksonville. "Hay una manera arbitraria y abiertamente política por parte de Alimport para decidir una compra... yo me resisto a seguir en este juego", afirmó el empresario.

# Arkansas Democrat-Gazette

Little Rock, Arkansas

25 November 2004

## Trade with Cuba turns on a phrase

BY NANCY COLE

The U.S. government's interpretation of three words could jeopardize millions of dollars worth of U.S. agricultural exports to Cuba, according to a representative of a group that monitors business between the two countries.

John Kavulich, president of U.S.-Cuba Trade and Economic Council Inc., said Wednesday that several U.S. exporters of agricultural products have reported that payments from Cuba have not been credited to their accounts on instructions from the U.S. government. "I just received a call this morning from a company that said 'Add us to the list,'" said Kavulich, "so the numbers are increasing." Neither Tyson Foods Inc. nor Riceland Foods Inc., the Arkansas companies that have exported food to Cuba since a provision pried open the U.S. embargo against that country, responded to requests for comment Wednesday.

Kavulich has declined to name the companies, who he said fear retribution in what they see as a political skirmish between the Bush administration and Cuba.

Since 1963, the U.S. Department of Treasury's Office of Foreign Assets Control has been responsible for administering the U.S. embargo on trade with Cuba.

On Wednesday, a Treasury Department spokesman confirmed that some U.S. financial institutions had intercepted "a handful of transactions due to confusion among some agribusinesses about the types of payments authorized for [U.S. Department of] Commerce-licensed agricultural sales to Cuba."

The spokesman said the Office of Foreign Assets Control "is working directly with these exporters and is currently issuing specific licenses to unblock their payments."

Kavulich said the problem revolves around the words "payment in advance," which were included in the Trade Sanctions Reform and Export Enhancement Act of 2000 that reauthorized the export of food and agricultural products to Cuba.

When the first sales under the act were processed in December 2001, Kavulich said, some U.S. exporters reached an accommodation with the Bush administration to sell on a "cash against documents" basis.

But the Bush administration may now require that cash payments be made before shipments leave the United States rather than upon their arrival in Cuba. "In the world of agricultural commodity trading, 'cash against documents' is 'payment in advance,'" Kavulich said.

Kavulich said Cuba has "been a big part of the problem" by delaying some payments for up to three weeks and by "politicizing" its trade with the United States.

During the recent trade fair, Cuba asked some U.S. exporters to sign "advocacy agreements" disavowing the U.S. embargo of Cuba, he said.

Some U.S. exporters now find themselves caught in the middle of this inter-governmental dispute, said Kavulich.

Between December 2001 and Oct. 1 of this year, the United States exported about \$714 million worth of products to Cuba, Kavulich said, with about 15 companies accounting for 90 percent of the total.

During the recent Havana Trade Fair, Stuttgart-based Riceland Foods Inc. sold Cuba 5,120 metric tons of rice, which is scheduled for delivery in January. And Springdale-based Tyson Foods Inc. agreed last year to sell Cuba \$2.7 million worth of chicken.

Several members of Congress, including Rep. Jo Ann Emerson, R-Mo., wrote a letter to Treasury Secretary John Snow protesting any changes. "Though there is not a need for tightening requirements on these U.S. sales to Cuba, it is certain that requiring payment prior to shipments, a prepayment, will end all U.S. agriculture sales to Cuba.... Even if Cuba would be willing to continue to buy U.S. goods, a change from the current practice would increase costs, create tremendous logistical problems, negatively impact the price for agricultural products and generally make U.S. exports less competitive," said the letter.

Sen. Blanche Lincoln was unavailable for comment Wednesday. Information for this article was contributed by the South Florida Sun-Sentinel.

# Sun-Sentinel

## Fort Lauderdale, Florida

### 24 November 2004

## Food sales to Cuba scrutinized

By Rafael Lorente  
Washington Bureau

WASHINGTON · The Bush administration might force Cuba to pay cash in advance of shipment for any food the island purchases from U.S. companies in the future -- a change that could jeopardize millions of dollars a year in agricultural sales.

Until recently, the practice has been for Fidel Castro's government to pay for agricultural shipments in transit or after they arrived at a Cuban port, but before formal title for the goods exchanged hands. But some in the administration argue that is not what Congress intended when it passed a law in 2000 allowing cash-only food sales to Cuba.

The law stipulated that Cuba purchase food products with cash in advance, and not on credit, which some administration officials interpret as payment before the goods leave the United States.

Since the law was signed by President Clinton, Cuba has purchased almost \$715 million in agricultural products from the United States. So far this year, Cuba ranks 22nd among export markets for agriculture, with \$314.7 million in sales.

Already, because of the scrutiny on the agricultural sales by the Treasury Department's Office of Foreign Assets Control, several sales are on hold. U.S. banks are waiting on word from Washington before releasing Cuban funds to American companies.

Several members of Congress have written a letter to Treasury Secretary John Snow protesting any changes. "Though there is not a need for tightening requirements on these U.S. sales to Cuba, it is certain that requiring payment prior to shipments, a prepayment, will end all U.S. agriculture sales to Cuba. ... Even if Cuba would be willing to continue to buy U.S. goods, a change from the current practice would increase costs, create tremendous logistical problems, negatively impact the price for agricultural products and generally make U.S. exports less competitive," said the letter, signed by Rep. Jo Ann Emerson, R-Missouri, and several other members from both parties.

The letter raises the possibility that once Cuba has paid for goods sitting at a U.S. port, those goods could be confiscated in order to settle legal claims against Cuba pending in U.S. courts.

Advocates of changing the policy say it is about accountability and protecting U.S. companies from inadvertently breaking the law, not about stopping the sales or confiscating property. "We want to see proof that [Castro's] paying in cash only," said Rep. Ileana Ros-Lehtinen, R-Miami. "It would be a good thing because there's very little enforcement that can be done after the fact."

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors trade between the two countries, said that if the change goes through, it is not likely to lead to confiscations because sales that are authorized by the United States are exempt from seizure. Kavulich said the Bush administration is simply following its policy of looking for ways to make it tougher and more expensive for the Cuban government to do business. "It's increasing the inconvenience, increasing the unpleasantness," he said.

Kavulich said Cuba has sometimes been slow to pay U.S. companies, often waiting well past the customary 72-hour period after the goods arrive in port.

An official with Alimport, Cuba's food importing agency, declined to comment Tuesday. Officials at the Treasury, the State Department and the White House also declined to comment.

**Associated Press**  
**New York, New York**  
**23 November 2004**

## **U.S. Exporters to Cuba Say Cash Blocked**

By JEANNINE AVERSA, AP

WASHINGTON (AP) - Some companies that sell food and agricultural products to Cuba are reporting that payments are not being credited to their bank accounts in the United States, according to a representative of a group that tracks business between the two countries.

John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc., said Tuesday that fewer than half a dozen companies have contacted his organization recently about such problems. He said banks have confirmed receipt of payments from Cuba but have not credited the accounts of exporters on instructions from the U.S. government.

A spokeswoman for the Treasury Department said its Office of Foreign Assets Control, which enforces the economic embargo against Cuba, is looking into the matter. OFAC, she said, has been asked to clarify the government's policy regarding payments. She wouldn't say who requested the clarification.

"We are taking a serious look at the issue and working with our germane counterparts in the U.S. government," the Treasury spokeswoman said, speaking on condition that she not be identified further. "We expect to issue guidance in the near future."

Kavulich wouldn't provide the names of the companies that have reported payment problems to his group or further details in the cases. The Treasury spokeswoman also declined to provide further information. "Right now this is a technical issue, but it could become massively political," said Kavulich.

The embargo against Cuba bans most U.S. exports to the country with a few exceptions, including certain food and agriculture products. Kavulich estimates that U.S. sales of food and agriculture products to Cuba in 2003 totaled around \$256.9 million. He said about 15 companies in the United States account for roughly 90 percent of food and agriculture products that are sold to Cuba.

Kavulich said communicated in both writing and conversations with people at Treasury and elsewhere in the Bush administration about the problem.

President Bush has called for more stringent enforcement of provisions that forbid most economic activity with and travel to Cuba. Congress has sought to ease restrictions on trade against Cuba but so far has been unable to get a bill to Bush that would do that. The White House has warned that Bush would veto legislation that weakens the ban.

President Kennedy imposed economic sanctions against Cuba in 1963 during the Cold War. The basic goal is to isolate the Cuban government economically and deprive it of U.S. dollars, the government says.

# Arkansas Democrat-Gazette

Little Rock, Arkansas

21 November 2004

## Chicken, politics mix at Cuba's trade fair Some U.S. businesses still wary of communist island's motives

BY MATTHEW WALTER  
ARKANSAS DEMOCRAT-GAZETTE

SPRINGDALE — Cuba bought millions of dollars in goods from several U.S. companies at its international Havana Trade Fair earlier this month, but some of those companies were put off by the communist government's political use of the event.

More than 100 U.S. companies, including Springdale-based Tyson Foods Inc. and Riceland Foods Inc. of Stuttgart, attended the trade fair, eager to capitalize on eased restrictions on the sale of agricultural products and food to Cuba, which has been under a U.S. economic embargo since 1962.

Since the United States relaxed some of the embargo rules four years ago, competition has increased among companies interested in selling to Cuba. But other political and economic factors are putting pressure on trade transactions with the Caribbean island nation of 11.3 million people.

The Bush administration in July created new limits for Cubans in the United States regarding visiting and sending money to the island. Then, in October, Cuban president Fidel Castro declared that the U.S. dollar would no longer be legal tender in the country beginning Nov. 8. He said the move was an effort to keep the country economically independent. The dollar has been widely used in Cuba for a decade. Also, the Cuban government import agency, Alimport, through which all imports are funneled, has started putting more pressure on American companies to publicly disagree with the U.S. embargo.

"The Cuban government continues to publicly profess a disdain for linking politics to commerce. But that's exactly what they are doing," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council in Washington. The trade group has no official position on the embargo, he said.

The political maneuvering likely won't have a direct effect on U.S. food and agricultural sales to Cuba, said Farid Abolfathi, an economist in Boston with research group Global Insight.

Since the Trade Sanctions Reform and Export Enhancement Act of 2000, which allowed companies to sell agriculture and food products to Cuba on a cash-only basis, trade has flourished. Cash was mandated because Cuba is strapped with about \$12 billion in foreign debt, and it does not have a good credit history, Kavulich said.

In December 2001, the first month that exports were allowed, Cuba imported \$4.32 million in products from the United States, according to data from the U.S.-Cuba Trade and Economic Council. By last year, U.S. exports to Cuba increased to \$256.9 million. Through August of this year, Castro's government had bought \$304.5 million in U.S. products.

Cuba has shot up from being the 144th largest importer of U.S. goods in 2001 to the 22nd largest importer in August, the most recent figures available from the trade council.

But just three agriculture and food-processing companies — Archer Daniels Midland Co., Cargill Inc. and commodities broker F.C. Stone Group — have made about 70 percent of those sales, Kavulich said.

Below that, a group of about 10 companies, including Tyson and Riceland, accounted for approximately another 25 percent of sales.

"This is a very small universe of companies that are selling the vast majority of products to Cuba," despite the fact that so many businesses sent sales representatives to the island, Kavulich said. "When I read that farmers are going to Cuba — farmers shouldn't be wasting their time going to Cuba." One reason Cuba wants so many American companies clamoring for sales contracts is the propaganda value, Abolfathi said. "They are interested in showing that there are a lot of U.S. businesses that are interested in going there," he said.

Some companies are turned off by the politics of working with Cuba, but they are still interested in the sale. "Unfortunately, the process has become somewhat politicized," Tyson spokesman Gary Mickelson wrote in an e-mail response to questions on the issue. Tyson has taken note that the Cuban government would like U.S. companies to sign a declaration indicating they do not support the U.S. embargo. "While we want to do business with Cuba, we will not sign such a document or take such a position," Mickelson said.

Tyson sent three sales representatives to the Havana Trade Fair this year, although Mickelson would not reveal the quantity of products sold. Since 2002, the company has sold chickenleg quarters to Cuba, he said. Tyson signed a \$2.7 million deal in November 2003 to ship chicken to Cuba last winter, the largest shipment it has sent since opening business with Alimport in 2002.

Riceland sold 5,120 metric tons of rice to Cuba at the trade fair this year, company spokesman Bill Reed said. The rice will be delivered in January. That sale represents just a sliver of the 600,000 metric tons of rice that Cuba imports a year, Reed said. It is also just a tiny fraction of the 2.5 million metric tons of grain that Riceland produces each year.

For the past three years, Riceland has sold about 25,000 metric tons of rice to Cuba each year through sales at the annual Havana Trade Fair and other deals made throughout the year, Reed said. "Every sale is important, but it's not a large percentage at all," he said. Reed said Riceland has not been asked to sign a declaration stating that it is against the trade embargo on Cuba.

While U.S. sales to Cuba have grown at a robust pace in the past three years, growth should taper off for the next few years, Abolfathi said. Cuba's economy has benefited from high nickel prices, one of its chief exports, and from tourism. However, nickel prices aren't expected to continue to rise, and Cuba's sugar harvest, the island's other major export, is not going well this year. Those factors should hold back the country's buying power, Abolfathi said.

Regardless, U.S. companies will continue to respond to Alimport's overtures, because Cuba is seen as a market that could surge, if there were ever a change in government, Abolfathi said. Castro, 78, came to power on Jan. 1, 1959, after then-president Fulgencio Batista was overthrown by the Cuban revolution, in which Castro fought and was a leader. Cuba sweetens its deal by wining and dining sales representatives whenever they come for a visit, Abolfathi said. "I suspect that it's the potential that attracts a lot of the companies, and also, nice weather," he said.

# **Sun-Sentinel**

## **Fort Lauderdale, Florida**

### **21 November 2004**

## **A show of ideological solidarity from China**

By Vanessa Bauza

HAVANA · In his first visit to Latin America, Chinese President Hu Jintao came bearing billions of dollars worth of potential trade and investment agreements that prompted regional leaders to herald a new era of closer ties with the emerging economic power.

Visits to Brazil and Argentina last week helped solidify China's entry into a market that could supply its voracious appetite for raw materials. Hu spent the weekend in Chile at the annual Asia-Pacific Economic Cooperation forum hoping to further his interests in the region.

But if the first part of Hu's Latin American tour reflected the needs of a pragmatic new China that has thrown open its doors to dynamic entrepreneurs -- even inviting capitalists to join the Chinese Communist Party -- his last stop, a visit to Havana on Monday, is a nod to China's ideological alliances and a show of solidarity with his communist brethren.

China "is holding two contradictory thoughts in mind at the same time. It's a market economy but also retaining what I would call historical links to the old Cold War alliances," said Kenneth Maxwell, a senior fellow at Harvard University's David Rockefeller Center for Latin American Studies.

China has preserved its one party system while transforming its economy with aggressive reforms and a flood of foreign investment.

Argentina's President Nestor Kirchner and Brazil's President Luiz Inacio Lula da Silva visited China this year. Hu, 61, reciprocated, leading a delegation of more than 150 officials and business people on his Latin American tour.

In Brazil, da Silva officially recognized China as a "market economy," a technical but nonetheless significant designation that makes it easier for the two countries to do business. China, meanwhile, agreed to buy 10 Brazilian-made airplanes worth \$200 million.

In Argentina, China announced it would consider investing billions of dollars over the next decade to expand Argentina's railway system and increase oil exploration.

Cuba offers far fewer possibilities for trade, and many analysts saw it as a symbolic stop for Hu. However, for Cuba, China has become a significant post-Soviet lifeline. As Cuba's fourth-largest trading partner, China provides credits for rice, television sets, electronic components and other products, according to the New York-based U.S.-Cuba Trade and Economic Council.

Chinese diplomats in Havana would not say what accords might be signed during Hu's visit, but analysts predicted they could include investments to boost Cuba's nickel production and exchanges in the biotechnology sector.

While China has managed to straddle two worlds, capitalist and communist, Cuba is unlikely to do the same, analysts say.

"China is doing everything [Fidel] Castro refuses to do," said Harvey Nelsen, professor of international studies at the University of South Florida and a former U.S. Defense Intelligence Agency analyst specializing in China. "There is no way [Hu] would bother visiting an island like Cuba except for the fact it is a Leninist system and they share that ideology."

China's connections with Cuba date to the 1840s, when Chinese laborers arrived on the island to work on sugar cane plantations. They helped fight the Spaniards in Cuba's war of independence and established a bustling commercial center near Havana's capitol building. By the early 1900s, Havana's Chinatown, or Barrio Chino, was the largest Chinese outpost in Latin America.

Today, fewer than 400 Chinese immigrants remain in the Barrio Chino. Most are in their 70s and have seldom journeyed back to their homeland -- a country they now barely recognize for its economic boom.

In Havana's Chinatown, many knew little about Hu, his policies or his impending visit, but they hoped the trip would produce closer ties between two of the last remaining communist states.

"Cuba and China have had a relationship for 100 years," said Rolando Chiong, 71, who moved to Cuba in 1950 and has only once returned to China. "They have history. Now this increases the friendly relations."

**Reuters Americas**  
**London, United Kingdom**  
**16 November 2004**

## **U.S. steps up policing food trade to Cuba-sources**

By Marc Frank, Reuters

HAVANA, Nov 16 (Reuters) - The Bush administration has delayed some Cuban payments to U.S. food exporters to investigate compliance with rules governing sales to Cuba under an exception to the four-decade trade embargo, trade sources said on Tuesday.

They said the U.S. Treasury Office of Foreign Assets Control (OFAC), which enforces sanctions against the Communist nation, is preparing new guidelines for the growing food sales to Cuba.

Nerves are frayed on both sides of the Florida Straits with exporters and importers worried the Bush administration, which has stepped up actions aimed at depriving Cuba's government of hard currency, may introduce more stringent payment procedures.

"The U.S. banks have been delaying some payments as Treasury checks cargo status and other requirements," a source deeply involved in the food trade said.

"They sometimes rule a company is not in compliance, but issue a special license allowing the payment to go through," he said, asking his name not be used.

A U.S. Treasury Department spokeswoman declined to comment on the payments issue involving food trade with Cuba.

In 2000 the U.S. embargo was modified to allow agricultural sales to Cuba, though only on a "cash in advance" basis.

Cuba has since purchased more than \$800 million in cereals, grains, poultry and other products, becoming the United States' 21st largest agricultural market. The food trade has made the United States Cuba's seventh largest trading partner, despite hostility from the Bush administration.

But ships often arrive before Cuba has completed complex paperwork through banks in third countries and the cargo sits on board or in containers unloaded but not released to the Cubans by the shipping company until the payment is made.

For the U.S. Treasury allowing goods to sit on a Cuban dock for a few days or even hours is tantamount to giving Cuba credit, several sources in the food trade said.

The Cuban food import agency Alimport insists delays are the fault of U.S. regulations that oblige Cuba to wire funds through banks in France, Canada and other nations, and ships from nearby U.S. Gulf ports arrive before transactions can be completed.

Alimport has to pay shipping companies for keeping goods on boats anchored off-shore, which has added an additional \$10.2 million to freight costs, the agency's President Pedro Alvarez said.

"There has been no credit. The best way to resolve payment delays would be to allow direct banking relations between the two countries," Alvarez told Reuters. "That would allow us to pay in two or three hours instead of days," he said.

John Kavulich, whose U.S.-Cuba Trade and Economic Council monitors trade with Cuba, said Washington has permitted "cash in advance" to be defined as "cash against documents" which allows for a 72-hour payment period between the arrival of goods in Cuba and receipt of payment by the exporter. But Cuba has been "pushing the envelope" and increasingly exceeding the 72 hours, he said.

"The Bush administration has a two-pronged strategy relating to Cuba. First, use whatever regulatory means possible to lessen the availability of foreign exchange to the government of Cuba. Second, use whatever regulatory means possible to increase the cost to Cuba of the products and services it buys," he said.

Some sources in the trade worry the Bush administration may insist Cuba pay for agricultural products before they leave U.S. ports, which might be unacceptable to the Cuban government.

"The Egg and Poultry Industry has sincerely and gratefully appreciated the Cuban business which has helped during it's current economic downturn," said David Radlo, president of Radlo Foods LLC, which sells eggs to Cuba.

"We are hopeful that the administration will allow us to continue to be able to trade with Cuba in the current fashion so that we can keep this important market open for the short and long-term," he said. The company is located in Watertown, Mass.

# ABC World News Tonight With Peter Jennings

New York, New York

5 November 2004

[ABC News' Lisa Stark filed this report for World News Tonight]



## A Cancer Drug's Long Journey From Cuba

### What It Took to Bring a Promising Lung Cancer Drug to U.S.

When the president of a small California biotech firm heard of a promising new treatment for lung cancer, he was intrigued. "It stimulates a very strong immune response in patients," said David Hale, CEO of CancerVax Corp.

There was just one hitch -- the drug, referred to as SAI-EGF -- is made in Cuba as part of Fidel Castro's \$1 billion biotech program. Still, Hale was determined to bring the drug to the United States. "I had no idea what an overwhelming task this was going to be," he said.

In early testing, SAI-EGF prolonged the lives of those with advanced lung cancer by as much as eight months. The drug triggers the body's own immune system to fight the tumor and slow its growth. Scientists hope it may also be effective in treating breast and other cancers. Cuban scientists were willing to help Americans gain access to the drug.

"There is no reason why scientists here and there cannot cooperate," said Dr. Augustin Lage, director of the Center of Molecular Immunology in Havana, which developed the drug.

But in order for the drug to come to the United States, the State Department had to recommend that an exception be made to the 44-year-old U.S.-Cuban trade embargo. The Treasury Department later approved that request. The deal came together just as the Bush administration was getting tougher on Cuban trade.

"The Bush administration doesn't want to do anything to validate the [Cuban] revolution, whether it be public relations terms or financial terms, and that was the quandary with CancerVax," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

CancerVax hired lobbyists to build political support. Their pitch hit home with many. Among the top-level decision-makers at the State Department, two had recently lost relatives to lung cancer. "A lot of the people that might normally be opposed to such a transaction actually were supportive of our efforts to bring the product into the U.S.," said Hale.

The U.S. government did not want the Cuban government to benefit from the sale of the drug. So instead of paying \$6 million in cash for the drug, CancerVax was told to pay in food and medical supplies. For Castro, the deal was the perfect opportunity to show the world that Cuba had something the United States wanted. After years of effort, CancerVax hopes to begin clinical trials next year. If all goes well, and the drug is approved by the U.S. Food and Drug Administration, it may be on the market by 2009.

# The Miami Herald

Miami, Florida

2 November 2004

## TRADE

### Cuba, U.S. firms ink deals

BY VANESSA ARRINGTON

Associated Press

HAVANA - Cuba formally agreed Monday to buy 100 head of American dairy cattle, worth \$300,000, and \$10 million in wheat and meat products from the southern United States, launching a round of deals for U.S. farm products projected to reach \$150 million.

Signed during a major international trade fair in which American businesses played a starring role, the announcements came on the eve of a U.S. presidential election whose outcome could alter relations between the two countries.

"We're all committed to cooperation," said rancher John Parke Wright of J.P. Wright & Co. "What we represent are good relations, fellowship and free and open trade."

Wright's Naples ranch is to ship the cattle to Cuba from Vermont. The \$10 million deal was with Louis Dreyfus of Georgia for wheat, chicken and pork.

Other U.S. companies with stands at the weeklong International Fair of Havana included Archer Cargill of Minnesota, Daniels Midland of Illinois and Tyson Foods of Arkansas. Together, those agribusiness giants have made a large percentage of the American farm sales since 2001, when Cuba began taking advantage of an exception to the U.S. trade embargo that allows the transactions on a cash basis.

Supporters of the sales on both sides of the Florida straits were closely watching the lead-up to today's elections for clues about future trade.

Democratic contender U.S. Sen. John Kerry has said he will maintain more than four decades of trade sanctions against Cuba if elected president. Still, many here believe changes in U.S. policies toward Cuba to be likelier with him in power. President Bush has steadily tightened restrictions on the island nation.

Over the past three years, Cuba has contracted to buy more than \$900 million in U.S. farm goods, including shipping and hefty bank fees to send payments through third nations.

As of Sept. 1, U.S. food producers had received \$704.3 million from Cuba for the cumulative deals, minus the extra costs, according to the U.S.-Cuba Trade and Economic Council.

# Reuters Americas

London, United Kingdom

1 November 2004

## Cuba says foreign trade up 20 percent

By Marc Frank, Reuters

HAVANA, Nov 1 (Reuters) - Cuban Trade Minister Raul de la Nuez said trade increased 20 percent this year through October, despite a tougher U.S. embargo, as he opened Havana's international trade show on Monday.

"This year exports increased 34 percent through October and imports 15 percent for an approximate increase of 20 percent compared with the same period last year," de la Nuez said. Trade was \$6.280 billion in 2003, according to preliminary figures, of which \$1.655 billion was exports and \$4.625 billion imports.

"Nickel has benefited from higher prices and a slight increase in production," the Foreign Trade Minister told Reuters, adding that better sugar prices and increased citrus, lobster and pharmaceutical exports also contributed.

De la Nuez said higher oil prices and increased food purchases and prices accounted for most of the increase in imports.

Nickel is Cuba's top export and was expected to garner at least \$1 billion this year, compared with around \$600 million in 2003. Fuel and food are Cuba's largest imports.

De la Nuez ripped into the Bush administration for tightening the U.S. embargo, while praising 247 Americans, from 125 U.S. agriculture companies, he said were participating in the trade show, twice as many as in 2003.

Since Cuba began purchasing U.S. agricultural products in 2001 for cash, under a 2000 loosening of U.S. sanctions, it has purchased \$834 million worth, making the United States its main food provider and 7th trading partner.

Around 90 percent of Cuban purchases have been for grains, cereal and poultry from a handful of U.S. companies.

"Illinois-based Archer Daniels Midland, Minnesota-based Cargill and Iowa-based FC Stone accounted for 65 percent to 70 percent of the business," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

Six other companies account for most of the remainder, according to Kavulich, whose New York-based group monitors U.S. trade with Cuba.

# Associated Press

New York, New York

1 November 2004

## Cuba Signs More Food Deals With U.S.

Communist Cuba on Monday signed contracts to buy 100 head of American dairy cattle for US\$300,000 (euro235,000) and US\$10 million (euro7.8 million) worth of wheat and meat products from the United States, launching a new round of deals for U.S. farm products projected to reach US\$150 million (euro117 million).

Signed during a major international trade fair at which American businesses were playing a starring role, the announcements came on the eve of a U.S. presidential election whose outcome could alter relations between the two countries.

"We're all committed to cooperation," said rancher John Parke Wright, of J.P. Wright & Co. "What we represent are good relations, fellowship and free and open trade." Wright's Naples, Florida, ranch, will be shipping the cattle to Cuba from Vermont.

The US\$10 million (euro7.8 million) deal was with Louis Dreyfus of Georgia for wheat, chicken and pork.

Other U.S. companies with stands at the weeklong International Fair of Havana were Archer Daniels Midland of Illinois, Tyson Foods of Arkansas, and Cargill Inc., of Minnesota.

Those agribusiness giants together have made a large percentage of the American farm sales since Cuba in 2001 began taking advantage of an exception to the U.S. trade embargo that allows the transactions on a cash basis.

Supporters of the sales on both sides of the Florida straits were closely watching the buildup to Tuesday's U.S. presidential elections for clues about future trade.

Democratic contender John Kerry has said he would maintain more than four decades of trade sanctions against Cuba if elected president. Still, many here believe changes in U.S. policies toward Cuba are more likely with Kerry in power.

U.S. President George W. Bush has steadily tightened restrictions on Cuba over four years

Over the past three years, Cuba has contracted to buy more than US\$900 million (euro704 million) in American farm goods, including shipping and hefty [bank](#) fees to send payments through third nations.

As of Sept. 1, American food producers had received US\$704.3 million (euro552 million) from Cuba for the cumulative deals, minus the extra costs, according to the U.S.-Cuba Trade and Economic Council, which tracks business between the two countries.

For the first eight months of this year, Cuba was placed at No. 22 of 225 foreign agricultural markets for the United States, according to the council. Last year, Cuba was No. 35.

# Associated Press

New York, New York

31 October 2004

## Cuba readies to sign more food deals

Just days before an American presidential election whose outcome could alter US-Cuba relations, communist officials were designing deals to buy \$US150 million (\$A201.48 million) more in corn, wheat, cattle and other American farm products at a trade fair opening Monday.

Agribusiness giant Archer Daniels Midland of Illinois, Tyson Foods of Arkansas, Splash Tropical Drinks of Florida, Marsh Supermarkets of Indiana and White Rose Foods of New Jersey were among 125 American companies participating in the weeklong International Fair of Havana.

"This is happening at a crucial moment, during elections in the United States," Pedro Alvarez, chairman of the Cuban food import company Alimport said Saturday after inspecting stands at the exposition centre where the Americans will display food samples.

"Many companies and their people will come after the elections," so they don't miss the chance to vote Tuesday, Alvarez said. Alvarez declined to talk about the US presidential candidates or express a preference.

Democratic contender John Kerry has said he would maintain more than four decades of trade sanctions against Cuba if elected president. But many on the island believe any change to reverse the US government's increasingly tough policies on Cuba would be more likely with Kerry in the White House.

US President George W. Bush has steadily tightened restrictions on Cuba over the past four years, making it virtually impossible for most Americans to travel here legally, and tightening loopholes through which US dollars have filtered into the country despite sanctions.

"They think that if Bush is re-elected it will be much more difficult to use the (American) food sales and agricultural sales to influence policy toward Cuba," said John Kavulich, president of the US-Cuba Trade and Economic Council, which tracks business between the two countries. Lawmakers in American farm states have lobbied on behalf of their constituents for an easing of the US sanctions.

"A victory by Kerry could be seen as an opportunity for change, or at least the reversal of additional restrictions put in place over the summer," Kavulich added.

While the four-decade old trade embargo hurts Cuba," it also has a serious impact on Americans, too," Alvarez said. Under an exception to the US sanctions, American food may be sold directly to Cuba on a cash basis.

Since Cuba began taking advantage of the exception in 2001, it has contracted to buy more than \$US900 million (\$A1.21 billion) in American farm goods, including shipping and hefty bank fees to send payments through third nations.

As of September 1, American food producers had received \$US704.3 million (\$A946.0 million) from Cuba for the deals, minus the extra costs, the trade and economic council said in its most recent newsletter.

As of the first eight months of this year, Cuba was placed at No. 22 of 225 foreign agricultural markets for the United States, Kavulich said. That is way up from last year, when Cuba was placed at No. 35 for foreign agricultural markets.

The Cuban government's announcement last week that it was eliminating US dollars from general circulation on the island will have no impact on the sales, said Alvarez.

He said the move to replace American money with a local currency called the convertible Cuban peso, and discourage importation of more dollars will not affect the island's ability to pay for American food and other imports with other types of foreign exchange, such as the euro.

Those payments are made through banks in third countries such as France - because the embargo prohibits payments directly to the United States - they are often more easily made in other euros or other foreign currencies anyhow, Alvarez said.

The more than 200 Americans expected later in the week from 26 states, Puerto Rico and Washington are among more than 1,000 business people from 45 countries that have signed up to participate in the fair. The state with the largest participation is Florida, with 27 companies represented.

Other countries showing a wide range of products at the trade fair include China, Brazil, Argentina and Venezuela.

# Key West Citizen

Key West, Florida

30 October 2004

## **Court dismisses Cuba travel case**

**Attorney: Prosecution of Conch Republic Regatta organizers created 'chilling effect'**

BY SCOTT FUSARO

Citizen Staff

KEY WEST — A judge dismissed federal criminal charges Friday against a pair of Key West residents accused of trading with the enemy for organizing a regatta with stops in Cuban ports last year.

While the ruling cleared defendants Peter Goldsmith and Michele Geslin, Goldsmith's attorney Mario Cano said he believed the prosecution had succeeded in "causing a chilling effect on travel to Cuba."

The federal indictment handed down in June charged that Goldsmith and Geslin collected registration fees from participants in their Conch Republic Cup sailboat race, spent the money on T-shirts, trophies and parties, and selected Cuban ports for the regatta course without a government license required of "travel service providers" to Cuba. Judge James Lawrence King of U.S. District Court for the Southern District of Florida ruled that the indictment failed to show that organizing the regatta resulted in any financial benefit to the communist country that has been under a U.S. trade embargo for more than 40 years.

"The indictment does not allege that defendants used the registration fees in a transaction or trade with Cuba, provided transportation to Cuba or that defendants provided lodging in Cuba. ... The non-commercial, independent travel activity alleged in this indictment is insufficient to charge defendants as 'travel service providers,'" he wrote. King allowed the government to seek new charges against Goldsmith and Geslin, however.

An official with the U.S. Attorney's Office for the Southern District of Florida said the government would examine the ruling. "We have no comment at this time other than to say that we are in the process of reviewing the order and exploring our options under the law," said the official, Carlos Castillo, the U.S. attorney's special counsel for public affairs.

Cano said his client and Geslin had been advised not to discuss the ruling because of the possibility that new charges could be brought. While the ruling cleared the pair of charges for organizing a trip to Cuba, Cano said he does not expect others to encourage travel to the island in such a fashion. "From a limited legal perspective, it may encourage people to engage in that practice. From a practical matter I don't see many people, if any, doing so, and that indeed is the chilling effect that the Office of Foreign Assets Control was looking for," he said, referring to the U.S. Treasury Department office that monitors transactions with Cuba.

John Kavulich, president of the nonpartisan U.S.-Cuba Trade and Economic Council, said the ruling could have little significance on U.S. policy toward Cuba if President Bush is re-elected Tuesday.

"The goal of the Bush administration is to discourage, and the more that U.S. citizens see the U.S. government devoting resources to discourage, the expectation is for citizens to be less interested in taking the risk and incurring the legal costs," he said.

Democratic presidential candidate John Kerry has opposed Bush's recent restrictions on Cuban-Americans' financial support to their families in Cuba, but how much Kerry might loosen sanctions on the island depends on what the South Florida Cuban community will tolerate, Kavulich predicted.

"That decision will rest primarily upon what the voters of South Florida do at the polls next Tuesday," he said.

# The Guardian

## London, United Kingdom

### 27 October 2004

## Cuba ends affair with American dollar

Giles Tremlett and agencies in Havana

Fidel Castro has ended Cuba's decade-long, bitter-sweet romance with the dollar. The announcement that US currency notes will in a fortnight no longer be accepted as payment in the country marks a radical change.

Cubans have become used to shopping for all but basic goods with the greenback. Now they, tourists and others on the island can longer pay for anything in dollars cash, though bank transfers will still be legal.

Mr Castro, 78, with one arm in a sling, appeared in uniform on state television to inform Cubans of the changes, five days after a fall had left him with a fractured knee and arm.

He blamed the decision on the US administration of George Bush, citing restrictions placed recently on dollar remittances to Cuban families by Cuban American relatives, and attempts to prevent international banks providing Cuba with dollars (the Cuban peso cannot be used for international trade). "The empire is determined to create more difficulties for us," Mr Castro said.

He said that it would not be illegal to hold dollars but, as from November 8, these would have to be exchanged for pesos to be spent, and there would be a 10% commission. "As of November 8, the dollar will not be accepted in our shops, which will only take convertible pesos," a central bank statement explained.

The euro and other currencies, accepted in some resorts, will also have to be exchanged but will not carry the 10% commission. With an estimated \$1bn a year (£540m) sent home, the commission could net the Cuban state up to \$100m. Mr Castro, however, suggested that emigrants might like to switch to the euro, the pound, or the Swiss franc.

"In the short term, there may be a slip in the remittances," John Kavulich, the president of the US-Cuba Trade and Economic Council, told Associated Press yesterday.

The dollar was legalised in 1993 after the fall of the Soviet Union put the island in economic crisis and forced it to open up to tourism and foreign investment.

It is unclear just how willing ordinary Cubans will be to part with their coveted greenbacks. Observers speculated that a vigorous black market currency exchange may spring up, and that the island's black market in cigars and other goods may continue in dollars.

Cuba took the first step to curb the dollar last year when it banned state corporations from using it as hard currency in their domestic transactions with each other, and said dollar export earnings had to be sold to the central bank.

Mr Bush, meanwhile, launched a strategy in May to undermine Mr Castro's regime by tightening restrictions on travel by Cuban Americans and on the amount of dollars they could take home. The US federal reserve decided the same month to fine the Swiss bank UBS \$100m for allegedly sending dollars to Cuba, Libya, Iran and the former Yugoslavia in violation of sanctions.

Mr Castro, who has outlasted nine US presidents and survived the demise of the Soviet Union, said that Cuba's socialist system would prevail: "The destiny of this country was decided long ago and nothing can intimidate us." Cuba has been seeking to draw attention to a UN vote due tomorrow over the US trade embargo on the island, imposed in 1963 following the abortive Bay of Pigs invasion backed by the CIA.

# Sun-Sentinel

## Fort Lauderdale, Florida

### 27 October 2004

## Cuban-Americans angry over change

By Madeline Baró Diaz  
Miami Bureau

MIAMI · Cuban-Americans who send money to relatives in Cuba were incensed by Fidel Castro's announcement halting widespread use of the U.S. dollar in the island nation, saying the measure will hurt Cuban families.

"We do not know anything about how this will work," said Eddy Millan Jaime, who arrived from Cuba recently with his wife and two daughters and was hoping to send money back home soon. "Our families are dying over there."

Even Cuban-American families who are used to sending as much as \$300 every three months, the maximum allowed under U.S. Treasury regulations, were unsure what Monday's announcement means for them. Agencies that handle the remittances were at a loss.

Mario Romero, owner of Cojimar Express Services, an agency in Hialeah, said he fielded calls all day Tuesday from people wanting to know what the announcement meant.

"I have argued with some callers. With others, I have kept quiet. With others, I have explained what I could," he said. "I still don't know anything."

Western Union also was reviewing how the policy change will affect its operation spokeswoman Sherry Johnson said. "It's a little bit premature for us to be responding to this," Johnson said.

Beginning on Nov. 8, Cubans on the island will have to pay a 10 percent commission to convert their U.S. dollars to convertible Cuban pesos, but would not have to pay extra to convert euros or other foreign currency. The Cuban government advised Cubans to have their relatives send remittances in non-U.S. currency.

But Tomas Garcia Fuste, a Cuban exile TV and radio talk show host who regularly sends money to a 61-year-old brother in Cuba who is ill, said sending foreign currency to Cuba is ridiculous. "How am I going to send euros to Cuba?" Garcia Fuste said. "I live in the United States. I am going to help my family, but I am not going to conspire with the Cuban government."

U.S. Treasury Department spokeswoman Molly Millerwise said there is no prohibition on sending foreign currency to Cuba. Only the dollar value of the currency would be limited, she said.

Still, it was uncertain what would be a better deal -- hunting around for a bank or agency in the United States with a good exchange rate and low service charge on foreign money or sending dollars to Cuba and paying the 10 percent surcharge.

John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, predicted there would be an initial dip in remittances to Cuba, but that would pick up again, particularly since the holidays are approaching.

"The Cuban government was shrewd to announce this right before the holidays," he said. "Family trumps unpleasant actions by a government, and the Cuban government knows this. They know there's a lot of elasticity with emotion."

While many Cuban-Americans disagreed on whether to blame Castro's government or the Bush administration for the latest development, they agreed that their family members on the island would get the short end of the stick.

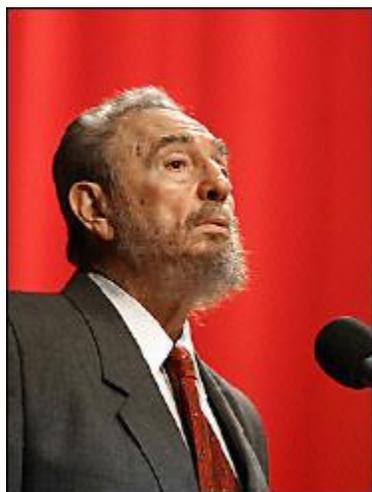
"Once again, the people will pay the price," said Silvia Wilhelm, executive director of the Cuban-American Commission on Family Rights, which opposes restrictions on travel to the island. "They always do."

# Agence France Presse

Paris, France  
26 October 2004

## Cuba nets short-term cash-flow taking dollar out of circulation, eyes US vote

WASHINGTON (AFP)



Communist Cuba's taking the US dollar out of circulation will net it some needed liquidity while the move's timing seeks to cash in on international political prime time: the looming US presidential vote, analysts said.

President Fidel Castro, 78, in his first public appearance since breaking an arm and a leg in a fall last week, announced late Monday transactions in US dollars would be banned from November 8 as a response to "mafia-like" US moves on restricting remittances destined for Cuba.

But he did not mention that ending the free circulation of the dollar on the island -- legal since 1993 -- could come as an economic band-aid for a cash-strapped and isolated government that buys its imported oil and food in hard currency on world markets.

"The explanation they give is neither convincing nor clear. It is an official excuse for an urgent need for dollars," said Uva de Aragon, Associate Director of the Cuban Research Institute at Florida International University in Miami.

"Ten years of dollarization had opened a little space for Cubans, as they say over there, to get by or do a little business. And this puts an end to all that," she said.

"In the short run it is going to help the Cuban government, but in the long run it is going to have negative effects for the people and possibly for the government."

The US dollar no longer will be able to be used as local currency in transactions and was to be substituted for by the local "convertible peso." It is worth one dollar inside Cuba, but has no value on world markets.

Cubans whose relatives send them a total of more than 800 million dollars every year, as well as tourists -- stars of Cuba's main hard-currency earning industry worth two billion-dollars -- will have to make purchases in Cuba in convertible pesos. Hard currencies go to the government.

For John Kavulich of the New York-based US Cuba Trade and Economic Council, a non-partisan information



clearinghouse on Cuba and business, the currency rule changes "may gain them some short term liquidity. But the question than is what does the government do with it?"

"Commercial and economic models are only functioning because of the largesse of third parties ... China has given grants, substantial financing, payment terms, commercial economic and financial assistance. And of course (ally and oil supplier) Venezuela, that is well known. Their indebtedness to Venezuela may exceed one billion dollars," Kavulich said.

Cuba has "tied it to the US presidential election, which is unfortunate. Because commercially economically and politically, it does make sense for government to say we don't want a third country currency as the preferred medium for exchange in their country.



"It makes sense ... But in Cuba's case, their decisions always have this overt political context that relates to the United States. And to say that actions by the US government are THE reason for this decision is misleading at best," Kavulich said.

Cuban citizens will still be able to possess a certain amount of US dollars, but using them in commercial transactions or in retail will be banned, a Cuban central bank statement said.

If they want to shop at special stores that sell goods for foreign currencies, they will have to convert their dollars to convertible pesos at a rate of one for one. But there will be a 10-percent tax imposed on each transaction involving US dollars.

"Cubans are going to have a lot of reservations about exchanging their money. A lot of people are saving up to leave, or to do something, and the 10 percent tax is going to keep some people from exchanging all their dollars," said de Aragon.

"The black market will be back. Things are getting more and more complicated, more and more closed off."

Kavulich underscored the importance of the political timing of the Cuban announcement, just ahead of the November 2 US presidential vote, taking effect just after it. He said Cuba may hope for a Kerry win which might lead to reversal of restrictions imposed by US President George W. Bush on Cuban-American travel, remittance and expenditure restrictions.

"We think that this move is yet another indicator that Castro is refusing to do what's best for his own people. It shows that he's cynically trying to preserve a bankrupt regime at his people's expense," State Department spokesman Adam Ereli said.

"We see it as a confiscatory measure that demonstrates that President (George W.) Bush's policy is working. It's squeezing the regime and causing them to take extreme measures that underscore its own inherent weaknesses," Ereli added.

In 1993, in the midst of economic free-fall on the heels of the collapse of the communist bloc, Cuba legalized free circulation of the dollar. Havana then in 1995 created the "convertible peso" to fill the gap between supply and demand for greenbacks on the island, a mechanism that until now funneled some -- but not all -- local greenbacks into government hands.

# The Associated Press

New York, New York

26 October 2004

HAVANA (Oct. 26) -- Moving to wean its communist economic system from the U.S. currency, Cuba said that dollars will no longer be accepted at island businesses and stores in a dramatic change in how commercial transactions have been done here in more than a decade.



Fidel Castro, his arm in a sling, is seen on television Monday. (AP/Cuban TV)

The resolution announced Monday by Cuba's Central Bank seemed aimed at finding new sources for foreign reserves and regain more control over its own economy as the U.S. government steps up efforts to prevent dollars from reaching the island as part of a strategy to undermine Fidel Castro's government. Cuba's national currency, the peso, cannot be used with international partners.

"Beginning on November 8, the convertible peso will begin to circulate in substitution of the dollar throughout the national territory," Castro said in a written message read by his chief aide Carlos Valenciaga.

In his message, Castro asked Cubans to tell relatives living abroad to send them money in other foreign currencies, such as euros, British sterling or Swiss francs.

The move was likely to hurt mostly those Cubans who receive American dollars from relatives living in the United States. Cubans and others on the island can still hold dollars in unlimited quantities and can change them into pesos before the new policy takes effect. But they will have to pay a 10 percent charge to exchange dollars afterward. There will be no such charge on changing other foreign currencies, such as Euros, into convertible pesos.

"In the short term, there may be a slip in the remittances," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which tracks business between the two countries. Some estimates on annual remittances to Cuba are as high as \$1 billion.

"But going into the holidays, people in Miami and New Jersey won't want the holidays for their families on the island to be even more miserable," he said, predicting remittances from those major Cuban American communities would pick up again, despite the difficulty of sending them and the 10 percent charge.

Kavulich said the timing of the announcement seemed aimed at drawing attention to Cuba shortly before the U.S. presidential election.

"The Cuban government is hoping that Kerry will win and that by announcing this a week before the election it will keep Cuba in the news and relevant," said Kavulich.

He said that because Havana is blaming this new economic measure on the American sanctions, the debate over the U.S. trade embargo will be in the public eye when the elections occur.

Cuba also has been seeking to draw attention to the U.N. vote scheduled for Thursday on condemning America's trade embargo against the communist nation.



AP: Cuban women in Havana watch Castro's speech.

"The trick will be to force Cuban citizens to accept the Cuban convertible peso and be just as comfortable putting them in their mattress as their dollars," Kavulich said.

The U.S. dollar has been a primary form of currency in Cuba since the early 1990s, when the island government was forced to implement liberal reforms to cope with the loss of Soviet aid and trade. The possession of dollars was legalized in 1993 to draw hard currency from tourism and from family purchases at state stores. The government said the change is necessary to protect its economy as the administration of President Bush seeks to punish banks and businesses that ship American dollars to Cuba, which has been under a U.S. trade and financial embargo for more than 40 years.

Earlier Monday, the U.S. Treasury Department announced in Washington that it had identified an electronic money transfer business that it suspects is linked to Cuba and thus will not be allowed to do business in the United States.

It alleged that the company, Sercuba, allows people in the United States to send money to Cuban nationals via a third country or through Sercuba's Web site in violation of the U.S. embargo.

Castro looked animated, despite the bright blue sling he sported over his olive green uniform to support a broken right arm. Castro has made a point of remaining involved in government affairs since accidentally falling Wednesday at a speech, also shattering his left kneecap.

The measure was tied to the U.S. Federal Reserve's decision in May to fine Switzerland's largest bank, UBS AG, \$100 million for allegedly sending dollars to Cuba, Libya, Iran and the former Yugoslavia in violation of U.S. sanctions against those countries. UBS agreed to pay the fine without admitting the allegations. The U.S. embargo was imposed in 1963 in the wake of Fidel Castro's defeat of the CIA-backed assault at the Bay of Pigs two years earlier. Americans are barred from traveling to the Caribbean island nation except with a U.S. government waiver.

# **Sun-Sentinel**

## **Fort Lauderdale, Florida**

### **26 October 2004**

## **Castro bans use of dollars in Cuban stores, businesses**

By Vanessa Bauza  
HAVANA BUREAU

HAVANA · More than a decade after legalizing the use of U.S. dollars on the island in an effort to capture hard currency, the Cuban government announced on Monday that the dollar will no longer be valid in stores, hotels and other businesses as of Nov. 8.

With his fractured arm in a sling, President Fidel Castro joined Cuba's Central Bank president and several high-ranking members of government to announce the decision during a three-hour television program Monday night.

Castro broke his arm and shattered his knee when he tripped and fell last week, but said Monday's announcement was too important to let the accident keep him away.

U.S. dollars will not become illegal, as they were before 1993. But beginning Nov. 8, Cubans and foreigners will have to change dollars into a currency known as the convertible Cuban peso. After that date, a 10 percent commission will be charged at banks or changing houses.

The government said the measure was necessary to protect its economy after stepped-up measures by the United States to punish banks that ship dollars to Cuba.

Monday's announcement stirred anxiety among those who depend on dollar remittances sent by relatives abroad to supplement their monthly \$10 salaries or minuscule retirement checks. "The Cuban government is saying from now on, whether you like it or not ... we are going to require you to show faith and confidence in our peso, our currency," said John Kavulich, president of New York-based U.S.-Cuba Trade and Economic Council.

Kavulich predicted there would be a temporary dip in remittances to Cuba "as families in [the United States] want to express their outrage, but that will be short-term because we are getting into the holidays," he said.

The Central Bank statement said Cubans who receive cash remittances from abroad should urge their families to send Canadian dollars, British pounds, Euros or other currencies, which will not be charged a commission when changed into Cuban convertible pesos.

Information from The Associated Press was used in this report.

# The Burlington Free Press

Burlington, Vermont

22 October 2004

## Exchange program cancellations hurting travel businesses

By Shawn Turner  
Free Press Staff Writer

Cuba used to be a lucrative business for the Burlington travel businesses American Expedition and Music-Contact International Inc. Not anymore.

Music Contact set up travel arrangements for choral groups between America and Cuba so Americans could perform in the communist country and Cuban groups could perform in America. American Expedition, meanwhile, allowed Americans a chance to visit Cuba to take in the island nation's culture.

The U.S. Treasury Department has halted such "cultural exchange" programs, thus stopping those parts of the two company's businesses.

Manfred Hilker, vice president of Music Contact and president of American Expedition, said the federal decision is costing him millions in lost revenue. Hilker said he has asked Gov. Jim Douglas to petition President Bush to allow such programs -- canceled last year -- to resume. In the meantime, the lost revenues mean Hilker cannot fill vacant job positions. "Right now," he said, "our revenue with Cuba is zero, of course. Cuba is such a unique destination and a unique market for us. It's not possible to rebuild it."

The Treasury Department nixed the exchange programs, which began in 1999, saying that some - including business consultants -- were abusing the program and using them as personal vacations, according to department spokeswoman Molly Millerwise. She said the cancellations will help "keep money out of Castro's hands." Trips to Cuba are still allowed for humanitarian reasons, journalism, family travel, academic research and other purposes, she said.

Hilker is particularly upset given that the state recently touted a new \$7 million deal to send apples, cows and nonfat powdered milk to Cuba at the same time his Vermont-based business with Cuba is being ignored -- and lost.

John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, said even if Douglas appealed to Bush to lift the new restrictions, "that isn't going to happen," Kavulich said, explaining that the Bush administration has been applying more economic and political pressure on Cuba in recent months. No more than 23,400 people subject to U.S. law used the programs in 2003, Kavulich said. He said the programs were doomed by several "two-bit hustlers" who manipulated the system. "It's tragic," he said. "It's almost comedic in its sadness."

Hilker said the cultural exchange programs are worthwhile. "If you sing with a choir in Cuba, the common bond ... can reach over any political difficulties we have," he said.

# The Christian Science Monitor

Boston, Massachusetts

21 October 2004

## Cuban trade embargo? Not for Vermont cows.

**Amid debate over trade sanctions, a little-known exception allows farm exports, like apples and milk.**

By [Sara B. Miller](#) | Staff writer of The Christian Science Monitor

They share a rural identity - one is a spread of rolling farms, the other of tropical plantations. They boast of their collective resourcefulness - one endures the harsh winters of the Northeast Kingdom, the other the unreliability of ancient cars and empty grocers. Now their relationship has become formal: Vermont expects to send its first shipment of dairy cattle to Cuba at the beginning of next year. The move is part of a \$7 million deal that would bring cows, powered milk, and apples - among the makings of the Vermont brand - to the Caribbean nation. Maple syrup and cheddar cheese could be next.



MOOVING TO THE CARIBBEAN: Holstein cows, such as these at Vern-mont Farms in Vernon, Vt., may be sold to Cuba. Vermont is one of a number of states that sell goods to the island nation.

JOHN NORDELL - STAFF

A pioneer in everything from civil unions to Canadian drug imports, Vermont is making its move on the heels of a number of states that have broken into a market long blocked by US foreign policy. More than 40 years after the embargo was formed and sustained through 10 administrations, the United States has become the No. 1 supplier of food to Cuba. Even as the Bush administration continues to tighten the money flow into the nation, US soybeans, peas, apples, and gum, stubbornly make their way through.

"The amount of commerce has gotten pretty substantial," says William LeoGrande, dean of the School of Public Affairs at American University in Washington. "Cuba and the US are natural trading partners, and if the embargo were lifted, the amount of trade between [them] would be enormous." What's more, the support for such trade comes from an unlikely source: Republicans, who are putting pragmatics above politics. "Farm-state Republicans have led the charge on this," says Dr. LeoGrande.

By 2000, with pressure from political leaders and their constituents, President Clinton signed a bill authorizing the US to sell food to Cuba. There are stipulations: Trade is one-way and cash

only. President Fidel Castro Ruz initially balked, calling the policy discriminatory - until hurricane Michelle ravished the nation in 2001.

The first US ship arrived in the port of Havana that December. Since then some 35 states have sent off any number of products. There is some disagreement over the dollar amounts, but John Kavulich II, president of the US-Cuba Trade and Economic Council in New York, puts Cuba's purchases at \$139 million by the end of 2002. In 2003, that number had jumped to \$257 million. As of September of this year, they had purchased \$277 million, says Mr. Kavulich.

Vermont's agriculture secretary, Steve Kerr, will travel to Cuba in early November to finalize selling 50 Holstein and 50 Jersey heifers. He also hopes to entice Cubans into buying the state's McIntosh apples and powdered milk.

Mr. Kerr says that many Vermonters had no idea that trade was permitted. "It's not on anybody's radar screen," he says. Aside from a few angry e-mails he says he's received from Cuban-Americans in south Florida, the deal has presented virtually no controversy in Vermont.

"I think it's wonderful, " says Pam Sweeney, a resident of Montpelier who formed the Vermont Cuba Coalition with friends after a trip there in 1989. Its purpose was educational, to get the Vermont public to see Cuba and Cubans as real and progressive, just like their Vermont counterparts. "Farmers are suffering in Vermont, and Cubans need food," she says.

Still, calls to end sanctions rankle some Cuban-Americans. And Frank Calzón, director of the Center for a Free Cuba in Washington, warns that sales are acceptable only as long as the US never sells to Cuba on credit. He worries that Mr. Castro would not pay back: "The American taxpayer would end up picking up the tab."

For many, however, the new Vermont deal is just another sign of a symbiotic relationship - from migration, to a shared currency, to a love for jazz rhythm and baseball - that cannot be artificially stunted. "Cuba is closer to the US than almost any other Latin American country," says LeoGrande. "It's amazing that despite all these years of government-to-government hostility, there is just such a close relationship people to people."

# El Nuevo Herald

Miami, Florida

4 October 2004

## Fuerte impacto de las medidas de Bush en los viajes a Cuba

WILFREDO CANCIO ISLA

Las restricciones impuestas por el presidente George W. Bush sobre los viajes a Cuba le han asestado un golpe demoledor a la industria de vuelos fletados, pero sus efectos económicos son apenas la fachada de un hervidero de tensiones políticas, ineficiencias burocráticas y dramas familiares que agitan hoy la comunidad de Miami.

Tres meses después de que la Casa Blanca pusiera en vigor las medidas que redujeron la frecuencia de visitas familiares y activaron un nuevo procedimiento para autorizar los viajes de cubanos y cubanoamericanos a la isla, el pasado 30 de junio, el panorama no puede ser más inquietante entre activistas políticos, empresarios y viajeros.

El eje de la crisis: la virtual paralización en el proceso de otorgamiento de las llamadas "licencias específicas" a los potenciales viajeros, algunos en situaciones extremas como la anciana Enma Cruz, que no pudo viajar para despedirse de su hija moribunda y aguarda aún por una respuesta oficial a su caso.

Desde que la Oficina de Control de Bienes Extranjeros (OFAC) del Departamento del Tesoro emitió el nuevo formulario de licencias, el pasado 2 de julio, apenas 70 personas han recibido la autorización entre los más de 4,000 solicitantes.

Las cifras de licencias otorgadas están siendo contabilizadas semanalmente por seis de las siete compañías de vuelos fletados que tienen autorización para realizar operaciones hacia Cuba. Los funcionarios de OFAC en Washington declinaron confirmar el número de otorgamientos y se limitaron a informar que desde el 1ro. de agosto han sido procesadas unas 1,500 peticiones. El procesamiento no implica que hayan sido aprobadas.

"OFAC está trabajando arduamente para agilizar el proceso de licencias relacionadas con viajes familiares a Cuba", afirmó Molly Millerwise, vocera de esa dependencia federal. Según Millerwise, OFAC considera el procesamiento de solicitudes como una prioridad y aspira a que en un futuro inmediato cada solicitante pueda recibir respuesta en un plazo de una semana.

Pero la ínfima cantidad de otorgamientos y las miles de respuestas aún pendientes no satisfacen a operadores de las compañías y agencias de viajes. "Es inadmisibile", comentó la empresaria María Teresa Aral, vicepresidenta de ABC Charters en Miami. "Para mí es como si estuvieran jugando con las personas". Aral considera que el propio formulario de OFAC es inconsistente respecto a los datos que solicita, lo que ha causado numerosos rechazos de peticiones y ha expandido la confusión.

Armando García, vicepresidente de Marazul, coincide en que OFAC está actuando deshonestamente y no cumple siquiera con sus propias regulaciones. "Han actuado con total falta de respeto hacia las personas", indicó García. "Nos dimos cuenta de eso desde que devolvieron la primera planilla".

Los procedimientos de OFAC están siendo fuertemente cuestionados. Muchas planillas han sido devueltas porque los solicitantes no responden la pregunta sobre la fecha de emigración de Cuba, en casos en que las personas han nacido en EEUU.

Otros no pueden responder acerca de la fecha del último viaje con la antigua licencia general, porque es la primera vez que tratan de ir a Cuba. En varios casos la negativa se debe a que no coincide el apellido de casada de la madre con el de un hijo menor de edad.

"Los casos son increíbles", señaló García. "El problema es que OFAC no dio instrucciones para llenar el formulario y es criminal que devuelvan el formulario seis semanas después porque la gente no da las explicaciones en una casilla donde sólo se les ha pedido una fecha". Millerwise evitó referirse a casos específicos, pero recomendó "solicitar las licencias con unas diez semanas de anticipación a la fecha prevista para viajar a Cuba".

Sin embargo, otros factores parecen gravitar sobre el funcionamiento de OFAC. Su director por 17 años, Richard Newcomb, renunció al cargo en medio de rumores sobre su descontento con la aplicación de las restricciones de viajes. Millerwise se limitó a decir que Newcomb permanecería en OFAC hasta el 1ro. de octubre y que a partir de ahora trabajará para un bufete de abogados. A Newcomb lo reemplazó Bob Werner, que anteriormente laboraba en OFAC como abogado para asuntos de inteligencia.

En tanto, la sede de OFAC en Miami --encargada de revisar las solicitudes-- se mudó de lugar a finales de septiembre. Funcionarios del Departamento del Tesoro confirmaron la mudanza a "otro lugar en el área de Miami-Dade", pero declinaron hacer más comentarios. El impacto sobre el negocio de los viajes a Cuba no se ha hecho esperar.

Aunque el número de vuelos semanales se mantiene alrededor de los veinte, la actual capacidad de asientos es apenas la mitad de los 1,700 disponibles hasta julio.

Las compañías han optado por contratar aviones más pequeños para paliar la drástica contracción de demanda. La mayoría de los pasajes vendidos en el último trimestre corresponden a delegaciones académicas y religiosas, y personas que regresan a la isla tras una visita familiar.

El número de vuelos semanales se ha reducido a nueve a La Habana, con 60 asientos cada uno, y otros siete con el mismo destino, pero con aviones para 18 pasajeros. A Cienfuegos, Camagüey, Holguín y Santiago de Cuba hay un vuelo semanal por ciudad, con aviones para 60 pasajeros.

"Pareciera que la intención es llevar a la bancarrota a todas las compañías envueltas en este negocio", comentó Aral, que ha tenido que despedir a diez empleados de ABC Charters, y reducirle el salario y los beneficios de salud a los restantes. El desempleo forzoso por las cuantiosas pérdidas económicas afectan por igual a compañías de flete y agencias de viaje.

"El golpe que representan estas restricciones para los vuelos charters es demoledor y pudiera llevar a pique a muchos negocios vinculados con los viajes a Cuba", pronosticó John Kavulich, presidente del Consejo Económico y Comercial EEUU--Cuba, con sede en Nueva York.

El ejecutivo apuntó también al efecto palpable de las medidas en la industria turística cubana. De acuerdo con el Ministerio de Turismo de Cuba, el número de viajeros a la isla se ha reducido en un 25 por ciento desde que Washington hizo efectivo el control de las visitas familiares este verano. Se estima que el pasado año unas 154,000 personas viajaron legalmente a Cuba desde EEUU, el 85 por ciento de ellas por motivos familiares.

# Granma Internacional

Havana, Cuba

6 October 2004

## Florida

### Heavy political and economic tension over Bush's anti-Cuba measures

THE restrictions imposed by President George W. Bush on travel to Cuba have dealt a devastating blow to the charter flight industry, but the economic effects are barely the façade of a hotbed of political tension, inefficient bureaucracies, and familiar dramas that are today shaking up the Miami community, according to El Nuevo Herald.

Three months after the White House implemented measures to reduce the frequency of family visits (June 30) and started a new procedure for authorizing Cuban visits to the United States and those to the island by Cuban Americans, the overall picture for political activists, businesses and travelers could not have been grimmer.

The heart of the crisis is the virtual paralysis in approving so called "special licenses" to potential visitors, some of whom are in extreme situations like that elderly Enma Cruz, who was unable to travel to visit her dying daughter and is still awaiting an official reply to her case, according to the newspaper.

Since the Treasury Department's Office of Foreign Assets Control (OFAC) issued new licensing forms on July 2, only 70 of the 4,000 applicants have been authorized to travel.

The figures for approved licenses are reviewed weekly by six of the seven charter flight companies who are authorized to do business with Cuba. OFAC officials in Washington have declined to confirm the number of approved applications and have limited information on the status of 1,500 petitions that they have received since August 1. The processing of applications does not in any way imply authorization.

"The OFAC is working hard to expedite the processing of licenses related to family visits to Cuba," affirmed Molly Millerwise, spokeswoman for this federal agency.

But the negligible number of applications approved and the thousands of pending ones are worrying the operators of travel companies and agencies.

"It is unacceptable," business owner Maria Teresa Aral, vice president of ABC Charters in Miami commented. "To me it is as if they are playing with people."

Aral believes that OFAC's own application forms are inconsistent in relation to the information requested, which has caused numerous applicants to be rejected and has added to the confusion.

Armando Garcia, vice president of Marazul, agrees that the OFAC is acting dishonestly and not meeting its own regulations.

"They have been acting with a total lack of respect towards people," Garcia stated. "We realized that from the first from the first list that they returned."

OFAC's procedures are highly questionable. Many lists have been returned because the applicants did not answer a question about their date of immigration from Cuba in cases where the applicants were born in the United States.

Others can not provide the date of the last trip they made under their general licenses because this is the first time that they are trying to go to Cuba. In some cases an application has been rejected because the mother's married name does not coincide with that of a child who is a minor.

"These cases are incredible," Garcia remarked. The problem is that the OFAC does not provide instructions on filling out the forms, and it is criminal of it to return forms six weeks later without any explanation just because people failed to explain something in a box that only asked for a date."

Millerwise avoided referring to specific cases but recommended "applying for licenses 10 weeks before the planned travel date to Cuba." However, other factors appear to influence OFAC's operations. Richard Newcomb, its director for 17 years, resigned from his post in the midst of rumors over his dissatisfaction with the implementation of travel restrictions. Millerwise only stated that Newcomb will remain at OFAC until October 1, when he leaves to work for a legal practice. Newcomb has been replaced by Bob Werner, who previously worked for OFAC as an attorney on intelligence matters.

In addition, at the end of September, the OFAC headquarters in Miami, responsible for reviewing applications, moved its offices. Officials from the Treasury Department confirmed a move to "to another location in the Miami-Dade area," but declined to make any further comment.

The impact on the travel industry to Cuba was immediately visible. Although the number of weekly flights is still around 20, the actual seat capacity on the flights is scarcely half the 1,700 seats available up to July. Companies have decided to use smaller planes to offset the enormous drop in demand. The majority of tickets sold in the last three months went to academic and religious groups and to people returning to Cuba after a family visit.

The number of weekly flights to Havana has been reduced to nine with 60 seats available on each flight. There are another seven flights to Havana but on 18-seater aircraft. There is one weekly flight to Cienfuegos, Camagüey, Holguín, and Santiago de Cuba with 60 seats available on each flight.

"It appears that the intention is to bankrupt all this business's flight companies," commented Aral, who has had to lay off 10 ABC Charter employees and has reduced wages and health care benefits for the rest of the employees." The forced unemployment caused by substantial economic losses is equally affecting the flight and travel industry.

"The blow that these restrictions represents to the charter flight industry is devastating and could bring a sharp reduction in the many business ties related to Cuban travel," predicted John Kavulich, president of the U.S-Cuba Economic and Trade Council.

The executive has also taken note of the palpable effects the measures have had on the Cuban tourist industry. The Cuban Minister of Tourism agrees and notes that the number of travelers to Cuba has suffered a 25% reduction after Washington implemented its restrictions on family visits this summer. It is estimated that this past year some 154,000 people legally traveled to Cuba from the United States, and 85% of those were family visits.

# The Miami Herald

Miami, Florida

3 October 2004

CUBA

## Feud erupts over Cuba trade

BY NANCY SAN MARTIN

WASHINGTON - A Houston company's recent cancellation of an agreement with Cuba has sparked new complaints about Havana's insistence that Americans wishing to sell products to Cuba should first agree to push Washington to ease economic sanctions against the communist-ruled island.

The nonbinding "advocacy agreements" have been multiplying since Cuba began importing U.S. food and food products in 2001, following crop damage from Hurricane Michelle. The United States is now Cuba's largest source of food and agricultural imports, with sales of about \$677 million.

Although the agreements have been criticized by supporters of U.S. sanctions against Cuba as a veiled form of blackmail, they were signed by at least four members of Congress, the governor of Kansas and several agricultural associations. But in recent months, U.S. businesses have been privately grumbling that Alimport, Cuba's food-importing monopoly, has increased pressure for political cooperation.

Americans who have exported food products to Cuba or wish to do so report that they 'are receiving pressure . . . to be `more public' and 'more forceful' about their opposition to the United States policy," the New York-based U.S.-Cuba Trade and Economic Council reported recently.

### NO VIOLATIONS

Americans also 'report that representatives of Alimport have decreased purchases from . . . [U.S.] companies whose `commitment' to a change in United States policy . . . is suspect; or have stated that products would be sourced from those United States-based companies that 'support our position,' " the USCTEC report added.

Defenders of trade with Cuba point out that the agreements do not violate U.S. laws and said the agreements are simply efforts to promote increased trade, to the benefit of American producers. "The trade that we are talking about is already a United States law," said Rep. Loretta Sánchez, D-Calif., who with her sister, Rep. Linda Sánchez, D-Calif., signed an agreement with Alimport. "Part of what I do as a congresswoman is help my farmers sell their products."

The long-simmering issue erupted after the Houston-based Sysco Corp., announced on Aug. 23 that it was rescinding its advocacy agreement with Alimport. The move meant the nation's largest food service provider lost a deal to provide Cuba with \$500,000 worth of goods. Such limited sales are allowed under a 2000 law that requires Cuba to pay the U.S. providers in cash. Sysco did not return Herald phone calls, and efforts to reach the Cuban Interests Section in Washington were unsuccessful.

Cuba has long directed its purchases of U.S. goods toward firms and states it hopes will influence Capitol Hill to ease the U.S. trade and travel restrictions. But the advocacy agreements go a step beyond.

"These agreements are a corruption of the commercial process," said USCTEC President John Kavulich. "Once you include an advocacy clause, they're no longer commercial agreements, they're political documents."

## FOREIGN AGENT

Some critics also say that any American who signs an advocacy agreement should be required to register as a foreign agent since the person or company would have promised to lobby on behalf of the Cuban government. A U.S. Department of Justice website describes the Foreign Agents Registration Act of 1938 as applying to "any individual or organization . . . who represents the interests of a foreign principal before any agency or official of the U.S. government."

However, those pursuing business deals with Havana say the agreements, also known as "memorandums of understanding" or "joint communiqués," are merely goodwill gestures among trading partners. "Foreign lobbyist registration should not be required any more than for any public official who advocates the benefits of improved relations or a change in U.S. policy toward any other nation," Idaho Republican Rep. C.L. "Butch" Otter, who signed one of the agreements earlier this year, said in an e-mail to The Herald.

## A 'FRAMEWORK'

"It's important to note that this only provides the framework for future negotiations; it is not a contract or even an agreement," added Steve Hollister, a spokesman for Port Manatee. The port's executive director, David McDonald, signed an agreement with Cuba last November stating his "intention to work toward free and unrestricted travel and trade relations" between Cuba and the United States. But the port's governing entity later voted to reject that language, Hollister said. Port officials are nevertheless pursuing contracts with Cuba that would allow Port Manatee to accommodate cargo en route to the island, Hollister added.

## TRADE PARTNERS

The following have signed agreements with Cuba in which they promise to advocate against U.S. sanctions on the island: Rep. C.L. Otter (R-Idaho); Sen. Larry Craig (R-Idaho); Rep. Loretta Sánchez (D-Calif.); Rep. Linda Sánchez (D-Calif.); Kansas Gov. Kathleen Sebelius; South Carolina Lt. Gov. Andre Bauer; Indiana Farm Bureau; The Greater Des Moines Partnership  
Source: U.S.-Cuba Trade and Economic Council

## THE FINE PRINT

The agreement signed by Idaho Republicans Sen. Larry Craig and Rep. C.L. Otter with Alimport, the Cuban government's food purchasing company, says the members of Congress: "Agree to promote broader understanding of the value of Cuba as a trading partner and will encourage increased business relationship by promoting commerce between Idaho and Cuba . . . agree to work with the Idaho congressional delegation to open up trade and travel with Cuba . . . agree to help facilitate visas for Alimport guests to visit Idaho to promote mutually beneficial trade." The agreement also includes this clause: "The undersigned recognize that their execution of this joint communiqué does not represent a firm commitment to transact any business deals."

# The Miami Herald

Miami, Florida  
28 September 2004

PUBLISHING

## **Suit's topic: ban on Cuban books**

### **A group of U.S. publishers has sued in an effort to overturn publication rules for works from Cuba and other embargoed nations.**

BY CHRISTINA HOAG

Seeking to overturn restrictions against publishing works from Cuba and other blacklisted countries, a group of scholarly publishers and authors sued the U.S. Treasury Department on Monday.

"Ideas should not be embargoed," said Janet Francendese, editor in chief of Temple University Press, one of five publishers that have frozen Cuban projects for fear of being fined from the Office of Foreign Assets Control.

Six Cuban publications -- the most from any embargoed nation -- are on the groups' list of in-limbo works. Their topics range from birds to music to short stories.

The suit comes amid a Bush administration crackdown on relations with Cuba. Earlier this year, travel to the island was curbed and the amount of family remittances slashed. Now, publishers say, they, too, are falling victim to the get-tough policy.

According to OFAC, presses must obtain licenses to publish works from embargoed nations, which also include Iran and Sudan, or risk fines of up to \$1 million or prison sentences of up to 10 years.

The Treasury Department declined to comment on the lawsuit, spokeswoman Molly Millerwise said.

But Millerwise noted that OFAC's rules were designed not to curtail "the free flow of information and exchange of ideas" but to prohibit providing a service to citizens of the countries in question.

"Publishers are free to reproduce, translate, style and copy edit and engage in peer review with respect to informational materials from countries subject to sanctions," an OFAC statement read. Added Millerwise: "There's a line between informational material being exempt and providing a service."

Such services include making deals with writers for unfinished works, altering or collaborating on works and promoting or marketing new or existing works.

"This is the whole business of publishing," said Larry Siems, director of freedom to write and international programs at the PEN American Center. "As far as we know, these regulations had never been enforced."

PEN, a literary group, is a plaintiff in the suit, as are the Association of American Publishers' Professional/Scholarly Publishing Division, the Association of American University Presses and Arcade Publishing. The suit was filed in U.S. District Court in New York.

"How can the United States uphold our position as a beacon for the free exchange of ideas and science if we ourselves censor authors because of where they live," asked Marc Brodsky, chairman of the AAP/PSP.

The issue first arose in August 2003, when the Institute of Electrical and Electronic Engineers asked OFAC for a ruling on whether copy editing an Iranian document and submitting it for review by other engineers before publication violated the rules.

Publishers said they were surprised when, at first review, OFAC said it was a violation.

They added that they had always been protected under the 1988 Berman Amendment to the Trading with the Enemy Act, which prohibits restrictions to informational exchanges.

In April, OFAC ruled that copy editing did not constitute "providing a service." The publishers, who have met with OFAC officials, said they chose to sue in a bid to end the issue definitively.

Cuba watchers say the issue stems from the Bush administration's hardened stance toward the island.

"They want to limit the amount of money going into Cuba from publishing anything," said John S. Kavulich, president of the U.S. Cuba Trade and Economic Council. "Anytime a document from Cuba is published in the U.S., it validates the revolution."

Others note that Cuba does not allow U.S. documents to be published on the island and say the United States should reciprocate.

"Why should we publish theirs," asked Jaime Suchlicki, director of the University of Miami's Institute for Cuban and Cuban-American Studies.

# CubaNews

## Bethesda, Maryland

### September 2004

## Why Finance Cuba Trade?

On Sep. 22, only a day after voting to nullify the White House's tough new rules restricting family travel to Cuba, the House of Representatives voted to eliminate barriers to both farm sales and school programs to Cuba. The first amendment, which passed on a voice vote, was introduced by Rep. Maxine Waters (D-CA). It calls for allowing the Cuban government to buy U.S. agricultural goods on credit. Sales of pharmaceuticals to Cuba have been legal since 1992, as well as cash-only sales of food products since 2000 — but the lack of commercial financing and credit guarantees have discouraged exports, according to Waters. “It is time to change our policies and go in a new direction,” she said.

The second amendment, offered by Barbara Lee (D-CA), prohibits funds to enforce regulations promulgated Jun. 30 that erect obstacles to American student programs on the island. The new rules say such study-abroad programs must last at least 10 weeks and be offered by institutions that already have an OFAC license. “The rules are just plain undemocratic and punitive, and simply don't make sense for Americans,” said Lee.

While Lee's amendment passed with no visible opposition, the real controversy seems to be with the Waters proposal, which is anathema not only to anti-Castro exiles but also to U.S. agribusiness exporters. These farmers like getting paid up front in cash — and are unenthusiastic about extending credit to a regime that already owes billions of dollars to European and Canadian food companies.

“The U.S. business community does not support Rep. Waters' efforts, as well-intentioned as they may be,” said John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council Inc. “Changing payment requirements at this time under TSRA [the Trade Sanctions and Reform Act of 2000] will needlessly expose U.S. exporters to risk where none exists.” Kavulich told CubaNews the Waters amendment “is a bad idea, for so many reasons” — mainly because it would take away the only leverage U.S. firms have when dealing with Alimport, Cuba's food purchasing agency.

Those companies initially supported allowing credit for Cuba, but after hearing horror stories from European rivals about not getting paid, they've since changed their tune. “Right now, Cuba purchases food from the United States to influence the political process,” Kavulich told us. “U.S. companies are in a perfect commercial relationship, because no matter what the Cuban government asks for, U.S. law requires cash. So U.S. companies are insulated. If you take away the ability for companies to say they have to be paid in cash, the Cubans will threaten to buy elsewhere.”

Since passage of TSRA, according to Kavulich, Alimport has purchased \$677.2 million in U.S. agricultural commodities, including \$277.3 million in TSRA-approved food items shipped in the first seven months of 2004.

# CubaNews

## Bethesda, Maryland

### September 2004

## U.S. fast-food chains tight-lipped about expanding to Cuba

BY VITO ECHEVARRÍA

The recent explosion of U.S. food exports to Cuba under the Trade Sanctions Reform Act of 2000 raises an interesting question. Now that it's legal for U.S. companies to sell food commodities to the lucrative Cuban market — at least on a cash-only basis — how long will it be before American fast-food franchises seriously explore the possibility of conducting business with the Cubans?

For the time being, it seems that at least some big-name franchises are saying “no” until they see a significant improvement in relations between the United States and Cuba. CubaNews attempted to get comments on this issue from top U.S. fast-food executives, but it wasn't easy. For instance, we tried to reach Patrick Doyle, executive vice-president of Domino's Pizza International in Ann Arbor, Mich. What we got instead was a statement from a Domino's spokesman who asked not to be named.

“As the recognized world leader in pizza delivery with stores in more than 50 countries worldwide, Cuba is certainly a market that we could envision having interest in at some point in the future,” he told us. “That being said, we haven't reached that point yet, and we will continue to focus our attention on countries where we are currently operating.” Pizza Hut, which is owned by Kentuckybased Yum! Brands (the same holding company that also owns KFC and Taco Bell) declined comment. McDonald's Corp. didn't get back to us at all.

Barbie Blanco, a spokeswoman for Burger King, said only: “At this time, Burger King doesn't contemplate doing business in Cuba.” Even if these U.S. fast-food operations decide on taking steps toward penetrating the Cuban market, there are limits on what they can actually do in Cuba — whether that means setting up full-fledged restaurant operations in Havana, or at least selling their food items in bulk to Alimport, for consumption in state hotels or Cuba's own fast-food sector.

“Only the export of food products is allowed,” says John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York, which tracks business opportunities in Cuba. Kavulich said that it might be OK for Domino's or Pizza Hut to sell pizza-making ingredients to a Cuban fast-food outfit like the El Rápido chain, but setting up and operating a flagship restaurant on Cuban soil is entirely another matter.

The U.S. Treasury Department's Office of Foreign Assets Control (OFAC), which enforces the trade embargo against Cuba, rules out any such possibility, since the physical presence of a restaurant chain may entail the unintended use of property subject to claims from Cuban exiles. According to OFAC spokeswoman Molly Millerwise, “since persons subject to U.S. jurisdiction cannot deal in property in which Cuba or a Cuban national has an interest, U.S. companies cannot sign a contract — which is considered property — with a Cuban or non-Cuban entity regarding the operation of a franchise in Cuba.”

Aside from the legal headaches, Kavulich says that for political reasons, Cuba is just not worth it for most fast-food conglomerates. “They elect not to [do business with Cuba] because of the proclivity of the Bush administration to look at these firms unfavorably toward doing business in Cuba,” he said. “They have operations in military bases, for example, McDonald's at Guantánamo Bay, and they don't want to jeopardize that. There's no incentive to push the envelope.”

# El Nuevo Herald

Miami, Florida  
24 September 2004

## Empresarios de EEUU dan marcha atrás

WILFREDO CANCIO ISLA  
El Nuevo Herald

La reciente decisión de la compañía SYSCO de renunciar a un acuerdo de intención política con el régimen cubano para vender sus productos en la isla, está sonando como una voz de alerta entre empresarios, funcionarios gubernamentales y legisladores estadounidenses que promueven las relaciones comerciales entre ambos países.

"Ninguna dependencia de nuestra compañía está autorizada a realizar declaraciones sobre política de gobierno y vincularlas a operaciones comerciales", expresó Toni Spiegelmyer, vicepresidenta para el área de inversionistas y relaciones públicas de SYSCO Corporation.

La ejecutiva confirmó a El Nuevo Herald que el pasado 23 de agosto SYSCO Corporation decidió cortar los lazos establecidos con Alimport alegando conflictos de política corporativa.

SYSCO Corporation --radicada en Houston, Texas-- es el mayor distribuidor y comercializador de productos alimentarios y servicios de comidas en EEUU, con ganancias anuales de \$26,000 millones. Sus transacciones con dependencias federales alcanzan los \$7,000 millones.

La decisión desarticuló el acuerdo de intención firmado por la subsidiaria SYSCO Food Services of Central Alabama, el 11 de agosto, con el fin de ampliar las relaciones comerciales. Esta filial, con sede en Calera, Alabama, había vendido a Cuba unos \$500,000 en productos alimenticios desde noviembre.

El presidente de Alimport, Pedro Alvarez, había calificado el acuerdo como "estratégico" por las amplias posibilidades de abastecimiento que ofrecía para sector turístico y los supermercados.

Spiegelmyer se limitó a señalar que SYSCO cumplirá los posibles compromisos pendientes con Alimport, pero insistió en que "no existen planes futuros para comerciar con Cuba".



JOSE GOITIA / AP

DAVID McDONALD, director ejecutivo del puerto de Manatee (izquierda), en la Florida, y Pedro Alvarez, presidente de Alimport, durante la firma de un acuerdo de intención en La Habana.

Desde el pasado año, numerosas transacciones entre la empresa estatal Alimport y firmas estadounidenses estuvieron caracterizadas por la adición de un documento que --de manera más o menos explícita-- comprometía a los vendedores a gestionar ante el Congreso la flexibilización del embargo.

El lenguaje de los documentos firmados por las entidades norteamericanas incluye frases de apoyo y estímulo a la promoción de un cambio en la política de EEUU hacia Cuba. El compromiso suscrito puede tomar calificativos como "memorando de entendimiento", "comunicado conjunto" o "carta de intención".

La situación resultaba ya preocupante para analistas, empresarios y funcionarios públicos que consideran impropia la sutil politización del nexo comercial con la isla, pero SYSCO fue la primera entidad en tomarse el asunto en serio.

"Desafortunadamente el gobierno de Cuba está corrompiendo el proceso comercial con presiones políticas", opinó John Kavulich, presidente del Consejo Económico y Comercial Cuba-EEUU, con sede en Nueva York.

Kavulich señaló que cada vez son más crecientes las quejas de empresarios y compañías respecto a las presiones de funcionarios de Alimport para que hagan "más pública y vigorosa" su oposición a la política norteamericana sobre Cuba.

El paso de SYSCO no es el único. Tras firmar un "memorando de entendimiento" para cabildear contra la política estadounidense, el pasado noviembre, las autoridades del puerto de Manatee, Florida, retiraron poco después las referencias antiembargo de los documentos suscritos con Alimport.

"Usar una transacción comercial para cambiar la política estadounidense es un acto antipatriótico", opinó el congresista cubanoamericano Bob Menéndez.

Menéndez es promotor de un proyecto legislativo para gravar con un impuesto del 100 por ciento las ventas de compañías estadounidenses a Cuba. La iniciativa --según él-- "está bloqueada por los propios republicanos que mayorean la Cámara".

Por el momento Cuba parece estar dispuesta a moderar sus estrategias políticas. A comienzos de este mes el Secretario de Agricultura de Vermont, Steve Kerr, visitó Cuba para firmar un contrato de ventas por \$7 millones. En esa ocasión, los funcionarios de Alimport no ofrecieron el memorando de entendimiento.

Desde diciembre del 2001 las ventas de productos agrícolas de EEUU a Cuba ascienden a unos \$677 millones.

# USA TODAY

Arlington, Virginia

23 September 2004

## Cuba seeks deals to get around trade, travel restrictions

By James Cox, USA TODAY

The Castro regime is using its checkbook as leverage to get U.S. firms, trade groups and politicians to sign formal pledges agreeing to work for changes to U.S. laws that restrict travel and trade with Cuba.

Cuba's use of so-called advocacy agreements has prompted anti-Castro lawmakers to accuse signers of illegal lobbying. It also has forced at least one company to rethink its interest in selling to Cuba.

Last month, Sysco, the country's largest food-service provider, notified Cuban authorities it was tearing up an agreement signed a week earlier by a Sysco executive attending a convention in Havana. The original deal called for Cuba's state-owned purchasing arm, Alimport, to buy Sysco products. For its part, the company agreed to act as an advocate for changes in the United States' hard-line policies toward Cuba, including the 45-year-old economic embargo.

The embargo was loosened in 1992 to permit sales of U.S. medical products to Cuba and in 2000 to allow for cash-only sales of food and farm products. Through July, U.S. companies had sold \$277 million in food and agricultural goods to Cuba, along with \$500,000 worth of health care products. The Bush administration has sought to tighten the economic noose on Cuba with tough new restrictions on travel and money transfers by Cuban exiles.

Sysco has sold \$500,000 worth of canned tomatoes, ice cream and frozen produce to Cuba, spokeswoman Toni Spigelmyer says. The Houston-based company tore up its agreement with Alimport because the executive who signed it "wasn't authorized to make a political statement," she says.

Cuba has carefully spread its spending among scores of congressional districts in dozens of states to build political support for an end to the embargo. Others that have signed advocacy agreements: the Indiana Farm Bureau; Tampa's Port Manatee; economic development officials from Des Moines; and elected officials from Idaho, Montana, California, South Carolina and Kansas.

The agreements are "a corruption of the commercial process" and a setback for efforts to expand trade with Cuba, says John Kavulich, president of the U.S.-Cuba Trade and Economic Council, based in New York.

Rep. Loretta Sanchez, D-Calif., and her sister, Rep. Linda Sanchez, D-Calif., signed to promote Cuba's purchase of California farm products, says Loretta Sanchez. She says the pledge is non-binding. "We're trying to get our California products sold to Cuba. That's what I do as a congresswoman," Sanchez says. "I've already been vigorous and forceful in advocating a change in U.S. policy. ... The dissidents fighting the Castro regime want this embargo down."

Rep. Peter Deutsch, D-Fla., and other hardliners in Congress say the agreements might violate U.S. law, either as embargo-busting contracts or as illegal lobbying agreements. "Effectively, (those who sign) become agents of a foreign government," Deutsch says. Last year, the State Department asked the Treasury, Commerce and Justice departments for opinions on the legality of the advocacy agreements. It has not received a formal reply.

Efforts to reach officials at the Cuban Interests Section in Washington were unsuccessful.

# The Wall Street Journal

New York, New York

20 September 2004

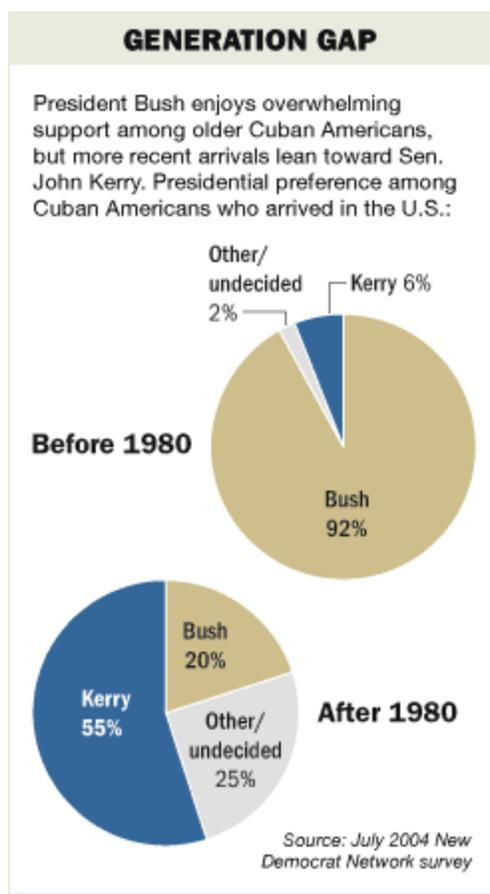
CAMPAIGN 2004

## The Kerry Campaign Seeks Cuban-American Beachhead Bush's Travel Restrictions Could Create An Opening for the Democrat in Florida

By JOSÉ DE CÓRDOBA

Staff Reporter of THE WALL STREET JOURNAL

MIAMI -- This month, John Kerry's campaign boldly went where few Democrats have dared to tread since 1992: Little Havana, the heart of Cuban Miami.



There, on Sept. 1, Democrats opened a campaign office across the street from the Versailles Restaurant, a neon-lit kitsch palace where Cuban-Americans gather to talk politics and wax nostalgic. By planting their standard, the Democrats are signaling that after 25 years of overwhelmingly backing Republicans, Cuban-Americans are in play this year.

Since the days of Ronald Reagan, fervently anti-Castro Cuban-Americans have made their community a bastion of Republican support. That affiliation reached a crescendo four years ago, amid fury over the Clinton administration's decision on Elian Gonzalez, a seven-year-old refugee who was rescued from waters near Miami, after surviving a boat journey to the U.S. in which his mother perished. Anger over the government's returning the boy to Cuba helped spark a massive turnout for George W. Bush, who won 82% of the Cuban-American vote.

But that ardor has cooled, and that could spell trouble for Mr. Bush's re-election hopes. Though Bush forces think they enjoy a slight lead in Florida now, thanks to a recovering economy, the race remains tight. Democrats are working to help Mr. Kerry gain a beachhead among Cuban-Americans, who in the 2000 election made up about 7.5% of the Florida vote. Given that 450,000 Cuban Americans voted in 2000, even a shift of 10%, or 45,000 votes, could be pivotal.

As in other parts of the country, the Iraq war and the bumpy economic recovery are issues for Cuban-Americans. But so is a policy announced by Mr. Bush this summer that restricts visits by Cuban-Americans to their families in Cuba. Some formerly rock-ribbed Cuban-Americans have picketed the offices of local Republican legislators, while a number of respected community leaders have also blasted the restrictions. The restrictions underscore a generational divide among Cuban-Americans that may give Mr. Kerry an opportunity to make inroads. The earliest generations of Cuban-Americans who arrived before 1980, and for whom the emotional scars of exile remain raw, vote overwhelmingly for Republicans. But newer arrivals see things differently.

Among those who arrived before 1980, who comprise two-thirds of the Cuban-American vote, support for Mr. Bush has risen to 92% in July from 89% in June, according to a survey by pollster Sergio Bendixen for the New Democrat Network, an unaffiliated political group that does Democratic outreach with Hispanics. The poll found that just 6% of these Cuban-Americans plan to vote for Mr. Kerry. But it also showed Mr. Kerry as the favorite among the other third of Cuban-American voters. Among those born in the U.S., Mr. Kerry leads by 58% to Mr. Bush's 35%. Cuban-Americans who arrived here after 1980 favor Mr. Kerry by a margin of 55% to 20%, with 25% undecided. "The 'new Cubans' as they are called, are moving our way," Mr. Bendixen says. Republicans say that is wishful thinking. "We got more than 80% of the vote last time," says Rep. Lincoln Diaz-Balart, one of three Miami-area Cuban-American Republican representatives. "And W will do it again this year."

Mr. Kerry opposes the new embargo-tightening measures, which limit Cuban-Americans to one visit to the island every three years, down from once a year. The regulations also don't define relatives such as cousins, uncles and aunts as close family -- meaning that Cuban-Americans can't legally visit those relatives or send money to them. Many older Cuban-Americans, those from the generation known as the "exilio historico" or the "historic exile," see the measures as needed to further choke the regime of Fidel Castro, who came to power in 1959. These Cuban-Americans tend to have fewer family ties to the island and to define themselves as political exiles. But newer arrivals, who came in the 1980 Mariel boatlift, escaped on rafts, or are part of the 20,000 Cubans allowed to legally emigrate to the U.S. each year, have more family ties to Cuba. Almost all are strongly anti-Castro, but many see themselves as economic emigrants rather than political exiles. For them, family and culture remain strong pulls to the island.

On consecutive weekends in August, several hundred demonstrators, some waving anti-Bush banners, picketed the offices of Cuban-American Republican legislators whom they blame for pushing the travel restrictions. "Remember Bush: Cubans vote, Cubans vote," protesters chanted recently as they marched before Mr. Diaz-Balart's Miami office. Hard-liners in the community shrug off the protests, saying Cuban-Americans need to cut the economic lifeline to Mr. Castro's threadbare regime.

About 133,000 Cuban-Americans visited the island in 2003. Through spending on their relatives in government-run dollar stores, Cuban-Americans pumped as much as \$150 million in cash into Havana's coffers, says John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York. Studies estimate that Cuban-Americans send \$181 million to \$400 million to the island every year. "Castro had one hell of a business empire here," says Ninoska Perez, an influential Miami radio commentator who lobbied hard for the restrictions. Most Cuban-Americans approve of the travel restrictions, and they won't change their voting patterns this year, she says.

But Democrats who believe the Bush administration's travel restrictions have backfired as a vote-getter among Cuban-Americans plan a vigorous drive to gain support. "We are taking all the traditional campaign techniques to a community that has previously been ignored by the Democrats," says Matt Miller, Mr. Kerry's spokesman here. Fernando Amandi, a registered Republican who as a Kerry finance vice chairman is on the forefront of the candidate's outreach effort, makes a sales pitch over lunch to Jorge Mesa, a 27-year-old real-estate agent. Mr. Amandi, 55, says Mr. Bush should be "fired" for downgrading the value of "brand America" in the world. Mr. Mesa, born in Cuba and the son of a political prisoner, says he "feels Republican," but may not vote for Mr. Bush this year. Many of his friends feel the same way, he says. Later, Pedro Freyre, a 55-year-old lawyer active in Cuban causes and a self-proclaimed "card-carrying Republican," who voted for Mr. Bush, tells Mr. Amandi he is angry with the president over his handling of Iraq and the recent travel restrictions.

But winning Cuban-American hearts and minds remains an uphill battle. Miami's popular Spanish-language radio stations often broadcast attacks on Mr. Kerry. Commentators on Radio Mambi, perhaps the most influential local Spanish-language radio station, constantly point out that Mr. Castro has often insulted Mr. Bush, while Venezuelan president Hugo Chávez, a close Castro ally, has stated a preference for Mr. Kerry, who has nonetheless criticized Mr. Chávez's leftist government. If Messrs. Chávez and Castro are pulling for Mr. Kerry, clearly Cuban-Americans should vote for Mr. Bush, the Radio Mambi commentators agree.

# The Miami Herald

Miami, Florida  
12 September 2004

## STORM PREPARATION

**Cuba expects severe trial by weather**

**Cuba ordered the evacuation of 200,000 people as Hurricane Ivan threatened its world-famous tobacco crop.**

BY NANCY SAN MARTIN

Cuba deployed buses, trucks and trains to evacuate some 200,000 people Saturday from coastal and flood-prone areas as Hurricane Ivan threatened to wallop its famed tobacco crop and deal yet another blow to its struggling economy.

All commercial transportation between Havana and the east was suspended and the government was shutting down its sugar processing plants, harvesting ripe bananas, moving animals, storing seeds and chemical products, clearing drainage canals and trimming trees that could be toppled by Ivan's winds.

Men and boys climbed walls and crawled atop roofs to pull down television antennas and tie down the lids of water tanks to prevent them from becoming giant Frisbees during the storm. All airports were ordered closed by midnight Saturday, and foreign workers, tourists and diplomats were taking shelter in some of Havana's more modern hotels.

With winds of 165 mph, the Category 5 storm was projected to brush past the citrus-growing Isle of Youth off the southern coast Monday morning and then cut across the westernmost province, Pinar del Río, the heart of Cuba's world-famous tobacco industry.

Tobacco and citrus account for a combined \$280 million in annual exports, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a New York group that monitors trade with the communist-ruled island.

### HAVANA ALERT

But Havana residents remained alert as well. The government said it was watching Ivan closely to see whether it would order the evacuation of some 130,000 residents there, on top of the 200,000 already ordered to evacuate coastal and low-lying areas.

Some Cubans have vowed to stay in their homes, saying they feared thieves would break in while they were away. But Civil Defense officials warned repeatedly that the evacuation orders were "mandatory."

"We'd like to remind everyone that life is more important than anything else," the head of the Civil Defense, General Ramón Pardo Guerra told Radio Rebelde. "We can always recuperate the material things."

Pedro, a 67-year-old retired accountant who did not want to give his last name, told The Herald that he was confident he could survive in his 80-year-old building in Havana.

"This should hold," he said with a smile, while he pushed on a flimsy wooden door that leads into his garage. ``After all, you only live once, right?"

Other Havana residents complained that they could not find any construction materials to protect their homes from Ivan. Cuba has been wallowing in an economic crisis, where virtually all goods are in short supply, since the end of its Soviet subsidies in 1991.

#### NO SUPPLIES

"We don't have any wood," said a Havana woman, adding that some of her neighbors took doors off the hinges between rooms in their homes and nailed them over the windows.

As the woman spoke on the phone to a Herald reporter in Miami, a member of her Committee for the Defense of the Revolution, a civilian neighborhood watch group, knocked on her door to determine whether they had a safe place to go.

"I see you have a television and a video [cassette player]; make sure you safeguard your belongings before you leave," the CDR official said.

"The television is going to go to the bathroom," the woman told The Herald. ``And I'm going to put a blanket over it. It's the best I can do."

But the country's crumbling infrastructure could well fail what may be its ultimate test.

Many of Cuba's highways are already in disrepair. Hundreds of thousands of people live in wooden houses, while others have makeshift cardboard walls and tin and fiberglass roofs. Many Havana buildings and churches are propped up with wooden support beams, and others that lack roofs are covered only with tarps.

#### `STRONGEST STORM'

Weather Service Director José Rubiera warned that Ivan, which has already left about 50 dead in the Caribbean, was "the strongest storm system to affect us in the entire revolutionary era" -- since President Fidel Castro seized power in 1959.

And it comes just a month after Hurricane Charley slashed across the island, leaving five dead, knocking out power and water supplies for weeks and causing an estimated \$1 billion in damages in the island of 11 million people. The last time two powerful hurricanes hit Cuba back to back was in 1948.

# Sun-Sentinel

## Fort Lauderdale, Florida

### 11 September 2004

#### **Powerful hurricane threatens to hurt economically vital tourism in Cuba**

By Vanessa Bauzá  
HAVANA BUREAU

HAVANA · Hotel workers on Friday scrambled to prepare their resorts for Hurricane Ivan while tourists hurried to the airport, cutting their vacations short for fear the deadly storm could have its sights set on the island's prime beaches.

Meteorologists in Havana could not yet pinpoint where Ivan will make landfall late Sunday, but forecasts from the National Hurricane Center in Miami had the storm tracking through Matanzas province, where white sand beaches are dotted with Cuba's largest resorts, a key component of Cuba's economic recovery.

If Ivan follows this course it could be a serious economic blow in the tourist town of Varadero just two months from the high winter season.

Tourism is Cuba's second-largest money earner after cash remittances sent from Cubans abroad.

Recently, Cuba's energy woes have been partially alleviated by onshore deposits near Varadero that generate enough oil and gas to generate most of the island's electrical power.

"If there is damage in the Varadero area that could have a substantial impact because these hotels are generally in need of maintenance anyway," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

Tourism generates about \$1.9 billion in direct and indirect revenues annually, but only about 10 to 15 percent of that comes to the island in profits, Kavulich said.

The London-based market research group Economist Intelligence Unit has predicted Cuba's economy will grow by about 3 percent this year, up from 2.3 percent last year and less than 2 percent growth in 2002.

On Friday, employees in hotels and resorts across Varadero were busy taping up windows, pruning trees and moving patio furniture. At the Varadero airport, 86 miles east of Havana, at least a dozen empty flights arrived, mostly from Toronto, to evacuate tourists. An airport official said more evacuations were likely today. The airport will be closed on Sunday.

Tourism worker Milagros Diaz said she was helping to accommodate guests who would sit out the hurricane at 70-year-old beachfront hotel on Cuba's only golf course.

"The bricks of the building are seven inches thick," Diaz said. "We are worried about the damages, which could hurt the economy. The important thing is to get ahead."

# Reuters Americas

London, United Kingdom

8 September 2004

## Ease travel rules for Cuba farm sales-Senate panel

By Charles Abbott

WASHINGTON, Sept 8 (Reuters) - A Senate Appropriations subcommittee voted on Wednesday to ease U.S. restrictions on travel to Cuba for American farmers and businesses selling agricultural and medical goods.

Farm groups are eyeing Cuba as a nearby market for U.S. grain, livestock and other food. The United States has restricted trade and travel to Cuba for four decades, with a recent exception for agricultural and medical exports.

North Dakota Democrat Byron Dorgan and Idaho Republican Larry Craig sponsored an amendment, adopted on a voice vote by the Appropriations subcommittee on agriculture, to create a general license for people who want to visit Cuba to sell certain items. The step would reduce the paperwork and time required to arrange a trip.

Since sales resumed in December 2001, Cuba has purchased \$646.5 million in U.S. agricultural exports, according to the U.S.-Cuba Trade and Economic Council, which monitors trade.

Craig said a recent tightening of travel rules by the Bush administration "shoved agriculture people ... to the bottom of the list" for obtaining Treasury Department licenses to travel. In June, the White House tightened restrictions on family remittances and travel to Cuba and tightened enforcement of a travel ban with fines of up to \$7,500 for unauthorized visits to Cuba by Americans. The steps were designed to squeeze Cuba's cash-strapped government. President Fidel Castro said the measures were motivated by this year's presidential election and the crucial role of Cuban-Americans in the swing state of Florida.

"I hold no good feelings about the Castro regime," said Dorgan, arguing that economic engagement would encourage reform of the communist-ruled island.

Under the Dorgan-Craig amendment, the Treasury would create a general license allowing "travel to, from and within Cuba for the purpose of conferring, exhibiting, marketing, planning, sales negotiation, delivery, expediting, facilitating or servicing commercial export of agricultural and medical goods." While there have been complaints the U.S. Treasury Department was demanding undue amounts of information before issuing licenses, Havana has tried to tie sales to Cuba with obligating U.S. firms to seek normal trade relations between the two nations.

John Kavulich of the U.S.-Cuba Trade and Economic Council said Cuba was "politicizing the commercial process." For example, Houston-based Sysco Corp. (SYY.N: [Quote](#), [Profile](#), [Research](#)) recently dropped plans to do more business in Cuba because an Alabama subsidiary improperly signed a letter of intent that called on it to try to end the U.S. embargo, Kavulich said. Sysco is the largest U.S. food distributor.

The amendment was adopted as part of a fiscal 2005 spending bill for the Agriculture Department. The bill now goes to the full committee for action.

# Pittsburgh Tribune-Review

Pittsburgh, Pennsylvania

31 August 2004

## Can US Airways survive to bid Castro adieu?

By Steve Halvonik

At US Airways, the future isn't plastics. It's Cuba, according to a well-respected aviation consultant. The financially troubled airline surprised many people, most especially its 28,000 employees, when it revealed plans last week to increase Caribbean and Latin American service from Fort Lauderdale Hollywood International Airport in Florida.

Although it did not mention Cuba publicly, US Airways clearly is positioning itself to offer service to the once and future playground of the rich and famous as soon as President Fidel Castro leaves power, said Michael Boyd, an Evergreen, Colo.-based aviation consultant. "I think the Fort Lauderdale thing is nothing short of brilliant," Boyd said.

The only question is, When will Castro depart? The 78-year-old leader is said to be feeble, but he has given no indication of stepping down or democratizing his country any time soon. That means U.S. sanctions likely will remain in place until the Communist dictator dies. Boyd said that could happen "any day now," and "probably within the next five years."

But can US Airways outlive Castro?

Ronald Kuhlmann, a vice president with R2A, a transportation consulting agency in San Francisco, wasn't so sure. "Not just US Airways, but all legacy carriers seem unable to define what they're going to be five years from now," Kuhlmann said. US Airways has said it may seek bankruptcy protection if it can't complete a \$1.5 billion cost restructuring by next month.

David G. Bronner, the Cohiba cigar-smoking chairman of US Airways, has viewed Cuba as an El Dorado ever since he invested \$240 million of Retirement Systems of Alabama pension money in the airline nearly two years ago. "We do want to establish airline service into Cuba, and I'd love to be the first," Bronner told a newspaper in January 2003.

Although it provides no air service to Cuba at present, US Airways permits the 17 million members of its frequent-flier program to accrue mileage for travel to, from and through the Republic of Cuba through its affiliation with LatinPass, a travel association that includes Qantas, Avianca and Sabena airlines, American Express and Holiday Inn.

US Airways also belongs to the U.S.-Cuba Trade and Economic Council, a private nonprofit agency in New York.

US Airways' plans for Fort Lauderdale infuriated many employees, who are being asked to approve \$800 million in labor concessions. "This company claims it's going over a cliff into bankruptcy and liquidation," said Teddy Xidas, president of Association of Flight Attendants Local 40 in Pittsburgh. "Our problem is where are they getting the money to open a mini-hub in Florida? To me, there's ambiguity in their message. That's why there's anger."

Frank Schifano, president of International Association of Machinists and Aerospace Workers Local 1976 in Pittsburgh, said that local mechanics were unhappy that US Airways is cutting jobs here while expanding in Florida.

"They say one thing and practice another," Schifano said.

Chief Executive Officer Bruce Lakefield acknowledged employees' anger over the Florida announcement, but he defended the strategy. He said that downsizing in Pittsburgh and expanding in Fort Lauderdale represented a shifting of assets to growth markets.

"It's not that we don't like Pittsburgh," Lakefield said. "We have to go where the people are and where the people want to go and where we can make money."

In spite of its "mini-hub" designation, US Airways' Fort Lauderdale expansion is quite modest for now. US Airways controls only six gates at Fort Lauderdale Hollywood International. From these six gates, it will triple daily flights, connecting 10 Caribbean and Latin American locations to Florida and the Northeast.

The expansion, however, won't occur at least until February, and thus is predicated on the company's surviving its latest financial crisis.

Even with expanded service, US Airways' Fort Lauderdale operation will remain smaller than US Airways' presence in Pittsburgh in the near term, Boyd said.

According to a recent airline survey, US Airways ranks as only the fourth largest carrier at Fort Lauderdale, with less than half the market share of No. 1 Delta Airlines. Perhaps more significantly, US Airways' 9.25 percent is dwarfed by the more than 34 percent aggregate share of the low-cost carriers like Southwest, JetBlue and Spirit.

While the South Florida market is crowded, service to Latin America is a market with growth potential, Boyd said. Panama City is an expanding market for business travelers, and Guatemala City and San Salvador are the birthplaces of more and more U.S. citizens.

Furthermore, Southwest, the No. 2 carrier at Fort Lauderdale, is showing little interest in the Caribbean, where US Airways already has a strong presence, Boyd said.

"You have to look to the future, and the future is Latin America," Boyd said.

## Talks resume

US Airways, which is seeking \$295 million in labor concessions from the Air Line Pilots Association, presented the union's negotiating team with a new proposal on Sunday when talks resumed after a one-week hiatus. The pilots reviewed the proposal Monday but no tentative agreement was announced. US Airways has said that it may seek bankruptcy protection in September if employees don't accept \$800 million in cuts.

# Reuters Americas

London, United Kingdom

27 August 2004

## **Ruptura de relaciones entre Panamá y Cuba no afectaría Comercio**

LA HABANA, ago 27 (Reuters) - La ruptura de relaciones diplomáticas entre Cuba y Panamá será temporal y no afectará la fuerte relación comercial entre ambos países, que ha permitido a la isla evadir parte del bloqueo impuesto por Estados Unidos contra el gobierno de Fidel Castro, dijeron empresarios.

Cuba realiza en la zona franca panameña de Colón cerca de un 7 por ciento de su intercambio y compra principalmente bienes de consumo, como autos, equipos electrónicos y ropa. Varios importadores que tienen sucursales en la isla se abastecen precisamente en Panamá.

"El tema de la ruptura de relaciones diplomáticas va a durar algunos días solamente. Es una situación coyuntural, grave, pero coyuntural. Desde el punto de vista comercial no va a ser algo que repercute ni que tenga consecuencias mayores", comentó un empresario chileno que opera en Cuba.

Cuba rompió sus relaciones diplomáticas con Panamá el jueves, después de que la saliente presidenta de ese país, Mireya Moscoso, indultó a cuatro anticastristas condenados por conspirar para asesinar al presidente cubano en el 2000. Sin embargo, a partir de septiembre asume como presidente del país centroamericano Martín Torrijos, hijo de Omar Torrijos, el hombre fuerte de Panamá durante los años 70 y cercano al gobierno de Castro.

Tradicionalmente,, Panamá ha servido a Cuba para recibir productos originarios de Estados Unidos o de marcas de ese país, eludiendo el bloqueo comercial de más de 40 años.

"Por décadas, el gobierno de Cuba ha usado compañías en Panamá como agentes para adquirir productos de distintas partes del mundo", dijo John S. Kavulich, presidente del Consejo de Economía y Comercio Estados Unidos-Cuba, con sede en Nueva York.

El intercambio entre Cuba y Panamá bordea los 200 millones de dólares anuales, pero la cifra se ha reducido debido a la carencia de divisas que enfrenta Cuba y que dificulta los pagos a sus proveedores.

Ambos países incluso mantuvieron una controversia comercial en el 2002 y 2003 por una deuda de 80 millones de dólares del gobierno cubano con empresas panameñas.

"Panamá se mantiene como una importante fuente de recursos financieros para las empresas del gobierno cubano", dijo Kavulich.

Incluso el año pasado, una misión comercial panameña visitó La Habana con el fin de intensificar el comercio entre los dos países, una situación que podría verse favorecida por la llegada de la nueva administración a Panamá. "En los próximos días asumirá Torrijos y con eso las relaciones en todo ámbito evidentemente van a mejorar", comentó el empresario basado en Cuba.

# Biloxi Sun Herald

Biloxi, Mississippi

14 August 2004

## **GOP bastions in Deep South buck Bush's Cuba policy**

LYNDA EDWARDS

Associated Press

JACKSON, Miss. - President Bush promised Florida's Cuban American voters a fortified American trade embargo against Cuban dictator Fidel Castro by cutting what U.S. tourists can spend in Cuba from \$167 to \$50 daily. But Southern states solidly in Bush's electoral camp - including Mississippi, Texas, Alabama and Louisiana - have been rejoicing over multimillion-dollar Cuban trade contracts for the past three years.

Thirty-five states sold \$700 million in supplies to Cuba since 2001. And Southerners possess the ports where tons of powdered milk, poultry, soybeans and other items set sail for Havana. And even better for the sellers, the U.S. government requires Cuba to pay cash before the ships unload.

Mississippi Gov. Haley Barbour is Bush's statewide campaign manager, yet Gulfport and Pascagoula ports shipped \$50 million in goods to Cuba last year. Bible Belt businessmen at the Mississippi Development Authority's recent summit on Cuban trade want even bigger deals with Cuba, which has been under embargo since the 1960s.

Attorney Bill Montgomery wore a name tag emblazoned with his Hattiesburg lumber company's name, with a big gold "PRAYER TEAM" stamped beneath. "My church has 20,000 members divided into teams that can pray round the clock for you if you request it," said Montgomery, a native Mississippian. "I asked them to pray we can do good business with Cuba. It means more jobs and stability for our community if the federal government would just get out of our way and let businessmen do what they do best."

The embargo's roots date back to 1960, when Castro - who a year earlier toppled Cuba's dictator, and was considered a dashing freedom fighter - seized American corporate assets, including oil refineries. President Eisenhower ordered the embargo.

The first American freighter to bring U.S. goods to Cuba in more than 40 years left Gulfport in 2001 loaded with frozen chicken. "That was one of our ships," said Jay Brickman, vice president of California-based Crowley Liner. "We raced another ship coming out of New Orleans and celebrated victory on the docks."

Louisiana and Texas ship the most metric tons to Cuba. But Crowley said Mississippi has powerful advantages because railroads run through the agricultural South near Mississippi's Gulf Coast ports. "There's a friendly rivalry among the Southern states see who can ship the most products to Cuba," said Liz Cleveland, the deputy director of the Mississippi Development Authority.

Buyers from Alimport, Cuba's food purchasing agency, and the 350 Americans who attended last year's summit inked \$91.9 million in contracts on the spot. This year, the MDA mailed letters to dozens of Mississippi businesses with the greeting: "Are you aware your products are legally eligible to be sold to Cuba on a cash-in-advance basis?" Attached is a sample application letter that can be sent to the U.S. Treasury Department to request a license for Cuban trade.

Alabama agricultural commissioner Ron Sparks also vigorously pursues Cuban trade. "We have trade with nations we know harbor terrorists or dictatorships that abuse dissidents," Sparks said. "We trade with Libya, China and Vietnam. America can get more than money from Cuba if the trade embargo were lifted. The Cuban biotech sector is so innovative that it has spawned revolutionary products that could save American lives." Since most farms are too small to generate enough cargo for the bulk orders Cuba wants, Sparks counsels Alabama growers to form cooperatives.

U.S.-Cuba Trade and Economic Council president John Kavulich II cautioned business owners against unrealistic expectations. He said that by May, Houston had shipped \$1.4 million in pinto beans to Cuba in 2004. Mobile, Ala. shipped \$6.5 million of milk and New Orleans sent \$5.5 million. Miami shipped an \$88,000 chewing gum cargo.

"When Castro dies, I predict the U.S. will have a trade agreement with Cuba within months," said Texas A&M economist Parr Rosson.

Sometimes, Alimport demands that Smith use a Georgia sawmill instead of one in Mississippi "because they want to gain political goodwill there," Smith said. And each time he visits Havana, every Cuban he meets swears the games and embargo will end when Castro is gone. "Bellhops, taxi drivers, professors, doctors, cabinet ministers all believe that when Castro dies, Americans and Cubans will be reunited as friends," Smith said.

It's one of history's ironies that the Cubans living on Castro's island share the same dream of regaining paradise as those Cuban-Americans who see the island nation as an outlaw.

# The Seattle Times

Seattle, Washington

8 August 2004

## Profile: Nethercutt's persistence pays off for Cuba trade

By Jim Brunner

Seattle Times staff reporter

As Republican George Nethercutt campaigns for the U.S. Senate, Democrats frequently mock him as a "rubber stamp" who would blindly follow the orders of the Bush administration. In a typical attack, incumbent Sen. Patty Murray recently sent out a fundraising appeal warning voters not to "send another clone to Washington."

For the most part, Nethercutt has indeed toed the GOP party line during his decade in Congress. A study by Congressional Quarterly calculates he's backed the Bush administration on more than 90 percent of votes. But Nethercutt also has displayed an independent streak on a major foreign-policy issue — the country's 40-year trade embargo against Cuba.

In 2000, over the objections of top Republicans, Nethercutt shepherded through Congress a historic loosening of the Cuba embargo that has allowed U.S. farmers to sell more than \$565 million worth of food to the island nation, including peas and apples from Washington state.

Along the way, Nethercutt allied himself with liberal Democrats, scrapped with House Majority Leader Tom DeLay and dined with Fidel Castro in Havana. "I'd come to Congress with the impression that the only way to change Castro was to freeze him out," Nethercutt says. "But I came to the realization that unilateral sanctions only hurt America."

Defying "The Hammer"

Nethercutt said he was swayed by struggling farmers in Eastern Washington, who complained of being locked out of an important market while their international competitors cashed in.

The matter crystallized for him in 1998, when Pakistan detonated nuclear devices, triggering U.S. trade sanctions that jeopardized sales of Washington wheat to that country. Nethercutt and other farm-state lawmakers moved swiftly to pass legislation exempting food sales from the sanctions. After that, Nethercutt figured, the logic was inescapable: If farmers could sell to Pakistan, why not Cuba?

The Cuba embargo was imposed in 1962 by President John F. Kennedy after Castro nationalized private businesses, including major U.S. corporate holdings. The goal was to persuade Cubans to overthrow their government. Embargo opponents have argued it harms U.S. producers while doing nothing to undermine Castro. But supporters, including the vocal Cuban-American community in South Florida, have resisted any backpedaling, citing Castro's human-rights abuses. Among the embargo's steadfast backers are House GOP leaders, particularly DeLay, a Texan nicknamed "The Hammer," who keeps leather bullwhips in his office.

Persistence pays

Nethercutt's first move against the embargo was barely noticed. He introduced legislation in October 1998 dubbed the "Freedom to Market Act." It attracted no cosponsors. The following January, Nethercutt pushed his bill again, this time with 32 cosponsors. Using his seat on the Appropriations Committee, Nethercutt tried to attach the measure to an agriculture spending bill. DeLay stepped in, and the amendment was defeated.

In September 1999, Nethercutt was at it again, trying to attach his Cuba measure to a budget bill during negotiations in a House-Senate conference committee. After Nethercutt won several key votes, House Republican leaders shut the committee down — a breach of legislative etiquette — and stripped the Cuba language out of the conference committee's report.

But by that time, DeLay was fighting a losing battle. Nethercutt helped assemble a coalition of farm-state Republicans, liberal Democrats, farmers and human-rights organizations. By November 1999, Nethercutt wrote a letter supporting changes in U.S.-Cuba policy that was signed by 220 members, a majority of the House of Representatives.

In spring 2000, Nethercutt offered his legislation again and successfully resisted efforts by DeLay to strip it out of the agricultural spending bill. It was a bold move, since DeLay was majority whip at the time, meaning his job was to count votes and enforce GOP unity. "Rank-and-file members don't roll the whip. For a variety of reasons that's perceived as untoward," said Nethercutt aide Rob Neal, who worked on the Cuba legislation. The final version of the law was hammered out by Nethercutt and his allies in lengthy negotiations with opponents of changes to the embargo. "He was very aggressive, very persistent, a tough negotiator," said U.S. Rep. Ileana Ros-Lehtinen, a Florida Republican who clashed with Nethercutt on the Cuba legislation.

"Going to get clobbered"

In a compromise, the final bill, called the Trade Sanctions Reform Act, allowed Cuba to purchase food and medicine from the United States, but only if Castro's government paid in cash. Nethercutt needed a political victory at the time, faced with the prospect of an ugly re-election fight in 2000 after breaking his well-publicized promise to serve only three terms.

Nethercutt reportedly cited his own political woes during late-night negotiations over the Cuba bill, complaining "I'm going to get clobbered in November," according *The Hill*, a Capitol Hill newspaper, which cited unnamed participants in the negotiations. Nethercutt wound up winning re-election easily despite his term-limits reversal. Farm groups lauded Nethercutt's Cuba work. The American Farm Bureau Federation gave him its "Golden Plow" award in 2000.

"You really look for champions, and on the Cuba issue George was the one," said Tim McGreevey, executive director of the USA Dry Pea and Lentil Council. Critics, however, continue to bash the cash-only provision of the law, saying it inhibits its effectiveness. "He grabbed defeat from the jaws of victory here," said Alex Glass, spokeswoman for Murray, who also has supported easing the embargo. "He probably could have had something much stronger had he not caved to the extremists in his party." Indeed, Castro at first declared that he would not buy a single grain of rice from the United States, because he found the restrictions insulting.

Dinner with Castro

Nethercutt saw the defiant dictator up close when he visited Cuba in April 2001 with two other members of Congress. They were picked up at the airport and whisked to a four-hour dinner with Castro. The Cuban dictator, wearing his trademark military fatigues, waved his hands as he lectured the Americans for more than an hour at the multicourse dinner.

"He said we won't buy a grain of product from you until we are treated like every other country who deals in a trade relationship with the United States," Nethercutt recalled. "I said, 'Mr. President, we have done all we can do. There isn't the political will to do anything further until you step through the door we have opened,' " he said.

Castro relented only after Hurricane Michelle devastated parts of the country later that year. The Bush administration offered humanitarian aid to Cuba, and Castro refused the handout, but said Cuba would buy food under the terms of the new law.

"The hurricane came along and provided him a way to back down," said Philip Peters, a Cuba expert with the Lexington Institute, a free-market think tank.

In December 2001, ships carried chicken thighs and corn to Havana in the first such shipment in four decades.

Since then, sales to Cuba have grown each year. The country imported more than \$250 million worth of wheat, poultry, soybeans and other food products from the United States last year.

No bonanza for state

However, Washington state farmers have not seen huge sales from the new market. Cuba announced a \$4.5 million purchase of peas and apples from the state in March 2002, a couple months after Sen. Maria Cantwell, D-Wash., visited with a U.S. delegation.

That transaction was largely symbolic, said one Cuba expert.

Washington state is "unlikely in the short term to be a substantial source of food products to Cuba," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. Cuba prefers to buy cheaper food from Midwestern farm states that are closer to Caribbean ports.

Nationally, meanwhile, Cuba policy remains a touchy political subject. The Bush administration recently imposed new travel restrictions on the nation that were widely seen as a political nod to anti-Castro groups in Florida, the ultimate swing state in the upcoming presidential elections.

Nethercutt said he continues to have a "fundamental disagreement" with the administration's Cuba policy.

Last month, Nethercutt again broke with the Bush administration, voting to block new limits on gifts by Americans to relatives in Cuba. Washington's other two Republicans in Congress, Jennifer Dunn and Doc Hastings, sided with Bush. "I don't think Florida should make the decision [on Cuba policy] for the rest of the country," Nethercutt said.

# **San Diego Union-Tribune**

**San Diego, California**

**5 August 2004**

## **Corrections**

A story July 27 about a deal by the Carlsbad biotech company CancerVax to license cancer vaccines from Cuba incorrectly said the U.N. Security Council was involved in behind-the-scenes debate over the deal. In fact, it was the White House National Security Council. The Union-Tribune regrets the error.

# **The New York Times**

**New York, New York**

**4 August 2004**

## **Corrections**

An article in Business Day on July 15 about the licensing of three experimental cancer drugs from Cuba by a California biotechnology company, CancerVax, included an erroneous reference from the U.S.-Cuba Trade and Economic Council about the status of another Cuban drug, PPG, which is used to lower cholesterol. The federal government has not given permission for an American company to license it.

# **Bloomberg News**

**New York, New York**

**4 August 2004**

## **Cuba's Purchases of U.S. Food Expected to Rise, L.A. Times Says**

Aug. 4 (Bloomberg) -- Cuba's purchases of food from the U.S. should exceed \$440 million as the Bush administration seeks to ban the personal shipment of clothing and other products, the Los Angeles Times reported.

Cuba had spent about \$300 million by the end of July and purchases are expected to rise about 25 percent this year from last year, the newspaper said, citing an interview with Pedro Alvarez, head of Alimport, the government's food-buying arm.

More than 95 percent of what Cuba has bought consists of commodities such as wheat, corn, poultry and soybeans, the paper said, citing John Kavulich of the U.S.-Cuba Trade and Economic Council, which tracks commercial trade between the countries.

Cuba has been buying more American food in the midst of a three-year drought that has cut food supplies on the Caribbean nation, which is still feeling the effects of a November 2001 hurricane, the Times said.

# The Los Angeles Times

Los Angeles, California

4 August 2004

## THE WORLD

### **Cuba Will Make Record Purchases of U.S. Foodstuffs**

**Havana is depending more and more on American suppliers for many of the staples its people receive in their monthly rations.**

By Carol J. Williams  
Times Staff Writer

HAVANA — Despite U.S. efforts to strangle the flow of dollars to Cuba and fresh exchanges of acrimony between Presidents Bush and Fidel Castro, the cash-strapped Cuban government intends to make record U.S. food purchases this year, according to its chief international shopper.

"By the end of August, Cuba will have purchased in eight months as much as it did in the whole previous year," said Pedro Alvarez, head of Alimport, the government's food procurement enterprise.

Cash purchases of U.S. food have grown exponentially since November 2001, when hurricane-ravaged Cuba began taking advantage of the first breach of a trade embargo imposed in 1960 and maintained through 10 successive U.S. presidencies. Cuban purchases from what is now the nation's biggest food supplier, already nearing the \$300-million mark by the end of July, are set to exceed \$440 million this year, Alvarez said in an interview.

That would represent at least a 25% increase over last year's purchases from U.S. producers. More significant, say analysts in both countries, the expanding food trade represents broader spending by the Cuban government on vital staples for the monthly food ration on which most in this country of 11.2 million depend for survival.

More than 95% of Havana's purchases have been commodities such as wheat, corn, poultry and soybeans, said John Kavulich of the private U.S.-Cuba Trade and Economic Council.

Kavulich, whose council evaluates commercial activity between the two countries, said he remained skeptical of the upward purchasing trend. "The Cuban government has one remaining tool with which to lobby in the United States, and that is its food and agricultural purchases," he said, adding that the commercial environment has been "unnecessarily and excessively politicized."

Cuba's continuing dependence on the U.S. market also may reflect a greater degree of pragmatism among Cuban officials and those from predominantly Republican U.S. farm states than has been evident at the highest levels of their countries, where bitter rhetoric loudly emanates.

During a campaign visit to Florida last month, Bush accused Castro of turning Cuba into "a major destination for sex tourism," an apparent attempt to besmirch the country's 13% boost in tourist revenue last year.

Castro, branding Bush "a sinister character that keeps threatening, insulting and slandering us," fired back during his speech last week on the 51st anniversary of the start of his revolution, contending that the president suffers mental disorders from two decades of excessive drinking.

The Communist government's commitment to U.S. food purchases probably is driven less by politics than need. A three-year drought has steadily eroded domestic food supplies, especially meat and dairy products, exacerbating shortages that U.S. analysts say were caused by the inefficiencies of a centrally planned economy. The government has concentrated its dollar spending on the most cost-effective and highest-quality markets — those in the U.S. — to obtain staples for public food rations, Alvarez said.

Officials of the ministries for foreign affairs and foreign economic relations declined to specify how much less dollar cash they would have as a consequence of new U.S. regulations limiting remittances and family visits. The measures, which took effect July 1, could cut \$200 million out of Cuba's budget for dollar purchases, some U.S. economists have said. But government spending plans for food will be unaffected, officials here said.

What has been hurt, they noted, is the individual Cuban family's spending power, as prices in state-run dollar stores have been increased as much as 30% in response to the Bush administration's new measures. Goods at the state-run dollar stores already were marked up 240% over cost, suggesting the price increases will force those with access to dollars to spend more for the same goods so government earnings remain stable.

Torrential rains swept much of Cuba over the weekend, but the effects of a prolonged drought have been little alleviated, said Leandro Bermudez of the National Institute of Hydrological Resources in Holguin, one of the most water-starved provinces. "The rain is good, but it doesn't reverse the damage from three years of rainfall deficits. We're still suffering a drought of historic proportions," Bermudez said, adding that more than 12,000 cattle have died from lack of water and desiccated fodder. Cuba has purchased \$20 million worth of powdered milk from U.S. commodities brokers, according to Alimport figures, but still too little to fill the gap created by a 20% drop in domestic production. Vegetable and sugar-cane cultivation also have suffered from the dearth of water.

The losses have been felt throughout the country. Along the motorways extending from this capital both westward to sugar-cane country around Pinar del Rio and eastward to animal farms and fruit plantations, vultures can be seen swirling and diving toward carrion. Yellowed crops have been stunted months before harvest. "I won't be able to meet my 20-ton quota to the state," bemoaned Angel Rodriguez, who tills a small private banana and yucca farm near Matanzas. "So I will have nothing left that I can sell for extra income." With no relatives abroad to send his family money, the young farmer shrugs dejectedly when asked how he, his wife and 5-year-old daughter will make ends meet.

The government's monthly food ration of rice, beans, cooking oil and some canned goods lasts less than two weeks for most families, leaving those without dollars no choice but to reduce their already meager portions. Elderly Cubans on pensions worth about \$4 a month have turned to begging to supplement their income, as have those with no other pay than the average \$10 a month earned at state enterprises.

Even those with dollars — and not the Communist government, as the White House intended — will be doing the belt-tightening. "All I want to know is why do we the people have to pay for these measures?" retired teacher George Conasa said as he perused the depleted shelves of a dollar store where he bought only a box of raisins.

# The Miami Herald

Miami, Florida

3 August 2004

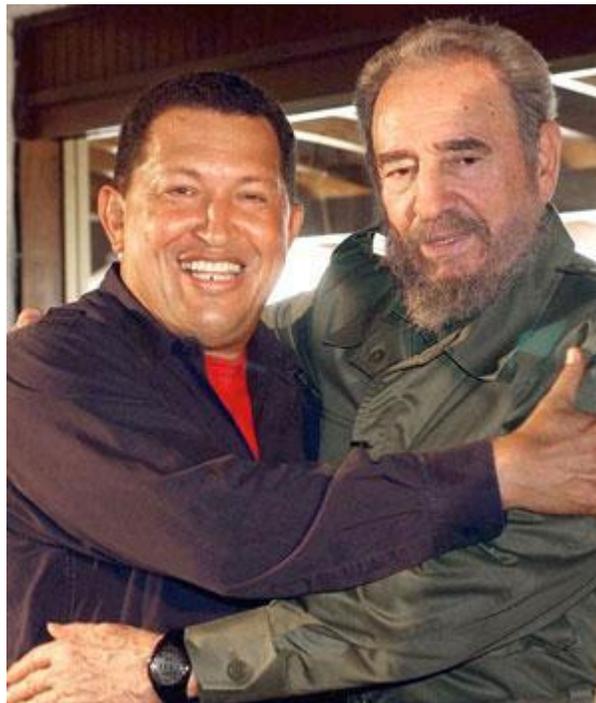
## Cuba economy hinges on Chávez vote

BY RICHARD BRAND

CARACAS - Just as Venezuelan President Hugo Chávez' political future is riding on an upcoming recall vote, so is the fate of his closest ally, Cuban President Fidel Castro.

The two presidents, united in their anti-American rhetoric and to differing degrees in their leftist policies, have developed a strategically critical relationship since Chávez was elected in 1998. Petroleum-rich Venezuela provides economically strapped Cuba with tons of oil, and Havana owes Caracas an estimated \$800 million. Cuba, in turn, has sent Venezuela thousands of doctors, teachers, sports trainers and a suspected horde of intelligence and political advisors.

It is an alliance so close that some analysts say each leader has become nearly dependent on the other for survival. And it is an alliance that some members of the opposition promise will end if the Aug. 15 recall vote succeeds. "Our main goal is to stop being a Cuban colony," said opposition Congressman Julio Borges.



PARTNERS: Hugo Chávez, left, and Fidel Castro, shown in 2003, have been united in many of their policies - as well as their anti-American rhetoric. AFP-GETTY IMAGES

Acknowledging the popularity of some the social programs in which Cubans participate, such as the so-called "missions" that provide basic healthcare and literacy training in Venezuela's slums, Borges said "true social programs" would be protected while "political and ideological" ones would be cut if Chávez loses.

Still, the prospect of a reversal of Venezuela's friendly policies toward Cuba should give Castro reason to worry.

## FINANCIAL TIES

During Chávez's tenure, Venezuela has become Cuba's top trading partner, a ranking based on the flow of an estimated \$1 billion of subsidized petroleum to the island every year.

While Venezuela has agreements with several Caribbean basin nations to provide oil at cut-rate prices, only Cuba is permitted to resell that oil on the open market, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a New York-based group that monitors trade with the communist island.

Kavulich estimated that Havana owes Venezuela more than \$800 million for those oil shipments -- a stunning debt that Cuba would find difficult to pay back if Chávez is ousted.

## MAJOR LOSS LOOMS

An end to the oil shipments, combined with recent U.S. restrictions on travel and remittances to Cuba, could put the Cuban economy and Castro's government against the ropes.

"Clearly it is in the Cuban government's commercial and economic interests to have Chávez remain the president of Venezuela," said Kavulich, who compares a possible Chávez loss to the end of Soviet subsidies to Havana in 1992.

The loss of Moscow's subsidies, estimated at \$4 billion to \$5 billion a year in the 1980s, created an economic crisis that forced Castro to adopt some free-market policies, open his doors to tourism and legalize the use of U.S. dollars in the early 1990s.

"Venezuela has clearly replaced the USSR in terms of the commercial and economic element," says Kavulich. "Without Venezuela, Cuba would not be able to maintain its current commercial, economic, and political systems. There would have to be some changes."

The deep friendship between the two leaders was underscored by Chávez's recent decision to dispatch his brother Adán to Havana as Venezuela's ambassador.

While Chávez has said that Cuban-style communism would not work in Venezuela, he has nevertheless famously exclaimed that the two nations are ``swimming together towards the same sea of happiness."

Chávez also has pursued a series of other Cuba-style political initiatives, such as land redistribution and the creation of "Bolivarian Circles," pro-government groups of civilians, some of them neighborhood-based, some of them said to be armed.

## COLD-WAR ENEMIES

Venezuela was not always so tight with Havana. In fact, during the Cold War, Venezuela was a staunch U.S. ally that regularly cracked down on communists and was attacked by Cuban-backed guerrillas.

But pro-Chávez lawmaker Willian Lara says Cuba's close relationship with Venezuela would survive any change in government -- though he predicted Chávez will win the referendum.

"While there always existed an anticommunism in Venezuela, now many see that relations with Cuba have been good for the Venezuelan people," Lara said. ``A new government, hypothetically, might try to marginalize Cuba, but that would be an effort against the popular will."

Venezuela's opposition needs at least 3.7 million votes -- the number received by Chávez in the 2000 election -- to remove the president. Some recent opinion polls have the opposition winning, while others say Chávez will prevail.

That a vote in Venezuela could have profound consequences for Cuba, an island without elections, is an irony not lost on some opposition leaders.

"The recall will be a victory against authoritarianism in Venezuela and simultaneously a defeat against the dictatorship in Cuba," said Carlos Tablante, an opposition congressman from Venezuela's Socialist Movement.

# Sun-Sentinel

## Fort Lauderdale, Florida

### 30 July 2004

## Spain strikes oil near coast of Cuba

By Vanessa Bauzá  
HAVANA BUREAU

HAVANA · A Spanish company's search for oil off Cuban shores has yielded signs that high-quality petroleum is in the area, but the oil found so far is not commercially viable.

Repsol YPF'S mixed findings, announced on Thursday, deflated some hopes in Havana that a major new oil reserve might be tapped 25 miles off Cuba's northwest corner. Such a finding could solve Cuba's long-standing energy crisis and boost its faltering, post-Soviet economic recovery.

Although Repsol's drilling has ceased for the moment, it will continue prospecting off Cuba's shores. Other companies, including Canada's Sherritt International and Brazil's state oil company Petrobras, are keeping a close eye on Repsol's findings.

Oil industry analysts and foreign investors said it was too early to speculate on how the early findings would affect future oil prospects in Cuba.

About seven weeks after drilling began in Repsol's well, a mile below the ocean's surface, Chief Operating Officer Ramon Blanco announced the results during a conference call with analysts on Thursday.

"The existence of a petroleum system has been confirmed. Also we have been able to prove the presence of high-quality reservoirs," Blanco said.

"Nevertheless, the well has been considered non-commercial and, at this stage, the group is defining future exploration activities in the area," Blanco said, according to a transcript read by a Repsol spokesman in Madrid.

The Spanish oil giant will take eight to 10 months to complete studies on the well site and will likely return to drilling in the area in a year, with the hope of finding more commercially viable reserves nearby, said the Repsol spokesman, who declined to be named.

There was no reaction to Repsol's statement from the Cuban government on Thursday.

While advanced technology has made offshore oil drilling far more accurate in pinpointing reserves, it is still a high risk undertaking. It is not unusual for drills to hit several dry or non-commercial reserves before striking a rich reserve, said Michael Rodgers, senior director at PFC Energy, a Washington-based consulting firm.

"This is a foreign basin where there's very little information. Just because they didn't make a commercial discovery on the first well does not condemn the area," Rodgers said. "What they will be looking at is samples from the well and integrating that with existing seismic data to identify future drilling targets. It's like deciphering a code."

Ernie Lalonde, a vice president for Canada's Sherritt International, the only other company that holds a contract to explore off Cuban shores, said it would take time to interpret Repsol's results. Sherritt is Cuba's largest oil producer with wells dotting the north-central coast. Those wells produce a low-quality, sulfurous crude. The company is studying seismic data from the Gulf of Mexico to target a deep-sea well, but has not announced a date for drilling.

"We're very interested in following the progress of Repsol," Lalonde said.

After more than a decade of routine blackouts and persistent shortages, finding a large oil reserve would allow Cuba to pay off some of its debt, access foreign credit and lessen its dependence on Venezuela, which provides much of the island's oil on favorable terms.

Venezuelan President Hugo Chávez, a close ally of Fidel Castro, is facing a referendum on August 15 in which voters could oust him from power, likely precipitating an end to Cuba's preferential oil imports from Venezuela.

"Depending on the size [of the reserve], it could completely solve Cuba's foreign exchange crisis," said Philip Peters, a Cuba expert at the Virginia-based Lexington Institute. "They're always strapped for cash just to keep their energy needs flowing." It would also diminish Washington's ability to exert economic pressure on Cuba's leaders.

"Any additional revenue streams coming into Cuba will allow the government to maintain the status quo and not seek changes in its commercial, economic, political structures," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a New York-based organization that tracks business in Cuba.

Oil drilling off the U.S. coast and Florida has been controversial, with the environmentalists expressing concerns about risks to beaches, water quality and marine wildlife. Florida legislators long have fought attempts to open the waters off the state's coast to exploratory offshore drilling.

Kavulich said a major oil find in Cuba could lead some U.S. oil companies to advocate lifting the trade and travel sanctions.

"As the U.S. government seeks to diversify oil sources, having a new source 100 miles or so from the U.S. southern coast would be immensely attractive," Kavulich said.

But many said it was too early to predict long-term changes in Cuba sanctions, especially when it could take more than three years and \$1 billion for oil production to begin.

"While there was a lot of pressure by U.S. oil companies to be allowed back into Libya, these pressures were largely unsuccessful until very recently," said Larry Goldstein, president of the Petroleum Industry Research Foundation, a New York organization that studies energy policy.

Cuba "is not Saudi Arabia, it is not Alaska; this is not where you want to spend your political IOUs."

# Dallas Morning News

Dallas, Texas

27 July 2004

## Castro condemns `sinister' Bush

### Cuban leader strenuously denies promoting prostitution

By Gary Marx

Tribune foreign correspondent

HAVANA -- Cuban President Fidel Castro denied Monday recent charges by President Bush that the Cuban leader was promoting prostitution and human trafficking to bail out the country financially.

Clad in his familiar olive green military fatigues, Castro called Bush's charges "perfidious accusations" and spent much of his speech quoting from a book recently published in the United States that describes Bush as a paranoid megalomaniac who is unstable, bellicose and incompetent.

Castro called Bush a "sinister character who keeps threatening, insulting and slandering us" to justify a recent tightening of the 40-year-old U.S. economic embargo against the island.

Castro also fired back by citing prostitution, pornography and gambling in the U.S.--none of which, he said, exists in Cuba--and by laying out what he described as the revolution's successes, including universal education and a low infant-mortality rate.

"Long live the truth!" Castro shouted as he ended his speech in the central provincial city of Santa Clara that marked the 51st anniversary of the beginning of the Cuban revolution.

Earlier this month, Bush charged in a Tampa speech that Castro promoted sex tourism to attract money to this impoverished nation.

The president said Castro "bragged" about Cuba's sex-tourism industry, quoting the Cuban leader as saying, "Cuba has the cleanest and most educated prostitutes in the world."

Bush's speech sparked an immediate backlash from those accusing him of taking Castro's words out of context.

Castro taken out of context

Castro's quote apparently was lifted by Bush administration officials from an essay by a Dartmouth College undergraduate, who paraphrased a July 1992 speech that the Cuban president gave before the Cuban National Assembly.

In his 1992 speech, Castro acknowledged prostitution on the island, but said the practice is "is not allowed in our country."

"There are no women forced to sell themselves to a man, to a foreigner, to a tourist," Castro said, according to a BBC translation. "Those who do so do it on their own, voluntarily and without any need for it. We can say that they are highly educated hookers and quite healthy, because we are a country with the lowest number of AIDS cases."

Experts say prostitution is less prevalent than in previous years but remains a fact of life in Cuba, where prostitutes frequent bars and clubs attended by foreigners. But experts say there is no evidence that Cuban officials are actively sponsoring the sex industry. Castro outlawed prostitution when he took power in 1959.

"There is prostitution in Cuba, but it's far-fetched to say the government is promoting it," said Philip Peters, a former U.S. State Department official and Cuba expert at the Lexington Institute. "There are people arrested. There are people rounded up. You see the cops checking ID cards." Rather, Peters and others say Cuba's faltering socialist economy forces many of the island's 11 million residents to scrounge for dollars through various black-market activities, including prostitution.

"The government's economic policies provide a foundation where young women find that engaging in prostitution is a more effective way to provide for themselves and their families," said John Kavulich, president of the U.S.-Cuba Economic and Trade Council, which tracks commercial relations between the two countries.

### Escalating tensions

The war of words over Cuba's alleged promotion of the sex industry is the latest in a series of moves that have escalated tensions between the Bush administration and Castro's communist government.

In recent weeks, Bush has instituted measures designed to slow the flow of hard currency to the island as a possible way to bring about a rapid, peaceful transition to democracy. Castro has responded by accusing Bush of planning a military invasion and vowing that Cubans will fight to the death to defend their homeland.

# San Diego Union-Tribune

San Diego, California

27 July 2004

## Carlsbad firm set to test cancer drugs from Cuba

By Penni Crabtree

UNION-TRIBUNE STAFF WRITER



Reuters

David Hale of CancerVax Corp. (center) met with Cuban leader Fidel Castro on July 13 in Havana for the deal-signing ceremony on three experimental cancer vaccines. An interpreter is at right.

CancerVax Corp. chief executive David Hale knows all about the twisting, torturous path of drug development. But when that path also winds through a political minefield, things get really interesting.

Earlier this month, CancerVax achieved a political coup when federal officials agreed to grant a rare exception to the decades-old U.S. trade embargo against Cuba and allow the company to license three experimental cancer vaccines developed in Havana. The approval was the culmination of a three-year odyssey by CancerVax to bring the Cuban drug candidates to the United States for development and testing.

Along the way, the Carlsbad company had to persuade and negotiate amid mounting hostilities between the Bush administration and Cuban dictator Fidel Castro. The company hired savvy Washington, D.C., lobbyists, wooed members of Congress and recruited leading cancer researchers to endorse the cause. If the drugs prove successful in clinical trials – the most advanced candidate is aimed at treating lung cancer – they could result in a new approach to treating numerous solid-tumor cancers, including breast, prostate and bladder cancer. And as far as Hale is concerned, that will be the real coup.

"For our shareholders we got three drug candidates with significant potential that will help build our pipeline of products," Hale said. "But for me personally, I've had three family members die of lung cancer, so I'm excited about the applications these drugs may have for treating cancer."

CancerVax's Cuba quest began in May 2001, when Hale spotted a scientific poster about one of the Cuban drugs at a national cancer meeting in San Francisco. The drug that piqued Hale's interest was SAI-EGF, which aims to curb epidermal growth factor, or EGF, a protein in the body that spurs cancer growth once it latches onto a receptor that is found in abundance on

certain cancer cells. Once injected in the body, SAI-EGF is designed to teach the immune system to recognize EGF and produce antibodies that bind to it, thwarting the protein from activating the receptor that signals cancer cells to grow and spread.

There was already considerable scientific buzz at the cancer meeting about some experimental monoclonal antibodies, such as ImClone Systems' Erbitux, that tackled the same EGF pathway from a different angle. The work done at Havana's Center of Molecular Immunology looked like another novel approach. Hale proposed the idea of licensing the Cuban drug and related drug candidates to CancerVax's lawyer, Hazel Aker. "Her exact words were, 'Are you out of your mind?'" Hale said. Hale acknowledged he had a general notion about the restrictions of the U.S. trade embargo against Cuba, but "I didn't understand what it actually meant: You can't do business with Cuba or anyone else doing business with Cuba."

The company soon learned of a precedent. In 1999, a U.S. division of Smith Kline Beecham, now GlaxoSmithKline, was allowed to license an experimental Cuban vaccine to treat meningitis B. That drug is in Phase 3 testing. Hale began talks with Canada's YM Biosciences to license other EGF technology that it had licensed from Cuba, and hired Washington lobbyists who'd worked to get the U.S. approval for the GlaxoSmithKline deal. The lobbyists, lawyers Richard Popkin and H.P. Goldfield, spent much of 2002 building support on Capitol Hill for the CancerVax deal, talking to legislators and working with Cuban-American interest groups that might oppose it.

About 20 members of Congress from both sides of the political aisle agreed to write letters to Secretary of State Colin L. Powell, urging support for the deal on medical humanitarian grounds. CancerVax also recruited a handful of leading cancer researchers to chime in. In the end, there was no formal political opposition to the deal, Popkin said.

"By and large, we received strong bipartisan support for the granting of this license and cooperation by those processing the license application because both the legislative and executive branches kept their focus on the potential life-saving and humanitarian aspects of this case," said Popkin, an attorney with Swidler Berlin Shereff Friedman. There were plenty of political pitfalls along the way that could have scuttled the deal. Even as CancerVax was trying to build support, the Bush administration in 2002 was challenging Cuba's biotech program.

#### Dual-use issue

U.S. officials accused the Cuban government of developing "dual-use" technologies that could either be used as legitimate medical products or sold to rogue countries for use in biological weapons. The Cubans denied the allegation.

John Kavulich, president of the New York based U.S.-Cuba Trade and Economic Council, said there was a lot of behind-the-scenes debate between the State Department, the U.N. Security Council and some members of Congress about the CancerVax proposal. In the end, the Bush administration had to weigh its desire to deny any benefit to Cuba with the public relations risk of denying a potential cancer treatment that could save or prolong an American life, Kavulich said. "No politician wants to go there," Kavulich said.

Kavulich said there is also an anti-Castro element who decided not to oppose the CancerVax deal because they hope the drugs won't pan out. "There are some in the Bush administration who hope that nothing comes of this so they can show that the Cuban government spent all this money on its biotechnology program and it turned out to be just hype," Kavulich said.

Hale said the merits of cancer vaccines have not been determined. In the U.S., no cancer vaccine has made it successfully through a final, Phase 3 test. CancerVax's experimental skin cancer vaccine is still being tested in Phase 3 clinical trials. In March 2003, the government gave CancerVax permission to travel to Cuba. It was the first time CancerVax officials were able to talk science and business face-to-face with the Cubans.

And in many ways, a deal was as difficult to negotiate commercially and scientifically as it was politically. One potential hitch was the price tag. The Cubans had trolled the Internet for information on every significant U.S. biotech deal, including the \$2 billion that Bristol-Myers Squibb paid for ImClone Systems' Erbitux. "They had a list of deals that had been done in the biotech arena, but we just weren't going to go there," said Hale, with a laugh. "We explained to them that a lot of the deals were done in 'bio' dollars – what the deal could be worth if everything goes right." Another complication arose when the Cubans wanted to manufacture the drugs, and it took several meetings to convince them that it "wasn't in the cards," Hale said.

After multiple trips to Cuba, CancerVax worked out an agreement and signed letters of intent. In November, the company applied to the U.S. government for permission to execute the agreement.

The State Department recommended approval, which was granted by the U.S. Treasury's Office of Foreign Assets on July 2. The approval came two days after the Bush Administration implemented new rules to restrict travel and cash flow from the U.S. to Cuba.

Sen. Christopher Dodd, D-Connecticut, who wrote a letter of support for CancerVax, praised the Bush administration's decision to approve the cancer vaccine agreement.

"Saving lives shouldn't be a political issue, it should be a human issue," Dodd said in a written statement. "Obviously we don't know if this drug will be the magic bullet when it comes to fighting this dreaded disease, but this decision at least allows continued study of this vaccine."

Castro at ceremony

On July 13, Fidel Castro, dressed in a gray suit, white shirt and tie instead of his customary military uniform, attended the deal-signing ceremony in Havana along with Hale and other CancerVax representatives.

Among other terms, the three-way agreement between CancerVax, YM Biosciences and Cuba calls for CancerVax to pay \$6 million over the next three years to CIMAB, the commercial arm of Cuba's Center for Molecular Immunology. In keeping with U.S. embargo policy, the payment will be made in food, medicines and medical supplies instead of cash.

Cuba will also receive up to an additional \$35 million if the drugs make it to market in the United States, Europe and Japan, and can collect undisclosed royalties on sales of the drugs.

Hale acknowledges there were times in the past three years when the company considered giving up. Ultimately it was worth it, he said.

"It was always made clear to us that this would be difficult, that there were important national interests that had to be protected, and a process that had to be followed," he said. "In the end, the decision was going to be made with a focus on what was best for the American people, and this time the system worked."

# Associated Press

New York, New York

24 July 2004

## Florida companies push to ease Cuban restriction

JOHN PAIN  
Associated Press

MIAMI - Richard Waltzer doesn't hesitate when asked to name his beverage company's best customer - Fidel Castro, of course.

"He's paying cash up front," said Waltzer, president of Splash Tropical Drinks of Fort Lauderdale. "It doesn't get any better than that."

Splash has sold more than \$1 million in cola, juice concentrates, ice cream, daiquiri mixes and other food products to Castro's Cuba since the United States eased its trade embargo on the communist nation four years ago.

As Florida's exports to Cuba increase, the state's farmers, ranchers and businesses are joining counterparts elsewhere in the United States to push for an end to the embargo that has been in place for more than four decades.

Congress passed a law in late 2000 that let U.S. farmers and companies sell livestock and agricultural and food products to Cuba on a cash-only basis. The trade is one-way, so Cuba can't sell anything to the United States.

The trade is contentious in Florida. Many businesses feel it is their right and duty to sell products and help the Cuban people. But the state is also home to Miami's Cuban exile community, many of whom are the most ardent opponents to any dealings with Castro and his government.

"Is someone trying to tell me to wait until there's a new president in Cuba before we can start feeding people again? If someone needs help, you help them right away," said John Parke Wright IV, a Naples cattle broker working to open trade. "Our leadership has been wrong in trying to starve the island of Cuba."

But some Cuban-American leaders lambast that notion.

"They mask their greed with this veneer of humanitarianism but Mother Teresa they are not," said U.S. Rep. Ileana Ros-Lehtinen, a Miami Republican. "I'm all for capitalism - just don't try to dress it up as humanitarian acts."

Ros-Lehtinen and other Cuban-Americans say these shipments reach only elite Cubans, a claim denied on the island.

Pedro Alvarez, chairman of the Cuban food import company Alimport, said at least 95 percent of the U.S. food that Cuba buys is sold to average citizens at low cost on their monthly government food rations.

Among the American food average Cubans said they have received on their rations are boneless chicken breasts, eggs, rice and corn meal. Florida is getting an increasing amount of the farm trade to Cuba. It had \$13.4 million in exports to Cuba last year, more than three times higher than the \$4.4 million sent in 2002, according to the U.S. Census Bureau's Foreign Trade Division. Through May of this year, Florida exports to Cuba were \$5.6 million, U.S. Census data show.

That is still a drop in the bucket, though - Florida sent \$2.5 billion worth of goods last year to Brazil, the state's No. 1 export destination.

And it's difficult to determine the exact impact of Cuban sales on Florida's economy, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc. That's because not all the state's exports to Cuba were produced here, but they still are counted because they are sent from Florida, he said.

Total U.S. exports to Cuba last year were \$257 million, well behind the about \$900 million of top exporter Venezuela, Kavulich said. The top U.S. trading partners to Cuba include North Dakota, Iowa and Illinois.

Since those states produce staple foods such as corn and grain that Florida doesn't, Kavulich said Florida isn't likely to catch up to those states under the current trade rules.

Wright hopes that isn't so. He has ties to Cuba that date to the 1850s, when his great-great-great grandfather James McKay started shipping Florida cattle to the Caribbean nation.

McKay's daughter married into the Lykes family, large Florida landowners and shipping magnates who also sent cattle to Cuba in the 19th Century. That trade ended after Castro took power in 1959 and seized Lykes property. The family still has a \$3.6 million claim for the land on file with the U.S. government.

But the media-savvy Wright, who is fond of wearing guayabera shirts and cowboy hats, said he doesn't hold that against Castro. He argues that he is working for the greater good in opening up trade to Cuba.

His company, J.P. Wright & Co., plans to send Florida-bred cattle to Cuba this summer. He expects the 300-head sale to be for nearly \$1 million and to net him a small profit. But he says the deal is not about money, but rather putting more meat and dairy products on Cuba's tables.

Wright hopes that growing trade with Cuba will cause a groundswell of support to end the embargo. But that doesn't appear likely - President Bush has said he would block any attempts to weaken or eliminate the embargo and his Democratic opponent, John Kerry, also supports the trade and travel restrictions.

Ros-Lehtinen, one of the embargo's staunchest supporters in Congress, was also doubtful about further relaxation. She added that although the current trade was legal, "I would be ashamed if I were a business owner doing business with a dictator like Fidel Castro."

# Associated Press

New York, New York

22 July 2004

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\*\*\* Version history. (\* = this story, F = final, S = semifinal) \*\*\*

DD8401M3O2 07-22-2004 15:52:47\* BC-SD--Cuba Trade,  
CORRECTIVE:Correction:

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^BC-SD--Cuba Trade, CORRECTIVE<

^Correction: Cuba trade story<

^Eds: Members who used BC-SD--Cuba Trade, sent July 18 under an Aberdeen, S.D., dateline, are asked to use the following story.<

¶ ABERDEEN, S.D. (AP) \_ In a July 18 story about a trade delegation's visit to Cuba, The Associated Press reported erroneously that Cuban ships cannot dock at U.S. ports. They can, but generally don't to avoid possible American claims against the Cuban government. Instead, most shipping of U.S. agricultural products to Cuba is done through contracted shipping or on vessels operated by a third country, the U.S.-Cuba Trade and Economic Council said.

## Aberdeen American News

Aberdeen, South Dakota

20 July 2004

### Setting it Straight

Cuba trade: A story in the Sunday American News contained some incorrect information about agricultural trade with Cuba. Cuban ships can dock at American ports, but generally don't because there are American interests that have claims against the Cuban government. Instead, most ag products shipped to Cuba are done so via contracted shipping or on ships operated by a third country.

We regret the errors.

# Aberdeen American News

Aberdeen, South Dakota

18 July 2004

## Delegation assesses trade opportunities with Cuba

Associated Press

ABERDEEN, S.D. - Agricultural trade with Cuba is increasing, but it will be some time before it gets substantial imports from South Dakota, according to two participants on a trade mission to the communist country.

Aberdeen lawyer Jeff Sveen and Frederick farmer John Sumption were part of an 18-person group that went to the island nation in March on a trip organized by the South Dakota Value-Added Agriculture Development Center.

Sveen and Sumption said political problems will keep South Dakota and Cuba from being big trading partners in the near future, but the long-term potential is better.

For the most part, the United States cannot trade with Cuba, the result of a trade embargo. But there are exceptions made for agriculture.

As a representative of Dakota Turkey Growers, a group of Hutterite colonies who will open a turkey processing plant in Huron next year, Sveen hoped to ink a deal to send turkey to Cuba. Sumption said he was looking at the possibility of working with others to ship wheat, soybeans and/or corn to Cuba.

Ag trade with Cuba is not simple. Cuban ships cannot dock at American ports. So the commodity must be shipped out to the ocean and eventually transported to a Cuban vessel. But before that happens, the American seller must be paid. And that has to go through a foreign bank. Americans must be paid before the product changes hands. Sveen said the process seems to discourage transactions and make things difficult for Cuba.

Cubans don't eat a lot of meat, the local men said. And what they do eat is rather low-quality, mostly ground turkey, pork or chicken.

Cuba is interested in beef, Sumption said, because it has a thriving tourist industry and those people want to eat beef. Most Cubans, Sveen said, don't make enough money to be able to afford beef.

The trade delegation met with representatives from Alimport, Cuba's equivalent of the U.S. Department of Agriculture, and Cimex, basically a government-owned food agency.

"They really want us to open up the embargo," Sveen said, adding that many Cubans blame U.S. policies for their economic hardships.

Said Sumption, "They really know their markets - what we should deliver and that they should pay to get it there."

# Associated Press

New York, New York

15 July 2004

## **Feds grant rare Cuba embargo exception to biotech company**

PAUL ELIAS  
Associated Press

In a rare exception to long-standing American foreign policy, U.S. officials have approved drug developer CancerVax Corp.'s deal with the Cuban government to develop three experimental cancer drugs created in Havana, the biotechnology company announced Thursday.

It's the first such commercial deal approved by the U.S. government between a U.S. biotechnology company and Cuba, which has spent \$1 billion building a biotechnology program that is among the most advanced in the Third World. One of the three drugs included in the deal is a promising drug that attacks a cancer cell in novel way. Government approval comes at a time when the Bush administration is getting even tougher with the 41-year-old economic embargo of the communist nation.

CancerVax will develop the drugs in its Carlsbad laboratories and share profits with the Cuban government if any of the drugs are approved for sale in the United States. CancerVax is a small, money-losing company that doesn't have any drugs approved for sale. It just recently began selling its stock publicly. The deal also calls for CancerVax to pay Cuba \$2 million annually over the next three years.

But underscoring the complex political backdrop against which this deal took place, CancerVax agreed to U.S. government demands to pay Cuba in food and medicines instead of cash. The State Department recommended approval of the deal, which was ultimately granted by the Treasury Department. Both departments said the U.S. government is open to considering similar drug deals, but that it will continue to restrict the flow of U.S. currency to Cuba.

"This is a unique case in that there is the potential to successfully treat a deadly disease using technology not otherwise available," said State Department spokeswoman Darla Jordan. "As a matter of policy the United States will continue to consider license requests where there is the potential to benefit public health." Analysts also said the U.S. approval of the CancerVax deal is not a sign the Bush administration is easing its current policy of tightening enforcement of the embargo.

"The goal was to provide a benefit to the citizenry of the United States while limiting the monetary and public relations benefit to the government of Cuba," said John Kavulich II, who keeps U.S. businesses informed on Cuba as president of the U.S.-Cuba Trade and Economic Council in New York. Kavulich said the Bush administration walked a tight political tightrope since CancerVax applied in November for government permission to complete the deal.

"In this case, the Bush administration is loath to provide any mechanism that might enhance the positive visibility of the government of Cuba," Kavulich said. "At the same time, the Bush administration doesn't want to be seen as potentially denying a treatment to a sick child in the United States."

Five years ago, the Clinton administration waded through a similar political thicket when it allowed the pharmaceutical giant now known as GlaxoSmithKline to enter a similar deal with Havana to develop and market a Cuban-made meningitis B vaccine, which is now undergoing human testing.

That deal was a template for the granting of the current U.S. license, which occurred July 9. The company also enlisted bipartisan support from some members of Congress.

"Saving lives shouldn't be a political issue, it should be a human issue," deal supporter Sen. Christopher Dodd, D-Conn, said in a prepared statement released by his office.

CancerVax chief executive David Hale said he and Cuban government officials formally sealed the deal in Havana late Tuesday night, culminating a three-year courtship begun at a cancer conference in San Francisco where two Cuban scientists presented positive data on one of the three drugs.

All three drugs are known as cancer vaccines, a technology that aims to train the body's own immune system to fight the disease. Hale said the most developed of the three experimental drugs is called SAI-EGF, which the company hopes to first use to combat some forms of lung cancer. Hale said the company hopes to begin human testing in the United States by early next year.

Hale said he hopes CancerVax's deal will lead to other similar arrangements between U.S. companies and Cuba. "The Cubans have spent a lot of time and money developing technologies that could be useful as products here," Hale said.

# Sun-Sentinel

## Fort Lauderdale, Florida

### 16 July 2004

## Cuba cancer drug study OK'd

By Vanessa Bauzá and William E. Gibson Staff Writers

A California biotechnology company became the first to receive U.S. government approval to license a trio of promising Cuban cancer drugs, despite new federal restrictions aimed at limiting travel and the flow of cash to Cuba.

More than three years after learning of the Cuban drugs at a U.S. oncology meeting, CancerVax chief executive David Hale announced Thursday that the Treasury Department's Office of Foreign Assets Control, which oversees the 40-year-old trade and travel embargo, will allow his company to test the drugs in the United States. If clinical studies prove successful, the drugs, which work to help the body's immune system attack the growth of tumors, could become available in 2008 to fight a range of diseases including lung, breast and colon cancer. "I really think the reason we were able to receive this license is because the treatment of cancer and disease transcends politics," said Hale, who returned from a final negotiating trip in Havana to his office in Carlsbad, Calif., on Wednesday. "We had support from a number of congressmen and women who felt the potential benefits to mankind outweighed the political issues and were supportive. We really didn't have opposition from anyone we talked to, even those people who were strongly anti-Castro."

The pharmaceutical company SmithKline Beecham, now known as GlaxoSmithKline, paved the way for CancerVax's approval, when in 1999 it obtained a license for a unique Cuban meningitis B vaccine, which is in clinical testing. Negotiations call for CancerVax to pay \$6 million to the commercial arm of Havana's Center for Molecular Immunology over the next three years of the drug's testing and development, Hale said. Consistent with the U.S. government's efforts to deny hard currency to the Cuban government, payments must be made in goods like U.S. food, medicines and medical supplies. An additional \$35 million would be paid if the drugs reach the market. That payment would be split between goods and cash.

The State Department said it recommended approval of the license on humanitarian grounds, but pointed out that the deal would provide relatively little benefit to the Cuban government. "This is a unique case in that there is the potential to successfully treat a deadly disease using technology not otherwise available," said Gonzalo Gallegos, a State Department spokesman. "The license issued in this case minimizes the flow of hard currency and sensitive technology to the Castro government, and directs revenue towards the purchase of U.S. agricultural products, which will more likely benefit the Cuban people," Gallegos said.

John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council said the move to license the Cuban drugs does not signal a policy shift in the Bush administration. "A precedent existed and they are issuing the license based on the precedent," Kavulich said. "The thinking in the Bush administration is that while they find it abhorrent that Cuba might benefit [from the deal], it would be a public relations disaster if a child in the U.S. should die from a lack of access to something developed in Cuba, based on reasons of politics." The Cuban government has invested \$1 billion in building up an advanced biotechnology industry. While Cuban scientists' well-publicized hopes of cloning a prodigious milk cow have flopped, their success in producing a range of cutting-edge drugs, including hepatitis B and meningitis vaccines, has been a source of pride.

Vanessa Bauzá can be reached at [ymbauza1@yahoo.com](mailto:ymbauza1@yahoo.com). Vanessa Bauzá reported from Havana and Washington Bureau Chief William E. Gibson from Washington. Staff Writer Doreen Hemlock contributed to this report, which was supplemented with information from The New York Times.

# The New York Times

New York, New York

15 July 2004

## U.S. Permits 3 Cancer Drugs From Cuba

By ANDREW POLLACK

The federal government is permitting a California biotechnology company to license three experimental cancer drugs from Cuba, making an exception to the policy of tightly restricting trade with that country.

The company, CancerVax, had said late last year that it was trying to license the drugs and had been awaiting needed permission from the Treasury Department's Office of Foreign Assets Control. That permission has been granted, and CancerVax is expected to announce it today.

CancerVax executives said that it was the first time an American biotechnology company had obtained permission to license a drug from Cuba, a country that some industry executives and scientists say is surprisingly strong in biotechnology for a developing nation. In 1999, SmithKline Beecham, a large conventional pharmaceutical company now known as [GlaxoSmithKline](#), licensed a Cuban vaccine for meningitis B that it is testing in clinical trials.

"I think there are other product candidates and technology in Cuba that could be helpful to the American people, not just the American people but people around the world," said David F. Hale, chief executive of CancerVax, a newly public company that does not yet have any drugs on the market. Mr. Hale said that he had been pursuing the Cuban drugs since he first saw a poster about the work at an American cancer conference three years ago.



Cristobal Herrera/Associated Press

Crissy Pascual/San Diego Union Tribune Dana Buckman, who is a senior research associate at CancerVax, which is based in Carlsbad, Calif., works on fluorescent-stained cells.

A spokesman for the State Department, which helps rule on such licenses, said that the exception had been made because of the life-saving potential of the experimental Cuban drugs and that the license approval did not represent a relaxation of the trade policy.

"These three drugs are claimed to be revolutionary life-saving medications," said the spokesman, who agreed to comment only if not identified by name. "As such, upon review it was decided that the company should have an opportunity to further research and verify the claims about these drugs."

CancerVax, which is based in Carlsbad, Calif., plans to test the drugs in clinical trials and bring them to market if they pass muster. The first one, Mr. Hale said, which has already shown some promise in small trials, could reach the market in 2008 or 2009.

The licensing deal calls for CancerVax to pay \$6 million over the next three years, during the development stage. If products reach the market, the company would pay up to \$35 million more.

As a government condition of allowing the license, payments to Cuba during the developmental phase would be in goods like food or medical supplies, to avoid providing the Cuban government with currency. Any payments after drugs reach the market, Mr. Hale said, could be half in cash.

The agreement comes shortly after the Bush administration put into effect new restrictions on visits to Cuba and cash remittances by Americans.

The administration has also stated that it believes Cuba has at least a limited biological weapons research effort and that it has provided biotechnology to other "rogue states" that might be used either for medical purposes or in development of biological weapons. The Cuban government has denied it is developing such weapons.

Representatives from both parties had sent letters to Secretary of State Colin L. Powell urging that permission be granted on medical grounds.

One letter writer, Senator Christopher J. Dodd, the Democrat from Connecticut, hailed the government decision as good news in a statement issued yesterday. "Saving lives shouldn't be a political issue," he said.

H. P. Goldfield and Richard A. Popkin, Washington lawyers hired by CancerVax to help win approval, said there had been no real opposition.

"At the worst, some officials in Congress did not support us but they did not in any way try to oppose the license," said Mr. Goldfield, who is with the firm Hogan & Hartson.

But Mr. Goldfield and Mr. Popkin, who is with the firm of Swidler Berlin Shereff Friedman, said the CancerVax approval was more difficult to obtain than SmithKline's license because of the Bush administration's tougher policy toward Cuba.

Cuba already sells some biotechnology drugs in countries other than the United States, said José de la Fuente, the former head of research and development at the Center for Genetic Engineering and Biotechnology in Havana. The drugs include a hepatitis B vaccine and a treatment for heart attacks called streptokinase.

Dr. de la Fuente, who is now a research professor at Oklahoma State University, said the move into biotechnology began in the early 1980's after Fidel Castro heard about interferons - immune system proteins that were viewed back then as potential cancer cures - during a visit to Cuba by the president of M. D. Anderson Cancer Center in Houston.

More than \$1 billion was spent over the years to build and operate research institutes on the west side of Havana staffed by Cuban scientists, many of them educated in Europe, Dr. de la Fuente said. But he said that the Cuban program has become weaker because the government had started to exercise more control over the scientists and because of economic pressures.

Still, John S. Kavulich II, the president of the U.S.-Cuba Trade and Economic Council, a nonprofit organization in New York, said Cuba had a few drugs that have interested other American companies.

He said one other drug-licensing deal had already been approved by Washington. An American company, that he said he was not at liberty to identify, had licensed a drug called PPG, derived from sugar cane, that was used to lower cholesterol and was also reputed to be the Cuban equivalent of Viagra for erectile dysfunction. The Treasury Department does not confirm or deny licensing approvals.

The Cuban drugs that CancerVax is obtaining were developed by the Center of Molecular Immunology in Havana. They were first licensed to YM Biosciences, a Canadian company. YM Biosciences is transferring those rights to CancerVax. Mr. Hale said YM Biosciences had apparently decided to concentrate on some drugs that were further along in development. David G. P. Allan, YM's chief executive, did not return a call seeking comment.

The Cuban drugs in question are so-called cancer vaccines, which attempt to harness the body's immune system to fight tumors.

While the concept of cancer vaccines have excited researchers, the field has been littered with disappointments. CancerVax's own main drug is a melanoma vaccine that has been in development by an academic scientist for 40 years and is only now in the final phase of clinical trials.

The lead drug from Cuba aims to thwart epidermal growth factor, a protein in the body that can spur the growth of cancer cells when it binds to them.

The approach is different from the new cancer drug Erbitux, developed by [ImClone Systems](#), which blocks the epidermal growth factor receptor, the docking port on cancer cells to which the growth factor binds.

The Cuban vaccine, instead of trying to block the receptor, links the growth factor to a bacterial protein, which is injected into the body. Doing so is supposed to stimulate the immune system to make antibodies that attack the growth factor.

The drug has already been tested in small clinical trials outside the United States. In one trial, according to data presented last month at the American Society for Clinical Oncology meeting, patients with advanced lung cancer who got the vaccine lived longer than those who did not receive the treatment.

Mr. Hale said CancerVax planned to put the drug into phase 2 trials, the middle stage of testing. The second drug, which has not yet entered clinical trials, is a similar vaccine aimed at transforming growth factor-alpha, another protein that can stimulate cancer cell growth by binding to the epidermal growth factor receptor.

The third, also not in clinical trials, is aimed at stimulating antibodies to the receptor.

# Newsmax.com

## West Palm Beach, Florida

### 7 July 2004

## Castro's Tugboat Massacre

Humberto Fontova

A glorious anniversary has just passed. A ghastly one looms. In the predawn darkness of July 13, 1994, 72 desperate Cubans - old and young, male and female - snuck aboard a decrepit but seaworthy tugboat in Havana harbor and set off for the U.S. and freedom. The tug's name was the 13th of March, a name that will live in infamy for all Cuban-Americans - nay, for all lovers of freedom and decency.

The wind was howling that ugly night. Outside the harbor in the darkness an angry sea awaited. But unlike us on fishing trips, these desperate people didn't have the luxury of canceling or postponing. This was no pleasure cruise. The planning had taken months. No easy task, considering Castro's pervasive police and assorted snitches. Blow the whistle on an operation like this and you might get a government medal! Even better, extra rations! Maybe TWO eggs a month! Maybe even TWO chicken necks! Imagine!

The lumbering craft cleared the harbor and sure enough, five foot waves started buffeting the tug. The men sprung to action as the impromptu crew while mothers, sisters and aunts hushed the terrified children, some as young as one. Turning back was out of the question.

Let Jack Nicholson label their captive homeland "a paradise!" Let Bonnie Raitt rasp out her little ditty calling it a "Happy Little Island!" Let Ted Turner hail their slavemaster as a "Helluva guy!" Let Democratic party honcho Frank Mankiewicz proclaim Castro "one of the most charming men I've ever met!"

The people boarding that tug knew better. And for a simple reason: the cruel hand of fate had slated them to live under his handiwork. I doubt they'd heard of Eric Burdon and The Animals. But a line from The Animals' 1966 classic might have flown as a banner on that tugboat, "We gotta get outta this place! If it's the last thing we EVER do!"

The last thing indeed, for one in three. According to Cuban-American scholar Dr. Armando Lago this hideous arithmetic translates into 83,000 deaths at sea. That's a capacity crowd in New Orleans' Superdome. That's people perishing slowly of sunburn, thirst and exposure. That's people gasping and choking after their arms and legs finally gave out and they gulped that last lungfull of seawater, much like the crew in *The Perfect Storm*. That's others eaten alive - drawn and quartered by the serrated teeth of Hammerheads and Tiger Sharks, much like Captain Quint in *Jaws*. Perhaps these last perished the most mercifully. As we've all seen on the Discovery Channel, sharks don't dally at a meal.

"In space no one can hear you scream," says the ad for the original *Aliens*. Same for the middle of the Florida straits - except, of course, for your raft-mates. While clinging to the disintegrating raft, while watching the fins rushing in and water frothing in white - then red - they hear the screams all too clearly. Elain Gonzalez might know.

I wish I were making this up for dramatic impact. But every year in South Florida the INS and Coast Guard hear scores of such stories. Were the cause of these horrors more politically correct - say if

they could somehow pin it on George Bush - we'd have no end of books, movies and documentaries. We'd never hear the end of it.

With one month of Cuban rafters' stories Hollywood and New York would have enough drama, heroism, treachery and horror to keep us glued to the screen or turning the pages for a decade. Oprah could have her audience dabbing their eyes continuously. Instead we get the Che Diaries from Robert Redford. Instead we get Comandante from Oliver Stone. Both glorify the very agents of the Cuban slaughter. And all this death and horror to flee from a nation that experienced NET immigration throughout the 20th Century, where boats and planes brought in many more people than they took out - except on vacation.

Let's be clear on this, friends. Don't let Castro's agents (both on his payroll and off) in the media and Academia flummox you. Rather than a nation of suffering and desperation, Cuba was once a land of hope and prosperity. No firing squads, no Gulags, no exodus. No highest suicide rate on earth. Cuba's commercial, political, and cultural ties with the U.S. made it so. In the 1950's Cuba had DOUBLE Spain's per capita income; Ireland's and even Austria's and Italy's was lower.

Throw that at your Poli Sci professor when he starts yakking about how Castro "liberated" Cuba from "Yankee exploitation" from "rapacious capitalists"... blah...blah...blah. For all the good it'll do. You and I both know we're better off arguing with the flat-earth society, a Moonie, even a Scientologist.

With the 13th of March a few miles into the turbulent sea 30 year-old Maria Garcia felt someone tugging her sleeve. She looked down and it was her ten year-old son, Juan. "Mami look!" and he pointed behind them towards shore. "What's those lights?"

"Looks like a boat following us, son." She stuttered while stroking his hair. "Calm down, mi hijo. Try to sleep. When you wake up we'll be with our cousins in a free country. Don't worry."

But little Juan wasn't the only one who saw those lights. Several escapees stood on the tug's stern, pointing, frowning and murmuring. Soon two more sets of lights appeared. "Mami! There's more!" Juan gasped. "And they're getting closer!...Look!" Little Juan kept tugging at his mother. "Don't worry son," she stammered again. In fact, Maria suspected the lights belonged to Castro patrol boats coming out to intercept them. And they were closing fast. Soon they had rumbled up even with the lumbering tug.

Castro patrol boats indeed - fire boats technically, armed with powerful water cannons. The gig was up, the escapees figured. Back to Cuba now and probably jail. Some had been through this before. Instead - WHACK!! With it's steel prow the closest patrol boat rammed the back of the tug. People were knocked around the deck like bowling pins. Much screaming and scrambling as they rubbed their heads, their elbows and knees. But still - it looked like an accident, right? Rough seas and all. Could happen to anyone, right? Seemed plausible. "Hey WHATCHIT!" a man yelled as he rubbed the lump on his forehead. "We have women and children aboard!" Women held up their squalling children to get the point across. If they'd only known.

This gave the gallant Castroites nice targets for their water cannon. WHOOOOSHHH! The water-cannon was zeroed and the trigger yanked. The water-blast shot into the tug, swept the deck and mowed the escapees down, slamming some against bulkheads, blowing others off the deck into the five foot waves.

"MI HIJO! MI HIJO!" ( My Son!) Maria screamed as the water-jet slammed into her, ripping half the clothes off her body and ripping Juan's arm from her grasp. "JUANITO! JUANITO!" She fumbled frantically around her, still blinded by the water-blast. Juan had gone spinning across the deck and now clung desperately to the tug's railing 10 feet behind Maria as huge waves lapped his legs.

"WHAT THE!!...DIOS MIO!!" Shock, horror, confusion. Complete hysteria broke out on the boat. These people grew up in Cuba. So unlike the New York Times, The Nation, CNN, CBS, NBC, ABC, and much of Hollywood, they never mistook Fidel Castro for St. Francis of Assisi. But still - could it be that women with their infant children were being deliberately targeted?! This was a new low even for so swinish and cowardly a mass-murderer.

The escapees grabbed beams, rails, arms, legs - anything! - to keep from going over. Finally Maria and crewmate managed to grab Juan and yank the sobbing child aboard. The cannon still swept the deck as men started shoving the women and children into the tug's hold to escape the murderous blast. Soon the other two patrol boats were alongside again.

WHACK! One of the steel patrol boats turned sharply and rammed the tug from the side. Then - CRACK! another from the front! WHACK! The one from behind slammed them again. The tug was surrounded. It was obvious now: the ramming was NO accident. Castro's Patrol boats knew EXACTLY what they were doing. And in Cuba you don't do something like this without strict orders from WAY above.

"WHAT ARE YOU DOING?" The enraged men yelled from the battered tug. "Cobardes!" (Cowards!) "Asesinos!" (Assassins!) Oh for some weapons! But in Cuba gun control had proceeded well past the Brady Bill; all the way to where possession of one got you in front of a firing squad. After their savage mauling at the hands of Brigada 2506 and the Escambray Rebels, Castroites still wake up in the middle of the night sweating and whimpering at the thought of armed enemies. "We have women and children aboard!" The men yelled. "We'll turn around! OKAY!!"

WHACK! The Castroites answered the plea by ramming them again. And this time the blow from the steel prow was followed by a sharp snapping sound from the wooden tug. In seconds the tug started coming apart and sinking. Muffled yells and cries came from below. Turns out, the women and children who scrambled into the hold for safety had in fact scrambled into a watery tomb. With the boat coming apart and the water rushed in around them, some got death grips on their children and managed to scramble or swim out. But not all.

Soon the water filled the hold completely. "I was completely blind!" recalls Maria. " I was completely underwater, fumbling around, grabbing for anything near me, trying to find Juan. I was submerged, so my screams were like those in a nightmare where you scream in terror but nothing comes out.....Soon I grabbed an arm and I felt some arms and legs wrap around my neck and chest from behind me.....Just then we popped to the surface. "It was little Juan gripping my body from behind! HOLD TIGHT, mi hijo! Hold TIGHT!" Maria yelled while coughing up pints of sea water. "DON'T LET GO!" she yelled. Juan was coughing and gagging too, but still gripping his mother tightly, almost choking her in fact.

Maria was in the middle of a maelstrom, her husband was out there too, somewhere. She was treading water frantically with her last reserves of strength when she felt a strong hand grab her. She focused through the spray and saw about ten people hanging onto an ice-chest. A man was reaching out from the group and pulled her towards them just as a blast from the water cannon hit them again. By now all three tugs had turned on their water cannons. The escapees might have been under Niagara falls. Worse, the Castro boats started circling the sinking tug....faster, faster, gunning the engines to a horrendous clattering roar, and creating a huge whirlpool in the process. They knew EXACTLY what they were doing. "People were screaming all around me," recalls Maria. "A woman on the ice chest had her baby daughter ripped from her arms by the blast and she was screaming, screaming, SCREAMING!

The hysterical woman let go of the ice chest and went under in search of her child. Neither her nor the child reappeared from the swirling waters. The roar from the water-cannons, the racket from the

boat engines creating the deadly whirlpool - this hellish din muffled most of the screams, but all around people were screaming, coughing, gagging and sinking.

Soon Maria was ripped from the ice chest by another blast from the water cannon. "Juanito hadn't been holding on very tightly any more," She sobbed in testimony. "He'd been coughing real bad, coughing up mouthfuls of sea water. Finally I felt him go limp. Then the blast hit us. I went under again. And came up screaming. "GRAB JUAN! Grab my boy! POR FAVOR! But everyone was scrambling, everyone was under the blast of the gun. My son! ...My son!" This time, 10-year-old Juan never resurfaced. Maria Garcia lost her son, husband, brother, sister, two uncles and three cousins in the maritime massacre.

In all, 43 people drowned, 11 of them children. Carlos Anaya was three when he drowned, Yisel Alvarez four. Helen Martinez was six months old. Fortunately, a Greek freighter bound for Havana had happened upon the scene of slaughter and sped in to the rescue. NOW one of the Castro boats threw out some life-preservers on ropes and started hauling people in, pretending they'd been doing it all along, the murderous swine!

Thirty one were finally plucked from the seas and hauled back to Cuba where all were jailed or put under house arrest. They hadn't been through enough, you see. But a few later escaped Cuba on rafts and reached Miami. Hence we have Maria Garcia's gut-wrenching testimony presented to the UN, the OAS and Amnesty International, who all filed "complaints," reports, "protests," ...whatever. This was obviously a rogue operation by crazed deviants, you say. No government could POSSIBLY condone, much less directly ORDER such a thing?! Right?!

Wrong. NOTHING is random in Cuba. One of the gallant water-cannon gunners was even decorated (personally) by Castro. Perhaps for expert marksmanship. A three-year old child presents a pretty small target. A six-month old baby an even smaller one. "Magnificent job defending the glorious revolution, companero!" And what about the net result of all the "petitions," "protests," etc. by OAS, the United Nations - by all these revered "multi-lateral" organizations?

Well, barely a year and a half after his pre-meditated massacre, Castro received an engraved invitation to address the very same United Nations on its glorious 50th anniversary. Castro was actually the guest of honor. "The Hottest Ticket in Manhattan!" read a Newsweek story that week. "Fidel Takes Manhattan!" crowed Time magazine. After his 'whoopin, hollering, foot-stomping ovation in the General Assembly ("Castro got, by far, the loudest and warmest reception," Time wrote) Castro plunged into Manhattan's social swirl, hob-nobbing with dozens of glitteratti, pundits and power brokers.

First, over to Mort Zuckerman's 5th Avenue pad as the guest of honor for a glamorous luncheon. A breathless Tina Brown, Mike Wallace, Bernard Shaw, Dan Rather, Peter Jennings and Barbara Walters were all on hand, clamoring for autographs and photo-ops. Diane Sawyer simply lost it in the child-killer's presence. She rushed up, broke into that toothy smile of hers, wrapped her arms around Castro and smooched him warmly on the cheek. "You people are the cream of the crop!" Beamed the bearded man of the people to the rapt guests. "Hear-hear!" Chirped the delighted guests while tinkling their wine glasses in appreciation and glee.

According to the U.S.-Cuba Trade and Economic Council, on that visit Castro received 250 dinner invitations from American celebrities and power brokers. And who wants to bet a dollar to a donut that today all 250 moan and wail about the "horrors" in Abu Ghraib? Humberto

**Fontova is the author of "The Hellpig Hunt," described as "Powerful and compelling!" by Publisher's Weekly as "Fascinating and Fun!" by the New Orleans Times Picayune and as "Just what the doctor ordered!" by Ted Nugent. You may reach Mr. Fontova by e-mail at [hfontova@earthlink.net](mailto:hfontova@earthlink.net)**

# Baltimore Sun

Baltimore, Maryland

30 June 2004

## Editorial

### Squeezing Havana

THE BUSH administration's tough new sanctions against Cuba have given President Fidel Castro yet another opportunity to spew his anti-American rhetoric and stage popular expressions of outrage. Nothing new there. But when Cuban exiles in Miami question the policy, President Bush has a problem.

The sanctions, which take effect today, restrict American residents' travel to Cuba to once every three years and the amount of money to be spent there. They limit the kinds of gifts that can be received in Cuba and who can receive them. Restrictions also have been placed on educational programs. The administration has imposed these restrictions in its bullheaded quest to force Mr. Castro from office. But let's face it: 44 years of sanctions haven't pried Mr. Castro from his seat of power.

Toughening sanctions, despite congressional support for lifting the travel ban, is a political play for votes in the powerful anti-Castro community in South Florida. Mr. Bush and his re-election chiefs, however, may have foolishly miscalculated the benefits of getting tougher with Mr. Castro before the November election.

Barring a Cuban exile from visiting a sick cousin because he doesn't qualify as immediate family under the new policy won't win Mr. Bush any votes. As Tessie Aral, owner of a travel agency in Miami and a registered Republican, put it: "That's cruel and inhumane. In the Latin American community, family is deeper than blood." Ms. Aral may be one vote, but she reflects the sentiments of Joe Garcia, executive director of the Cuban American National Foundation, who was quoted recently questioning the "moral ground" of the Bush policy as it affects families.

Cuban-Americans overwhelmingly supported Mr. Bush in the 2000 election, which he won by squeaking out a 537-vote victory in Florida. But many recent immigrants fled the island not for political reasons but to better their lives, and their family ties outweigh their animus toward Mr. Castro.

The new sanctions hit Cuban families where it will hurt - in the pocket. Americans who are 18 and older have been able to send up to \$1,200 a year to the island. But now only people with immediate family in Cuba can send money, and it can only be sent to those relatives.

The fallacy of U.S. sanctions is that the Bush administration is squeezing Cuba in one way, but the Castro regime is taking political advantage of a 4-year-old U.S. law that permits the sale of food and medicine to the island. The U.S. Cuba Trade and Economic Council estimates about \$573 million in food and agricultural products have been exported to Cuba from December 2001 through May.

The Bush administration's tightening of the trade embargo may antagonize Mr. Castro, but it won't diminish his standing at home.

# United Press International

Washington, D.C.

30 June 2004

## Cuba travel rules make waves

WASHINGTON, June 30 (UPI) -- Both Havana and Washington may face political consequences with the activation of new travel restrictions to Cuba, a move that will affect Cuban-American families, who threaten to retaliate at the polls next November.

New regulations issued by the White House and U.S. State Department that principally concern travel and cash flow from Cuban Americans to their relatives on the island went into effect Wednesday.

The White House said the implementation of the measures, originally announced May 6, will hasten the end of Cuba's communist government.

However, some Cuban Americans who are personally affected by the new regulations are suddenly at odds with Washington over this approach to dismantle Cuban President Fidel Castro's government. They say their anger will reverberate at the polls in November.

"This is a turning point for the Cuban-American community in Miami," said Uva de Aragon, associate director of the Cuban Research Institute at Florida International University. "The family has always been so important to Cuban Americans, and we will see results in November."

The new policy tightens the current limits of one visit a year to one visit every three years for family members of Cubans in Cuba and cuts the authorized per diem to \$50 from \$164. It also limits the remittances Cuban Americans can send to relatives in Cuba: Cuban-Americans can now only send money back to "family" members, defined as immediate family, including grandparents, grandchildren, parents, siblings, spouses and children.

The U.S.-Cuba Trade and Economic Council estimates that 176,000 U.S. residents legally traveled to Cuba in 2003, spending about \$200 million. The vast majority -- around 128,000 -- claimed to be visiting family.

On Tuesday, many Cuban-Americans were turned away at Miami airport after clambering to get to Cuba before the restrictions set in. Two planeloads of travelers were denied flights to Cuba on the last day of unrestricted flights because charter airlines did not have State Department permission, The Miami Herald reported Wednesday.

The specific rationale behind the new regulations is that the Bush administration seeks to slash the amount of money carried by visitors and cut off excess dollars that the Cuban government receives in airport fees. Those dollars, U.S. government officials say, go straight to the Cuban government and help to keep it afloat.

"We seek to deny cash to the Castro regime which we feel oppresses the people of this island," said a State Department official, who asked not to be named.

With full enforcement, the measures could curb the flow of up to \$150 million to the island a year, according to U.S. government estimates.

Some non-governmental organizations like the Washington-based Center for a Free Cuba support the restrictions and believe they can be effective at hurting the Castro government.

"Cutting off funds is going to restrict government activity," said Felipe Sixto, chief of staff for the Center for a Free Cuba.

But in some communities in Miami, where the Cuban-American community is most highly concentrated, activists have leapt to action to oppose the rules.

The Cuban American Commission for Family Rights is a broad coalition of Cuban Americans established in May to denounce the new government restrictions on travel and remittances. On May 20, over 500 people in Miami joined the commission to protest the restrictions.

"We find it particularly ironic that in the name of freedom for Cuba, the freedom of Cuban Americans to travel and to maintain normal family relations is being trampled," said Sylvia Wilhelm, executive director of the commission. "During this election year, our plans are to use every legal option available, from legal protests to registering eligible voters in every state, in order that our voices are heard."

The commission also noted in a statement that the new regulations also contradict the sentiment of the majority of the U.S. Congress which has voted four times in a row to lift travel restrictions to Cuba.

Damian Fernandez, director of the Cuban Research Institute at Florida International University, said that the new guidelines are a response to a small group of Cuban Americans who have long had strong ties and access to the president.

"But these restrictions have come at a time when the Cuban-American community's demographics have dramatically changed," said Fernandez. "The more recent exiles are the ones who still have a lot of family in Cuba and they are the ones who will be most affected."

Whether the new restrictions will truly affect either President Bush or Castro's grip on power still remains to be seen.

Fernandez noted the recent exiles are the same people who are less likely to be registered to vote in the United States or be legal citizens.

An April survey conducted by the Institute for Public Opinion Research and the Cuban Research Institute of Florida International University found that more than 36 percent of Cuban-American residents polled are still undecided about who they will vote for in November. The poll surveyed 1,201 randomly selected Cuban-American respondents in the Miami area.

"The November election is going to be a draw for the president in Florida," predicted Fernandez, citing indecision indicated in the survey.

# The Miami Herald

Miami, Florida

28 June 2004

## Drilling for black gold

### Spain's Repsol-YPF helps Cuba search the waters off its coast for oil

BY LARRY LUXNER

Special to The Herald

HAVANA -- The Spanish oil company Repsol-YPF has begun drilling for oil in waters 18 miles off Cuba's northwestern coast in an effort to reduce Havana's dependence on imports. Although the decades-old U.S. trade embargo precludes the involvement of U.S. oil companies in the Cuban industry, oil officials in Cuba say they would be open to the possibility.

"We are open to U.S. oil companies interested in exploration, production and services," Juan Fleites, vice president of the state-run Cubapetroleo told U.S. executives at a recent conference in Havana. "There is no reason U.S. companies shouldn't take advantage and compete so close to home," he said. One of the main reasons for Cuba's welcoming attitude is that the island nation doesn't have the capacity to explore and develop a 43,000-square-mile area known as the Exclusive Economic Zone in the Gulf of Mexico, so it is eager for foreign partners with capital and know-how.

#### WIDESPREAD INTEREST

Fleites said 16 foreign oil companies, mostly from Canada, France and Spain, have already signed contracts to prospect and drill to a depth of between 1,000 and 3,000 meters. "We have leased 10 of our 59 blocks in the Gulf of Mexico, but we expect many more companies to sign if Repsol finds oil," Fleites said.

And that is a big if. Experts say Cuba must discover a deposit of light crude large enough to make it commercially feasible to spend more than \$1 billion developing any deep-water field in the Gulf. Some Spanish oil industry executives have been quoted as saying the odds of Repsol-YPF finding such deposits are only one in 25. A Repsol official quoted by the Spanish news agency EFE put the odds at one in four. And a Repsol-YPF engineer working to sink the well told The Financial Times, "The chances that we will find oil are better than winning the lottery or a casino jackpot. More like getting some of the numbers right or coming out ahead at the blackjack table on consecutive nights." Some observers say if Cuba does hit the jackpot offshore, there could be increased pressure to lift the U.S. embargo.

#### GROWING PRESSURE

"It is difficult to imagine how the U.S. oil industry could stay on the sidelines for long if there is a commercial find," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors commercial relations between the two countries. "There will be pressure on the government from U.S. oil companies, both upstream and downstream," he told The Financial Times. "We've been in contact with various American oil companies," Fleites said, but he declined to elaborate.

Cuba currently produces about 3.5 million tons of oil equivalent per year, or just more than 40 percent of the island's annual consumption of 8.5 million tons, said Jorge Pérez-Lopez, a U.S. economist who specializes in Cuba issues. The rest is imported, almost entirely from Venezuela. Repsol-YPF, which has six concession blocks along Cuba's northwestern coast from Pinar del Río to Matanzas, has leased the Norwegian-owned Eirik Raude rig at \$195,000 a day to drill in water more than a mile deep. It is the world's largest semi-submersible rig, a floating platform designed for very deep water.

## HUGE INVESTMENT

The company has reported it would spend more than \$40 million on the project but believes its investment could yield up to 1.6 billion barrels of oil below the seabed. "If they find oil, we will share the production as well as the profits," Fleites said. "This is a risk you take whenever there is confidence in the country. Companies know we will live up to our commitments." Fleites said foreign investment in Cuba's oil sector is around \$1.2 billion. Canada's Sherritt International signed rights to four exploration blocks last year. In 2001, Sherritt and Brazil's government-owned Petrobras sank \$16 million into a well that proved dry. But Petrobras says it hasn't given up on Cuba. Foreign companies led by Sherritt and another Canadian company, Pebercan, have joint ventures and production deals with Cubapetroleo that account for 60 percent of the island's oil and gas output.

"Thanks to the participation of foreign companies, we have had the possibility of introducing new techniques such as horizontal drilling," said Fleites. "This technique is quite new, and we haven't used it before. We also have multitube wells and have introduced new pumping systems that are much more modern than what we had before."

## LITTLE INFORMATION

Madrid-based Repsol-YPF is tight-lipped about its Cuba venture, especially when it comes to U.S.-based reporters. Valentín Alvarez, general director of Repsol's Caribbean business unit in Venezuela, declined comment and referred media inquiries to José Conesa Martínez, general manager of Repsol-YPF Cuba S.A. In an e-mail, Conesa's secretary said her boss wasn't available for an interview "given the situation existing [in Cuba-U.S. relations]. . . , which could prejudice the work our company is doing in Cuba." Fleites said Cuba has more than 310 miles of pipelines, and that the Matanzas oil terminal is now capable of receiving 150,000-ton supertankers. In 1999, he added, about half of Cuba's electricity was generated by domestically produced oil and gas; today it's nearly 100 percent. "For this, we had to upgrade our power plants to burn domestic crude. These investments took place over four years," he said. "At present . . . all our electricity is based on oil or gas."

Two ventures are currently underway for the sale of LPG: one in Havana, with Argentina's Puma Gas, and the other in the eastern city of Santiago de Cuba with Total of France. Combined investment in the two projects is around \$50 million. "Most of our people still use kerosene, which is not the best domestic fuel. Little by little, we are replacing kerosene with LPG," Fleites said.

## REPSOL-YPF

Madrid-based Repsol-YPF is a \$44 billion conglomerate with operations in Europe, the Middle East, Africa and Latin America. • The company produced 1.12 million barrels of oil a day in the first quarter of 2004. • It owns 99 percent of YPF, Argentina's largest oil company, and 10 refineries in Spain and Latin America.

# Associated Press

New York, New York

30 June 2004

## Newsview: Bush Readies New Castro Measures

By GEORGE GEDDA, AP

WASHINGTON (AP) - For more than 40 years, the debate has persisted: Do tough sanctions against Cuba weaken Fidel Castro's government or entrench it?

President Bush's actions make clear where he stands. He believes loopholes in the embargo are serving as a lifeline for Castro.

At midnight Wednesday, new regulations take effect to sharply reduce Cuba-bound dollar flows from the United States, mostly by way of Cuban-Americans. Properly enforced, the measures could deprive the island of up to \$150 million a year, according to administration estimates.

The measures are being imposed despite growing congressional disenchantment with the embargo. Lawmakers voted by comfortable margins last year to end restrictions on travel to Cuba. A threatened presidential veto killed it.

Proponents argued that U.S. tourism would plant democratic seeds in Cuba; the administration contends the chief effect would be an economic windfall for Castro. The measures taking effect on Thursday appear aimed partly at the November elections. In 2000, Bush's 4-to-1 advantage over Al Gore among Cuban-Americans in Florida helped to carry the state in 2000, by a mere 537 votes, and to win the White House.

It is unclear whether Bush will retain that margin this year. To do so, he believes that a pugnacious policy toward Castro is his best bet. Like Bush, Sen. John Kerry, D-Mass., supports the embargo but, thus far, the president has shown more zeal for confronting Castro.

After Wednesday, U.S.-based pleasure boaters will no longer be granted Coast Guard licenses to enter Cuban waters. Since 1996, about 1,200 licenses have been issued, giving boaters unfettered access to Cuban ports.

To avoid problems with immigration authorities on their return, Cuban authorities routinely have provided a letter certifying that the Cuban government had covered all on-island costs. State Department officials see the certification as a sham, claiming that the visits have been a dollar-generating bonanza for the island.

Technically, U.S. travel to Cuba, even recreational visits, is legal. But the spending of dollars there is forbidden, family or professional visits excepted. Under the policy shift, the Treasury Department will approve no visit based on the assumption that the Cuban government will assume all costs.

Rules for family visits by Cuban-Americans also are changing. In theory, such visits have been limited to one a year but additional visits were routinely approved if a humanitarian need was cited.

Now family visits are restricted to one per three years, with no humanitarian exceptions. The authorized per diem for a family visit is being slashed to \$50, compared with \$164 now. A \$1,200 annual ceiling on dollar transfers to family members in Cuba remains unchanged.

Shipments of humanitarian goods will still be permitted but officials say strict standards will be enforced. A Piper Cub filled with antibiotics will get a license with no hassle. There will be no license for a 24-seat Gulfstream jet for a purported "humanitarian mission" if its only declared cargo is three cases of aspirin.

No licenses will be approved for shipments of clothing or soaps and other hygienic items. Let Castro himself supply these goods, officials say.

Fewer visits to Cuba mean fewer dollars spent on visa and airport fees and plane fuel - and more economic pain for Castro. Or so officials think.

John Kavulich, who keeps American businesses informed on Cuba through his U.S.-Cuba Trade and Economic Council, says the new regulations could give Castro added rationales for the island's lagging economy. He also says Castro could respond by cutting back on U.S. food imports, legal since 2000, thus alienating U.S. farm state legislators.

Castro is worried that Bush, given his revulsion for Cuba's system, won't be content with mere tweaking of the embargo.

"Do not try crazy adventures such as surgical strikes," the Cuban leader warned Bush last week. "You would never be able to win that war." American officials say no such plan is contemplated.

# The Miami Herald

Miami, Florida

30 June 2004

## New U.S. regulations on Cuba take effect

BY NANCY SAN MARTIN

Knight Ridder Newspapers

MIAMI - (KRT) - Tightened restrictions on Cuba travel, remittances and gift parcels taking effect Wednesday mark the start of a "comprehensive, integrated strategy" intended to hurt Fidel Castro's government, not Cubans or Cuban Americans, U.S. authorities say.

"These are specific steps to signal to the regime that they cannot simply hold on," said a senior State Department official, who spoke on condition of anonymity. "It's a sign of disapproval of the Cuban government's current and past behavior and to show that the behavior has consequences." The new rules, which have caused panic among Cubans on and off the island and spurred criticism against the Bush administration, are only a small component of some 650 recommendations contained in a report by the Commission for Assistance to a Free Cuba to hasten a democratic transition. The Cuban government has portrayed the measures as acts of U.S. aggression and responded by increasing prices at dollar stores, organizing a massive protest outside the U.S. Interests Section and hinting that harder times on the island could provoke another mass exodus.

Future initiatives include the appointment of a transition coordinator to implement the new measures and identification of resources for \$45 million to be spent over the next two years, including the purchase of an airplane and broadcasting equipment to break through Cuba's jamming of Radio and TV Marti.

Several analysts said the effort is unprecedented and comparable to strategies used during the Cold War. "All those things have been done and had relative success in undermining the communist regime in Eastern Europe," said Jaime Suchlicki, director of the University of Miami's Institute for Cuban and Cuban-American Studies. "This was not an overnight operation. It took years." The recommendations came after months of intelligence gathering, analysis and debate over how to hit the Castro government where it is most vulnerable: its pocket.

In 2003, an estimated 176,000 U.S. residents legally traveled to Cuba, spending about \$200 million, according to the U.S.-Cuba Trade and Economic Council, which monitors Cuba's economy. The overwhelming majority - about 128,000 - claimed to be visiting family.

The Bush administration wanted to drastically reduce the amount of money carried by those visitors and do away with extra dollars that come from airport fees charged by the Cuban government. So the visits are now restricted to once every three years. Remittances also were limited because only a small percentage of the population was found to be direct beneficiaries of the cash transfers from American relatives. According to the Cuban government's own estimates, about 30 percent of its 11 million citizens have direct access to hard currency, either through remittances or dollar-related jobs. The removal of clothing and personal hygiene products from gift parcels came as a result of abuses in bulk packages appeared to support businesses instead of relatives.

# **The CalTrade Report**

**Los Angeles, California**

**29 June 2004**

## **CUBA, US AGRICULTURE TRADE EXPANDS**

HAVANA, Cuba - Cuba has bought its first shipment of US durum wheat in more than three decades, according to the US Agriculture Department (USDA), which said the sale is "a sign of Cuba's growing commercial food ties to the United States."

The USDA's weekly export report showed Cuba bought 5,300 ton of US-grown durum wheat - used mainly in pasta products - during the week ending June 17.

It was the first such purchase since federal reporting began in 1973 and makes Cuba the biggest buyer of US wheat. The island nation has purchased a total of 190,900 tons of all varieties of US wheat so far in the 2004/05 marketing year, which began June 1, according to the USDA.

Cuba imported 800,000 ton of foreign wheat and wheat flour in the 2003/04 marketing year, according to USDA estimates.

Historically, Cuba has turned to the European Union, Canada and Argentina for much of its wheat supply. But since 2001, Cuba has spent about \$300 million on US grains, meat, and other farm goods, the USDA says.

The US-Cuba Trade and Economic Council, which tracks American business with Cuba, says US sales have totaled \$573 million.

US farm groups have unsuccessfully pushed the Bush Administration to relax economic sanctions against Cuba and allow government-backed financing of commodity sales. "If you open free market forces, Cuba has the potential to be a billion dollar market for US agriculture products," said Bill Kost, a Cuba expert with USDA's Economic Research Service.

# The Miami Herald

Miami, Florida

26 June 2004

## Cubans incensed at travel curbs

By Madeline Baró Diaz  
Miami Bureau

Maria De La Torre of Miami regularly goes to Cuba to visit the stepchildren she raised, as well as their children. Despite the Bush administration's crackdown on such trips, "I will try to go [to Cuba] however I can," she vowed. "I will swim if I have to." She is not alone in her outrage.

Several Cuban-Americans say they plan to look for ways around the new regulations, which require them to obtain a license to travel to Cuba and restrict them to one visit every three years. The rules, which go into effect Wednesday, also whittle down the list of relatives they can visit or send money to. In addition, they can no longer send clothes and soap, among other personal items, to loved ones on the island.

That upsets Nery and Raul Diaz, of northwest Miami-Dade County, who often send underwear, socks and soap to their children, grandchildren and great grandchildren on the island. "We're suffering because of this," Nery Diaz said. "They don't have anything over there."

The New York-based U.S.-Cuba Trade and Economic Council, which monitors business between the two countries, estimates Cuban-Americans sent \$400 million to \$600 million to their families in Cuba last year.

John Kavulich, president of the organization, said while there might be an initial drop in remittances once the new rules take hold, they could increase later on. One possible scenario, he said, is that people who cannot make regular visits to Cuba will instead send their travel money to their families. Also, people will probably go through third parties to skirt the regulations, which are overseen by the Treasury Department.

"People will circumvent the rules because family ties generally trump regulations," Kavulich said.

That's what happened in the 1990s when the Clinton administration banned cash gifts and restricted travel. People got around that by going through the Bahamas or Mexico.

Although that could happen again, Kavulich said, "the Bush administration has coupled rhetoric with enforcement, where the Clinton administration didn't do that."

Treasury Secretary John W. Snow said Friday the goal of the new regulations is "bringing freedom to the oppressed people of Cuba as soon as possible. "The real concern is ... seeing that monies of American travelers and students, visitors, aren't used to line the pockets of Castro and his regime," Snow said.

Dixie Tidwell, of Rowlett, Texas, learned a few years ago that the man she called her father had adopted her. Her biological father, who had died, was part Cuban. Since then, she's been trying to get in touch with her Cuban roots.

Tidwell is determined to go to Cuba, and many Web sites give details on how to make unsanctioned trips, she said. "I've always wanted to connect with my family there," she said. "How many cousins do I have that I don't know? How much of my heritage am I missing out on, all because of the policies in place?"

Miriam Levinson, who came to the United States in 1956, coordinates trips to Cuba through the Jewish Community Center in Chicago. The groups that go deliver wheelchairs, medicine and other aid. Although Levinson disagrees with the new rules, she's not going to go around the law. "Some people may look for other ways, [but] we would never do that. We couldn't," she said.

Even exiles who back strong measures against the Cuban government are balking at restricting family contact.

Ramón Saul Sanchez, a Miami activist, said he supports some initiatives, such as increased efforts to broadcast to the island through U.S. government-run TV Martí. But separating families is wrong, he said.

Sanchez believes people will find ways around the rules but because "it will be more difficult for people to do it ... prices and costs will increase. Instead of punishing the dictator, we might end up helping the Cuban dictator punish the people."

# Marketplace (NPR)

## Los Angeles, California

### 24 June 2004

## MINNESOTA PUBLIC RADIO

Announcer: From the Frank Stanton Studios in Los Angeles, this is MARKETPLACE.

DAVID BROWN, anchor:

Turning the Cuba embargo upside-down. When is a movie ad a political ad? And taking credit for job creation.

AUSTAN GOOLSBEE (Commentator): In the past year, more people got jobs at collection agencies than got jobs in all US manufacturing industries combined.

BROWN: I'm David Brown, and this is MARKETPLACE.

(Announcements)

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DAVID BROWN, anchor:

While we're at the nexus of money and politics, it's worth noting that the Bush administration plans to tighten the embargo on Cuba next week. The amount of cash Cuban Americans can send home to their families will be cut back. But in a curious twist, the US is getting some money from Cuba. Today the US Agriculture Department announced that, for the first time in 30 years, Cuba is buying Durham wheat from America. MARKETPLACE's Jeff Tyler reports.

JEFF TYLER reporting:

American wheat growers love Cuba. Five years ago, the market didn't exist, but now Dawn Forsythe with the trade group US Wheat Associates says the amount of wheat sold to Cuba grows year by year.

Ms. DAWN FORSYTHE (US Wheat Associates): So it's gone from 100,000 to, a couple years later, 300,000, and now we're at almost half a million metric tons a year. They were our sixth-largest customer in this hemisphere.

TYLER: And it's not just wheat. According to the USDA, over 300 million worth of food products have been sold to Cuba since 2001. John Kavulich with the US-Cuba Trade and Economic Council puts the figure at closer to 600 million bucks. And because the Cuban government has a bad habit of not paying its debts, the US Congress required all trade to be paid for in cash. But the country is essentially broke, so where does the money come from? Kavulich says that some of the cash is diverted from funds that would otherwise be paid to other creditor countries.

Mr. JOHN KAVULICH (US-Cuba Trade and Economic Council): Some exporters in Spain and Canada and Mexico and France have not been very happy that the US companies are being paid cash while they continue to wait for their payments and in some cases are not getting paid at all.

TYLER: Cuban officials admit that they trade with US companies, in part, to influence American politics. States and businesses that profit from Cuba trade are more likely to lobby for lifting trade sanctions. Kavulich says that, as long as US policy remains anti-Castro, Cubans will continue to buy more and more American products. I'm Jeff Tyler for MARKETPLACE.

# National Public Radio

Washington, D.C.

24 June 2004

## Analysis: Commercial relationship between US and Cuba

RENEE MONTAGNE, host: Earlier this week, the Cuban government staged a huge anti-American rally in Havana to protest President Bush's tightening of the economic embargo against Cuba. The tough new measures are intended to pressure the Castro regime by restricting travel by US citizens to Cuba and limiting money sent to the island by Cuban Americans. Despite open hostility between Havana and Washington, a four-year-old law allows Cuba to buy certain American products and that has created a thriving commercial trade between the neighbors. As NPR's John Burnett reports, Cubans are uttering 'Yankee imperialist' and 'Buy American' in the same breath.

JOHN BURNETT reporting: The United States has quietly become Cuba's largest source of imported food in agricultural products, which has created a booming new market for hard-pressed American farmers.

Mr. RUBEN BONILLA (Chairman, Port of Corpus Christi): Most of what Cuba needs, most of the food items are indigenous to south Texas: wheat, rice, grapefruit, oranges.

BURNETT: Earlier this month, Ruben Bonilla, chairman of the Port of Corpus Christi, Texas, hosted a one-day conference to drum up interest in trading with Cuba. There were no Che Guevara berets spotted in the crowd of conservative businessmen and women; nonetheless, they were eager to do business with this outpost of tropical communism.

Mr. GARY HOOD(ph): I'm Gary Hood. I'm from San Antonio. I'm in the concession business.

BURNETT: Hood is not planning on selling hot dogs in Havana's ball parks. He says he wants to broker shipments of lumber to the island. Do you think there's good money to be made in Cuba?

Mr. HOOD: You start off with zero four years ago and we're doing \$250 million a year. Yeah, there's money down there.

BURNETT: Last year, Cuba purchased \$256 million worth of US food and farm goods, up nearly 80 percent from the previous year. Their shopping list included chicken, raisins, apples, corn, rice, soybeans, livestock, fertilizer, pasta, soft drinks, pine logs, peanut butter and a few surprising items, says Cynthia Thomas, president of the Texas-Cuba Trade Alliance.

Ms. CYNTHIA THOMAS (President, Texas-Cuba Trade Alliance): Cubans love chewing gum and that wasn't on the permitted list, but Wrigley's went in and got that added. Napa Valley is exporting wines to Cuba. And they got wines added to the list. You know, almost anything you go and shop for on a weekly basis, they're looking to buy.

BURNETT: Since Bill Clinton signed a law liberalizing trade with Cuba, the country has spent some \$580 million on American goods making it the United States' 35th biggest export market. The trade comes with conditions, however. The Cubans are only permitted to buy food and agricultural products and they have to pay in cash. They could buy from Vietnam and China that offer generous credit terms to Castro's cash-strapped government, but they choose to buy American. It's closer, the products are higher quality and the contact with American agriculture has immeasurable political value, says Phil Peters, a Cuba expert at the Lexington Institute.

Mr. PHIL PETERS (Lexington Institute): They see that through this trade, they're building friendships in the United States with a largely Republican sector with the farmers all over the country. So they're buying eggs from Massachusetts; they're buying apples from Washington state; buying grain from throughout the Midwest; chicken from Georgia. So they're spreading the wealth around and I think that they rightly see that at some point it's going to redound in a political benefit here.

BURNETT: Last November, in an unguarded moment, a Cuban Foreign Ministry official told Agence France-Presse, quote, "Every food shipment we buy from the United States has a political component to overturn the US economic blockade." The government quickly disavowed the comment, but John Kavulich, president of the U.S.-Cuba Trade and Economic Council, says it was accurate.

Mr. JOHN KAVULICH (President, U.S.-Cuba Trade and Economic Council): With respect to the food products and ag products that are being purchased from the US, the primary reason is to influence US policy toward Cuba.

BURNETT: The strategy seems to be working. Cuba's trade contacts in the American heartland have become vocal opponents of the 44-year-old embargo. Some state officials, such as Alabama agriculture commissioner Ron Sparks, are asking their congressional delegations to work to normalize relations with Cuba.

Commissioner RON SPARKS (Alabama Agriculture Department): You know, I just think that we ought to have normal relationships there. I mean, you know, we're doing business with Vietnam. We're doing business with China. We're doing business with Libya. We're doing business with all the other countries that we've had difficulties with. I don't know why we've got an embargo anyway.

BURNETT: As more and more officials embark on trade missions to Havana, Castro is engaged in a charm offensive. For instance, the Cuban president, dressed in a pinstriped suit and red silk tie, met personally with Corpus Christi Port Chairman Ruben Bonilla.

Mr. BONILLA: The manner in which we were received and treated with kindness and openness, that in itself served as a catalyst for us to return to the United States and say there should be a better way. It doesn't make sense for this embargo to continue.

BURNETT: The Port of Corpus Christi is one of 17 US ports competing to ship goods to Cuba. On average, there's a US-flagged vessel steaming into Havana Harbor every week.  
(Soundbite of ship's horn)

BURNETT: Captain Billy Tharp(ph) stood on the bridge of his tugboat, El Harguar(ph), preparing to tow 5,000 tons of Montana pinto beans through the warm waters of the Gulf on a four-day voyage to Cuba. This will be his third trip to the island. On his first, he wasn't sure what to expect.

Mr. BILLY THARP (Captain, El Harguar): Actually, it was pretty nice. We felt very welcomed there. People were real friendly. It was good doing business with them.

BURNETT: There will be more shipments like this. The shipper, Yellowstone Bean Company, says Cubans eat more beans per capita than any people in the world. John Burnett, NPR News.

MONTAGNE: This is MORNING EDITION from NPR News. I'm Renee Montagne.

# Financial Times

## London, United Kingdom

18 June 2004

### Hopes of big oil find off Cuba raise questions on US embargo

By Marc Frank

An event unfolding 18 miles off Cuba's north-west coast could change the course of the nation: Repsol YPF, the Spanish petrochemicals company, is drilling for oil in virgin waters.

Experts say Cuba's share of the Gulf, like those of Mexico and the US, may harbour large quantities of crude. All eyes are watching Repsol: a discovery would boost the company's reserves and open a new and promising area to oil exploration. It could also mark the beginning of the communist nation's transformation from a bankrupt oil-importing country to an oil exporter - and could generate corporate pressure for the US to lift its decades-old trade embargo.

"It is difficult to imagine how the US oil industry could stay on the sidelines for long if there is a commercial find," says John Kavulich, president of the US-Cuba Trade and Economic Council, which monitors commercial relations between the two countries. "There will be pressure on the government from US oil companies, both upstream and downstream," he says.

While some experts give very long odds to wildcat wells - or wells in unproved areas - others believe experience begets at least some results. "The chances that we will find oil are better than winning the lottery or a casino jackpot," says an engineer working to sink the well. "More like getting some of the numbers right or coming out ahead at the blackjack table on consecutive nights."

The engineer pointed out Repsol must believe it has a good shot as it has contracted Eirik Raude - a Norwegian semi-submersible deep water platform, one of the world's newest and most sophisticated - at \$195,000 (&euro162,400, £106,700) per day.

A person close to the project insists geologists are fairly certain they have located oil and gas a mile below the sea's surface. "They contracted the Eirik Raude to determine the ratio of oil to gas and the oil's quality, the pool's commercial viability," he says.

"These are high risk areas. . . but we are optimistic," Repsol YSA chairman Alfonso Cortina said earlier this year.

The company reported it would spend more than \$40m but believes that up to 1.6bn barrels of oil may lie below the seabed. Repsol currently holds 5.3bn barrels of oil equivalent, so such a find would boost its reserves by 30 per cent.

A Lloyds Register report to other oil companies and potential Repsol partners in developing any significant find, estimated \$1.5bn would be needed to develop 150,000 b/d by 2008. Cuba has desperately searched for oil since the Soviet Union's demise deprived it of 255,000 b/d on very favourable terms.

"It would be a huge economic boon that would end a decade-old foreign exchange crunch," says Phil Peters, a Cuba expert and vice-president of the Lexington Institute, a Washington think-tank.

Cuba's energy sector was one of the first opened to foreign investment under Fidel Castro, the president since 1959. In the 1990s the island was explored from end to end. France's Total, Petrobras of Brazil, and others drilled onshore and offshore to no avail.

Sherritt International and Pebercan of Canada made minor discoveries along the north-west coast's oil belt, which holds an extremely heavy crude that can only be used in the island's modified power plants and factories.

Cuba's oil and gas production has increased from less than 10,000 b/d to the equivalent of 75,000 b/d - half the country's current fuel consumption.

The Gulf of Mexico was divided by treaty between Cuba, Mexico and the US 25 years ago. Cuba's 43,000 square miles were divided into 59 blocks for foreign exploration in 1999.

So far, few companies have signed on. Repsol took the rights to six blocks in 2000 and Sherritt International recently opted for four blocks. The foreign companies must form partnerships with Cubapetroleo, the state oil monopoly, if oil is discovered.

Industry sources say companies from China, France, Britain, Brazil and elsewhere are seriously considering exploration, but waiting for the Repsol results - and the US reaction to development.

"It could be a double edged sword," says a Cuban economist of efforts to develop the offshore oil industry. "The United States would have to act. The embargo might end, or the missiles might fly. There is debate in our government over which is the more probable scenario."

# Sun-Sentinel

## Fort Lauderdale, Florida

### 18 June 2004

## **Jamaican hotel chain to close 2 resorts in Cuba under U.S. pressure**

By Doreen Hemlock  
Business Writer

The Bush administration's get-tough policy against Cuba has scored a controversial victory: A Jamaican hotel chain confirmed it's ceasing operations on a property confiscated by Fidel Castro's government from Cuban-Americans, some now living in South Florida.

Jamaica's SuperClubs Super-Inclusive Resorts said it's withdrawing from the 480-room Breezes Costa Verde resort in Holguín province, after the U.S. State Department threatened to deny U.S. visas for its top executives for "trafficking" on property claimed by the Sánchez-Hill family.

Yet Washington's decision to single out the Jamaican firm -- and not threaten European or Canadian firms operating on property confiscated from Americans -- raised concern Thursday over whether the United States is strong-arming a small nation with little political weight. Spain's Sol Melia, for instance, has never been given final visa notice despite operations on the same Holguín property.

"If this was meant to be a principled application of the law, why has it been applied only to the weakest of the companies in terms of their national government's support for them?" asked Robert L. Muse, an international attorney in Washington, D.C. long active on Cuba issues. "Clearly, we appear to be a bully."

Even the Miami lawyer for the Cuban-American claimants saw U.S. foreign relations at play in threats against the Jamaican firm and not others.

"Obviously, Jamaica carries far less political clout than the European Union or Canada," said Nicholas J. Gutierrez, who represents the Sanchez-Hills in claiming some 100,000 acres of waterfront land confiscated by Cuba's communist-led government. "And the fact that Jamaica gave asylum to [former Haitian President Jean-Bertrand] Aristide probably did not endear them to the United States."

SuperClubs acted after receiving U.S. notice May 6 that it had 45 days to leave the confiscated Cuban property or settle with the former owners, or else, lose U.S. visas for its top executives and their families.

The notice invoked provisions of the 1996 Helms-Burton law, which allows sanctions against foreign companies on land seized from U.S. citizens or U.S. companies in Cuba, but has been widely criticized abroad as overstepping the limits of U.S. jurisdiction.

The Clinton administration sent out similar notices four times soon after Helms-Burton was passed. Grupo Domos, a Monterrey, Mexico, company looking to invest in former ITT telecom properties, withdrew from that Cuban venture. Execs of Sherritt International Corp. of Canada, operating in a nickel mine claimed by a U.S. company, and of Israeli-led BM Group, operating on a citrus farm claimed by U.S. owners, now are barred from U.S. entry, Muse said.

But the Bush administration never invoked the Helms-Burton provision until it began getting tough on Cuba this election year and bolstering support among hardliners in the Cuban-American community, especially in the key battleground state of Florida.

SuperClubs made an easy first target, because Jamaica -- a nation of 2 million people that opposed the U.S. war in Iraq -- lacks "a substantial commercial, economic or political constituency that is going to be upset about it," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors U.S.-Cuba business.

SuperClubs' vice president of marketing Zein Issa summed up the problems as political too. "We were caught in the middle of an international political struggle, and we were the victim," she said Thursday from Jamaica, declining to elaborate.

Issa confirmed SuperClubs also is withdrawing from a separate Cuban venture not on the disputed property, the newly opened, 436-room Gran Lido Varadero. Travel industry sources said Cuba's government pushed SuperClubs out in punishment for its buckling to Washington.

The moves leave SuperClubs with two Cuban ventures: the 276-room Breezes Varadero and 225-room Breezes Jibacoa. The company had been the second-largest hotel operator in Cuba after Sol Melia.

Staff Writers Alva James-Johnson and Rafael Lorente contributed to this report.

# **The News-Press**

**Fort Myers, Florida**

**12 June 2004**

## **Editorial: It's time to end trade embargo**

### **U.S. companies, Cuban people hurt**

Money isn't everything, but it's pretty important, especially when the loftier goals aren't being achieved anyway. The U.S. trade embargo against Cuba, now four decades old, has failed to dislodge dictator Fidel Castro and bring freedom to the island, as intended.

In the meantime, it stands in the way of billions of dollars in opportunities for U.S. companies, as well as improved living standards for the beleaguered Cuban people. Those billions would not come quickly, even if the embargo ended today. After so many years of the ineptitude of a communist command economy, much modernization would have to take place before Cuba's potential could be realized.

But the modernization would come, even under Castro and any communist successors, if that's what follows him. We have seen in China, which remains politically oppressive, that the people can enjoy enormous economic progress even without political liberty.

We have faith that liberty will follow eventually in the wake of prosperity. But what we know for sure is that the embargo has helped keep Cuba poor without making it free. And in the meantime, U.S. companies are missing out on what might be very profitable trade and investments.

Agriculture, tourism and telecommunications would be among the areas of greatest opportunity for U.S. companies, according to speakers at a conference last week at Florida International University in Miami-Dade County. They predicted trade could reach \$1 billion a year if the embargo were removed.

Under relaxations passed by Congress in 2000, U.S. farmers and companies can sell food and other agricultural products to Cuba on a cash-only basis. Cuba cannot sell anything here. Even with those crippling restrictions, Cuba has bought \$430 million in farm goods from us since late 2001, according to the U.S. Cuba Trade and Economic Council—and more than that according to the Cubans themselves.

These are the Cubans, for goodness sakes, a famously talented and energetic people who have accomplished wonders here in their adopted homeland, and a great deal in Cuba in some areas, even under communism.

Think what benefits might flow in both directions from free trade, especially to Florida with its proximity to the island and huge Cuban-American population.

Yes, the communist functionaries would profit personally. So what? They already enjoy a privileged life. With free trade, a rising tide could lift everybody's boat.

Trade might well strengthen the regime, at least in the short run. Again, so what? The embargo certainly isn't toppling it. A revolution of wealth offers more hope for freedom for Cuba, and more bucks for everybody. It's time to end the embargo.

# The Environmental Magazine

San Francisco, California

11 June 2004

## Cuba's new environmentalism faces challenges

By Eliza Barclay, E/The Environmental Magazine

The students of the escuela primaria in Los Tumbos, a village nestled deep within the rich agricultural province of Pinar Del Río, constantly hover around the computer awarded to the school a year ago. Their computer runs off of two small solar panels that gleam in the sun when not subjected to occasional rain showers in early summer.

One hundred feet away, across coffee bean drying troughs, is another solar-powered edifice: the sala de television, Los Tumbos' community television room where villagers congregate to choose among one of three state-run Cuban television stations. Every night, villagers trudge down the steep hillsides, leaving behind coffee plants tended with minimal chemical inputs, to their homes. At seven, they might gather with their neighbors, many of whom belong to the same coffee cooperative, to watch Mesa Redonda, a public affairs show not unlike Meet the Press.

Los Tumbos is one of thousands of rural Cuban villages with schools, doctors' offices, salas de television, and hospitals drawing power from silicone-based solar panels. The government's initiative to electrify Cuba with solar, wind, microhydro, and biomass energy is one of the many programs that has caught the attention of sustainability gurus around the world, casting the country into the limelight as a model for environmental innovation. At the same time, Cuba under Fidel Castro is still under attack from the U.S.-based exile community for political and social oppression. In contrast, American export trade associations are also promoting Cuba as the next big market. Throughout the spectrum, attitudes towards Cuba and predictions about the country's future remain mixed and inconclusive.

In poorer communities like Los Tumbos, where basic human needs are just barely being met but where electricity arrived for the first time via affordable solar panels, a better future still hinges on a more vibrant economy. As Cuba's economy responds to the waves of tourists, consumerism, oil production, and food imports flashing on the horizon, the country's institutional commitment to the environment will be put to the test. Peter Rosset, co-director of Food First/Institute for Food and Development Policy, who has been researching food issues in Cuba since the early 1990s, said, "Cuba has resisted three things: the U.S. embargo and blockade, the fall of the Soviet Union, and the industrial green revolution and economic globalization that have taken their toll elsewhere in the world." Many other Cuban and American experts agree that green-minded development is in part a consequence of the periodo especial or Special Period, the phase immediately following the Soviet Union's fall and the removal of its support of Cuba: 1990 to the late 1990s.

Carlos Garcia, an oceanographer with the Cuban Ministry of Industrial Fisheries, said that environmental protection was elevated significantly during the Special Period because producers could no longer ignore the possibility of a future with very limited resources. Beyond the solar panels dotting rooftops, there are other green signs. In the long-neglected neighborhood of Central Havana, urban organic gardens, sandwiched between decrepit apartment buildings, are sprouting fresh vegetables and spices to stock and add flavor to schools, retirement homes, hospitals, and factory kitchens. In 2002, Cubans produced 3.4 million tons of food from 86,000

acres of urban land; in Havana, 90 percent of the city's fresh produce came from local urban farms and gardens. In the U.S.-controlled Dry Tortugas, where brilliant, textured coral reefs teem with tropical fish and other striking sea life, Cuban scientists and resource managers have worked with Ken Lindeman, a senior scientist at Environmental Defense, to create two no-take reserves that connect to a network of more than 20 marine parks.

These achievements in energy, agriculture, and coastal protection may be on the verge of taking on some unprecedented challenges. Despite its commitment to renewable energy, the Cuban government has set ambitious goals for oil production in the next two years. According to the Ministry of Energy, domestic oil production has increased by a factor of six between 1991 and 2000. By December 2004, the Ministry projects that the country will only be importing 3.7 percent of its fuel, despite the fact that Cuban oil has high sulfur content and a history of low marketability.

Still, Bruno Henríquez, of the Renewable Energy Group at CubaEnergia and founding editor of *Energia y Tu* magazine, said, "I don't believe that in the future we [Cuba] will abandon renewable techniques due to the limited tenure of petroleum. We are looking toward sustainable development and a more efficient way to use energy." The trickle of exports allowed into Cuba from the United States through the Trade Sanctions Reform and Export Enhancement Act (TSRA) has the potential to turn into a heavy flow, according to the U.S.-Cuba Trade and Economic Council. And, as William Kennedy wrote in the introduction to the book *Cuba on the Verge*, "Billions of American investment dollars are hovering, waiting to rain on Cuba."

Approximately 1.7 million tourists visited Cuba in 2002. Cuban ecologists and policy makers may have to reconcile tourism increases and the subsequent encroachment of hotels and resorts with significant impacts to sensitive and valuable coastal ecosystems. "It is too early to predict what the long-term impacts of the substantial increase in tourism will be," said Lindeman.

Some leading Cuban environmental experts sense no threat from increasing international commerce. Rosa Elena Simeón Negrín, Minister of Science, Technology, and the Environment, said that the Ministry has set up a sophisticated system of environmental research and management institutes. "Considering these established structures, the environment is not a transitory issue that can be brought down by more favorable economic conditions," she said. "It's a collective commitment that will remain under any circumstance, even when the U.S. blockade against Cuba is eliminated." Still, more environmental expertise is badly needed within dozens of key agencies, along with tools such as computers and fax machines. Building capacity in these fields will be critical to the long-term survival of environmental initiatives. On the ground, literally in the trenches between raised beds, Filberto Samora, who manages a lush, award-winning organopónico (intensive, organic vegetable garden) in Havana, is confident that his garden is here to stay. "It is very much a part of the neighborhood," he said. "We have learned to farm it successfully without pesticides, with our own seeds and compost and the help of neighbors."

The coffee farmers in Los Tumbos are also receiving significant training from groups such as the Association of Small Farmers (ANAP), which uses farmer-to-farmer training to promote sustainability. At the national level, Cuba's environmental programs may be under unprecedented pressure. But for the villagers of Los Tumbos, the prospect of growing shade-grown organic coffee for the foreign market — and using solar energy in the process — just makes good environmental and economic sense. Voices on both sides of the Florida Straits seem to be working to keep Cuba on the path towards sustainable development.

# **Sun-Sentinel**

**Fort Lauderdale, Florida**  
**11 June 2004**

## **Sailors who organized Key West-Cuba races charged with 'trading with the enemy'**

By Diana Marrero  
Miami Bureau

Two residents of the Conch Republic repeatedly "traded with the enemy" when they arranged three sailboat races between Key West and Cuba, according to a federal indictment unsealed Thursday.

The indictment charges that Peter Goldsmith, a Key West Sailing Club member, and Michele Geslin, head of Geslin Sailmakers, violated the U.S. trade embargo against Cuba by organizing annual regattas without the federal government's permission.

By doing so Goldsmith and Geslin allegedly acted as illegal travel agents for Americans bent on having a good time in Cuban waters. The pair organized the regattas despite several warnings from Washington that they were violating the law, according to the indictment.

Though the races started and ended in Key West, the regatta included port calls and races in Havana and Varadero, Cuba's famed resort town. As the events' organizers, Goldsmith and Geslin promoted the races through the Internet, collected entry fees and threw parties for the sailors.

Both are charged with trading with the enemy, a felony punishable by up to 10 years in prison. They also face related conspiracy charges, punishable by up to five years.

"The embargo against the Cuban regime cannot be ignored or flouted," U.S. Attorney Marcos Daniel Jiménez said. He added that embargo regulations "are in place to protect the people of the United States, while hindering the endeavors of communist or oppressive regimes."

The two defendants were freed on \$50,000 bail. They were given time to hire lawyers and return to court next week.

Boaters have been sailing to Cuba for regattas from Key West, St. Petersburg and other Florida cities and participating in fishing tournaments in Cuba for years. But the Bush administration now is tightening enforcement of the embargo.

In February, President Bush expanded the government's authority to inspect U.S. vessels sailing to Cuba and instructed the Homeland Security Department to develop rules to prevent unauthorized vessels from entering Cuban waters.

Last month, Bush unveiled a new Cuba plan, including more aid to dissidents and tighter restrictions for Cuban-Americans on travel to the island.

This week, a Chicago man was sentenced to more than three years in federal prison for smuggling thousands of Cuban cigars into this country.

The federal government also has started enforcing a law that bans companies from making investments on confiscated property in Cuba.

It recently informed the Jamaica-based SuperClubs hotel chain that its top officers will be denied U.S. entry because of the company's operations at the 480-room Breezes Costa Verde, at a beach in Holguín.

These moves show Bush is finally "matching rhetoric with action," increasing pressure on the Cuban government for reforms, said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc., which monitors trade between the two countries.

But critics say the measures simply aim to garner favor with conservative Cuban-American voters in the battleground state of Florida.

"It's an election year, and there's no doubt they're ratcheting up the pressure and the visible enforcement actions," said Philip Peters, vice president of the Lexington Institute.

Peters called the indictments in Key West "one more example of the government criminalizing what really is a harmless activity."

But the tightening of the embargo could backfire on Bush, weakening his support among more moderate Cuban-Americans, said anti-embargo activist Antonio Zamora. "The results are going to show in the election," he said.

# Associated Press

New York, New York

11 June 2004

## Cuba laden with opportunity, U.S. businesses told

JOHN PAIN

Associated Press

CORAL GABLES - U.S. companies would have billions of dollars in economic opportunities if the American trade embargo on Cuba were lifted, but the communist nation's economy would have to be modernized before reaping those benefits, panels of experts said Thursday.

Agriculture, tourism and telecommunications would be among the areas of most opportunity, and U.S. exports to Cuba could reach about \$1 billion a year if the expansive trade restrictions in place for more than four decades are removed, said speakers at a conference organized by Florida International University.

The typical Cuban eats much less meat today than during the 1980s, when the Soviet Union was the major trading partner with Cuba, said James Ross, a food and agriculture professor at the University of Florida. That scarcity leaves an opening for U.S. cattle, pork and poultry producers without an embargo, he said.

Most U.S. trade to Cuba is prohibited under the embargo designed to topple Cuban President Fidel Castro's government. But Congress passed a law in 2000 that let U.S. farmers and companies sell food and agricultural products to Cuba on a cash-only basis. The trade is one-way, so Cuba can't sell anything in the United States.

Ross said that has helped U.S. farmers make inroads into the Cuban market, but they could sell much more agricultural products without the embargo.

A Cuban official said in April that his country has spent about \$640 million for U.S. farm goods - including transportation and banking fees - since late 2001. The U.S. Cuba Trade and Economic Council estimates the value of American farm products purchased by Cuba thus far at closer to \$430 million, excluding other costs.

Much of Cuba's tourism infrastructure, such as its ports and hotels, is also outdated and would have to be renovated to handle a larger influx of visitors, said Maria Dolores Espino, an associate professor at St. Thomas University.

That's also the case of Cuba's telecommunications network, which dates to before Castro's rise to power in 1959, said Eloisa Regalado, an international lawyer for AT&T Corp. Most of the cables used by the phone system are coaxial, not modern fiber optics, she said.

"AT&T doesn't have anyone who can fix that. They have all died or retired," she said.

Only about 6 percent of Cubans have a phone and less than 1 percent have Internet access, so the potential for growth is enormous, she said.

# The Miami Herald

Miami, Florida

8 June 2004

## Corrections

**A story on the Tony Awards on page 4A on Monday incorrectly stated...**

- An article Monday in some local editions on travel restrictions to Cuba misidentified John Kavulich's position with the U.S.-Cuba Economic Trade Council. Kavulich is president of the organization.

# The Miami Herald

Miami, Florida

7 June 2004

**Cuban Americans brace for new travel policy**

**Cuban Americans with relatives on the island are preparing for additional restrictions on travel to Cuba, though some question how or if the rules will be enforced.**

BY ELAINE DE VALLE

Sonia Fandiño is in Havana with the 15-year-old son she didn't dare put on a raft 10 years ago when she fled Cuba. She has to make every moment of this trip count: The next time she sees the boy, he could be an adult. Under proposed new restrictions announced by the White House last month, Fandiño would not be able to return to the island until 2007. Legally, that is.

But, like many who visit family still in Cuba, she doubts the new rules can be enforced. "I will go however I can," said Fandiño, a 54-year-old secretary. "I will swim if I have to." She could go through a third country, such as Jamaica or the Bahamas -- a loophole used by many Cuban Americans to skirt the current once-a-year rule.

Pedro Fernández has gone through Toronto and Merida, Mexico. And that's what he will do again -- though it costs him more -- to visit relatives in Santa Clara. "[The federal government] can do whatever they want," the restaurant manager said as he planned another trip at Isla Express, a Hialeah agency licensed to provide travel services to the island. "The Cubans will do what they have to."

But a U.S. State Department official told The Herald that Cuban Americans should not rely on the spotty enforcement of the past once the new rules take effect, probably late this month. "We're going to keep more careful track of people who travel to Cuba," said the official, a Cuba Desk staff member who spoke on condition that he not be named. "We're going to ask the travel service providers for more information about who has traveled to Cuba," he said, adding that agencies will lose their licenses for failure to provide accurate information.

People will also be asked about their last trip to Cuba, he said, and could be prosecuted for making a false statement to a federal official if they lie. "We're also going to ask for a lot more detailed information on the family member they are going to be visiting. We want the Cuban identification number of the individual who is going to be visited, to ensure that we are not getting people who don't authentically have a relative in Cuba. We have ways of checking, which don't relate to the Cuban government."

#### 'HONOR SYSTEM'

But, the official admitted, some likely will try to skirt the law. "It's the honor system at a certain point. But if someone is intent on breaking the law, they should know that we are going to be increasing enforcement and be prepared to pay the consequences." Fines for traveling illegally to Cuba vary widely but can run into many thousands of dollars. Many exiles applaud the changes.

"No more business with Castro's communist terrorist system," said Emilio Izquierdo Jr., a spokesman for a group of former political prisoners. "No trips to Cuba. No money to Castro."

But some Cuban Americans who favor ending all travel restrictions have begun distributing a petition that asks President Bush to reconsider. Other activists went to Washington to tell legislators and officials the move would be counterproductive. Hundreds of would-be travelers have called travel agencies to try to see their loved ones before the changes are implemented.

The State Department official said that it won't matter -- the changes will be retroactive. "So if someone traveled in December of 2002, then they would be eligible to travel again in December 2005," he said. The aim is to cut Castro's access to dollars by reducing travel that the government considers frivolous.

John Kavulich, executive director of the U.S.-Cuba Economic Trade Council, which watches and reports on economic indicators and conditions on the island, says there were about 179,000 U.S. visitors to Cuba in 2003, representing 10 percent of Cuba's total visitors for last year. The economic impact was about \$200 million, he said.

#### NOT TYPICAL

However, despite numerous websites that pitch the natural beauty of the pearl of the Antilles and posters of white Varadero beaches at agencies on nearly every business block in Hialeah, most people agree that a majority of the Cuban Americans who visit the island do not spend like typical tourists.

"I don't go to hotels, to restaurants," said Zoila Martínez, who visits her father in Holguín as often as she can and buys whatever food, clothing and sundries she can on the black market so all her money doesn't go into government coffers.

Kavulich agrees that Cuban Americans spend less than other licensed travelers, such as students or church groups or business conference participants. But they are also a large majority of the U.S. visitors. Of the approximately 154,000 people licensed to travel from the United States to Cuba in 2003 -- there were another 25,000 or so unlicensed travelers -- about 85 percent "were people of Cuban descent visiting family," Kavulich said.

The new restrictions could cut travel by Cuban Americans to the island by as much as 40 percent, Benigno Perez, an official with the Cuban Foreign Ministry, told The Associated Press. Some of those who travel say that three years is a reasonable wait. Others who visit extended-

family members are aghast at what they say is the harshest of the proposed changes: Travel to visit aunts, nephews, cousins and others outside the core family is prohibited altogether under the new rules.

"It's so unfair," said a teary-eyed Mercedes Hidalgo, 52, before boarding a chartered flight late last month to visit her niece in Sancti Spiritus -- perhaps for the last time. "She's like a daughter to me. I raised her since she was tiny," Hidalgo said. 'She calls me `Mami.' And I may never see her again." Hidalgo says she will follow the rules.

#### WON'T BE DETERRED

Juan González, a factory worker who left in the 1980 Mariel boatlift, said he won't. "Be it Bush, be it Fidel, be it whoever. I am going to visit my father," he said. Travel to Cuba has historically been a touchy, divisive subject in South Florida. Agencies that cater to Cuba travel have been firebombed. Travelers have been ostracized. Many who spoke to The Herald about traveling to Cuba did not want to provide their full names for fear neighbors or co-workers would disapprove.

#### BOTH SIDES OF ISSUE

One interview at a cafeteria in Hialeah sparked an argument. "I'm sick of these Cubans who come and then eight months later are clamoring to go back to leave their hard-earned money there, with Castro," said Cristobal, a mechanic who sends money to his brother but hasn't returned to the island since he left in 1994. ``They should just end all trips to Cuba. Period."

His remark made the woman behind the counter wince. Gisele, 27, left her Matanzas home four years ago after she was picked for the visa lottery and came here -- alone. She says she's glad she came. Gisele is studying English at night and has her own small apartment. She saved enough money to visit three times. 'It's difficult when your mother says, `Come, even just a day. Don't bring anything, but come. I want to see your face.' "

# Reuters Americas

## London, United Kingdom

### 2 June 2004

By Marc Frank

HAVANA, June 2 (Reuters) - One of the world's largest deep-water drilling rigs has arrived off Cuba's northwest coast and is preparing to drill the first well in Cuba's virgin Gulf of Mexico waters, oil industry officials said on Wednesday.

Spanish oil major Repsol YPF <REP.MC> hired the Eirik Raude, owned by Norwegian company Ocean Rig <OCR.OL>, for \$195,000 a day to drill a single well 18 miles offshore in water more than a mile deep. A Repsol official said the rig was at the drill site.

"The rig has arrived and will be ready to go in the next couple of days," said Bob Warrack, Ocean Rig senior vice president of marketing. "And I hope they strike oil, because it will be fascinating to see the reaction."

Oil experts say Cuba's Gulf waters, like those of Mexico and the United States, could harbor large quantities of medium-grade crude. Cuba's share of the Gulf of Mexico was delineated through treaties signed with the United States and Mexico in the late 1970s. The 43,000-square-mile exclusive economic zone runs along the north coast and down past the western tip of Cuba. It was parceled into 59 blocks for foreign exploration in 1999. There has been much interest but few signers.

Repsol took the rights in 2000 to the six blocks closest to shore and Cuba's oil-producing northwest coast. Sherritt International <S.TO>, a Canadian junior company, recently opted for four adjoining blocks.

Industry sources said companies from China, Britain, Brazil and elsewhere were considering exploration, but waiting for the Repsol results and the U.S. reaction. "If there is a good find, the dominoes (new exploration agreements) could fall one after the other," a Western diplomat said.

The U.S. trade embargo prohibits American companies from exploring Cuban waters, though Havana has said they are welcome.

"If Repsol discovers commercially viable oil, then quite likely United States-based upstream and downstream oil companies will advocate for opportunities to both explore for and purchase oil sourced from the territorial waters of Cuba," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors commercial relations between the two countries.

Repsol reported up to 1.6 billion barrels of oil may be located where the drill bit will go down, part of a larger reserve below 700 square miles of seabed explored since 2001.

"These are high risk areas...but we are optimistic," Repsol Chairman Alfonso Cortina said at a Madrid press conference earlier this year.

The chance of striking oil for land-based wildcats is one in 25, but one of the men in charge of the Eirik Raude's Cuba play said the chances are better in such deep-water drills -- closer to three in seven in his experience.

A source close to the project said Repsol geologists are reasonably confident they have found oil but cannot determine how much of the pool they see is gas, or the oil's quality.

Cuba has desperately searched for oil since the Soviet Union's demise deprived it of 255,000 barrels per day on preferential terms.

Communist Cuba's energy sector was quickly opened to foreign investment and the country explored from one end to the other, with little success.

There were some minor discoveries along the northwest coast's traditional oil belt, which produces an extremely heavy crude burned in the modified boilers of power plants and factories on the island.

Cuba's oil and gas production has increased from less than 20,000 barrels per day a decade ago to the equivalent of 75,000 barrels, half the country's current fuel consumption.

# El Nuevo Herald

Miami, Florida

2 June 2004

## Inician viajes con el 'pasaporte habilitado'

WILFREDO CANCIO ISLA

Los ciudadanos cubanos residentes en el extranjero comenzaron ayer a viajar a la isla con el llamado "pasaporte habilitado", sin necesidad de contar con un permiso de entrada como requisito obligatorio.

Dos vuelos fletados de la aerolínea Continental partieron ayer del Aeropuerto Internacional de Miami (MIA) con más de 160 pasajeros. Aunque los operadores de los vuelos no dieron cifras exactas, estimaron que una porción significativa de los viajeros usó el pasaporte habilitado.

"Hoy pasaron por aquí pasajeros de las dos opciones, varios con pasaportes habilitados y otros con permisos de viaje que aún están vigentes", observó Mildred Díaz, operadora de Gulfstream International. "Todo transcurrió con absoluta normalidad".

Díaz estuvo a cargo del segundo vuelo del día, que salió rumbo a La Habana alrededor de la 1 p.m. con unos 85 pasajeros.



MARICE COHN BAND / The Miami Herald  
MERCEDES HIDALGO, a la derecha, espera su vuelo hacia Cuba  
en una sala del Aeropuerto Internacional de Miami.

La decisión de las autoridades cubanas de suprimir el permiso de entrada --con un costo de \$100-- marca una etapa de los viajes a la isla. La estancia permitida a los visitantes se extiende ahora hasta 30 días.

El único requisito que deberán cumplir los cubanos radicados en el exterior es habilitar su pasaporte, sin costo adicional. Sin embargo, las autoridades gubernamentales se reservan el "derecho de habilitación", excluyendo a aquellas personas que mantienen "una actitud hostil" hacia el régimen de Fidel Castro.

La medida multiplicaría las visitas de cubanos a la isla, principalmente de Estados Unidos. Durante el 2003, 168,000 cubanos visitaron su país, y de ellos 115,000 lo hicieron desde territorio norteamericano.

En las últimas semanas, las agencias de viaje de Miami se han visto inundadas de solicitudes para obtener la habilitación de sus pasaportes ante la Sección Consular de Cuba en Washington.

Sin embargo, el reciente anuncio de la administración Bush para regular los viajes de cubanos a una visita familiar cada tres años, podría frenar la avalancha de viajeros que inicialmente pronosticaron los expertos.

"Las expectativas del gobierno cubano de incrementar los viajes y los gastos de los visitantes no van a poder materializarse a corto plazo", comentó ayer John S. Kavulich, presidente del Consejo Económico y Comercial Cuba-EEUU, con sede en Nueva York. ``En la medida que la administración Bush refuerce los controles, decrecerán inevitablemente las cifras de viajeros".

# Sun-Sentinel

## Fort Lauderdale, Florida

### 16 May 2004

News Columnist

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Vanessa Bauza

## U.S. dollar served as lifeline

HAVANA · It is no coincidence that in Cuban street slang the word for dollar, *fula*, is also used to describe someone who is problematic or troublesome.

There is some disagreement over the word's etymological roots, but it is thought to come from an African-Cuban term for the gunpowder used in Santeria religious rituals.

Just over a decade ago, having dollars in your pockets was a crime punishable by jail time. Dollars were therefore dangerous, explosive, something to be handled with care.

In today's Cuba, *fulas* are almost essential for survival, and that, too, is a problem for many Cubans, who must buy household staples at U.S. dollar prices but on average are paid only the peso equivalent of a \$10 salary per month.

Last week, more trouble brewed around the *fula* when Cuba's government suddenly stopped most sales at so-called dollar stores in response to new Bush administration sanctions designed to stem the flow of dollars to the island and accelerate the demise of President Fidel Castro's communist system.

Only grocery stores remained open. By week's end an initial avalanche of anxious shoppers had dwindled to smaller crowds, which nevertheless kept clerks busy restocking shelves with sugar, rice, cooking oil and other goods.

The Carlos III shopping mall, normally a bustling four-story showcase of conspicuous communist consumption, was eerily quiet. Guards stood at the base of a ramp blocking access to upper levels where boutiques and shops selling furniture, hardware and sporting goods were all shuttered in accordance with the new freeze on sales.

On Neptuno Street, which runs through the rough and tumble neighborhood of Central Havana, some store windows were covered with cardboard or dark drapes, recalling the bygone days of the *diplo-tiendas*, or *diplo-stores*, that used to sell luxury items in dollars only to diplomats and foreigners. In the days when dollars were illegal, the stores' merchandise was hidden behind shrouded windows and Cubans would slip their *fulas* to foreign friends to buy the goods inside.

The dollar stores were created in the mid-1990s as one of several reforms to help capture hard

currency. Last year they produced about \$950 million in gross revenue, according to the New York-based U.S.-Cuba Trade and Economic Council.

Cuba's ambassador to the United Nations, Orlando Requeijo, called the stores' closure a "provisional measure adopted in order to try to make a proper assessment about what is happening" and predicted the stores would soon reopen. A government statement said prices on some goods and fuel would be raised to counteract U.S. proposals aimed at "strangling our development and reducing to a minimum the resources in hard currency that are essential for the necessities of food, medical and educational services."

The current exchange rate of 26 pesos to a dollar will remain stable as well as prices at government-subsidized bodegas and farmers markets. However, the government statement warned that additional measures might be forthcoming and "days of work and sacrifice" lie ahead.

Legalizing the dollar, expanding tourism and initiating other economic reforms was a lifeline to Cuba after the Soviet Union crumbled, but it also created inequalities and what Cubans call the inversion of the "social pyramid." A taxi driver or hotel bartender can make more money in a day than a doctor does in a month.

Today "gluchando el fula" -- "struggling for the fula" -- is a common euphemism used when Cubans want to describe their daily effort to make a few bucks and get by.

Some Cubans are nostalgic for the days of massive Soviet subsidies, when the Cuban peso could buy a beach vacation or a night on the town. Now pesos are mostly used at farmers' markets or at peso stores that sell limited goods like plastic sandals or recycled clothing.

Pesos are also used to pay state subsidized phone service or electrical bills. And they buy subsidized foods available through ration booklets. Monthly rations include six pounds of rice per person, a pound of beans or peas, eight eggs, a pound of chicken and a pound of fish, among other staples. The rations generally last only about 10 days, Cubans say, leaving them to depend on dollar stores, farmers' markets or the black market.

"It's not logical for my money to have so little value," said Rogelio Zurita, a musician and fisherman, as he looked over Havana's port. "The fula causes problems. It causes envy, some people have it others don't."

Information from The Associated Press was used to supplement this report. Vanessa Bauzá can be reached at [ymbauza1@yahoo.com](mailto:ymbauza1@yahoo.com).

# **El Nuevo Dia**

## **San Juan, Puerto Rico**

### **12 May 2004**

## **Tímida la exportación de bienes a La Habana**

Por Marian Díaz

A PESAR de que Puerto Rico envía productos a Cuba desde el 1994 y fue la primera jurisdicción de Estados Unidos en obtener una licencia de exportación a ese país, todavía existe algún tabú cuando aquí se habla de comerciar con la mayor de las Antillas.

Ayer un grupo reducido de empresarios locales y profesores universitarios participaron del foro "Cuba, un mercado emergente: Retos y oportunidades de negocios bajo la ley federal", que auspició el Concilio de Exportaciones de Puerto Rico y la Compañía de Comercio y Exportación en el hotel Condado Plaza.

John Kavulich, presidente del U.S.- Cuba Trade and Economic Council, y uno de los conferenciantes dijo que la compañía local Mova Pharmaceutical, ubicada en Caguas, fue la primera empresa en territorio estadounidense que obtuvo hace ocho años la licencia para exportar a Cuba.

Aunque dijo desconocer si Mova exporta actualmente sus productos de salud allá, indicó que hay otras ocho empresas locales que han participado de las exhibiciones de alimentos y de productos agrícolas en Cuba.

Estas son Central Produce, Denaf Corporation, Distribuidora Vázquez, Magna Trading Corp., Master Foods Interamericana, Mersiant de Puerto Rico, Pan American Grain y Puerto Rico Supplies.

Kavulich indicó que Puerto Rico, proporcionalmente ha tenido más éxito exportando a Cuba que otros estados, ya que el 90% de las firmas que han intentado hacerlo, lo han logrado. Sin embargo, en la sesión donde se supone que los empresarios boricuas compartieran con la audiencia sus experiencias de negocio con Cuba, sólo Pan American Grain se atrevió a participar.

EDUARDO FERNÁNDEZ, vicepresidente de esa empresa, dijo que a Cuba se puede exportar pollo, pavo, leche, frutas, yogurt, agua embotellada, aceite de oliva, mantequilla, pastas, vino, leche, y hasta ganado vivo.

Señaló que los empresarios tienen que obtener una licencia de exportación que otorga el Departamento de Comercio federal, y otra licencia para viajar que emite el Departamento del Tesoro, que también reglamenta los términos y condiciones de pago. Todas las transacciones se pagan en efectivo.

Con Cuba no existen órdenes de compra, sino un contrato formal con Alimport, que es la entidad cubana autorizada para comprar a las empresas estadounidenses. Todos los embarques se hacen a través de la compañía Crowley.

# Chicago Tribune

Chicago, Illinois

12 May 2004

## **Cuba freezes most sales at dollar stores Havana blames `brutal' U.S. measures**

By Gary Marx

Tribune foreign correspondent

HAVANA -- Cuban officials suspended the sale of most goods sold in dollars Tuesday in what they described as a response to the "brutal" political and economic measures announced last week by President Bush to pressure the island's communist government.

The move, which does not affect the sale of food and personal hygiene products in so-called dollar stores, caused shock and uncertainty among many Havana residents who feared a return to the chronic shortages that plagued the nation throughout the 1990s.

At Mercado 70 in Havana's upscale Miramar neighborhood, some shelves were cleared out as frantic shoppers packed carts with cooking oil, soap, laundry detergent, toilet paper and other items.

In the working-class neighborhood of Central Havana, residents gathered at the Carlos 3rd shopping center, where stores selling clothing, furniture, electronics, hardware, cosmetics, toys and other products were shut indefinitely. The area leading to those shops was roped off.

"I have dollars, but what can I buy?" asked a 40-year-old waiter as he stood at the entrance to the shopping center. "These measures are going to affect the people. It's scary."

Experts said the government move is unlikely to have a devastating impact Cuba's 11 million residents, most of whom earn an average of \$10 to \$20 a month in Cuban pesos and do not have large amounts of hard currency.

Most Cubans shop primarily at peso stores, where products are highly subsidized but in scant supply. In contrast, dollar stores are expensive but have an abundant selection.

### Taking political advantage

It is unclear when and whether sales of most products in dollar stores will resume, but Cubans with hard currency probably will be able to purchase many of the same products in the island's thriving black market.

Experts suggested that Cuban officials are taking political advantage of the Bush announcement by blaming the U.S. for the countermeasures--which included a warning of higher food and gasoline prices--in an effort to rally nationalist support. On Tuesday evening, state-run television announced a huge march for Friday morning to protest the Bush administration's "fascist" policies.

Restricting the purchase of non-essential items also enables Cuban officials to tackle what is perceived by the leadership as another a serious problem: the growing inequality between Cubans who have dollars and those who earn only pesos.

"Dollar apartheid has become very visible," said one diplomat in Havana. "This would be a way to reverse this by making things less available to people."

Cuba's economic crisis dates back more than a decade, to when the fall of the Soviet Union ended several billion dollars a year in subsidies and sent the island's economy into a free fall.

Since then, Cuban officials have partially revived the economy through tourism and limited private enterprise, along with allowing foreign investment in some sectors.

The economic opening has given thousands of Cubans access to dollars. Many other Cubans benefit from the hundreds of millions of dollars in remittances sent to them each year by relatives in the United States.

`Good amount of cash flow'

John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said Cuban officials opened the dollar stores to capture remittances and other hard currency. He said Cuban officials reported about \$950 million in gross revenues last year.

"The dollar stores put out a good amount of cash flow, and it is the remittances that are spent in the dollar stores," Kavulich said.

Bush announced last week that he was tightening controls on remittances in what U.S. officials described as an effort to limit cash going to the Cuban government and spur peaceful, democratic change on the island.

Bush also reduced the number of trips that Cuban-Americans can make to the island and slashed the amount of money they can spend there.

Some experts predicted the U.S. measures would have at most a modest impact on the Cuban economy. But Cuban officials have described the measures in Draconian terms, saying they are designed to batter the island's economy and divide Cuban families.

"The brutal and cruel measures ... just adopted by the U.S. government are directly aimed at strangling our development and reducing to a minimum the resources in hard currency that are essential for the necessities of food, medical and educational services and other essentials," the government said in a statement Tuesday in the Communist Party daily Granma.

But Kavulich said there was little economic logic to the decision to halt most sales at dollar stores because they bring in a huge amount of hard currency to the Cuban government.

"This clearly had a political goal first and an economic goal second," Kavulich said. "And the economic goal may be suspect at best."

# Sun-Sentinel

## Fort Lauderdale, Florida

### 12 May 2004

## Shoppers rush as decree curbs use of dollars

By Vanessa Bauzá and Rafael Lorente  
STAFF WRITERS

HAVANA · Fearing steep price increases and sold-out stores, scores of Cubans rushed into a buying frenzy on Tuesday, clearing shelves of detergent, cooking oil and other necessities in response to an abrupt Cuban government decree, which froze most American dollar sales across the island.

The Cuban government announced a new era of belt-tightening, saying the Bush administration's "brutal" sanctions enacted last week will require prices to be raised on fuel and some other commodities.

Created to capture hard currency in the early 1990s, Cuban dollar stores have proliferated across the island. They are run by the government and sell a variety of essentials that are not stocked in peso stores, which generally only provide rationed food staples and limited merchandise.

While many Cubans have come to depend on dollar stores, which sell everything from big ticket electrical appliances to underwear and shoes, the stores shine light on growing inequalities between those who have access to hard currency and those who do not. The dual economy fuels resentment among many Cubans who are paid in pesos but have to buy goods in dollars at prices that are often inflated.

On Tuesday, the only dollar stores open were those selling food, detergent and personal hygiene products. Gas stations also were open. Many Cubans who survived the drastic economic collapse of the early 1990s were wracked with anxiety and felt trapped in the long-standing U.S.-Cuba feud.

While some Cubans resented their government's announcement, saying higher prices would make it harder for them to scrape by, others blamed the White House for clamping down on their economy, which is slowly inching back from a recession.

"The ones who will hurt the most are the poorest," said Ana Rodríguez, as she hauled sacks of detergent into her car on Tuesday.

Across Havana many stores displayed "closed for inventory" signs, and store managers said they would reopen with marked-up prices. At a gas station one manager said fuel prices would go up by 15 cents a liter.

Exchange rate stable

At the La Puntilla shopping mall in Havana's Miramar neighborhood, customers packed a grocery store buying powdered milk, chicken, toilet paper, toothpaste and other goods. But an escalator leading to boutiques, a furniture shop and hardware store was roped off as part of the decree.

According to the government statement published on the front page of the Communist Party newspaper, the current exchange rate will remain at 26 pesos to the dollar, and limited food items available through ration booklets will remain at the same price. However, additional measures might be forthcoming, the statement warned.

"The main impact is it puts the Cuban people on notice that the Cuban government may change its policies in response to increased sanctions from the United States," said Phil Peters, who has written about the Cuban economy for the Lexington Institute, a Virginia-based think tank. "It's no secret the Cuban government feels besieged. Part of their message has been to keep people on their toes against aggression."

In its characteristic response to U.S. measures, the Cuban government on Tuesday night announced a gigantic march along Havana's seafront avenue this Friday to "protest Bush's fascist policies on Cuba."

Last week President Bush announced new measures to limit the flow of dollars to Cuba by reducing the number of trips Cuban-Americans can take to the island, slashing the amount of money they can spend and prohibiting cash transfers to Communist Party members.

Fewer dollars from travel and remittances means a tighter economy for all, said Miguel Antonio Cedeño, who supplements his \$10 monthly state salary by repairing air conditioners and refrigerators.

`A chain reaction'

"It's a chain reaction. If the first link breaks, everything suffers," said Cedeño, 44, who dug into his savings to stock up on groceries. "More than 90 percent of my clients are people who receive money from abroad or who rent rooms to tourists. If they have less money, that leaves less business for me."

William LeoGrande, dean of the School of Public Affairs at American University in Washington and a Cuba expert, said Castro has never liked the dual economy created by the flow of dollars into Cuba and may decide to make the Bush administration a scapegoat to undo some of the economic reforms enacted in the mid-1990s.

"Showing people that the Bush administration is trying to impoverish them is politically powerful," LeoGrande said.

The new White House policies, designed to hasten a political change in Cuba, could feed into Havana's internal propaganda, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors trade between the two countries.

"The primary goal of the [Cuban government's] announcement ... was to demonstrate that the new U.S. policies would have a detrimental effect on the quality of life of 11.2 million Cubans," Kavulich said.

# The Miami Herald

Miami, Florida

12 May 2004

## **Castro pulls the rug out from under dollar stores Cuba's suspension of dollar sales of nonessential items has created a panic on the island as citizens brace for harder times ahead.**

BY NANCY SAN MARTIN

Cubans awoke Tuesday to shuttered stores that sell goods in U.S. dollars after a government announcement that sales of nonessentials in greenbacks would be suspended indefinitely.

The government blamed the new measure, first announced on television Monday night, on the Bush administration's decision last week to tighten trips and cash remittances to the island.

Notices posted on many government-owned stores that do business only in dollars all said the same thing: "Closed for Inventory." Although the exact details of the new measure remained unknown, analysts said it could have a serious impact for some of the island's 11 million people.

By the government's estimates, about 30 percent of Cubans have direct access to dollars, either cash sent by relatives abroad or dollar-denominated salaries in some jobs, usually in the tourism industry. Such dollars were most often spent in the so-called "dollar stores," which provide Cubans with the ability to buy items such as clothing, appliances and other goods usually unavailable on the Cuban peso market.

### STABLE PRICES

The government said peso prices, usually for rationed basic essentials such as foodstuffs, would remain stable. It was not clear if or when the dollar sales on nonessential items would resume. "Many people are completely dejected," a journalist in Havana told The Herald by telephone. "They are shocked by the government's decision because they consider it to be a form of punishment."

"The effect has been crushing," said the journalist, who asked to remain anonymous for fear of reprisals. "There is a lot of anguish. And no one knows what will come of this."

Roger Noriega, assistant U.S. secretary of state for Western Hemisphere affairs, defended the tightened rules on Cuba. U.S. policy, he said, "can't be based on the psychosis of Fidel Castro or any petty dictator. We have to do what we think is a smart policy, and that's what we've done."

Monday's announcement that most dollar sales would be "suspended until further notice" sent scores of Cubans to late-night minimarts to stock up on dollar-priced goods such as soap, over-the-counter medications and foodstuffs.

Long lines stretched again Tuesday at gas stations and state stores as people hoarded supplies such as shampoo and cooking oil. Household goods and other supplies were roped off or covered with tarpaulin. Liquor also appeared to be off-limits.

"This is insanity," Odila Morales, 64, told The Associated Press as she waited to buy laundry detergent. "Politics are filthy."

The official announcement said food, gasoline and personal hygiene products would be exempt from the halt in dollar sales but hinted that prices would be raised on food and gasoline and perhaps other products. "Days of work and sacrifice await," the government warned.

## DOLLAR EXCHANGE

Cubans were assured, however, that other aspects of the economy would not be affected. People will still be able to exchange dollars for pesos and buy food and other items in pesos at nondollar shops.

Cuba blamed the move on "the brutal and cruel" measures adopted last week by President Bush to hasten the end of the communist government and prepare for a new democratic system.

Besides tightening the rules on travel and cash transfers to Cuba, the Bush administration also announced it would spend an extra \$45 million over the next two years to enforce the tighter restrictions, to support the dissident movement on the island and to buy an aircraft that can broadcast U.S.-funded Radio and TV Martí to Cuba.

## ECONOMIC BACKBONE

Possession of dollars in Cuba was legalized in 1993 amid a grinding economic crisis after the collapse of the Soviet Union in 1991 and the loss of about \$5 billion a year in Moscow subsidies.

It has since evolved into the backbone of an economy sustained by family remittances from abroad and the millions of foreign tourists who flock to Cuba each year.

The government opened the dollar stores in large part to capture those dollars.

The tactic proved profitable, with the stores' revenues in 2003 estimated at \$950 million, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York.

Although some experts speculated that limiting the dollar stores' sales would divert dollars to the black market, where most goods can be bought at usually exorbitant prices, others said the move will help the government.

# The Miami Herald

Miami, Florida

11 May 2004

## Use of dollars cut back, Castro government says

**Fidel Castro's government answered a U.S. panel's suggestions for hastening the fall of the regime by restricting Cubans' ability to spend U.S. dollars on the island.**

BY NANCY SAN MARTIN

In an move apparently aimed at punishing Cubans who benefit from cash sent by relatives in the United States, the Cuban government late Monday announced that most sales in dollars would be frozen in retaliation for new proposals by the Bush administration to hasten a democratic transition on the communist-ruled island.

Sales of goods at dollar stores, except for food and hygiene products, "are suspended until further notice," state television announced, The Associated Press said. The announcement was described as a reaction to "brutal and cruel" measures proposed last week by the Commission for Assistance to a Free Cuba, a Cabinet-level group formed in October and ordered by Bush to come up with ways to speed the fall of Cuba's socialist system.

The Cuban statement said the U.S. proposals "are directly aimed at strangling our development and reducing to a minimum the resources in hard currency that are essential for the necessities of food, medical and educational services and other essentials," the AP reported.

The scope of the new measure and details on the implementation were not immediately clear, but broadcasters hinted that the dollar stores may reopen with even higher prices than their already-inflated prices. The suspension means those with access to dollars will no longer be able to purchase shoes, clothing and other so-called luxury items in the same manner.

### HARD TIMES AHEAD

The announcement warned that "days of work and sacrifice await" and indicated that "the brutality of the measures adopted by the U.S. government sadly will raise prices." Observers said the decree signaled that President Fidel Castro was ready to play hard-ball by creating panic in the Cuban population in response to the measures in the 500-page commission report unveiled in Washington last week. The move also may be a tactic to create an infusion of dollars in the Cuban economy.

"The Cuban government is going to attempt to portray the Bush administration's decisions as detrimental to the quality of life for the 11.2 million citizens on the island," said John Kavulich, president of U.S.-Cuba Trade and Economic Council, a New York-based organization that monitors Cuba's economy.

"This is another measure to keep the grasp on Cuban society," said Andy Gomez, a senior fellow at the University of Miami's Institute for Cuban and Cuban-American Studies. "This has

tremendous psychological impact. It emphasizes that those who get help face reprisals." Many Cubans depend on dollar stores to purchase goods that are either not available or are of poor quality at the state-run shops that accept Cuban pesos. The dollar stores have flourished since the economic collapse that followed the fall of the former Soviet Union and an end to subsidies in the early 1990s.

## EFFECTS ON LIFE

If maintained, the measure could have dramatic effects on life in Cuba. Cash remittances are a core element of the Cuban economy. At least \$400 million to \$600 million are sent to the island each year in cash transfers.

Among the immediate actions outlined in the U.S. commission report is restricting annual remittances of \$1,200 sent by Cuban Americans only to immediate relatives on the island. Members of Cuba's Communist Party, estimated at some 800,000 people, also would be barred from receiving cash transfers.

The recommendations also limit family visits by Cuban Americans to once in three years instead of the current one per year and cuts the authorized per diem for a family visit from \$164 to \$50.

# Reuters Americas

London, United Kingdom

11 May 2004

## Shoppers Potential Casualties in Cuba/US Battle

By Anthony Boadle

HAVANA (Reuters) - Anxious to avoid devastating price hikes, Cubans rushed to stock up on pasta, canned food, cooking oil and soap on Tuesday after the government announced emergency measures in the face of new U.S. sanctions aimed at ending communist rule on the island.

Lines formed outside packed government-run stores -- which take only dollars not Cuban pesos -- to buy whatever was available. "People got up early to shop and hoard goods as if there was a war and Cuba was about to be bombed," said a plumber, who asked that his name not be used.

President Fidel Castro's government on Monday night suspended the sale of all but food, personal hygiene and cleaning products in dollar shops saying it was countering Washington's "brutal and cruel" steps to reduce the amount of money sent to Cuba by relatives in the United States.

Money from the United States supplements meager peso wages for most Cubans, allowing them to buy goods only available in dollar stores. The average salary paid by the state in pesos equals about \$15 a month. Cuba has had a dual peso-dollar economy since the U.S. currency was legalized in 1993. In contrast to the dollar stores, shops that accept pesos rarely have anything more than rice, beans and black tobacco cigarettes. Prices for non-essential goods and gasoline will be raised, though subsidized staples and fruit and vegetables at peso-priced farmers markets will remain fixed, the government said in a statement.

### BLAMING BUSH AND CASTRO

Waiting in line outside the Carlos III shopping center in downtown Havana, Cubans were confused and uncertain about the future, and blamed both Bush and Castro for their hardship. Clothing, appliance and hardware shops were closed. "We must resist the U.S. threat firmly, but in this political fight the only ones who suffer are ordinary Cubans," said office worker Raisa Hernandez. "How will I dress my children?" Some Cubans were suspicious of the emergency measures, saying the cash-strapped state was taking advantage of Bush's aggressive policy to stock up on dollars.

"Bush handed the government a pretext to hike prices on a silver platter," said one frustrated shopper. Castro's government, which has weathered four decades of U.S. acrimony, said the action was necessary to harness scarce resources needed to maintain free health care and education. President Bush, calling Cuba a "tyranny," said on Thursday he would step up support for Cuban dissidents and allow Cuban-Americans to send \$1,200 per year in remittances only to immediate relatives. Cubans now send back an estimated \$800 million a year.

Cuba watchers questioned the impact and timing of Bush's measures, saying they appeared to be tailored to curry favor with hard-line Cuban-American voters in Florida, an important state in November's presidential election. But they also saw the benefits for Havana, as desperate shoppers emptied the shelves of even dusty leftovers.

"The primary purpose of the Cuban announcement was to portray the new U.S. policy as detrimental to the quality of life of Cuba's 11.2 million citizens," said John Kavulich, president of the New York-based U.S.-Cuba Trade and Economic Council, which monitors the Cuban economy. "It is a good way to cleanse your inventory and at the same time serves a political purpose."

# The Wall Street Journal

New York, New York

7 May 2004

## WORLD NEWS

### U.S. Moves to Increase Pressure on Castro

By JOSE DE CORDOBA

Staff Reporter of THE WALL STREET JOURNAL

President Bush said the U.S. would ratchet up pressure on Cuban President Fidel Castro's regime by breaking through Cuba's information blockade, aiding dissidents and limiting the money Cuban-Americans are allowed to bring with them on family visits to the impoverished island.

Mr. Bush approved a report that recommends spending as much as \$18 million on Radio and TV Marti, U.S. government-run stations which until now have broadcast news and entertainment to Cuba with little success because of [jamming](#). The commission recommends buying an "airborne platform" that would be used to get the signal through. Mr. Bush directed that another \$36 million be spent over the next two years to help dissidents and promote democracy in Cuba.

The report also recommends cutting the amount of money that Cuban-Americans can take on family visits from the current \$164 a day, as well as restricting the number of visits they can make. Last year, some 132,000 Cuban-Americans made the trip -- 85% of all Americans who legally traveled there, according to John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York.

The commission didn't cut the amount of money Cuban Americans can send to relatives, which stands at \$1,200 a year. The travel restrictions, along with a proposed remittance cut, which was dropped from the final version of the report, could prove to be a double-edged sword with Cuban-American voters, a key voting block in Florida, which is crucial to Mr. Bush's re-election hopes. Two-thirds of South Florida's estimated 600,000 Cuban-Americans are registered Republicans.

A March poll by Florida International University's Cuban Research Institute found that 56% of them plan to vote for Mr. Bush this year, down from 64% in 2000.

# USA Today

## Arlington, Virginia

7 May 2004

### Panel calls for tougher rules on Cuba embargo

By James Cox, USA TODAY

A presidential commission on Thursday recommended steps to speed the downfall of Cuban leader Fidel Castro, in part by tightening the economic embargo to slow the flow of dollars to his regime.

Economic measures urged by the commission would hurt U.S. air charter companies that fly from Florida to the island and money-transfer services, such as Western Union, that wire dollars there.

Cuban-Americans, now able to travel to Cuba once a year, would be limited to one visit every three years. The amount they are allowed to spend in Cuba would be cut from \$164 a day to \$50, under U.S. law. Money sent to relatives — estimated at \$400 million a year — could go only to immediate family. "Dollars and donated goods, although provided with good intentions by U.S. persons, are effectively helping keep the regime afloat," the commission's report said. President Bush, in a May 20 speech in Miami to commemorate Cuban independence day, is expected to outline steps he will take to harden U.S. policy toward the Castro regime. Those steps are likely to include increased support for Cuba's internal political opposition and a boost in humanitarian aid delivered through churches and non-governmental groups.

The administration also might mount a more aggressive hunt for offshore companies controlled by the Cuban government. It is considering increasing efforts to deny executives of foreign companies permission to travel in the USA if their companies do business on property seized by Castro's regime. The United States has maintained a 40-year economic embargo against Castro and Cuba. Under an exception passed during the Clinton administration, U.S. firms can sell farm products and health care items there.

Grain handlers Archer Daniels Midland, Cargill and FC Stone, along with poultry giant Tyson Foods and rice giant Riceland Foods are among the companies that sold \$256 million in goods there last year.

The administration already is making things tougher on American companies doing business with Cuba. Treasury officials have slowed licensing for travel and transactions by American executives and companies, says John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors the island's economy. "It increases the hassle factor," he says.

Nicolas Gutierrez, a Cuban-American lawyer and anti-Castro activist in Miami, says he was "generally pleased" with the commission's work. "This could be the very beginning of the end" for Castro, he says.

Sen. Byron Dorgan, D-N.D., called the administration's hard-line policy toward Cuba "absolutely absurd." He says the administration was diverting resources — such as Treasury money-laundering trackers — from the war on terror to tighten the embargo on communist Cuba. "It has everything to do with votes in Florida and nothing to do with sound public policy."

# Associated Press

New York, New York

19 April 2004

## **Pennsylvania agricultural trade mission negotiating food deals with Cuba**

By ANITA SNOW

HAVANA - Cuban officials signed a letter of intent to buy up to US\$10 million in food from Pennsylvania on Monday as talks began on specific deals to sell the state's farm products - including apples, milk and cattle\_ to the communist country.

"Agriculture in Pennsylvania is very diverse and we have many products to offer," state Agriculture Secretary Dennis Wolff told a news conference. "We look forward to a long trading relationship with Cuba."

Pedro Alvarez, chairman of the government's food import company Alimport, said he hoped several firm contracts for specific sales would be announced before the 18-member trade mission returns home Thursday. Alvarez and delegation members did not provide specifics on deals being discussed. But the Cuban food import chief said cattle, dairy products including milk, and fresh vegetables and fruit including apples were among the products being negotiated.

The group, led by Wolff, also includes James T. McDermott, Jr., executive director of the Philadelphia Regional Port Authority. The delegation arrived in Havana late Sunday. "Philadelphia - the City of Brotherly Love - has the oldest port in the country and at the time the sanctions were put in place it was the second highest importer of sugar cane from this great country," McDermott said. He said that after most of the American sanctions were imposed on Cuba in 1962, sugar processing plants operated by Diamond and other companies around the Port of Philadelphia were forced to shut down, throwing many Pennsylvanians out of work. "This new relationship could be a great opportunity for the Port of Philadelphia," McDermott said.

Pennsylvania is the latest of about 10 states or ports - and the first from the northeastern United States - to sign such a letter of intent with Cuba under an exception to the U.S. trade and financial sanctions on the island. The state is similar in geographic size and population to Cuba, which has about 11.2 million people. Like the earlier letters of intent, the one signed Monday called for state officials to push for an end to American trade and travel sanctions on the island. "We intend to talk to our congressional delegation about lifting the restrictions on Cuba," Wolff said.

Several congressional efforts to ease the restrictions have failed because of opposition from U.S. President George W. Bush, who has promised to block any easing of sanctions while President Fidel Castro remains in power. A law passed by the U.S. Congress in 2000 allowed the first direct, commercial sales of American food and other farm products to Cuba for the first time in four decades on a cash basis.

Since Cuba began taking advantage of the law in late 2001, it has spent more than US\$640 million for U.S. farm goods and related transportation and banking costs, according to Alvarez.

The U.S. Cuba Trade and Economic Council, which tracks business between the two countries, estimates the value of American farm products purchased by Cuba thus far at closer to US\$460 million, excluding other costs.

The visit comes on the heels of last week's trade talks here with Cuban officials and representatives of more than 150 American companies that resulted in more than US\$106 million in new food sales to the island.

# Associated Press

New York, New York

17 April 2004

## Cuba to Buy \$106M More in U.S. Food

By ANITA SNOW

HAVANA (AP) - Hungry for normalized trade with the United States, communist Cuba announced Friday that talks this week resulted in more than \$106 million in deals for American corn, powdered milk, chicken and other food.

Winding up trade talks with Cuban officials in Havana, American farm representatives said they hoped to sell more products - even invest on the island - if the U.S. government allows that in the future.

"This is getting to be a happy habit," Chris Aberle of FC Stone said Friday as he signed the last of \$15 million in contracts for corn and soybeans.

Aberle said that over two years the Des Moines, Iowa, company has contracted to sell Cuba 440,000 tons of grain worth \$75 million on behalf of the 750 grain cooperatives it represents across the United States. "It's a nice business, and we'll continue to come back," he said.

Other deals announced Friday included \$14.2 million in contracts for rice, corn, wheat and animal feed from The Rice Company, of California; and \$1.8 million in beans from Yellowstone Bean, of Montana.

The American food sales to Cuba are allowed under an exception to long-standing U.S. sanctions against the island, and constitute the only real trade between the neighboring nations. Trade is one-sided, with Cuba barred from selling anything to the United States.

During the four-day event, Cuban authorities tried to whet the Americans' appetite for future investment on the island, especially in the petroleum and nickel industries. The U.S. embargo against the island currently bars American investment here.

"We are formulating a foundation for tremendous business opportunities in the future," said U.S. Rep. Butch Otter, a Republican from Idaho who signed several nonbinding letters of intent with Cuban officials for the future potential sale of products from his state.

Otter, who opposes American restrictions on travel to and trade with Cuba, said that even this week's United Nations vote criticizing Cuba's human rights record "is not going to diminish my resolve to continue to press for normalization of relations."

The U.N. Human Rights Commission voted 22-21 on Thursday to "deplore" last year's crackdown that put 75 Cuban activists behind bars, and exhort the island government to allow an international rights monitor to visit, something Cuba says it will never do.

# Observer-Reporter

Washington, Pennsylvania

16 April 2004

## State officials traveling to Cuba for agriculture trade negotiations

PHILADELPHIA - Pennsylvania farmers could soon be exporting apples, eggs and livestock feed to Cuba after state officials travel to the island nation for trade negotiations next week.

Agriculture Secretary Dennis Wolff will lead the 18-member delegation, which will include the heads of nine Pennsylvania companies and representatives from the Philadelphia Regional Port Authority, where the goods would be shipped from. During the five-day trip, state leaders expect to sign a nonbinding joint understanding that says Cuba is willing to import \$10 million worth of Pennsylvania goods. But officials cautioned that the figure, a standard number Cuba includes in such agreements, has little meaning. Wolff and others said they couldn't predict how much trade with Cuba could be worth. Wolff said trade missions typically return "millions of dollars to Pennsylvania producers."

"The sky is the limit," said Pamela Ann Martin, president of Molimar Export Consultants, who helped set up the trip. "We're looking to create a friendship and a long-lasting business relationship." Wolff said he wasn't comfortable identifying the businesses making the trip, but said they range "from Pittsburgh to Philadelphia to northeastern Pennsylvania."

"They represent everything from fresh fruits and vegetables to poultry and swine feeds, to frozen and refrigerated foods, to meat products, livestock and genetics," he said.

Limited agriculture trade with Cuba began in late 2001 after an exception to the four-decade U.S. trade embargo was passed in 2000. The law allows for the direct, commercial sales of American farm goods to Cuba on a cash basis. Since then, goods from at least 34 states - including Pennsylvania - have flowed to Cuba, but only about 10 states or ports - mostly in the South - have signed agreements, said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council. Pennsylvania would be the first northeastern state to sign such an agreement, Kavulich said. Some \$460 billion worth of agriculture have been exported to Cuba since 2001, he said. Kavulich said Cuba is trying to change U.S. policy through trade. President Bush has said he won't lift the general trade or travel embargo on Cuba.

One of the clauses in the joint understanding Wolff is to sign says that Pennsylvania will work with its congressional delegation "to open up trade and travel with Cuba." Wolff said he feels "very comfortable" with the agreement. He said it "basically promotes a broader understanding of the value of trading with Cuba."

"Those restrictions were put in place in 1962 and I can't see that Cuba represents a threat to the United States," he said. Also during the trip, the Philadelphia Regional Port Authority will sign a memorandum of understanding with the Cuban maritime agency, said Sean Mahoney, the port's director of marketing. "We see a great potential there," he said. "There's 12 or 13 million people who have to eat." Officials said they didn't know how soon the exports could begin.

The Department of Agriculture budgeted \$5,000 for the Cuba trip. The businesses are paying their own way, Wolff said. The Pennsylvania trip will come days after 300 people from 150 U.S. companies and several members of Congress wrap up a three-day trade conference in Cuba.

# Associated Press

New York, New York

15 April 2004

## **Cuba reports up to \$80 million in food sales during current talks; Castro meets Americans**

By ANITA SNOW

HAVANA (AP) -- U.S. agribusiness has agreed to sell at least \$80 million in food to Cuba, officials said Thursday, during trade talks marked by a meeting between Cuba's president and hundreds of American farm representatives. "The negotiations have been excellent," said Pedro Alvarez, chairman of the government food import firm Alimport. "There is really a lot of interest in our market."

The Americans are attending several days of talks organized by Cuba, with both sides hoping to build trade relationships that until recent years have been outlawed. Cuban authorities said at least \$80 million in sales had been arranged and more deals were expected Friday.

Alvarez listed some of the larger contracts signed during talks that began Tuesday: \$10 million in corn from Cargill Inc.; \$6 million in soybeans from FC Stone; \$9 million in corn from Archer Daniels Midland. Archer Daniels was the first American company to sell food directly to Cuba under an exception to long-standing trade sanctions a little more than two years ago. It has remained the island's No. 1 U.S. trade partner since.

Along with negotiating new trade deals, the Americans were also investigating business possibilities for future trips. Vermont Lt. Gov. Brian Dubie and rancher John Parke Wright of Naples, Fla., traveled Thursday morning to the Nina Bonita cattle ranch outside Havana to survey American dairy cattle Wright's ranch sold to Cuba last year. Dubie has expressed interest in Cuba as a possible market for Vermont livestock.

On Wednesday night, President Fidel Castro met privately with hundreds of the U.S. farm representatives and thanked them for attending the talks. More than 300 people from about 150 American companies are attending this week's event. Dressed in a dark suit, Castro appeared lucid and healthy during the three-hour meeting at Havana's Convention Palace, Americans at the event said. "He showed a great interest on the part of the island to promote investments, and to promote the opportunities that can be offered," said Jose Avalos, representative of Matrix Trading.

Most trade between the United States and Cuba is prohibited under American sanctions in place more than four decades. But a 2000 U.S. law created an exception to the embargo, allowing for the direct, commercial sales of American farm goods to Cuba on a cash basis. Alvarez said this week Cuba has spent about \$640 million for U.S. farm goods -- including transportation and banking fees -- since late 2001.

The U.S. Cuba Trade and Economic Council, which tracks business between the two countries, estimates the value of American farm products purchased by Cuba thus far at closer to \$430 million, excluding other costs.

# Associated Press

New York, New York

15 April 2004

## State officials traveling to Cuba for agriculture trade talks

JASON STRAZIUSO

PHILADELPHIA - Pennsylvania farmers could soon be exporting apples, eggs and livestock feed to Cuba after state officials travel to the island nation for trade negotiations next week.

Agriculture Secretary Dennis Wolff will lead the 18-member delegation, which will include the heads of nine Pennsylvania companies and representatives from the Philadelphia Regional Port Authority, where the goods would be shipped from. During the five-day trip, state leaders expect to sign a nonbinding joint understanding that says Cuba is willing to import \$10 million worth of Pennsylvania goods. But officials cautioned that the figure, a standard number Cuba includes in such agreements, has little meaning. Wolff and others said they couldn't predict how much trade with Cuba could be worth. Wolff said trade missions typically return "millions of dollars to Pennsylvania producers."

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"They represent everything from fresh fruits and vegetables to poultry and swine feeds, to frozen and refrigerated foods, to meat products, livestock and genetics," he said. Limited agriculture trade with Cuba began in late 2001 after an exception to the four-decade U.S. trade embargo was passed in 2000. The law allows for the direct, commercial sales of American farm goods to Cuba on a cash basis. Since then, goods from at least 34 states - including Pennsylvania - have flowed to Cuba, but only about 10 states or ports - mostly in the South - have signed agreements, said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council. Pennsylvania would be the first northeastern state to sign such an agreement, Kavulich said. Some \$460 billion worth of agriculture have been exported to Cuba since 2001, he said. Kavulich said Cuba is trying to change U.S. policy through trade. President Bush has said he won't lift the general trade or travel embargo on Cuba.

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ON THE NET

U.S.-Cuba Trade and Economic Council: <http://www.cubatrade.org>

Pa. Dept. of Agriculture: <http://www.agriculture.state.pa.us>

# Associated Press

New York, New York

13 April 2004

## Cuba signs \$13.1 million in contracts for new US food sales

By ANITA SNOW

HAVANA (AP) - Pushing ahead with deals they hope will cement future trade with American partners, Cuban officials on Tuesday signed a letter of intent to buy up to \$10 million in farm goods from California, and specific contracts to buy \$13.1 million in food from U.S. firms. Cuba signed a letter of intent to buy up to \$10 million in farm goods from California, along with specific contracts with U.S. firms to buy another \$13.1 million in corn, rice and peas as a new round of sale talks opened Tuesday.

Hundreds of U.S. farm representatives hoping to build long-term trade relationships with communist Cuba traveled here for three days of talks organized by the government food import firm Alimport. Cuban officials said that by the time talks end late Thursday they hope to contract to buy as much as \$100 million more in American farm products. More than 300 people from about 150 U.S. companies attended the gathering.

The biggest contract announced Tuesday was with Archer Daniels Midland of Decatur, Illinois, for \$8.9 million of corn. The other contracts were for \$3.4 million of rice from Riceland Foods Inc. of Stuttgart, Arkansas, and \$875,000 yellow and green peas from PS International Ltd., of Chapel Hill, North Carolina. U.S. Representative Linda Sanchez, a California Democrat, signed a letter of intent with Alimport chairman Pedro Alvarez for the potential sale of up to \$10 million in California farm goods to Cuba, including dairy products, eggs, lumber, produce, and cattle. Sanchez was accompanied by her sister, Loretta Sanchez, also a Democratic U.S. congresswoman from Southern California. "It is my pleasure to try to advance the exchange to the benefit of people in both places," Linda Sanchez told the gathering in Spanish. Other American officials at the event were U.S. Representative Butch Otter of Idaho and Vermont [Lt.Gov.](#) Brian Dubie, both Republicans. "We look forward to the opportunity to have investments here ... and have uninhibited trade between our two countries," said Gregory Webb, vice president for the Illinois agribusiness giant known as ADM.

Investments by American firms in Cuba as well as two-way trade between the two nations currently are prohibited under American trade sections in place for more than four decades. An exception to the U.S. trade embargo, created by a 2000 U.S. law, allows for the direct, commercial sales of American farm goods to Cuba on a cash basis. Among American farm interests participating in the talks is the USA Rice Federation, which represents about 85 percent of rice producers in the United States; Cargill Inc., of Minnetonka, Minnesota.; and Kaehler's Homedale Farms of St. Charles, Minnesota. A number of Florida firms were represented, including those that have done business with Cuba before, including Splash Tropical Drinks of Fort Lauderdale; J.P. Wright & Company Inc., a Naples cattle company; and Liner Services of Jacksonville, which has transported about 70 percent of the American food sold to Cuba over two years.

Alimport organized a similar round of talks in December to mark the second anniversary of the first U.S. commercial food shipments to post-revolutionary Cuba. Since Cuba took advantage of an exception to the U.S. trade embargo allowing the direct, commercial sales of American farm products to the island, it has contracted to buy about \$716 million in goods - including the price of transportation and banking fees, Alvarez said. He said that the country has spent \$640 million so far for those products. The U.S. Cuba Trade and Economic Council, which tracks business between the two countries, estimates the value of American farm products purchased by Cuba thus far at closer to \$430 million, excluding other costs.

# CBS News

## New York, New York

### 14 April 2004

## Doing Business With Havana

(CBS) By CBS News Producer Portia Siegelbaum

It used to be called “trading with the enemy” and still is, in some quarters. But a growing number of U.S. businessmen, like Florida rancher John Parke Wright IV, say they’re selling to their “amigos Cubanos.”

Over 400 Americans, representatives of large-scale agribusiness firms like Cargill, Inc. of Minnetonka, Minnesota, small family-operations like Kaehler Homedale Farms also of Minnesota and of U.S. ports and shipping companies are in Havana for trade talks this week.

Their negotiating partner here, Pedro Alvarez, CEO of Cuba’s agricultural products importing firm, ALIMPORT, said he expects to sign contracts worth an estimated \$100 million. Several were signed Tuesday, including one for \$8.9 million worth of corn from the Decatur, Illinois-based Archer Daniels Midland; and one for \$3.4 million in rice from Riceland Foods, Inc. of Arkansas.

Since 2000, American companies have been traveling to Cuba nearly every month exploring trade potential and signing deals. That year, Congress approved the Trade Sanctions Reform and Export Enhancement Act that allows sales to Cuba on a strictly cash basis. ALIMPORT said it has paid \$644.6 million for goods purchased from U.S. suppliers since 2001. That figure includes shipping costs and payments to third country banks since U.S. trade sanctions prohibit any financing by U.S. institutions.

John S. Kavulich II, head of the New York-based U.S.-Cuba Trade and Economic Council, which monitors these sales, puts the figure at closer to \$430 million. He said shipping costs don’t count. Alvarez, however, insists that U.S. companies are profiting from that also. “Around 70 percent of the ships bringing U.S. goods to Cuba are owned by American shipping interests,” he said. Kavulich takes umbrage with other aspects of the trading. He told CBS News the current gathering “while commercial on its face, is purely a political event ...”

Stuart E. Proctor, Jr., president and CEO of the USA Rice Federation, disagreed. He said: “We want to get back our former No. 1 export market so we are doing what we can to regain it.” That means, he said, “We need to work with our own officials in the U.S. to eliminate barriers to trade.” The Federation, which represents 85 percent of U.S. rice production, is active in what Proctor described as a “very big lobby effort” in Washington. The only unusual thing in this case, said Proctor, is that the “barriers are not in the importing country, but in the U.S.”

Another participant in the talks, who asked not to be identified, told CBS News, “This week is a public relations show mounted by ALIMPORT. How could we say no to the invitation to attend?” However, he admitted it “does tend to focus the Cuba issue.” Individual companies, he pointed out, “come down all the time to sign accords, to negotiate, but don’t get media attention. This is a way to do that.”

For his part, the chief of the U.S. Interests Section in Havana, James Cason, said, "American agricultural producers are getting the best deal possible with Cuba right now" because all the trade is on a cash basis. "Many non-U.S. companies that have extended credit to Cuba have not been paid," he noted. Cason also charged that Cuba "is seeking to manipulate the U.S. political process by linking purchases of U.S. products to support for its political objectives." Furthermore, he said in a statement to CBS News: "Far too little of what Cuba purchases from the U.S. goes to the benefit of the average Cuban consumer." ALIMPORT's Alvarez disputed that, claiming, "95 percent of the U.S. food products imported by Cuba go to the state-subsidized basic food basket."

Florida rancher John Parke Wright, who is currently negotiating a small deal to sell 50 head of New York dairy cattle to Cuba, told CBS News: "Cubans want the dairy cattle for their ice cream industry. Who can justify denying ice cream to Cuban children?" Parke Wright, whose family was shipping cattle from Tampa, Florida, to Cuba back in the 1850s, is unperturbed that the Cuban government nationalized his family's 15,000-acre ranch in eastern Cuba after Fidel Castro took power. He has sold the socialist island 148 head of dairy cattle so far. His plan to send 250 Florida beef cattle to Cuba has been held up because of the mad cow scare in the U.S., but he expects it to go ahead some time soon.

CBS News Foreign Affairs Analyst Pamela Falk, who worked with American farmers when they began efforts to sell to Cuba a decade ago, has seen "sales to Cuba by U.S. farmers grow dramatically despite increased tension between Washington and Havana." Kirby Jones, head of Alamar Associates, and another pioneer in bringing U.S. business interests down to the Island agreed. "We have six months of the hottest rhetoric in my experience. As hot as it gets ... but here we have 400-plus breadbasket representatives, a Republican Congressman [Butch Otter, Idaho], a former F16 pilot [Lt. Gov. Brian Dubie of Vermont], and farmers from all over America, essentially saying 'We don't agree with this [U.S. Cuba] policy.'"

*Portia Siegelbaum has been the CBS News producer in Havana since February. She has covered the story of Cuba for more than 10 years. During that time, she worked on a number of documentaries on Cuba for Discovery and the BBC.*

**U.S. TRADE EMBARGO**

On Oct. 19, 1960 the Eisenhower Administration showed its displeasure with the new Castro regime by declaring a partial embargo on trade with Cuba, prohibiting all exports except food, medicines, medical supplies and a limited number of other specially licensed items. Cuban goods could still be imported into the United States. Out of the public eye, the U.S. was training Cuban exiles for what would become known as the Bay of Pigs invasion.

In February 1960, President Kennedy announces a total embargo on trade with Cuba. Regulations are passed that prohibit the re-export to Cuba of any goods or technical data that originates in the U.S. Congress has also passed legislation to prohibit U.S. aid to any country that "furnishes assistance" to the Cuban government. However, the sale of non-subsidized foods and medicines were still exempt.

In February 1963 Kennedy tightened the embargo by ordering that any foreign merchant ship that has docked at a Cuban port cannot carry U.S. government financed shipments. Later these ships were simply not allowed to dock in the U.S. for one year after they touched port in the island.

In July Kennedy furthered tighten the embargo and made most travel to Cuba illegal for U.S. citizens. Using its authority under the trading with the enemy act of 1917, the Treasury Dept. revoked Cuban Import Regulations and replaced them with the Cuban Assets Control Regulations, containing the basic restrictions of the embargo. All Cuban assets in the United States were frozen.

The two latest and most important additions to the embargo laws are: 1. Congressional passage in 1992 of the Cuban Democracy Act, which among other things made it illegal for subsidiaries of U.S. companies in foreign

countries to trade with Cuba, even in goods of local origin and, 2. In Oct. 1995 President Clinton signs the just passed Helms-Burton law, known as the Cuban Liberty and Democratic Solidarity Act which among other things sanctions foreign companies who trade in nationalized U.S. property in Cuba.

Cuba claims to have suffered \$54 billion in economic damage since the embargo went into effect.

*Portia Siegelbaum*

# Reuters Americas

London, United Kingdom

14 April 2004

## Cuba partially lifts ban on U.S. poultry imports

By Marc Frank

HAVANA (Reuters) - Cuba, the U.S. poultry industry's eighth largest export market, said Wednesday it had partially lifted a ban on U.S. chicken imports, drawing applause from U.S. food industry representatives in Havana to negotiate sales.

Cuba imposed the ban in March after the appearance of the dreaded bird flu disease in a handful of states. "We are resuming chicken imports from states where the avian influenza has not appeared," said Pedro Alvarez, chairman of Cuba's state food importer Alimport.

Alvarez said there were about 20,000 tonnes of chicken on order, with more contracts to be signed this week with the representatives of 150 U.S. companies in Cuba to sell food.

The communist-run Caribbean island has emerged as the 35th-biggest export market for U.S. agricultural products since Washington in 2000 loosened the trade embargo to allow food sales for cash.

Cuba purchased \$256.9 million worth of U.S. agricultural products last year, including more than 74,000 metric tons of poultry valued at \$37.2 million.

"This is great news," said Jack McGann, president of International Trading Group which represents Perdue Farms, among other companies. McGann said he had 56 containers of chicken due for delivery to Cuba in March and April.

According to John Kavulich, president of the U.S.-Cuba Trade and Economic Council, Cuba was the poultry industry's eighth-largest foreign market in 2003. Kavulich, whose organization monitors trade between the two countries, said Cuba was now an important customer for companies such as Tyson Foods, Perdue Farms and Gold Kist.

# The Miami Herald

Miami, Florida

13 April 2004

CUBA NEWS

## Selling the farm? Americans flock to Cuba talks

**American farms by the hundreds are expected to send representatives to the latest round of sales talks in Havana. At stake, Cuban officials say, is more than \$100M in trade.**

By Anita Snow

HAVANA (AP) - Hundreds of U.S. farm representatives hoping to build long-term trade relationships with Cuba were traveling here Monday for a new round of talks that island officials said could lead to as much as \$100 million in new sales.

More than 300 people representing about 150 producers of American farm goods -- 27 of them from Florida -- were expected at the three-day event beginning Tuesday afternoon, Cuban authorities said. "This shows that American companies want to continue expanding business with Cuba," said Pedro Alvarez, head of the Cuban food importer Alimport, which organized the talks.

Among the American farm interests participating in the talks is the USA Rice Federation, which represents about 85 percent of rice producers in the United States. "The importance of Cuba in terms of rice is huge for us, it's huge for them," said USA Rice Federation representative Marvin Lehrer. "We're committed to a long-term relationship with Cuba. "Cuba was the No. 1 market for American rice prior to sanctions," he added, referring to U.S. trade restrictions imposed more than four decades ago. American rice producers delivered last year about a sixth of the estimated 600,000 metric tons that Cuba imports annually. But, Lehrer said, "under normal commercial relations, we would have the lion's share of the market." Mexico is the world's No. 1 importer of American rice, buying about 750,000 metric tons annually, Lehrer said. Were U.S. trade sanctions against Cuba to be dropped, he added, "overnight it would become the No. 2 or 3 marker for American rice in the world."

Also scheduled to participate in the talks were the Minnetonka, Minn.-based Cargill, Archer Daniels Midland of Decatur, Ill., and Kaehler's Homedale Farms in St. Charles, Minn. Alimport organized a similar round of talks in December to mark the second anniversary of the first U.S. commercial food shipments to postrevolutionary Cuba.

Since taking advantage of an exception to the U.S. trade embargo allowing the direct commercial sales of American farm products to the island, Cuba has contracted to buy about US\$716 million in goods -- including the price of transportation and banking fees. Alvarez said the country had spent US\$640 million so far for those products. Cuba first used the law in late 2001 to replenish its food reserves after Hurricane Michelle had caused wide damage across the country.

The U.S. Cuba Trade and Economic Council, which tracks business between the nations, estimates the value of American farm products purchased by Cuba thus far to be closer to US\$430 million, excluding transportation, banking and other charges. Because the law prohibits U.S. financing for the transactions, the Cuban funds generally are shipped through European banks, driving up the final costs.

Cuban officials have said those funding transactions have cost the island at least \$10 million because of bank fees and fluctuating foreign exchange rates.

# USAgNet

15 April 2004

## **Cuba Signs \$13 Million in U.S. Food Contracts**

Pushing ahead with deals they hope will cement future trade with American partners, Cuban officials signed a letter of intent to buy up to \$10 million in farm goods from California and specific contracts to buy \$13.1 million in food from U.S. firms.

Hundreds of U.S. farm representatives hoping to build long-term trade relationships with communist Cuba traveled there for three days of talks organized by the government food import firm Alimport.

Cuban officials said that by the time talks end late Thursday they hope to contract to buy as much as \$100 million more in American farm products. More than 300 people from about 150 U.S. companies attended the gathering.

The biggest contract announced Tuesday was with Archer Daniels Midland of Decatur, Ill., for \$8.9 million of corn. The other contracts were for \$3.4 million of rice from Riceland Foods Inc. of Stuttgart, Ark., and \$875,000 yellow and green peas from PS International Ltd., of Chapel Hill, N.C.

U.S. Representative Linda Sanchez, a California Democrat, signed a letter of intent with Alimport chairman Pedro Alvarez for the potential sale of up to \$10 million in California farm goods to Cuba, including dairy products, eggs, lumber, produce, and cattle.

The U.S. Cuba Trade and Economic Council, which tracks business between the countries, estimates the value of American farm products purchased by Cuba thus far at closer to \$430 million, excluding other costs.

# Associated Press

New York, New York

15 April 2004

## **Cuba signs \$13.1 million in contracts for new U.S. food sales**

HAVANA -- Moving to cement trade ties with U.S. business, Cuba this week agreed to buy \$13 million in food from American companies and reached a tentative deal for up to \$10 million in farm goods from California.

Hundreds of U.S. farm representatives hoping to build a trade relationships with communist Cuba traveled here for three days of talks organized by Cuba. Cuban said that by the time talks end late today they hope to contract to buy as much as \$100 million more in American farm products. More than 300 people from about 150 U.S. companies attended the gathering.

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Rep. Linda Sanchez, D-Calif, signed a letter of intent with Cuba for the sale of up to \$10 million in farm goods to Cuba, including dairy products, eggs, lumber, produce, and cattle. "It is my pleasure to try to advance the exchange to the benefit of people in both places," Linda Sanchez told the gathering in Spanish. Idaho Republican Rep. Butch Otter was also at the event.

"We look forward to the opportunity to have investments here ... and have uninhibited trade between our two countries," said Gregory Webb, vice president for the Illinois agribusiness giant known as ADM, which has operations in Jerome County.

Investments by American firms in Cuba as well as two-way trade between the two nations currently are prohibited under American trade sections in place for more than four decades. But an exception to the U.S. trade embargo, created by a 2000 U.S. law, allows for the direct, commercial sales of American farm goods to Cuba on a cash basis.

Among American farm interests participating in the talks is the USA Rice Federation, which represents about 85 percent of rice producers in the United States. A number of Florida firms were represented, including those that have done business with Cuba before, including Splash Tropical Drinks of Fort Lauderdale.

Since Cuba took advantage of the exception to the U.S. trade embargo, it has contracted to buy about \$716 million in goods.

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# **The Philadelphia Inquirer**

## **Philadelphia, Pennsylvania**

### **15 April 2004**

#### **Philadelphia Officials to Sign Commitments for Limited Trade with Cuba**

By Thomas Ginsberg, The Philadelphia Inquirer Knight Ridder/Tribune Business News

Joining the bandwagon of trade with Cuba, Philadelphia port and state agriculture officials are scheduled to fly to Havana next week to sign commitments for up to \$10 million in exports to Cuba.

The signings would make Philadelphia the only port and Pennsylvania the only Northeastern state with limited commerce with the government of Fidel Castro, the officials said yesterday.

Cuba, in return, will ask the Pennsylvania delegation to go back home and "promote" full trade and normalized relations with Cuba -- a request that the delegation leader said he accepts. "The embargo has been in effect since 1962 and it doesn't make sense," said Dennis Wolf, the Pennsylvania agriculture secretary. Wolf called the document's wording mild and non-binding, but that he agreed with it anyway: "We are in favor of opening trade with Cuba."

The Bush administration has opposed expansion of the limited trade that Congress now allows with Cuba and has taken steps to crack down on American tourists going there in violation of a travel ban.

But increasingly, companies and government officials -- Republican and Democrat -- have joined with the Cuban government to facilitate business under a 2000 U.S. law that lifted parts of embargo on agriculture products sold for cash. As of last month, 17 ports -- all in the South or Southeast -- and numerous companies and local officials have signed trade commitments.

Gov. Rendell, asked earlier this week about Pennsylvania joining the trend, said, "We are hopeful."

Since 2001, sales of U.S. food products, along with pharmaceuticals allowed under separate legislation, have totaled nearly \$500 million, according to the U.S.-Cuba Trade and Economic Council, a non-partisan research group based in New York.

Cuba was ranked the 29th biggest market last year out of more than 200 foreign markets for U.S. exporters, according to the trade group.

"This is a golden opportunity," said Sal Candelaria, president of Local 1291 of the International Longshoremen's Association, a member of the delegation. "I would like to see us on the ground floor, to show the Cubans what we have to offer." In addition to agriculture and port officials, the Pennsylvania delegation will include representatives of about 30 Pennsylvania companies, including Tasty Baking Co., maker of TastyKakes.

John Jantos, chief of international business development at the state Department of Agriculture, said the companies would look to sell poultry, fish and livestock feed from central Pennsylvania, and fruit from the Lehigh Valley, all through the Philadelphia port.

He said he could not project how much business the port or Pennsylvania companies might get, although he noted that Cuba has made good on about 70 percent of its promised purchases overall.

The delegation will be among about 150 U.S. companies, states and ports gathering in Havana next week to finalize and trumpet their trade commitments during a three-day meeting, organized to maximize publicity.

"This shows that American companies want to continue expanding business with Cuba," Pedro Alvarez, head of the state-run import company Alimport, told the Associated Press this week. Alimport plans to commit to \$100 million in purchases of U.S. goods.

The Cuban government is the sole buyer. It distributes rationed food staples through state-run bodegas, where ordinary Cubans can buy them with coupons. The government has allowed some private farmers to sell at farmer markets, where food is more plentiful but costly. It also runs special stores where coveted products can be had at a steep price.

Pamela Ann Martin, an organizer of the Pennsylvania trip and president of Molimar Export Consultants Inc., based in Upper Dublin, Pa., likened the signing to an official green light for striking deals.

"If they come to an agreement, they will sign it there and shipping companies can start right away" offering delivery service, Martin said. "This is wonderful."

The U.S.-Cuba Trade and Economic Council, while welcoming the commerce, accused Cuba of favoring U.S. companies that speak out forcefully against the embargo.

"Commerce should be based on good products at a good price with efficient delivery terms," John S. Kavulich II, president of the New York-based group, "not who is running to a microphone the fastest."

U.S. Rep. Robert Menendez (D, N.J.), who has proposed a tax on companies that lobby against the embargo in return for Cuban import rights, said Pennsylvania's commitment appeared to be "watered down" compared to advocacy commitments signed by some others.

"For anybody to do it as a condition of a contract is, in my mind, fundamentally wrong," Menendez said.

Jantos, however, said trade could help nudge Cuba toward a freer system and faulted U.S. officials for sticking by the embargo to placate Cuban expatriates based in Florida. "The administration," he said, "is playing domestic politics with international policy."

# Associated Press

## Havana, Republic of Cuba

### 13 April 2004

## U.S. Farmers Expected at Cuba Sales Talks

By ANITA SNOW

HAVANA (AP) - Hundreds of U.S. farm representatives hoping to build long-term trade relationships with communist Cuba traveled here for a new round of talks opening Tuesday.

Cuban officials said they hoped to contact to buy as much as \$100 million more in American farm products during the three-day event. More than 300 people from 150 U.S. companies were expected.

"This shows that American companies want to continue expanding business with Cuba," said Pedro Alvarez, head of the Cuban food import company Alimport, which organized the talks. Among American farm interests participating in the talks is the USA Rice Federation, which represents about 85 percent of rice producers in the United States. "The importance of Cuba in terms of rice is huge for us - it's huge for them," said USA Rice Federation representative Marvin Leherer. "Cuba was the No. 1 market for American rice prior to sanctions," he said, referring to U.S. trade restrictions imposed more than four decades ago. While American rice producers last year delivered about one-sixth of the estimated 600,000 tons that Cuba imports annually, "under normal commercial relations we would have the lion's share of the market," Leherer said. Mexico is now the world's No. 1 importer of American rice, buying about 750,000 metric tons annually, said Leherer. He said that if U.S. trade sanctions against Cuba were dropped, "overnight it would become the No. 2 or 3 marker for American rice in the world."

Also among those scheduled to participate in the talks were Cargill Inc., of Minnetonka, Minn.; [Archer Daniels Midland](#) of Decatur, Ill.; and Kaehler's Homedale Farms in St. Charles, Minn.

Alimport organized a similar round of talks in December to mark the second anniversary of the first U.S. commercial food shipments to post-revolutionary Cuba. Since Cuba took advantage of an exception to the U.S. trade embargo allowing the direct, commercial sales of American farm products to the island, it has contracted to buy about \$716 million in goods - including the price of transportation and banking fees, Alvarez said.

He said that the country has spent \$640 million so far for those products. Cuba first used the law in late 2001 to replenish its food reserves after Hurricane Michelle caused wide damage across the country.

The U.S. Cuba Trade and Economic Council, which tracks business between the two countries, estimates the value of American farm products purchased by Cuba thus far at closer to \$430 million, excluding transportation, banking and other charges. Because the law prohibits U.S. financing for the transactions, the Cuban funds generally are shipped through European banks, driving up the final costs.

# **The State**

## **Columbia, South Carolina**

### **21 March 2004**

## **Bauer's Cuba deal draws fire**

Mike Campbell, son of former Republican Gov. Carroll Campbell, is turning up the heat on Lt. Gov. Andre Bauer, a fellow Republican.

At issue is Bauer's recent trade mission to Cuba. There, Bauer and others signed an agreement with Fidel Castro's regime for the export of \$10 million of S.C. agriculture products.

Campbell, a potential challenger for Bauer's job in 2006, opposed the deal, saying so in a newspaper column.

Now, Campbell has taken his opposition to a new level. He has hired a highly respected Republican pollster to tap the sentiment of South Carolinians on the issue. What he found was that a plurality of voters — 47 percent — disapprove of the \$10 million agreement; only 29 percent support the deal.

That opposition crossed over political, racial and gender boundaries. A plurality of Republicans, Democrats and independents; whites and blacks; men and women opposed the deal, according to the survey conducted by McLaughlin and Associates. The poll of 400 likely voters was taken Feb. 25-29. It had a margin of error of plus or minus 4.9 percentage points.

Even farm households, who would benefit the most from the agreement, were split down the middle — 33 percent supporting the deal and 33 percent opposing. "It is clear from these numbers that this deal was a mistake for Lt. Gov. Andre Bauer," said John McLaughlin, president of the polling firm.

Campbell paid for the statewide survey. Such surveys cost roughly \$10,000 on average.

Bauer was accompanied on the January trip by state Commissioner of Agriculture Charles Sharpe and state Rep. Chip Limehouse, R-Charleston. The mission had the blessing of Gov. Mark Sanford, another Republican.

Campbell said he knows a lot of people will say the poll that he commissioned is politically motivated, that he's posturing to run against Bauer for lieutenant governor. "I have made no decision to run," Campbell said. "But whether I do or

don't, I still would have done this because I felt so strongly about it. Someone needed to stand up and raise the awareness about this deal so we can stop it before it ever goes anywhere. ... We don't need to lower ourselves to deal with some communist dictator." Bauer accused Campbell of trying to turn the issue into a "political football."

"I think he would have a hard time explaining to the farmers why we shouldn't be selling South Carolina goods to Cuba," he said. Bauer said he was "not going to try to guess" who he'd be running against in two years. But, of Campbell's poll, he said, "I'm sure he has good intentions. What they are I have no idea." He then added, "I don't do polls to be a leader."

The McLaughlin survey found a majority of voters are opposed to South Carolina doing business with a communist dictator like Castro, regardless of the economic benefits.

Castro is known to enter into trade agreements to put pressure on the United States to end its embargo of Cuba.

In return for the trade deal, Bauer and Sharpe agreed to urge the state's congressional delegation to support lifting the trade embargo against the island nation of 11 million people.

Three years ago, the United States loosened its 42-year-old embargo on trading with Cuba, allowing the shipment of food, agricultural goods and medicine.

At least 34 states now export to Cuba, according to the U.S.-Cuba Trade and Economic Council, a nonprofit group that provides research for U.S. businesses wanting to trade with Cuba.

But the Bush administration opposes lifting completely the embargo of the communist nation.

Campbell says he will press on with his fight until the S.C.-Cuba deal is shelved.

# Chicago Tribune

Chicago, Illinois

18 March 2004

## Cubans have beef with chronic cattle shortage

By Gary Marx

Tribune foreign correspondent

BEJUCO, Cuba -- Cattle graze along the vast grasslands and gentle hills of eastern Cuba, but Giorgina Brooks cannot remember the last time she had a good steak. "It's been years and years," said Brooks, 47, as she gazed at a few cattle munching on grass.

Faced with U.S. trade sanctions, questionable economic policies, drought and rustling, Cuba's once-large cattle herd has been hit hard over the years, leaving many Cubans longing for beef. The situation also has forced Cuban officials to take tough measures to protect cattle, even as the government turns to the United States for help in restocking its herd.

In communist Cuba, only the state is allowed to slaughter cattle and sell the meat. Citizens who kill a cow--even if they raised it themselves--can get a 10-year prison sentence. Anyone who transports or sells a poached animal can get locked up for 8 years. "My brother-in-law got a 12-year prison sentence for killing 12 cows," said an accountant who lives in the cattle-raising region.

But it's not unheard of for Cubans to sneak into a pasture at night and butcher a cow on the spot. Residents have been known to descend on a cow struck by lightning, carving it up in minutes even though the meat often is charred and they risk a fine if caught by police. The same thing can happen if a cow is hit by a car or dies of illness or malnutrition, in giving birth or of old age, even though residents admit the law requires them to leave the carcass alone and notify local officials.

### Converging on cattle

Ulises Cutino, who works at a large dairy farm, recounted how scores of people scrambled to a nearby railway with knives and machetes when word spread that more than a dozen cattle had been struck by a passing train. "If the authorities don't come fast, people take it away," said Manuel Salazar, who tends cattle in eastern Cuba.

Pedro Alvarez, a Cuban trade official, acknowledged a shortage of beef but said there is no hunger in Cuba because citizens receive government-subsidized food, including bread, rice and chicken.

Alvarez said the government has sought to increase beef and dairy production through the recent purchase of 913 U.S. cattle. He said Cuba could buy up to 100,000 head of cattle from the U.S.--at an estimated cost of \$150 million--if trade sanctions against the island are dropped.

While the four-decade-old U.S. economic embargo prohibits most American trade with the island, it allows Cuba to make cash purchases of food and agricultural products. Alvarez argued

that the embargo increases the cost of all imports and represents a huge drag on the Cuban economy.

But John Kavulich, president of the U.S.-Cuba Trade and Economic Council, said he doubts the Cubans could afford such a large purchase of cattle even without U.S. trade sanctions as long as Cuba fails to implement economic reforms. "People should stop dreaming and deal with reality," he said.

#### Island once awash in beef

Cubans have not always been hard up for beef. Before the 1959 revolution, Cuba was said to have as many cattle as people--about 5 million--and one of the region's highest per-capita consumption of beef, experts said.

But Fidel Castro's revolutionary government nationalized the large land holdings of U.S. and other ranchers and slaughtered many of the cattle to make up for falling food production in other areas. The beef industry never recovered, but dairy herds were built back up through huge investments and imported animal feed, experts said. Years later, when the Soviet Union collapsed and ended \$5 billion in annual subsidies, Cuba lacked the money for feed, and much of the dairy herd also was lost.

Today beef is found almost exclusively in state-run restaurants catering to tourists and dollar-only markets beyond the reach of most citizens. The problems have been exacerbated by severe droughts and by what some experts describe as Cuba's ill-fated attempts to breed a superbovine that could thrive in a tropical climate.

One product of that effort was a single prodigious milk-producing cow called Ubre Blanca, Spanish for "white udder." During one 24-hour period in 1982, the cow produced 241 pounds of milk, more than four times a typical cow's production. But the Cubans never could breed the cow, which died several years later and now stands stuffed in a glass case in the lobby of the cattle institute about 15 miles outside Havana.

#### Milk subsidized and limited

The government today imports huge quantities of milk from New Zealand, Canada and other countries and distributes it at subsidized prices for infants, children up to age 7, the elderly and the infirm, according to Alvarez and others. Most everyone else has to purchase powdered milk on the black market for \$1 a pound. Cubans earn an average of about \$10 a month.

At the same time, per capita beef and veal consumption in Cuba has fallen from about 3.7 pounds per month in 1961 to just over 1.2 pounds per month in 2001, according to the United Nations. That compares with about 8 pounds of beef and veal per month consumed by the average American.

"It's a tremendous drop," said James Ross, a professor of agricultural economics at the University of Florida. "The bottom line is that the Cuban administration has adopted policies that do not favor cattle production."

Cubans have made up for the beef shortage by eating more pork and chicken, which Alvarez said is cheaper to produce than beef. But others say they prefer a juicy steak. "The meat of a cow tastes better no matter how you cook it," said Salazar, the farmhand.

# Slate Magazine

Redmond, Washington

24 February 2004

## The Fox in Our Henhouse Why is Fidel Castro buying all those American chickens?

By Daniel Gross



Communist dictator or  
trade lobbyist?

Here's a radical strategy for lowering the United States' [record \\$489 billion trade deficit](#): Globalize our Cuba policy. U.S. exports to Cuba soared nearly 80 percent in 2003, while our imports from Cuba were nil. Imagine if we had that kind of relationship with China!

Since the United States has spent the last 40 years figuring out the best way to punish Fidel Castro's regime, and since the Bush administration's anti-Castro rhetoric has been scalding hot, it might surprise most Americans that we have *any* trade with Cuba. But since 2000, when there was essentially no commerce, agricultural exports to the sunny Communist redoubt—essentially the only Cuban trade we allow—have been surging. Cuba is the 35<sup>th</sup> largest destination for U.S. agricultural exports, as it purchased more farm products in 2003 (\$256 million worth) than either Pakistan or Ireland.

For decades, the basic thrust of U.S. policy toward Cuba was to deny the Castro government access to foreign exchange by largely prohibiting tourism and trade. But in the 1990s, with the end of the Cold War, President Clinton embraced a policy of ;Tourism Si, Trade No! In January 1999, he issued the People to People executive order, which gave Americans the ability to travel to Cuba with relatively few hassles. But Clinton left largely untouched the 1992 Cuban Democracy Act, which permitted American companies to export health-care products to Cuba—and nothing else. "The Clintons were fairly open with the travel regulations, and were reluctant to allow actual food trade," said Lissa Weinmann, executive director of [Americans for Humanitarian Trade with Cuba](#).

In the final months of his presidency, Clinton shifted gears. In the fall of 2000, Clinton signed the Trade Sanctions Reform and Exports Enhancement Act, which permitted the direct export of food to Cuba, provided Cuba paid in dollars. Initially, however, Castro showed no interest in using precious hard currency to buy American corn.

The Bush administration essentially reversed the Clinton policy. Under Bush, the trend has been ;Trade Si, Tourism No! In November 2001, after Hurricane Michelle ravaged Cuban crops, the Castro government decided to buy some American corn. That was followed by the purchase of the basic ingredients for arroz con pollo.

U.S. agribusinesses large and small quickly seized upon the promise of the new market. In September 2002, about 300 American food companies attended a large food exposition in

Havana. According to these [statistics](#) (see page 53), Cuba imported \$144 million of U.S. products in 2002.

U.S. agricultural exports to Cuba boomed 78 percent in 2003. Alimport, Cuba's food import agency, purchased soybeans, groats, lumber, apples, and chickens. "In both 2002 and 2003, the U.S. was the single largest source of food and agricultural products to Cuba," said John Kavulich, [U.S.-Cuba Trade and Economic Council](#). "Cuba is one of the safest export markets for U.S. companies because it requires cash-only payments." The United States still permits the export of only food and medical products to Cuba. The volume of medical trade remains miniscule.

Some of the American food winds up in Cuba's dollar-based parallel economy, which is fueled by tourists, diplomats, and Cuban consumers armed with remittances from American relatives. "I was just down there last week in a dollar grocery store, and they had chicken and onions from the U.S.," said William Messina, an agricultural economist with the University of Florida.

The U.S. Department of Agriculture provides [guidelines](#) to potential exporters to Cuba. Still, the trade is a political problem for the Bush administration, which is getting squeezed by two constituencies it needs this fall: Cuban-Americans in Florida, who view the 40-year effort to strangle Castro's Cuba of foreign currency, goods, and services as paramount; and agribusinesses that see Cuba as a potential market. Organizations such as the [Cuban-American National Foundation](#) and [Cuban Liberty Council](#)—crucial interest groups in Florida—oppose the expansion of trade. In part to appease exile groups, President Bush last year cracked down significantly on the People to People program, thus curtailing the flow of American tourists to Cuba's beaches. The administration has also supported the long-standing U.S. bans on Cuban imports.

Castro and his regime have become clever trade lobbyists. Alimport has shrewdly spread around its purchases of American products in an effort to build up constituencies around the country, much in the same way defense contractors plant factories in every state. "The Cubans have distributed the deals in such a way that it has had an impact across the economy," said the AHTC's Weinmann. "Cuba is now the 14th largest foreign market for Iowa corn." So while the anti-Castro lobby remains strong in South Florida, pro-Cuba lobbies are growing in the port cities of the South, in the grain-rich Great Plains, and in the chicken farms of the Ozarks.

As exports to Cuba continue to grow—Alimport projects it will purchase \$310 million of U.S. goods in 2004—the historic cry of "Free Cuba!" that rang out from Miami may be replaced by "Free Trade With Cuba!"



# Sun-Seninel

Fort Lauderdale, Florida  
22 February 2004

## **A new war of words with Cuba is likely**

By Vanessa Bauzá and Rafael Lorente

HAVANA · As sure as election years bring stump speeches and confetti-strewn conventions, history has shown they also breed heightened tensions between Washington and Havana as presidents and candidates ratchet up the rhetoric in a race for Cuban-American voters.

President Bush knows well the power of that voting bloc, which helped him declare victory in Florida by a razor-thin margin in the 2000 election.

In recent months, the Bush administration has taken up a range of get-tough initiatives, including suspending semiannual migration talks, accusing Cuban President Fidel Castro of trying to destabilize Latin American democracies, announcing it will freeze any U.S. assets of Cuban-run travel agencies and even denying visas to all but one of the Grammy-nominated musicians on the island.

The heightened tensions come amid a surge in American food sales to Cuba, which totaled \$256.9 million in 2003, an 80 percent increase over the previous year, according to the New York-based U.S.-Cuba Trade and Economic Council.

Cuban officials call the heightened tensions "very dangerous" for Cuba and accuse Bush of pandering to Cuban exiles for Florida's 27 electoral college votes. "As far as we are from November, the decisions this administration has taken indicate there can be many things still to come," said Miguel Alvarez, adviser to the president of Cuba's parliament, Ricardo Alarcon.

Ironically, Havana's negative view is shared by Bush critics in the Cuban-American community who say the president has only made cosmetic policy changes on Cuba, not substantive ones. They want Bush to create more effective broadcasts of Radio and TV Marti, increase support for dissidents and review the 1994 migration accords, which currently return most Cuban migrants intercepted at sea.

"I think this administration created tremendously heightened expectations, and many of its core constituency feel the expectations have not been met," said Cuban American National Foundation Executive Director Joe Garcia, one of Bush's staunchest critics.

A new committee headed by Secretary of State Colin Powell to prepare the United States for a post-Castro Cuba is likely to recommend additional initiatives by May that officials said aim to "hasten transition" to a democratic society.

"Everything is on the table" except for military action, said a State Department official who asked to remain anonymous. "We're thinking right now about ways that we can hasten transition. And that means helping the people and not the regime. Or even helping the people and hurting the regime."

Castro has responded by playing the familiar role of David to Bush's Goliath. He claims the administration is out to invade Cuba or even assassinate him. Earlier this month he rallied supporters and declared to booming applause: "If they invade us, I will die fighting."

Cuban officials are especially sensitive to claims that Castro, allied with Venezuela's Hugo Chavez, is trying to destabilize Latin America. According to a recent editorial in the government-run newspaper Granma, the charges serve to "create a climate of artificial hysteria that would justify... a military adventure against our homeland, including the physical elimination of compañero Fidel."

The presidential race is sure to be closely monitored by officials in Havana, as it always is, with an eye toward watching how the Democratic candidates' more moderate positions on Cuba evolve.

"One of the big questions now is, since Bush has pursued a tougher policy on Cuba, are you going to end up with a Democratic candidate who is going to run to the right of Bush on Cuba or are they going to cede that territory?" said Dan Erikson, who heads the Cuba program at the Inter American Dialogue, a Washington think tank. "That will really tell whether tensions get higher over the course of the spring and summer."

The Democratic presidential candidates have so far been relatively quiet on the Cuba issue. After meetings with exile leaders in South Florida, Democratic frontrunner Sen. John Kerry of Massachusetts told NBC's Meet the Press in August that while he would like to see more Americans traveling to Cuba, he would not unilaterally lift sanctions that now ban trade and travel between the U.S. and Cuba.

"I am not prepared to lay down conditions at this time for lifting the embargo, because I believe that we need a major review of U.S. policy toward Cuba," Kerry told The Associated Press.

Sen. John Edwards of North Carolina has also met with Cuban-American leaders. "Full sanctions should not be lifted until Castro and his brutal regime are gone," Edwards told The Associated Press.

The two underdogs, Ohio Rep. Dennis Kucinich and Rev. Al Sharpton, who are hanging in the race despite single-digit primary returns, favor ending the embargo.

"Our policy toward Cuba has created misery for the Cuban people and has harmed our own national interests," Kucinich told The Associated Press.

The Cuban-American electorate, which makes up about 8 percent of all Florida voters, is not a monolithic community, said Sergio Bendixen, a Miami pollster who specializes in Hispanic public opinion.

"Election years tend to push U.S.-Cuba policy into the area of confrontation," Bendixen said. "It has been the conventional wisdom that the confrontation approach is the consensus point of view. That approach will probably still work in two-thirds of the electorate, but one-third is more moderate in their approach to Cuba policy. ... The question mark is, will the Democrats try to appeal to this group?"

Polls show increasing numbers of Cuban-Americans support engagement and dialogue with Cuba. Many Cubans who arrived in the 1980s and '90s have relatives on the island, and therefore many favor a less restrictive policy that does not clamp down on travel and cash remittances from the U.S. to Cuba.

Despite Castro's crackdown on 75 peaceful dissidents last April, U.S. food sales to Cuba have created an anti-embargo lobby in some farm states and brought scores of Florida agribusiness executives to Havana.

Both the U.S. Senate and the House of Representatives last year voted to weaken the travel ban, but the move was stripped from legislation before it could reach the president's desk. Bush had threatened to veto any legislation that would lift the sanctions.

Cuban-American voters are predominantly Republican. Democrats generally only capture about 20 percent of the exile vote, said Alfredo Durán, former state chairman of the Florida Democratic Party. Durán hopes his party's candidates will reach out to those Cuban-Americans who favor a change in the status quo.

"If I were a presidential candidate in the state of Florida, I would say Cuba policy has to be reviewed," Durán said. "What would it do to economic development in this state? There would be a tremendous boom. And I would of course talk about traditional democratic values: education, healthcare, social security. That would fly even with the Cubans."

# Reuters Americas

London, United Kingdom

21 February 2004

## Cuba buying U.S. poultry despite bird flu scare

By Marc Frank

HAVANA, Feb 21 (Reuters) - Cuba, the U.S. poultry industry's eighth export market, said on Saturday it would increase imports despite the appearance of the dreaded bird flu in four states and bans slapped on U.S. chicken and eggs by some countries.

"We have limited purchases from a few states due to avian influenza, but see no problem with the vast majority," said Pedro Alvarez, chairman of Cuba's state food importer Alimport. Alvarez said Cuba would purchase 120,000 metric tons of U.S. poultry in 2004 as his company increased U.S. food imports in general.

[**NOTE** From U.S.-Cuba Trade and Economic Council: Alimport purchased approximately 74,716.5 metric tons of poultry in 2003, compared to 53,099.0 metric tons of poultry in 2002.]

Japan, South Korea and Poland, among other nations, banned U.S. poultry after the discovery this month of bird flu in U.S. flocks, although it is a strain that only kills chickens and not the deadly one that has caused at least 22 human deaths in Asia.

The communist-run Caribbean island has emerged as the 35th-biggest export market for U.S. agricultural products since Washington in 2000 loosened the trade embargo to allow food sales for cash.

Cuba purchased \$256.9 million worth of U.S. agricultural products last year, including more than 74,000 metric tons of poultry valued at \$37.2 million.

"The statement by Alimport is significant as Cuba, based on our analysis of government data, is the poultry industry's eighth-largest foreign market," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council.

Kavulich, whose organization monitors trade between the two countries, said Cuba was now an important customer for companies such as Tyson Foods, Perdue Farms and Gold Kist.

# Reuters Americas

London, United Kingdom

19 February 2004

## Bush crackdown keeps Americans away from Cuba

By Anthony Boadle

HAVANA, Feb 19 (Reuters) - A crackdown by the Bush administration on U.S. travel to Cuba has reduced the number of non-Cuban Americans visiting the island to a trickle, travel agents and Cuban officials said on Thursday.

At Havana's Hemingway Marina, it is hard to find a yacht or big-game fishing boat with a U.S. flag these days.

"The Commerce Department began asking for export licenses for the vessels," said the marina's commodore, Jose Miguel Diaz. "The yachters didn't want trouble."

Havana was packed with American tourists in November and December, including museum curators and retired academics, who rushed to get a glimpse of the communist-run nation before permits for cultural and educational visits ended.

The so-called people-to-people licenses were introduced by the Clinton administration as a way of increasing U.S. contacts with the Cuban people with a view to encouraging democratic change under President Fidel Castro's government.

But that doorway to Havana slammed shut on Dec. 31 after President George W. Bush canceled cultural exchange travel licenses as he tightened sanctions against Castro.

"It had a tremendous impact on the flow of people. Business is down by 30 percent," said

Michael Zuccato, president of Cuba Travel Services, which operates charter flights to Cuba from Los Angeles and Miami.

"There is more fear among Americans about traveling to Cuba," said a European tour operator in Havana who had cancellations by U.S. customers.

Last year some 160,000 U.S. citizens made authorized visits to Cuba, 85 percent of them Americans of Cuban descent, who can visit relatives on the island once a year. The remainder traveled on special permits for business, cultural, academic and religious trips.

### MOJITOS AND DANCING

The Bush administration said many of these travelers were just going for fun, to sip mojitos and enjoy rhythmic Cuban dancing, and their dollars were helping keep Castro in power.

In addition, an estimated 22,000 to 25,000 Americans defied the travel ban and went to Cuba unauthorized in 2003, via third countries such as Mexico, Jamaica or the Bahamas.

Since Bush took office, U.S. authorities have prosecuted an unprecedented number of Americans for going to Cuba illegally. The Treasury Department's office of Foreign Assets Control, which enforces the ban, said it has a docket of 2,000 penalty actions in which violators face a fine of about \$7,500.

Since Oct. 10, more than 1,000 charter flights returning from Cuba have been inspected and 50,000 passengers screened at Miami, Los Angeles and New York airports, while 275 travelers were stopped from boarding planes to Cuba, the department said.

Treasury Secretary John Snow announced more steps last week. Speaking to Cuban American businessmen in Miami, Snow named nine Cuban travel companies on a Treasury list, making it illegal for Americans to contract tour packages with them. Licensed travel services providers, such as charter operators, were not affected.

Cuba watchers said unlicensed business with Cuban companies was already illegal and all Bush had done was court the potentially crucial votes of Florida's Cuban exile community for the November presidential elections.

"It increases the hassle factor," said John Kavulich, president of the US-Cuba Trade and Economic Council, which tracks American business with Cuba. "If someone thought twice about traveling to Cuba before Snow's speech, they should now think six times before traveling without a license."

The options available to non-Cuban Americans for legal travel to Cuba are now limited to journalists, athletes, researchers, some businessmen and certain humanitarian and religious trips.

# Dow Jones Newswires

New York, New York

17 February 2004

## Cuba Climbs From Last To 35th On US Food Export Mkt List

DOW JONES NEWSWIRES

HAVANA (AP)--Cuba in three years climbed from last - No. 226 - to No. 35 on the U.S. list of food export markets despite continued tightening of U.S. sanctions against the island, a leading Cuba-U.S. business group said Tuesday.

The New York-based U.S.-Cuba Trade and Economic Council said in a regular report that the communist government last year doubled its purchases of U.S. farm goods under an exception to the trade embargo of more than four decades.

The council, which tracks trade between the two nations, said that Cuba bought \$256.9 million of U.S. agricultural products last year under a law that allows U.S. farm producers to sell to the communist-run island on a cash basis.

Cuba was last on a list of 226 U.S. food export markets in 2000, the year the law was passed. With the increase, Cuba is now buying more U.S. food than a number of other countries in the region with regular U.S. trade ties, including Costa Rica, Honduras, El Salvador, Panama and Peru. It also buys more U.S. food than Portugal, South Africa, Denmark or Sweden.

"The numbers are impressive," council president John Kavulich in a telephone interview. Kavulich's numbers, which include only the cost of the product, are somewhat lower than the numbers offered by the Cuban government, which includes the price of transportation, handling and bank charges in purchase figures.

Kavulich has long taken issue with Cuba's practice of including transportation and other charges when calculating and reporting the value of its U.S. food purchases.

About 95% of U.S. food being sold to Cuba are commodities such as poultry and grains, according the council figures. The biggest exporter of U.S. food products to Cuba is Archer Daniels Midland (ADM), accounting for about half of all U.S. farm sales to the island, the council report said.

The increase in Cuba's purchases of U.S. food has come despite efforts by U.S. President George W. Bush to tighten long-standing commercial and travel restrictions on Cuba.

Last week, the U.S. administration announced it was cracking down on foreign companies providing travel services to Cuba.

Earlier this year, it significantly stepped up inspections of direct charter flights between the U.S. and Cuba to ensure all passengers have U.S. approval to travel to the island and do not carry excessive amounts of cash.

President John F. Kennedy imposed economic sanctions against Cuba in 1963 during the Cold War in an effort to economically isolate the communist government.

But even while the Bush administration tightens the restrictions, U.S. farm groups and others are pushing for an end to trade and travel restrictions.

By increasing its U.S. food imports, Cuba is also working for increased U.S. support of "a change in commercial, economic, and political relations with Cuba," Kavulich said.

Many U.S. political and farm leaders who have visited the island in recent months have promised to support congressional efforts to change in U.S. policy toward Cuba - a practice Kavulich opposes.

"This is not the means by which to develop a healthy commercial environment," he said. "Commerce should be based upon quality products, fair prices, and efficient delivery, not who succumbs to pressure."

# The Wall Street Journal

New York, New York

18 February 2004

HAVANA- Cuba in three years climbed to No. 35 from last- No. 226- on the U.S. list of food-export markets, despite continued tightening of U.S. sanctions against the island, a leading Cuba-U.S. business group said Tuesday.

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About 95 percent U.S. American food being sold to Cuba are commodities such as poultry and grains, according the council figures. The biggest exporter of U.S. food products to Cuba is Archer Daniels Midland Co., accounting for about half of all U.S. farm sales to the island, the report said.

The increase comes despite efforts by President George Bush to tighten long-standing commercial and travel strictures on Cuba. President Kennedy imposed sanctions against Cuba in 1963 in an effort to economically isolate its government. Now U.S. farm groups and others are pushing to end trade and travel restrictions.

# Associated Press

New York, New York

17 February 2004

HAVANA (AP)- Cuba in three years climbed from last to No. 35 on the United States' list of food export markets despite continued tightening of American sanctions against the island, a leading Cuba-U.S. business group said Tuesday.

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"This is not the means by which to develop a healthy commercial environment," he said. "Commerce should be based upon quality products, fair prices, and efficient delivery, not who succumbs to pressure."

# Reuters Americas

London, United Kingdom

17 February 2004

## Despite Sanctions Cuba Now 35th U.S. Food Market

By Marc Frank

HAVANA (Reuters) - Despite four decades of trade sanctions and increasing White House hostility, Cuba has become the United States's 35th market for food exports, according to a report by a New York-based business group on Tuesday.

Cuba's purchases of American agricultural products doubled last year, as U.S. agribusiness giants sold more and more grain to the Caribbean island thanks to an easing of the embargo.

The U.S.-Cuba Trade and Economic Council, which monitors trade between the two countries, said Cuba imported \$256.9 million worth of U.S. agricultural products in 2003.

Since food sales were allowed in 2000, Cuba has moved up from 144th position among U.S. markets, to 50th in 2002 and 35th last year, the council's analysis of U.S. government data said.

The trade surge came as the Bush administration clamped down on travel to Cuba and studied other measures to increase economic pressure on President Fidel Castro's communist-run government.

President Bush last year appointed a commission to come up with ways to accelerate a transition to democracy in Cuba, where Castro has been in power since a 1959 revolution.

American business groups, meanwhile, have been lobbying for the lifting of a travel ban and further relaxing of the embargo. Both chambers of the U.S. Congress last year voted to end travel restrictions, but Republican leadership scuttled the move in conference.

### PRESSURE ON CUBA

"While the Bush administration is trying to intensify pressure on Cuba and sever business links with the Castro government, such an attempt is increasingly at odds with the position of the U.S. business community and its allies in Congress," said University of Florida Cuba analyst Paolo Spadoni.

"With Cuba's food purchases from the United States up by more than 80 percent in 2003 after an impressive 2002, it is likely that anti-embargo forces will keep pushing for a lifting of trade and travel restrictions with the island," he said.

Tensions between Washington and Havana continued rising after the Bush administration pulled out of immigration talks, the only regular contacts the two governments have in the absence of diplomatic ties broken off in 1961.

In two speeches this month, Castro charged that Bush was plotting to assassinate him and invade Cuba.

The Cuban leader said Bush's growing hostility was aimed at winning votes among politically influential Cuban-Americans in the key state of Florida in this year's presidential election.

Florida is home to hundreds of thousands of Cubans, who played a big role in winning the presidency for Bush in 2000.

The exports, mainly soy, wheat, corn, rice and poultry, but also supermarket products, lumber and newsprint, have led to a growing lobby in the United states to broaden trade and travel with Cuba.

The council said Cuban purchases, begun in late 2001, amounted to \$400 million through 2003. Cuba pays cash for purchases from the United States, with some financing from non-U.S. banks.

Decatur, Illinois-based Archer Daniels Midland Company accounted for approximately 50 percent of the sales, the council said, followed by agribusiness giant Cargill and FC Stone, a Minnesota group of farm cooperatives.

# The Miami Herald

Miami, Florida

16 February 2004

## NUTRITION

### **Food shortages in Cuba raising `a yellow flag'**

**An apparent food shortage in Cuba is raising some concern about a potential nutrition crisis.**

BY NANCY SAN MARTIN

A new and apparently growing food shortage in Cuba is making it increasingly difficult for those who depend on Cuban pesos and the government's ration system to obtain basic staples, according to residents and experts.

Over the past three months, some items have become scarce even in usually well-stocked stores that accept U.S. dollars, raising concerns that the Caribbean nation could be headed toward a nutrition crisis similar to one in the early 1990s.

"It hasn't gotten to the point where Cubans are using stuff not meant to be eaten, but it's kind of a yellow flag," said Eric Driggs González, humanitarian aid coordinator for the Cuba Transition Project at the University of Miami's Institute for Cuban and Cuban-American Studies. "There is definitely a shortage. As far as the severity of it, that's hard to measure," Driggs said. "But there's a need to keep an eye on it."

Cuba has struggled to adequately feed its 11 million people since it lost its massive Soviet subsidies in 1991. In the early '90s, a serious eye disease caused by a deficiency of vitamins rapidly spread across the island.

### NOT PROMISING

Experts now worry that a severe food shortage could have serious effects on an already undernourished population. The outlook, so far, does not look promising.

"Peso-based food product availability decreased in 2003 compared to 2002," according to the U.S.-Cuba Trade and Economic Council (USCTEC) in New York, which monitors Cuba's economy. "The government of the Republic of Cuba has [reported] that the quality of food products may increase in 2004, but that the quantity . . . may not increase."

Among the food problems reported from Cuba:

- Residents in the central city of Santa Clara waited in long lines when U.S. ground chicken went on sale at a local store, only to have the supply quickly run out, according to a Jan. 30 report from Cuba posted on Cubanet, a Miami-based group that compiles reports from island residents.
- In Havana, according to a Jan. 27 report, residents complained of a mediocre supply of yogurt sold at peso stores. Mothers complain that with the ration at one liter per child per day, "they end up feeding their children sugar water because they don't have the money to . . . acquire

yogurt in the dollar establishments. Even then, they say, there is a shortage of yogurt in the dollar stores themselves."

Cuba residents reached by telephone also said pasta is harder to find and the supply of vegetables is lean, but that the most scarce product has been eggs -- long a cheap and abundantly available staple of communist Cuba's diet.

"The scarcity of eggs has turned them into luxury items. For Cuban families, the absence of eggs feels like the parting of a loved one who abandons the house to emigrate," said a Feb. 5 Cubanet report from Havana. "Eggs have disappeared," Lionel Pérez, the Havana director for the Catholic-run Caritas charity program, said in a phone interview. "But we always have difficulties here . . . We make do with what we have."

## SERIES OF PROBLEMS

Experts point to a series of problems, including low productivity and inefficient distribution, to explain the shortage of eggs and other food products. For more than four decades, the Caribbean nation produced all its own eggs. Two years ago it began buying U.S. eggs. But the imports stopped when U.S. market prices doubled in mid-2003.

Even as the U.N. World Food Program carries out a supplemental food program in eastern Cuba, its Havana director disputed the reports of a food shortage. "That's totally out of context," Rosa Antolin said. "There is always a lack of one item or another, but there is no food shortage."

"Our support program in Cuba was implemented because we don't want the advances that have been made in health and education, which are outstanding, to suffer setbacks," she said. "We want to help them recuperate and maintain their nutrition." It is nevertheless clear that monthly subsidized ration allowances have grown slimmer over the years, providing Cubans with what most experts agree is less than two weeks worth of food for every month. Eggs, for example, are restricted to 6 to 8 per person per month.

## MULTIPLE SHOPPING

To supplement their subsidized rations, many Cubans must shop at up to nine different types of state-run and independent markets that charge higher dollar prices -- in a country where the average monthly salary is about \$10 -- although many Cubans receive dollars from relatives abroad.

"Under the present Cuban system of distribution, access to basic goods is strongly delineated along income lines and/or access to dollars," according to a September UM report. "While the Cuban people survive with enviable resilience and humor, food security in Cuba remains a gravely serious matter, particularly for those with no access to foreign currency."

The shortage comes even as U.S. food shipments to the island increase. The United States jumped to seventh place among Cuba's commercial partners in 2003 and it is the island's largest single source of agricultural and food products, according to USCTEC figures. But while Cuba has been buying more U.S. food products, the quantities of food available on the island have not increased.

"They haven't bought more, they've just bought the products from us," USCTEC President John Kavulich said. "The truth is there has been a steady decline in food availability in different categories."

# The Miami Herald

Miami, Florida

12 February 2004

## Cuba's tourism chief replaced by army colonel

The Communist Party's newspaper said Ibrahím Ferradaz García had been 'freed' from his tourism post and replaced with a military colonel.

BY NANCY SAN MARTIN

### CUBAN ECONOMY

A career technocrat has been dismissed as Cuba's tourism minister and replaced with a younger military colonel in what analysts said is part of a trend by the government to strengthen the island's armed forces.

A short announcement Wednesday in Granma, the Communist Party's newspaper, said Ibrahím Ferradaz García, 54, had been "freed" from the post and succeeded by Manuel Marrero Cruz, 40, who served as president of a profitable tourism company run by Cuba's Revolutionary Armed Forces.

"Fidel Castro has decided that in order to guarantee the continuation of the revolution and the efficiency of the economy, he must rely on the military," said Jaime Suchlicki, director of the University of Miami's Institute for Cuban and Cuban-American Studies.

### RELIANCE ON RAUL

"In a sense, he is relying on his brother Raúl, who controls the military. That helps with the succession," he said. Raúl Castro is minister of defense and Castro's designated successor.

The shuffle follows a scandal in December in which the president and several managers of Cuba's largest state-run tourism enterprise were abruptly removed amid reports of a financial probe involving the disappearance of millions of dollars from the company.

Government officials later confirmed the firings occurred because of "grave errors" in leadership but adamantly denied that the company, Cubanacán, had lost millions of dollars or that former president Juan José Vega -- or anyone else -- had been arrested.

Over the past decade, Cuba's armed forces have taken over up to 60 percent of the island's economy, running much of the tourism and sugar industries and stores as well as export-import and construction firms.

## A BILLION A YEAR

"The Cuban military's diverse business ventures bring in an estimated \$1 billion a year," according to a UM report in 2003. "The military is not only a largely self-financing institution but a major player in the overall Cuban economy."

Cuba's key industries include nickel, steel, sugar, tobacco, petroleum and chemicals.

But tourism seems to hold the most promise for its economic recovery from the collapse of Soviet subsidies in 1991, providing as much as \$2 billion in gross income each year.

An estimated 1.9 million tourists traveled to Cuba last year, a 12 percent increase over the previous year, according to Cuban government data.

Officials have said they expect at least two million visitors by the end of this year.

Experts said Marrero's appointment indicated a government desire to sustain its key industry because he brings a decade of experience to the new post.

"This is someone who has operational experience, going into a policymaking role," said John Kavulich, who monitors Cuba's economy.

Marrero served as president of Grupo de Turismo Gaviota, one of the oldest military-run corporations.

It controls about 8,500 of the island's roughly 40,000 hotel rooms and a subsidiary that operates domestic tourist flights.

"They've been very successful," said St. Thomas University professor María Dolores Espino, who has done extensive research on tourism in Cuba. "Some of the most efficiently run entities are from Gaviota."

Ferradaz had served briefly as minister of investments and cooperation before his appointment as tourism minister in 1999 to replace Osmany Cienfuegos, who also was dismissed amid controversy.

# USA TODAY

Washington, D.C.

10 February 2004

## Travel from USA to Cuba targeted

By Barbara Hagenbaugh

CORAL GABLES, Fla. — The Bush administration said Monday that it is cracking down on nine tour operators and one courier that foster illegal U.S. travel and trade with Cuba, a move popular with Cuban-Americans in the key electoral state of Florida.

Treasury Secretary John Snow, in a speech to Cuban-Americans here, said the 10 firms are owned by the Cuban government or by Cuban citizens and appeal directly to Americans, mainly through the Internet. Snow said the government would seize the firms' U.S. bank accounts and stop wire transfers to them. It also would go after U.S. travel agents and tourists doing business with them.

"The president detests, the president loathes the Cuban government and what it stands for," Snow said. Of the tourism money spent in Cuba, "only a few pesos end up in the hands of the Cuban people."

The announcement is part of an effort by Bush to weaken Cuban leader Fidel Castro's power by enforcing 40-year-old laws that prohibit U.S. travel for pleasure to Cuba. At the end of last year, Bush cut off educational visits started under the Clinton administration. He also has increased inspections of chartered flights and imposed civil and criminal penalties on Americans violating the law, including those who have traveled to Cuba via a third country.

The U.S.-Cuba Trade and Economic Council estimates 156,000 U.S. travelers made authorized trips to Cuba in 2003. As many as 25,000 Americans traveled illegally to Cuba via a third country. John Kavulich, president of the Council, which does not take a stand on U.S.-Cuba travel, said Monday's announcement means those planning illegal travel to Cuba "should think about six times" before going.

Although the Bush administration denies it is acting to gain votes to win re-election, the issue is a big one in Florida, where more than 800,000 Cuban-Americans reside. Florida has one-tenth of the Electoral College votes needed to win the presidency and is on Bush's list of must-win states for 2004. Bush is "the best ally that we have," says Ninoska Perez, a Miami Spanish language radio station host.

But some economists suggest the embargo, by keeping the country poor, hurts the people the administration says it is trying to help. Tucker Hart Adams, an economist in Colorado Springs, last month returned from a legal, humanitarian trip to Cuba. She argues that although Cuba's biggest economic woe is government control, trade and tourism could help.

Last year, the Republican-led House and Senate voted to end the travel ban, but dropped the measure after Bush threatened a veto. The issue is far from dead. Idaho Republicans Sen. Larry Craig and Rep. C.L. Otter went to Cuba over the weekend, in part to promote an end to the travel ban.

# The Washington Times

Washington, D.C.

10 February 2004

## U.S. bans Cuba-linked firms

By Tom Carter

Treasury Secretary John W. Snow yesterday announced new administration measures to clamp down on travel to Cuba further, barring 10 companies that promote travel to the island from doing business in the United States.

Mr. Snow said the companies, all based outside the United States, were front organizations for Cuba's dictatorial government.

"We're cracking down. We mean business," Mr. Snow said, speaking in Miami before more than 100 Cuban-American businessmen. "We are cutting off American dollars headed to [Cuban President] Fidel Castro. At the same time, we are reaching out to the freedom-loving people of Cuba."

The 10 companies named yesterday were: Canada Inc., Montreal and Quebec; Corporacion Cimex S.A., Havana and all other locations worldwide; Havanatur S.A., Havana and other cities in Cuba; Havanatur, S.A., Buenos Aires; Havanatur Bahamas Ltd., Nassau, the Bahamas; Havanatur Chile S.A., Santiago, Chile; Cubanacan Group, Havana; Cubanacan International B.V., Zevenhuizen, the Netherlands; and Cubanacan U.K. Limited, London. A gift company — La Compania Tiendas Universo, S.A., Cuba, that operates an Internet shopping site — also was listed.

"Today's actions will put a stop ... to another illegal pathway for U.S. dollars to Castro's wallet," Mr. Snow said.

Joe Garcia of the Cuban American National Foundation called it a start. "It is a small first step that put a shot across the bow of those doing business with Cuba. We are pleased that the U.S. government is enforcing U.S. law," he said.

John Kavulich, president of the U.S. Cuba Trade and Economic Council, said the announcement raises the potential for more severe penalties for those who travel to Cuba illegally.

"It has no bearing for authorized travel to Cuba, but for unauthorized travel, it raises significantly the enforcement issues. It adds more severity to the penalty process," he said.

Juan Zarate, Treasury's deputy assistant secretary for terrorist financing and financial crimes, said the real significance of the move was to put U.S. and international travelers on notice that if they use these companies, they are supporting the Cuban government.

"We want American citizens to be aware that they are doing business with the Castro regime," Mr. Zarate said by telephone from Miami.

He said Americans with proper travel "license" still are permitted to make travel arrangements through these companies. He said any assets of these companies found in the United States would be frozen.

"We are investigating, and we will find out if they have any money here ... more than likely there is not any," he said.

The Bush administration has been vocal in its desire to see democracy come to Cuba. Given Florida's importance in the 2000 presidential election, yesterday's announcement before a strongly anti-Castro audience was seen by many as timed to help the president's campaign in 2004.

Matias Traviso-Diaz, a lawyer with Shaw, Pittman, Potts and Trowbridge, said the net effect is largely symbolic.

"If the companies are not based in the United States, there is precious little the government can do," he said. "The United States has been tightening the clamp for the last 40 years. There is little we can do now that hasn't been already thought of."

The Bush administration has clamped down on casual illegal travel to Cuba, an activity that largely was overlooked under the Clinton administration. Last year, the Republican-controlled Congress voted to lift the travel ban on Cuba, but the language was stripped out of the bill to fund the Treasury and Transportation departments, because any bill containing the measure faced a Bush veto.

# The Journal News

White Plains, New York

8 February 2004

## Travel to Cuba is reined in

By LEN MANIACE

A doorway to Cuba that opened in 1999, permitting most U.S. citizens to travel there legally for the first time in decades, slammed shut this year.

The last of the "People-to-People" trips to Cuba ended last year, and some say the change was due to the powerful political role of anti-Castro Cubans in Florida, a state that plays a key role during the presidential elections.

"There will be a significant decrease in legal travel to Cuba for Americans in 2004," said Tom Popper, director of Insight Cuba, a cultural/educational program based in New Rochelle.

Insight Cuba sent some 2,300 Americans to Cuba last year, usually for one-to-two week programs that took travelers to historic sites, hospitals and schools, as well as to workshops and meetings with Cuban musicians and people.

Kenneth and Cynthia Jaeger, a retired Irvington couple, were among the last Americans traveling under the People-to-People program, spending a week in Cuba in late December. "I wanted to see what life was like in Cuba and wanted to meet the people," Kenneth Jaeger said. "I wondered what they knew about the United States and our way of life."

The couple said they found the Cuban people unusually friendly, but found the nation's buildings, vehicles and infrastructure in far worse condition than they imagined. They said the program was tightly planned and educational. Though they understood the rationale for the new travel restrictions, the couple said they did not agree with it. "Something inside me says if we lift the embargo, it might hurt Castro even more," Kenneth Jaeger said. "Because then the people there might realize how we live."

Federal officials cite two reasons for tightening the rules for travel to Cuba: to deprive Fidel Castro's government of money, and because some operators were abusing the program by offering what were, essentially, vacation tours.

"While illegal travel to Cuba, especially tourist travel, may seem harmless, it is in fact an important source of revenue for the Castro regime," R. Richard Newcomb, director of the Office of Foreign Assets Control in the U.S. Treasury Department, said in testimony before Congress last year. "A dollar paid to a tourist hotel in Cuba goes mostly to the regime, leaving only pennies in worthless pesos for the workers."

Besides Cuba, the U.S. also restricts travel to Iraq and Libya.

Although travel to Cuba was restricted for most Americans, other changes broadened the opportunity for Americans with relatives in Cuba to travel there.

Where travel previously was restricted to close relatives of Cuban residents, the group now includes cousins and more distant relatives. Also the requirement that such travel be for humanitarian purposes has been dropped.

Some 156,000 Americans travelled to Cuba legally in 2003, according to John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a New York City-based consulting organization. [NOTE: The newspaper has been advised that the description of the organization is not correct]. Approximately 85 percent of them were relatives of Cuban residents. Of the remainder, about half travelled through the People-to-People program, Kavulich said. Another 22,000 to 25,000 Americans went to Cuba illegally, most travelling through either Canada or Mexico, Kavulich said.

Kavulich said he believed that regime change in Cuba, or at least different behavior by the current regime, was not the main reason for President Bush's desire for tighter travel restrictions. "He has a massive challenge to demonstrate in two counties in Florida that U.S. policy in Cuba is all about politics," said Kavulich, "and in the remaining counties in the state of Florida and in the other 49 states to present U.S. policy in law enforcement terms." He said the Florida counties were Dade and Broward, home to most of the state's large Cuban-American population.

When asked if politics played a role in the elimination of the People-to-People program, Tara Bradshaw, an Office of Foreign Assets Control spokeswoman, did not respond directly, saying: "The Bush administration is committed to the full and fair enforcement of U.S sanctions against Castro's regime and adamantly believes it is important to maintain these sanctions."

Both Popper and Kavulich acknowledged that some travel groups were abusing People-to-People's educational goals, but said there had been little attempt by the government to weed those organizations from the program. "They could have enforced the program, but instead they just cancelled it," Popper said. Licenses for travel to Cuba are still available for journalists and government officials travelling on official business; amateur or semi-pro athletes involved in competition; and certain business travel. The Treasury Department would also consider permitting travel for humanitarian purposes.

Insight Cuba plans to continue sending people to Cuba by changing its program to conform with the new regulations, Popper said. Insight Cuba is a part of Cross-Cultural Solutions, a nonprofit group based in New Rochelle, that sends Americans to Third World nations, typically for two-week programs, to learn about their cultures by performing volunteer work. Insight Cuba was exploring ways to undertake similar activities in Cuba.

"This is going to force us to be more creative and develop travel programs that are more meaningful for the individuals who go," Popper said.

# El Nuevo Herald

Miami, Florida

4 February 2004

## Bacardí sufre un revés en el caso Havana Club

DANIEL SHOER ROTH

El Nuevo Herald

La agencia de patentes del Departamento de Comercio propinó un duro revés al imperio Bacardí al validar el derecho que el gobierno cubano posee, junto a su socio francés Pernod-Ricard, sobre el registro de la legendaria marca de ron Havana Club. La decisión no dice, sin embargo, quién tiene el derecho legítimo a usar el nombre.

Tras ocho años de disputa, la Oficina de Patentes y Marcas rechazó las mociones legales de Bacardí para cancelar el registro de la marca de Havana Club en EEUU bajo el argumento de que la denominación había sido obtenida fraudulentamente. La agencia también confirmó que el registro de la marca fue renovado de forma apropiada en 1996 por Havana Club Holdings, una alianza estratégica entre el gobierno cubano y la empresa de licores Pernod, que distribuye Havana Club en 183 países.

Bacardí Corp., cuya sede para EEUU radica en Miami, dijo ayer que examina el caso y que tomaría cualquier alternativa para demostrar que posee el poder legítimo de usar la marca Havana Club. "Bacardí no está de acuerdo con la decisión", afirmó Pat Neal, vocera de la empresa. "Sentimos que el registro de la marca de Cubaexport [la filial del gobierno cubano] no es apropiado. Nosotros compramos la marca a los verdaderos dueños, a quienes se les confiscó sus propiedades en Cuba".

La decisión sobre este tema comercial que ha encarado a Europa contra EEUU, desplaza la disputa entre Bacardí y Pernod del mecanismo legal al ámbito político, indicó John Kavulich, presidente del Consejo Económico Comercial Cuba-USA.

La validación del registro también pone presión sobre el Congreso para que rechace una ley conocida como Sección 211, la cual prohíbe que EEUU honre una marca confiscada por un gobierno extranjero, según Kavulich. La Organización Mundial de Comercio rechazó en el 2002 dicha ley, afirmando que violaba los derechos de propiedad internacionales.

"Para Pernod-Ricard es una victoria sustancial", señaló Kavulich. "La corte [de patentes] ha establecido que la acción de Bacardí contra Havana Club Holdings no tiene bases legales".

La querrela comenzó en 1995, cuando Bacardí adquirió los derechos de Havana Club de sus dueños originales, la familia Arrechabala. Cuba ya exportaba esa marca de ron, la cual había registrado en la agencia de patentes de EEUU en 1976. Cuando Bacardí anunció planes de comercializar Havana Club en EEUU, en 1996, Pernod Ricard presentó una demanda contra Bacardí en un tribunal de Nueva York sobre violación de marcas registradas. La corte rechazó la apelación. Basándose en la Sección 211, Bacardí solicitó a la agencia de patentes que cancelara el registro de Havana Club.

Aunque el embargo comercial prohíbe que Cuba venda ron a EEUU, expertos en comercio aseguran que la batalla busca proteger la distribución futura de la bebida en este país.

"Nuestra alianza estratégica espera el día en que la situación política permita que vendamos el producto cubano en EEUU", concluyó Mark Orr, vicepresidente de Pernod-Ricard USA.

# Reuters Americas

London, United Kingdom

26 January 2004

## **EEUU se convierte en séptimo socio comercial de Cuba: ministro**

LA HABANA (Reuters) ... Estados Unidos se convirtió en el 2003 en el séptimo socio comercial de Cuba, mientras los intercambios entre los dos enemigos políticos se siguen intensificando, dijo el lunes el Ministro de Comercio Exterior.

"La lista de las 10 naciones que concentran el 72 por ciento del intercambio (comercial con Cuba) la encabezan Venezuela, España, China, Canadá, Países Bajos, Italia, Estados Unidos, México, Francia y Rusia", dijo el ministro Raúl de la Hoz, en una entrevista publicada con el semanario económico oficial Opciones.

Cuba comenzó a comprar alimentos a Estados Unidos en el 2000 después de que el Congreso estadounidense modificara el embargo que Washington mantiene sobre la isla desde hace más de cuatro décadas para permitir las ventas en efectivo de alimentos.

De la Hoz dijo que Cuba importó productos norteamericanos, principalmente agrícolas, en el 2003 por valor de 343,9 millones de dólares.

"En el 2003 la soja, aceite de soja, maíz, grano y arroz fueron los principales productos agrícolas vendidos por Estados Unidos a Cuba", dijo John Kavulich, presidente del Consejo Económico y Comercial Cuba-Estados Unidos.

El comercio exterior de Cuba, que en el 2002 había caído en un 14 por ciento, creció en un 13,2 el año pasado, dijo el ministro.

Este crecimiento del intercambio comercial con Estados Unidos, apoyado por el creciente lobby antiembargo en ese país, se ha producido al mismo tiempo que el gobierno de George W. Bush se comprometía a reforzar el embargo y a vetar cualquier medida para suavizarlo.

# Reuters Americas

London, United Kingdom

26 January 2004

By Marc Frank

HAVANA, Jan 26 (Reuters) - The United States jumped to seventh place among Cuba's commercial partners in 2003, as the long-time enemies' food trade increased due to a loosening of the four-decade-old U.S. embargo in 2000, the island's Foreign Trade Minister said on Monday.

"The list of the 10 countries that accounted for 72 percent of our trade last year are Venezuela, Spain, China, Canada, the Netherlands, Italy, the United States, Mexico, France and Russia," Raul de la Nuez said in an interview with the official business weekly Opciones.

In 2000, the U.S. Congress loosened the U.S. trade embargo imposed after President Fidel Castro's 1959 communist revolution to allow the sale of agricultural products for cash. By 2002 the United States was Cuba's 10th trading partner. De la Nuez said Cuba imported more than 300 different U.S. agricultural products in 2003, valued at \$343.9 million.

"In 2003, soybeans, soy oil, corn, wheat, and rice, were the largest agricultural commodity exports from the United States to Cuba," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, which monitors American business with the Caribbean island. "Last year Cuba ranked in the top 30 of 224 worldwide markets for agricultural products from the United States," he added.

Cuba's trade increased 13.2 percent last year from \$5.5 billion, de la Nuez said, with imports up 11.6 percent over 2002's \$4.1 billion, and exports up 18 percent from \$1.4 billion. Trade fell 14 percent in 2002, the government reported.

The United States ranked 5th on the list of countries from which Cuba imports, behind Venezuela, Spain, China and Italy, but ahead of Havana's long-time trading partners Canada, Mexico and France.

"It is rather astonishing that in a mere 26 months, the United States has moved from nothing to Cuba's largest single source of agricultural and food products; fifth-largest source of imports; and seventh-largest overall trading partner," Kavulich said.

The food purchases have led to a growing lobby in the United states to broaden trade and travel with Cuba. Both houses of the U.S. Congress passed amendments to government spending bills last year that further loosened trade and travel restrictions, but the measures were dropped in conference under pressure from the Bush administration.

# The Washington Times

Washington, D.C.

25 January 2004

## U.S. clamping down on Americans' visits to Havana

By Tom Carter

THE WASHINGTON TIMES

The Bush administration is making it very hard for American tourists to lie on the white sand beaches of Cuba's Varadero or enjoy a daiquiri at Old Havana's El Floridita without facing a stiff fine when they get home.

The result, officials say, is a sharp drop in the number of Americans visiting Cuba — legally or illegally — and pumping dollars into the Cuban regime.

Even Cuban-Americans are coming under increased scrutiny if they try to visit the island more than once a year or carry more money to their relatives than is permitted.

"The Bush administration is using all the resources of [the Homeland Security Department] to aggressively enforce the existing regulations," said John Kavulich of the U.S.-Cuba Trade and Economic Council, a nonpartisan group that monitors trade with Cuba.

"The result has been to discourage all travel, even authorized travel. People don't want to go because of the hassle factor. The goal is to decrease the number of U.S. visitors to Cuba, lessening the economic benefit to Cuba."

The Trading with the Enemy Act, which makes it illegal for U.S. visitors to spend money when traveling to Cuba, rarely was enforced before Florida's Cuban-American voters played a key role in President Bush's razor-thin 2000 victory.

In a Rose Garden speech before Cuban-Americans on Oct. 10, Mr. Bush announced plans to step up enforcement of the law. In the next 20 days, the Treasury Department's Office of Foreign Assets Control sent out 159 "new notices" to Americans suspected of violating the law.

White House Latin American envoy Otto Reich told a group of businessmen and academics in Washington this month that "surveillance and enforcement have increased 100 percent."

Asa Hutchinson, undersecretary for border and transportation security in the Department of Homeland Security, said in December that his department had examined 54,000 passengers traveling to Cuba to ensure that they were properly authorized in the two months after Mr. Bush's remarks.

He said 171 persons had been denied permission to travel and 44 persons returning to the United States after visiting Cuba face civil prosecution.

"More than 99 percent of the people we searched were in compliance with the restrictions of the embargo," he said. "I attribute this to the fact that this crackdown has been well publicized."

There have been strong efforts in Congress to repeal the travel ban, with the House voting 227-188 and the Senate 59-36 in October. But that was stripped out of the final version of the bill before it was sent to Mr. Bush.

In 2000, the Office of Foreign Assets Control sent "pre-penalty notices" to 188 Americans suspected of traveling illegally to Cuba. The number jumped to 697 in 2001, but as word of the increased enforcement got out, it dropped to 447 in 2002 and 350 in the past year.

According to Mr. Kavulich, 156,000 Americans visit Cuba each year [NOTE: this statement was about 2003, not for every year; Mr. Carter, the author of the article, has been requested to correct the error], almost 90 percent of them Cuban-Americans making authorized visits home. A small number of journalists, academics, businessmen and humanitarian and religious groups also make "licensed" visits.

However, 22,000 to 25,000 Americans travel to Cuba illegally, either as political activists or simply as tourists looking for a cheap Caribbean vacation. Most travel to Cuba through a third country, often on vacation packages from Canada or Mexico.

If U.S. citizens visit Cuba and fail to put it on the post-trip declaration form, they can be charged with perjury and their name entered into the Homeland Security Department database. If they admit to traveling to Cuba, they are subject to a fine of as much as \$10,000.

Until recently, there were no administrative judges to hear the cases of those accused. But, with the push from the White House, three judges have been hired and are expected to begin hearing cases in the near future.

# The State

## Columbia, South Carolina

### 22 January 2004

## Bauer says politics behind Cuba criticism

Associated Press

CHARLESTON, S.C. - Lt. Gov. Andre Bauer says criticism of his recent visit to Cuba to work out a trade deal is nothing more than politics.

The criticism came from Mike Campbell, son of former Gov. Carroll Campbell, who is considering a run for lieutenant governor.

In an editorial commentary in The (Charleston) Post and Courier, the younger Campbell said the \$10 million trade deal should be rescinded.

"Trading with a communist dictator like Fidel Castro is not in the best interest of South Carolina," he wrote. "Now is the time, before any goods are delivered, to cease and desist any relations with this tyrant."

Bauer and state Agricultural Commissioner Charles Sharpe signed a trade deal this month with Cuba's import agency, which committed to buying \$10 million worth of agricultural goods from farmers in the state.

"This is about economic development," Bauer said Wednesday. "The Cuban people have no control over what their leader does."

Mike Campbell said he supports the Bush administration which wants the trade embargo to remain in place until Cuba is democratic and has free elections.

"I'm not politicizing anything. This is just something I feel strongly about," Campbell said later. His Columbia firm, Palmetto International, works with state companies trying to land reconstruction contracts in Iraq.

"I would be wide open to doing business with Cuba once Castro was out of there," he said. Campbell said before he wrote the newspaper, he consulted his father, who also opposes trading with Castro.

"Even though he is sick, he follows the news closely. He is absolutely against this," the younger Campbell said. The former governor has Alzheimer's disease.

Sharpe, not named in Campbell's letter, referred questions to Bauer. While Campbell said in his letter South Carolinians could get stuck with the bill if Castro doesn't pay, Bauer said Cuba is required to pay cash up front.

More than 30 states now have some role in producing goods for or exporting goods to Cuba, according to the U.S.-Cuba Trade [and Economic] Council, which tracks U.S. exports to Cuba.

# The Post and Courier

Charleston, South Carolina

22 January 2004

## Bauer charges politics behind Cuba criticism

BY RON MENCHACA

Of The Post and Courier Staff

Lt. Gov. Andre Bauer on Wednesday dismissed criticism of his state delegation's recent visit to Cuba and a resulting trade agreement as nothing more than posturing by a potential political opponent.

Mike Campbell, son of former Gov. Carroll Campbell, urged Bauer in an editorial commentary published in The Post and Courier on Wednesday to rescind the state's trade deal with the Cuban government.

"Trading with a communist dictator like Fidel Castro is not in the best interest of South Carolina," Campbell wrote, referring to Cuba's long-serving president. "Now is the time, before any goods are delivered, to cease and desist any relations with this tyrant."

Bauer and state Agricultural Commissioner Charles Sharpe signed a trade agreement Jan. 8 with Cuba's import agency, which committed to buying \$10 million worth of agricultural goods from South Carolina farmers. U.S. exports of agricultural goods and food are allowed under changes made in 2001 to the long-standing Cuban trade embargo.

"This is about economic development," Bauer said Wednesday. "The Cuban people have no control over what their leader does."

Castro's regime has a history of human rights violations, including imprisonment of journalists and political dissidents. Campbell said he supports the position of the Bush administration, which has said the embargo should remain in place until Cuba embraces democratic principles and free elections.

Under the eased trade restrictions, companies that want to do business with Cuba are required to obtain licenses from the U.S. government.

Campbell, who is considering a run for lieutenant governor, said in a telephone interview Wednesday that he acted out of passion, not politics. "I'm not politicizing anything. This is just something I feel strongly about."

Campbell's Columbia-based company works with state firms trying to land reconstruction contracts in Iraq. "I would be wide open to doing business with Cuba once Castro was out of there," he said.

His company, Palmetto International, was established in May 2003. He said he started working on the business plan when war with Iraq appeared imminent.

Campbell said that before writing his letter, he consulted with his father, who he said also feels strongly that the state should not be negotiating with Cuba, no matter the rewards.

"He is a great barometer to bounce things off of," he said of his father, who has Alzheimer's. "Even though he is sick, he follows the news closely. He is absolutely against this."

Campbell said he has spoken with others who agree with him, but he declined to provide their names. Sharpe, who was not specifically named in Campbell's letter, referred questions to Bauer. Bauer accused Campbell of not having his facts straight.

Campbell said in his letter that South Carolinians could get stuck with the bill if Castro doesn't pay. Bauer noted that U.S. agricultural exports to Cuba are relatively risk free because Cuba is required to pay in cash up front.

Campbell also questioned how much the average Cuban benefits from U.S. food shipments. Bauer pointed to studies by the U.S.-Cuba Trade [and Economic] Council, which tracks U.S. exports to Cuba. The vast majority of agricultural goods from several U.S. states are making their way into Cuba's food distribution network, council studies found.

South Carolina is one of dozens of states that has sent delegations to Cuba in the past two years. The trade council estimates that more than 30 states have some role in producing or exporting goods to Cuba.

# The Miami Herald

Miami, Florida

19 January 2004



## Is the U.S. becoming Cuba's bread basket?

BY JANE BUSSEY

INDIANTOWN - Iris Wall's High Horse Ranch lies more than 100 miles -- and further in perspective -- from Miami and its staunch supporters of the U.S. embargo against Cuba. But it is in places like this cattle ranch -- deep in rural America -- that agribusiness has started to chip away at the decades-old restrictions against trade and other business dealings with Cuba.

Since a 2000 trade bill, the U.S. Trade Sanctions Reform and Export Enhancement Act, allowed the flow of some trade with Cuba -- on the condition that President Fidel Castro's government pay cash -- farm exports have soared from a few million dollars in 2001 to an expected \$230 million or more in 2003.

Hundreds of companies and individuals, ranging from steamship lines to purveyors of wine and growers of soybeans, have set up trade and other deals with Cuba, and the United States is now Cuba's single largest source of imported food and agricultural products. For every \$4 Cuba spends on food, \$1 is going to U.S. growers or producers. But ever since the resumption of U.S. food exports in December 2001 -- after a hiatus of some four decades -- the trade has been controversial.

"While there may have been a possible argument [to lifting the embargo] 10 or 15 years ago, today -- when every day it seems more imminent that Castro will go on to a different life -- the best leverage the U.S. government will have on a future transitional government in Cuba is the embargo, so why lift it?" said Jorge Arrizurieta, a prominent Cuban-American who is currently executive director of the Florida FTAA.

But for scores of American exporters, brokers, politicians and farmers who already have logged hundreds of trips to Havana and other parts of the island, the export numbers are proof of the success of their goal to open markets and increase sales.

## RESTORING CATTLE TRADE

On a recent brisk morning at High Horse Ranch, just outside Indiantown and some 30 miles northwest of Jupiter, Florida exporter John Parke Wright rode a horse alongside the 74-year-old Wall to view the cattle and savor the thought of restoring Florida-Cuba cattle trade to its once-thriving status.

"I personally waited 40 years for this opportunity," said Wright, a scion of the Lykes family, which has a long history in Florida in the cattle, citrus and steamship line businesses.

As chairman and chief executive of J.P. Wright & Co., the 54-year-old executive is currently spearheading an alliance of Florida ranchers working to develop the export market to Cuba. Florida-bred cattle, they say, are ideal for the depleted Cuban herds; they are accustomed to the heat, humidity and mosquitoes.



BEGINNING: Parker Wright, left, CEO of J.P. Wright and Co., embraces Ramon Castro Cruz, eldest brother of Fidel Castro. In this photo, which was taken in August, the two were celebrating the resumption of the cattle trade.  
ASSOCIATED PRESS



Cuba is set to purchase 250 head in the first quarter of this year and has pledged to move forward when issues surrounding the mad cow disease scare in the United States have been resolved. A Cuban delegation plans to visit Florida this week to inspect cattle targeted for export.

"This is not about selling a few cows," says Wright. "This is about establishing a foundation of resupply of healthy Florida-bred beef and dairy cattle to the island nation of Cuba."

But among those who see the embargo as the only means of pressuring the Castro regime or encouraging a transitional government, there is still bitter resistance to lifting or even easing the myriad restrictions on trade, investment, travel, remittances and other transactions with Cuba that have been in effect since the early 1960s.

And despite the growing farm trade, verbal exchanges between Washington and Havana have been especially testy of late.

The Bush administration recently lobbed a series of verbal attacks at Castro's government, now in power for 45 years, accusing the Cuban leader and Venezuelan President Hugo Chávez of mischief in the hemisphere and canceling a scheduled meeting to discuss immigration with the Cuban government.

## HEATED EXCHANGE

Roger Noriega, assistant secretary of state for Western Hemisphere affairs, took a shot at Castro last week, charging that ``his actions to destabilize Latin America are increasingly provocative to the inter-American community."

In response, Granma, the Cuban Communist Party newspaper, published a 3,000-word editorial, calling Noriega's words "shameful lies," and lambasting the "swarm of liars" in the highest level of power in the United States.

But neither Havana nor Washington have canceled travel visas for farmers, although the U.S. State Department denied travel permits to organizers of the 2002 U.S. Food and Agribusiness Exhibition in Havana and pulled the plug on the event in 2003. Still, last November, 71 American companies from 18 states and Puerto Rico attended the International Fair of Havana to push their products alongside scores of other nations.

And both the White House and the Castro regime have allowed the current exception to the embargo that permits American companies to export food, agricultural and medical products to Cuba as long as the Caribbean island pays cash.

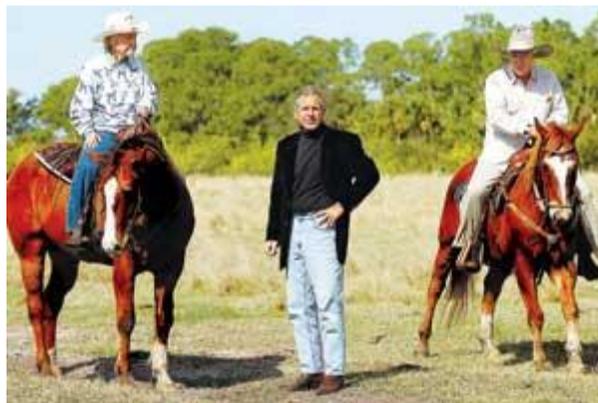
"You have to separate a congressionally required act and what the administration's policy is," said a State Department official. ``The policy remains the same, to work toward a transition to a democratic government respecting the rights of citizens in Cuba."

For the small group of executives who met with Wright at Wall's ranch recently, their repeated trips to Cuba and continued sales are encouraging.

They are eager to create business relationships, bring together buyers and sellers, manage the risks, and work out the payment terms -- all cash transactions carried out through European banks. "I have made seven trips to Cuba and each time we've been fortunate to come back with an order," said Chris Aberle, director of sales at FCStone, a commodities trading company headquartered in Des Moines, Iowa.

## SALES SURGE

In the past 18 months, FCStone, a grain cooperative with 750 members, has done \$55 million in sales to Cuba, selling some 350,000 [metric] tons of corn, soybeans and wheat. "My responsibility at work is to open new markets," said Aberle, who is based in New Smyrna Beach. ``While I was giving a speech in Cuba [in December], we were opening an office in Beijing."



STOCK IN THE FUTURE: Iris Wall, left, Chris Aberle of FCStone, and John Parke Wright survey the cattle at the High Horse Ranch. All three say they long for the day when cattle trade will flow freely between the U.S. and Cuba.  
CARL JUSTE/HERALD STAFF

At first Cuba balked at the 2000 trade sanctions act, saying a law that required payment in cash was insulting. But a month after Hurricane Michelle, which ravaged Cuban agriculture in November 2001, Cuba took delivery of the first shipments of American grains since 1963.

Opponents, as well as some who advocate trade with Cuba, argue that what is going on is not so much trade as politics.

"From the Cuban perspective, which is essentially Fidel Castro's perspective, this is not necessarily trade. He could buy these things anywhere. This is part of a concerted effort to put pressure on the U.S. government and get a transition that is to the liking of the Castro government and of its followers," said Paul Alcazar, a director of the Cuban Liberty Council, a Miami exile organization that supports the embargo. "It's very token and has defined political goals."

#### 'POLITICAL COMPONENT'

"You need to put it in the context of politics," said John S. Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York, which tracks two-way business with Cuba. "There was and remains a substantial political component to each purchasing decision made by the government of Cuba as it relates to the United States."

Since Cuba's demand for medical products would be too small to whet the appetite of big pharmaceutical companies to press Congress for more economic opening, Kavulich says, the Castro government has focused on food and agriculture constituencies, which wield considerable clout on Capitol Hill.

"The Cuban government has read successfully that there is more political advantage to be gained from purchasing food and agricultural products than from healthcare products," Kavulich said.

Since December 2001, Alimport, the Cuban company in charge of food imports, has purchased \$590 million in food imports from 113 American companies, and Cuba has become increasingly sophisticated in purchasing commodities.

The political overtone of the deals grates on some Cuban exiles.

Joe Garcia, executive director of the Cuban-American National Foundation, complains that Havana targets purchases to congressional districts where lawmakers could be persuaded to press for federal financing for the food purchases. The foundation is not pushing to roll back the exceptions to the trade embargo, but Garcia called the growing trade and growing Bush administration rhetoric "an absolute contradiction."

"More trade has gone on with this administration than any administration since John F. Kennedy," he said. "It's going to get larger and not smaller. The Cubans have run out of credit everywhere else."

In December, on the second anniversary of the first food sales, Cuba signed three contracts for grain purchases based on prices in the Chicago commodities futures market, a step toward bringing the country into the global marketplace.

The contracts were \$25 million for Cargill, the giant Minneapolis processor, marketer and distributor of agricultural products; \$13.5 million for Archer-Daniels-Midland in Decatur, Ill.; and \$7 million for FCStone.

## ALTERNATE VIEW

Alcazar, who is a partner in Projecom, a consulting and development company for technology companies mostly in Brazil and Mexico, takes a dim view of the increasing trade. Many Cuban-Americans, who have waited more than four decades to return to the island and who blame Castro for a reign of repression, say that the embargo should not be lifted on his terms.

Besides, they contend, the food is used to feed tourists and often does not reach the broad population.

Castro disagreed during the 2002 U.S. Food and Agribusiness Exhibition in Havana: "Of course we can't prohibit a tourist from buying bread, but a part of the goods we have been buying will be consumed by our poultry. Chickens when they are well fed can be very productive. Dozens of millions of tons of food have been distributed for free to six million people in Cuba."

Worries about how the agricultural exports are used, as well as opposition to Castro, have kept some traders, especially those in Miami, from touching the Cuba deals.

John Abisch, president of Econocaribe Consolidators, said his company was not interested because of opposition from many in Miami's trade community. "A lot of them were strongly politically opposed to do anything with Castro," Abisch said, adding he will wait to look for a partner after a change in the Cuban government.

But other companies began staking out a strategic position from the moment that such business was legal. Crowley Liner Services, headquartered in Oakland, Calif., was first in line to obtain a U.S. license because the Caribbean business is so important for the steamship liner.

"When it became clear that the trade sanctions were being lifted, we rushed to Washington and we went to the Treasury Department," said Michael Hopkins, vice president of Latin American operations at Crowley in South Florida.

Hopkins said the issue was sensitive, but Crowley wanted to be first. "We walked into Cuba cold and started talking to people," he said.

The trade has proven to be a good market, exporters say, since sales are growing and companies do not have to worry about arranging export financing. All financial transactions are handled through European banks with the U.S. exporters receiving cash.

## AVOIDING COSTS

Because of the proximity, Cuba can also save money by purchasing smaller orders than it would have placed with China, Vietnam or Russia, and it avoids warehousing costs.

"American farmers believe it is the job of the government to open new markets for them," said Philip Peters, a Cuba analyst who is vice president of the Lexington Institute, a free-market think tank in Arlington, Va.

"It is hard to say that it is immoral to trade with Cuba and not immoral to trade with China or Vietnam," he said.

Some analysts say now that the door has been opened to limited trade with Cuba, there is no going back.

"They wouldn't have the votes to go back on it now," said Antonio R. Zamora, a Bay of Pigs veteran and a founder of the Cuban-American National Foundation. Zamora, who now favors lifting the embargo, is no longer a foundation member.

Zamora, a Miami attorney, said there is still a major chasm in the Cuban-American community between those who will accept regime modification -- which means accommodation with the existing political, economic and social structures of Cuba to make the country more open and a more efficient free-market economy -- and those demanding regime change.

The easing of the trade embargo also highlights an aspect of Florida-Cuban relations often forgotten. Not only are there millions of Cubans with ties to the United States because they have family here, but some Floridians are also renewing old ties with Cuba.

## PEOPLE, NOT POLITICS

Wright's ancestor, Capt. James McKay of Tampa, shipped cattle to Cuba in 1858. The family also had ranches on the island before the revolution. "In a family sense, cattle and shipping go back 150 years," Wright said. For him, supplying food to Cubans should be about feeding people and not politics.

"Thank goodness the cattle business has nothing to do with politics," Wright said. "We have a legal license. There have been no political discussions."

High Horse Ranch's Wall traveled to Cuba in December when a number of exporters attended a ceremony celebrating the second-year anniversary of food sales. The cattlemaster said that her Florida herd of 750 cattle was not for export because it lacks the strict documentation that exports require.

But she said her desire to spur Florida trade with Cuba stems from one sentiment: "I just love the Cuban people."

# The Miami Herald

Miami, Florida

18 January 2004

## New travel rules make life easier for Cuban Americans

By Madeleine Marr

Until this year, U.S. citizens could arrange legal travel to Cuba with relative ease. Those days are gone.

The "people to people" provision that allowed Americans to visit Cuba as part of an organized tour for educational, humanitarian or religious reasons has been tightened by the U.S. government as of Jan. 1. The result: Many tours once available to Americans are offered no longer.

"Tourist dollars provide vital hard currency that Castro and his cronies use to continue to oppress Cuba," R. Richard Newcomb, director of the Foreign Assets Control Office at the Treasury Department, told a House subcommittee last fall, according to the New York Times.

Tour operators are unhappy with the policy change.

"The primary reason the people-to-people license was dismantled had to do with abuse by a few hustlers that crippled a relatively beneficial program," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council Inc., a business consultancy based in New York.

Said Tom Popper, director of Insight Cuba, a nonprofit cross-cultural tour operator in New Rochelle, N.Y.: "The number of U.S. travelers that will legally travel to Cuba in 2004 will decrease drastically, almost to a trickle." Insight found its license to offer such tours was not renewed for this year by the U.S. government.

But not everyone's frothing over the new rules. For Americans born in Cuba or those who have a relative there, life's a little easier. Though they still are allowed visits only once per year, the circle of qualifying family members has been widened.

For example, a mother's cousin is now deemed "a close relative."

The administration also scrapped the requirement for a family authorized to visit "in circumstances that demonstrate humanitarian need." Now, family members can visit for any reason.

Also, the amount of cash a Cuban-American visitor may bring to the island rose from \$300 to \$3,000. The amount one is allowed to spend while there has been lifted entirely.

So which U.S. citizens can legally go, according to the U.S. government? Anyone. Visiting Cuba is legal -- but spending money there isn't, except for the following travelers (see the State Department's website, [www.travel.state.gov/cuba.html](http://www.travel.state.gov/cuba.html)):

U.S. and foreign government officials traveling on official business;

Journalists and supporting broadcasting or technical personnel employed by a news reporting organization;

Full-time professionals whose travel transactions are directly related to their jobs, provided their research: (1) is of a noncommercial academic nature, (2) comprises a full work schedule in Cuba and (3) has a substantial likelihood of public dissemination;

Full-time professionals whose travel transactions are directly related to attendance at meetings or conferences (such as doctors or dentists);

Those involved in transactions directly incident to marketing, sales negotiation, accompanied delivery, and servicing of exports and re-exports that appear consistent with the licensing policy of the Department of Commerce. (Approved industries include agriculture, telecommunications, medicine and medical devices.)

Amateur or semiprofessional athletes participating in an athletic competition.

Travelers on "fully hosted" trips whose Cuba-related expenses are paid by someone who is not subject to U.S. jurisdiction. Such travel may not be made on a Cuban carrier or aboard a direct flight between the United States and Cuba.

In addition, the Treasury Department will also consider requests for humanitarian travel not covered by the general license, educational exchanges, and religious activities by individuals or groups affiliated with a religious organization.

Those tempted to travel without U.S. permission -- via Cancun, the Bahamas or another third country -- should think again. Fines can reach as high as \$7,500. And increasingly, those governments advise the U.S. government of citizens who have been to Cuba.

# The Post and Courier

Charleston, South Carolina

14 January 2004

## Trade with Cuba stirs political controversy

### But S.C. farmers may win the prize cigar

BY RON MENCHACA

Of The Post and Courier Staff

South Carolina jumped headfirst into a stew of international politics when it sent a trade delegation to Cuba last week, but in doing so, it walked away with a lucrative deal for the state's farmers.

The visit, led by Lt. Gov Andre Bauer, resulted in a commitment from the Cuban government to buy \$10 million worth of the state's agricultural goods. The four-day trip was capped off with a private, three-hour conversation with Cuban President Fidel Castro, who sent the Americans home with boxes of his favorite Cohiba cigars.

While no one doubts the potential economic benefits to the state's farmers and agricultural suppliers, some are concerned that Cuba appears to be conditioning such trade agreements on delegations agreeing to lobby against the long-standing Cuban trade embargo.

The embargo was adopted in hopes of economically isolating Castro's regime shortly after it seized control of Cuba in a 1959 socialist revolution. Though the trade policy is widely viewed as a failure, it has remained in place largely because of the Communist government's repeated human rights violations and suppression of political dissent.

Bauer was accompanied on the trip by Agriculture Commissioner Charles Sharpe, state Rep. Chip Limehouse and executives of Charleston-based Maybank Shipping.

The agreement signed last week in Havana says Bauer and Sharpe agree to "promote broader understanding of the value of Cuba as a trading partner" and "work with the South Carolina congressional delegation to open up trade and travel with Cuba."

The delegates said they supported opening trade with Cuba prior to their trip, so they did not view the agreement as a quid pro quo.

Since 2001, when the embargo was eased to allow U.S. exports of food and agriculture goods, several states and U.S. businesses have signed such agreements. Some delegations agreed to stronger denunciations of U.S.-Cuban policy. Others struck such language from their agreements altogether.

Last month, port officials from Manatee County in Florida caught flack after they signed an agreement similar to South Carolina's. The authority's members later revised their agreement, removing a controversial paragraph about working to lift the trade ban.

"Commercial relations should be based upon good products at good prices," said John Kavulich, president of the U.S.-Cuba Trade and Economic Council in New York. "It should not be based upon which company or government entity cheers the loudest."

Two U.S. congressmen took their displeasure a step further, arguing that delegates who agree to lobby U.S. policy makers on behalf of Cuba are in effect acting as agents for Castro.

"It's bad business to lobby Congress on behalf of a dictatorship," Rep. Bob Menendez, D-N.J., said last month in response to the trend of trade agreements between states and Cuba. "We can call them nothing less than shills for Fidel Castro."

Mendendez and Rep. Peter Deutsch, D-Fla., recently introduced the Anti-Communist Cooperation Act of 2003. The proposed legislation would impose a 100 percent tax on sales to Cuba stemming from trade agreements that call for lobbying against the embargo.

"That's ridiculous," Bauer said Tuesday when told of the bill. "I just went there on a trade mission to sell South Carolina goods. I didn't go there to try to change federal policy."

## SMOOTH SAILING

So far, there's been no apparent fallout from the South Carolina trip. The delegates say they've had mostly positive reaction.

Sharpe said he received an e-mail from a Charleston resident who was upset that Sharpe considered his meeting with Castro "the highlight" of his life.

"He said he was changing from Republican to Democrat because I wouldn't apologize to him," Sharpe said.

Far from criticizing the trip, some are saying that the state was late in getting to the bargaining table with Cuba.

The U.S.-Cuba Trade and Economic Council estimates that 34 states have some role in producing or exporting food and agricultural goods to Cuba. The value of such exports to date is \$328 million.

The council says the vast majority of U.S. exports -- commodities such as wheat, soybean oil, corn and rice -- are reaching Cuba's food distribution network.

"I fail to understand how it's denounced to have trade relations with Cuba and our government trades with China," said U.S. Rep. Jim Clyburn "It's a double standard. I don't know of any country we have declared totally off-limits except for Cuba."

On a visit to Cuba in 2000, Clyburn said he saw delegates from other states positioning themselves for an expected easing of the trade policy. U.S. agricultural goods began flowing in the following year.

Clyburn said he is encouraged by the state's attempts to get a piece of the trade pie with Cuba. "I thought it should have been done a long time ago. I went to (former S.C. Agriculture Commissioner) Les Tindal, and he didn't want to touch it." Tindal could not be reached for comment.

Even lawmakers who support upholding the trade ban are applauding the state's business deal. A spokesman for U.S. Rep. Henry Brown said the congressman intends to assist in getting agricultural suppliers the federal licenses they will need to ship goods to Cuba.

That South Carolina sent its first official delegation to Cuba only last week is not likely to matter in the long run, Kavulich said. "I wouldn't say they are late because it's hard to be late to a party when there has yet to be a curfew set."

Cuba's import agency, Alimport, agreed to pursue contracts with South Carolina agricultural suppliers for shipments of wheat, paper, cattle, lumber, chicken, turkey, fruits and supermarket products. If everything goes well, the agreement could open the door to more business.

Sharpe said that since returning from the trip, he already has lined up state suppliers for 100 head of dairy cows and 5,000 tons of chicken quarters. Cuba wants the goods delivered between March 15 and April 15.

### 'WHISTLING DIXIE'

Not everyone is in such a hurry to trade with Cuba.

While Beaufort residents Sumner and Virginia Pingree think the embargo should be lifted to improve the lives of ordinary Cubans, they have serious reservations about their state leaders negotiating with Castro.

Pingree and his wife fled Cuba in 1961. Their sugar plantation and cattle ranch, valued at \$16 million, were seized by the government in the midst of the revolution that brought Castro to power. The couple are among thousands of former Cuban residents who are wary of the U.S. weakening its policy on Cuba.

"I think they are taking a big risk," Sumner Pingree said of trade agreement. "I think they are going to be whistling Dixie when they are not getting paid. Castro doesn't have any dollars."

While that may be partly true, Castro is spending anyway. The current cash-up-front policy on U.S. exports to Cuba eliminates most of the risk to U.S. companies, Kavulich said.

The risk will come if and when the ban is lifted and the U.S. begins trading with Cuba on the same terms as other nations. Cuba has amassed debt with several countries, including France, Italy, Canada, Mexico and Germany. "These countries have all spoken out, saying 'hey, you are spending money to make political inroads with the U.S., but you are using money owed to us.' "

For now, Cuban officials plan to continue buying everything they can from the United States in an attempt to apply pressure to the Bush administration, which opposes lifting the sanctions. Cubans also are paying close attention to U.S. politics.

In a meeting with the South Carolina delegation last week, Cuban Foreign Trade Minister Raul de la Nuez Ramirez weighed in on the presidential race:

"If President Bush wants to be re-elected, he will need the Florida vote. To win the vote, he has to be to the liking of the Cuban-Americans in Florida. The Cuban issue is not a foreign policy issue, it's a domestic policy issue."

# The Post and Courier

Charleston, South Carolina

10 January 2004

## Make it strictly business with Cuba

Had our state officials held their noses while trying to persuade the regime of Fidel Castro to buy agricultural goods from South Carolina, they wouldn't have clinched the \$10 million deal announced in Havana on Thursday. But they shouldn't forget that they are dealing with a ruthless dictatorship.

There's no good reason to object to this one area of permitted trade with Cuba, particularly since the policy of isolation pursued by the U.S. government for more than four decades has been an utter failure. Six years ago when he was representing the 1st District in Congress, Gov. Mark Sanford was a trailblazer as he tried to lift all the ineffective and counter-productive 42-year restrictions on trade with and travel to Cuba.

According to our reporter, Ron Menchaca, who was with the South Carolina delegation in Havana, Lt. Gov. Andre Bauer and Commissioner of Agriculture Charles Sharpe agreed, as part of the deal, to encourage the S.C. congressional delegation to lift the trade restrictions.

The fact that Castro still is in power 45 years after leading the revolution that promised democracy but delivered tyranny indicates just how ineffective the sanctions have been. If the limited sale of U.S. agricultural products to Cuba helps to undermine a misguided policy, so much the better. The U.S. economic embargo and the travel ban imposed on ordinary U.S. citizens have had the effect of strengthening Castro's totalitarian police state, while isolating the Cuban people from their nearest neighbors.

South Carolina officials are by no means the first state representatives to make the trip to Havana. The Castro dictatorship has purchased about \$328 million in farm goods since Congress opened a loophole in U.S. sanctions three years ago. Officials from farm states have been streaming into Havana to sign contracts with the Cuban government monopoly.

But there should be no illusions about the nature of Castro's regime. In March, three young men were executed for trying to hijack a ferry to flee to the United States, and 75 dissidents, including 22 independent journalists, were sentenced to long prison terms merely for expressing criticism of the Castro-Communist system. State officials should bear in mind that the Castro regime has survived by instilling fear in its people and placing the blame for their country's hardships on U.S. policy toward Cuba.

To avoid tainting a trade agreement that should benefit both South Carolinians and ordinary Cubans -- who suffer food rationing -- relations between South Carolina and Cuba should be circumspect. Lt. Gov. Bauer should be the highest state official involved. Former Illinois Gov. Bill Ryan, currently under indictment on federal corruption charges, went way too far when he dined with Castro at the Palace of the Revolution. That's an example South Carolinians surely wouldn't want to see Gov. Sanford emulate.

# San Antonio Express-News

San Antonio, Texas

10 January 2004

## Texas firms jump into Cuba business

By Bonnie Pfister

Express-News Business Writer

As 2003 drew to a close, Texas began to grab some agricultural trade with Cuba just as the Bush administration clamped down on travel there.

In the two years since Congress has allowed American farmers to export to the socialist nation, \$328 million in U.S. beans, rice, chicken and other goods have sold to Alimport, Havana's food-buying agency. Such agribusiness giants as Archer Daniels Midland, Cargill and Tyson dominate the market.

After hanging back, Lone Star State companies have taken the plunge, with Dallas-based Dean Foods signing a \$162,000 contract for coffee creamer in November.

Corpus Christi's dry-food packaging firm WestStar Food signed a \$1.5 million pinto bean contract with Alimport as well. Two private Texas firms that declined to be named have contracts to deliver nonfat powdered milk and cotton.

Cynthia Thomas, president of the Texas Cuba Trade Alliance, said those numbers are sure to grow. Thomas, who discussed that market at a meeting Thursday of Texas corn and grain-sorghum producers in Corpus Christi, said she expects Texas' exports across the Gulf of Mexico to triple to \$30 million in 2004.

But some Cuba-watchers say the Bush administration is discouraging legitimate travel to the island as part of election year posturing.

Business leaders, scholars, religious groups, athletes and artists may visit the island but must be licensed by the U.S. Treasury Department and be "fully hosted," which limits how much U.S. money may be spent there. Flights directly from Miami leave several times a day.

In recent years, however, many licensed American visitors have stretched those boundaries into the realm of outright tourism. After Castro jailed 75 dissidents in March 2003, Washington tightened its travel rules.

In October and November, Homeland Security officials said they'd caught 44 people traveling illegally to Cuba and noted nearly 600 violations of bringing home unauthorized alcohol or tobacco.

Licensed American travelers are permitted to bring \$100 worth of rum or cigars home for personal use, and the government now limits U.S. port authorities to a single visit per year. But even those who follow the rules are under increased scrutiny.

"Illegal travel, legal travel — they're definitely clamping down," said David Cibrian, a San Antonio-based lawyer with Jenkins & Gilchrist. One client who legally traveled to Cuba nine years ago began receiving queries about that trip last year.

John Kavulich, president of the 10-year old U.S.-Cuba Trade and Economic Council, said he receives regular complaints from business travelers who say licenses that previously could be processed in a few days now take several weeks.

"Treasury was instructed by the State Department, which was instructed by the White House, to use every available means to discourage lawful commercial-related travel to Cuba in keeping with overall publicly stated strategy of decreasing the number of individuals visiting Cuba for any authorized purpose," Kavulich said.

A Treasury Department spokeswoman countered that most business licenses are processed within two weeks and referred those interested to the department's Web site, [www.treas.gov/ofac](http://www.treas.gov/ofac), for further information.

Washington isn't the only government playing politics. U.S. entrepreneurs have grumbled to Kavulich that Alimport is urging them to be more public and vocal in opposing the embargo and that purchases reportedly have been funneled toward those who do so.

But many simply try to avoid discussing politics, focusing narrowly on a new export market during an era in which most of the United States' international trade is principally about buying, not selling.

"Balanced trade seems to be a logical thing to me," said Leigh Phillips, president of Houston-based freight-forwarder Biehl & Co., an Alimport contractor. "It's exciting to see a new market for U.S. exports. And it's also rewarding that it's food."

# Sarasota Herald-Tribune

Sarasota, Florida

10 January 2004

## Trade delegation inks trade deal with Cuba

The Associated Press

CHARLESTON, S.C. -- A trade delegation led by Lt. Gov. Andre Bauer signed a deal with Cuba for the export of \$10 million worth of South Carolina agricultural products.

The deal signed Thursday will mean new markets for South Carolina products ranging from wheat and paper to chickens, turkey and supermarket products. Both sides hope to expand trade to include more products.

In return, Lt. Gov. Andre Bauer and state Commissioner of Agriculture Charles Sharpe agreed to urge the state's congressional delegation to support lifting the trade embargo against the island nation of 11 million people.

Three years ago, the United States loosened its 42-year-old embargo on trading with Cuba to allow shipments of food, agricultural goods and medicine.

At least 34 states now export to Cuba, according to the U.S.-Cuba Trade and Economic Council, a nonprofit group that provides research for U.S. businesses wanting to trade with Cuba.

But the Bush administration opposes lifting completely the embargo against the communist nation.

"Part of being a leader is doing what you feel is right," said Bauer, a Republican. "I can only speak as a South Carolina official."

South Carolina's congressional delegation is split down party lines on the embargo. Democrats supporting open trade while Republicans support the embargo.

Under the deal, Cuba's import agency, Alimport, will pursue contracts with South Carolina agricultural suppliers for \$10 million worth of products.

Sharpe called South Carolina contacts Thursday to get prices for the products listed in the agreement. Shipments could begin arriving in Cuba by spring.

# The Post and Courier

Charleston, South Carolina

9 January 2004

## S.C. delegates ink deal with Cuba

**\$10M trade deal means new market for state's farmers, new support for ending embargo**

BY RON MENCHACA

Of The Post and Courier Staff

HAVANA--A South Carolina delegation signed a \$10 million trade agreement Thursday with Cuba, opening a new market for Palmetto State farmers' agricultural goods.

In return, Lt. Gov. Andre Bauer and S.C. Commissioner of Agriculture Charles Sharpe agreed to encourage South Carolina's congressional delegation to support lifting the long-standing Cuban trade embargo.

In doing so, they veered sharply from their national party's leadership. The Bush administration strongly opposes opening trade with Cuba because it says the country's communist government is repressive.



**WADE SPEES/STAFF**

South Carolina Agriculture Commissioner Charles Sharpe (from right) speaks Thursday in Havana through interpreter Gilberto Bengochea after Alimport head Pedro Alvarez Borrego and Lt. Gov Andre Bauer signed a letter of intent opening the door to agricultural trade.

"Part of being a leader is doing what you feel is right," Bauer said. "I can only speak as a South Carolina official. (President Bush) has a much wider group of people he has to represent."

Cuba's import agency, Alimport, will pursue contracts with South Carolina agricultural suppliers for \$10 million worth of wheat, paper, cattle, lumber, chicken, turkey, fruits and supermarket products, according to the agreement. Both sides hope to expand trade to include more products.

Several other states, including Kansas, Indiana and Iowa, have signed similar agreements since 2001, when the trade ban was eased to allow U.S. exports of agricultural products and medicine in exchange for cash-up-front payments. Since then, U.S. companies have sold an estimated

\$328 million worth of goods to Cuba, according to the U.S.-Cuba Trade and Economic Council in New York.

Both sides said they hope the agreement is the beginning of a long trade relationship that might expand to other goods. The trade agreements are part of a calculated strategy by Castro to pressure U.S. officials to lift the ban entirely.

"We definitely think you are taking the right course of action in order to get the changes you are looking for," Bauer told Cuba's foreign trade minister in a meeting in Cuba's capital later in the day. "It will change. It's just a matter of time."

Joining Bauer and Sharpe on the four-day trip are state Rep. Chip Limehouse and Maybank Shipping executives Jack Maybank, Jack Maybank Jr. and David Shimp. It's thought to be the first such trip by an official delegation from South Carolina in more than four decades.

The Maybanks, whose Charleston-based shipping firm has done business with Cuba since 2001, arranged this week's trade mission.

The agreement was signed before a press corps representing international media Thursday morning at Hotel Nacional, a famous waterfront hotel once controlled by the American Mafia.

The hotel is a monument to the strong trade and cultural ties that existed between the United States and Cuba before the countries broke off relations after the socialist revolution of Fidel Castro in 1959.

The Bush administration has said it will not support normalized trade and travel relations with Cuba until the country embraces democratic principles, but the administration is under tremendous pressure from American farming and business interests to lift the ban now.

Economists estimate the United States could immediately claim a substantial share of the \$4 billion that Cuba spends on imports each year.

Cuban officials on Thursday accused Bush of pandering to a voting block of Cuban-Americans in Miami who fled Castro's regime and support the embargo.

South Carolina's congressional delegation is split along party lines, with Democrats supporting open trade and Republicans supporting the embargo.

Gov. Mark Sanford reiterated his support Thursday for opening commerce with Cuba in a letter delivered to Alimport Chairman and CEO Pedro Alvarez Borrego. As a congressman, Sanford visited Cuba and sponsored a bill aimed at allowing Americans to travel to Cuba.

Sharpe was on the phone to contacts in South Carolina on Thursday rounding up prices on the products called for in the agreement.

Provided the suppliers can obtain the necessary licenses from the U.S. government, shipments could begin arriving in Cuba by spring, Maybank said.

The food would be shipped from ports in other states such as Alabama and Florida, but the goal is eventually to send shipments from Charleston's port, Maybank said.

# The Post and Courier

Charleston, South Carolina

8 January 2004

## S.C. delegates talk trade in Cuba

### Group hopes to sell island nation on state's agricultural goods

BY RON MENCHACA

Of The Post and Courier Staff

HAVANA--In what is thought to be the first official visit to Cuba by a South Carolina government delegation since communist dictator Fidel Castro seized power in 1959, a group led by Lt. Gov. Andre Bauer arrived in Havana on Wednesday in hopes of persuading Cuba to buy agricultural goods from Palmetto State farmers.



**WADE SPEES/STAFF**

S.C. Lt. Gov. Andre Bauer enters the Foreign Trade Ministry building in Havana for trade talks Wednesday with Alimport officials.

The trip to the Caribbean island nation is part of a recent marketing push by individual U.S. states and businesses looking to tap into Cuba's thirst for new trading partners under narrow exemptions to the long-standing Cuban trade embargo.

Though limited business with Cuba is allowed, it is not in line with the Bush administration's policy of economically isolating the communist regime, which has a history of suppressing political dissidents.

Upon their arrival Wednesday afternoon for the four-day economic development mission, each member of the delegation -- Bauer; S.C. Secretary of Agriculture Charles Sharpe; state Rep. Chip Limehouse, chairman of the Charleston County legislative delegation; and executives of Charleston-based Maybank Shipping -- was served a mojito, Cuba's version of a mint julep.

Late Wednesday, they met with Pedro Alvarez Borrego, the chairman and CEO of Alimport, Cuba's government-run food import agency, to begin hammering out a letter of intent between the Cuban government and South Carolina.

They will meet again this morning with Alvarez in the hopes of signing an agreement to trade agricultural goods ranging from cattle to peaches to poultry, Sharpe and Bauer said. The delegation is "excited about forging new relationships to foster the export of agricultural goods from South Carolina," Bauer said before leaving for Cuba.

## THE PLAYING FIELD

In 2001, the United States loosened the 42-year-old embargo on trade with Cuba by allowing U.S. shipments of food, agricultural goods and medicine. Although the cash-up-front transactions are highly regulated and require licenses from the U.S. government, several Southeastern states are cashing in on Cuba and its 11.2 million citizens. Alabama ships dairy cattle. Georgia sends poultry. Florida sends everything from seafood to fruit.

In all, 34 states are involved in producing goods for export to Cuba, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council, a New York-based nonprofit group that acts as a research and statistical clearinghouse for U.S. businesses.

It was just a matter of time before South Carolina got in on the action, said College of Charleston political science professor Doug Friedman. "It shouldn't be surprising at all," he said, noting that as a U.S. representative, Gov. Mark Sanford lobbied for legislation to lift the ban on Americans traveling to Cuba. "It's been his sentiment that the embargo hasn't worked." Friedman has traveled to Cuba with the college's study-abroad program and does independent scholarly research on Cuban politics.

"South Carolina is an agricultural state. Certainly it sees itself as sort of losing out on a market that is a natural fit," he said. "It would be good for small farmers, which are hurting in this state."

The state's poultry and wheat-producing sectors are the most likely candidates for exports to Cuba, said David Winkles, president of the S.C. Farm Bureau. "We are always looking for new markets," said Winkles, who has visited Cuba with a delegation from the American Farm Bureau Federation. "I think it's a tremendous opportunity."

Bauer's delegation declined to talk specifics about what it hopes to achieve, citing concerns that such statements might jeopardize potential trade agreements.

Exports have grown dramatically since the easing of restrictions, as U.S. state and business leaders have flocked to Cuba to ink trade agreements. Since the first shipment of U.S. exports in December 2001, U.S. companies have sold about \$328 million worth of goods to Cuba. In October, the value of U.S. exports to Cuba was \$23 million, the highest monthly total to date.

## GREASING WHEELS

While several states have a hand in exporting to Cuba, only a handful of companies contract directly with the country.

Decatur, Ill.-based food producer Archers Daniels Midland accounts for nearly half of all U.S. exports to Cuba, but because its products are fashioned throughout the country, several states can lay claim to business with Cuba, Kavulich said.

Maybank Shipping, whose headquarters are on East Bay Street in downtown Charleston, also deals directly with Alimport. The company has been licensed to ship cargo to Cuba since 2001 and is the only U.S.-flagged shipping line currently doing so. Maybank ships other states' goods

from ports in Alabama, Texas and Florida, but company President Jack Maybank and his son Jack Maybank Jr. are eager to ship products produced in their home state.

"About 30 states are selling their agricultural goods to Cuba, but we do not see any from South Carolina," Jack Maybank said earlier this week. "This could be a huge opportunity for our state." The father and son have made more than a dozen business trips to Cuba in the past couple of years, rubbing elbows with its top leaders and greasing the wheels for the delegation's visit.

In July, a Maybank barge became the first U.S.-flagged commercial vessel with an all-American crew to enter Havana's harbor since the two countries broke off relations more than 42 years ago. Vessels have followed each month with shipments of newsprint, rice and lumber. "We are the only South Carolina company down there," said Jack Maybank Jr., who met Castro on a trip to Cuba last month.

For a 25-year-old who graduated from the College of Charleston only two years ago, the encounter was unforgettable. "He grabbed me and was pointing his finger in my chest and thanking me and my family for all that we have done," Maybank said.

Castro, 77, is the world's longest-serving head of government, having ruled during the tenures of 10 American presidents. He presides over the only socialist system in the Western Hemisphere.

#### GOOD FOR CUBA?

U.S. farming interests argue that unrestricted food exports will improve the lives of Cubans because the United States can ship goods such as cattle, beans, rice, corn and wheat at a lower cost than other countries. The American Farm Bureau Federation estimates Cuba imports about \$4 billion worth of goods each year from countries other than the United States. Agricultural goods make up about 25 percent of the total.

Whit Smith, chairman of the State Ports Authority board, said he's hopeful that if South Carolina begins trading with Cuba, the Port of Charleston will see direct benefits. "Long term, I think you could see a weekly (ship) service out of the port," Smith said.

Critics of lifting the embargo, including Miami's vocal and influential anti-Castro community of Cuban-Americans, argue that such exports only boost Castro's interests and do little to improve the lives of ordinary Cubans.

Dan Fisk, deputy assistant secretary of state for Western Hemisphere Affairs, expressed those sentiments at a 2002 summit on U.S.-Cuba relations. "With the average monthly wage of a Cuban at \$20, it is difficult to imagine them buying a flood of U.S. products," he said.

Citing anecdotal evidence, Fisk said agricultural commodities purchased by the regime "largely ended up feeding regime elite or going to tourist hotels or dollar stores, thus doing nothing for two-thirds of the Cuban population."

Kavulich disagreed. The vast majority of U.S. exports are reaching Cuba's food distribution network and helping those who need it most, he said. Most Cubans ride bicycles to get around and wait in long lines for monthly food rations from the government.

Whether U.S. food exports to Cuba come from South Carolina or other states, they are good for both countries provided trade agreements don't come with strings attached, Kavulich said. "It's

not healthy if Cuba conditions its purchases on a U.S. company's or public official's denunciation of U.S. policy toward Cuba," he said.

Sharpe and Bauer said Wednesday that they are not concerned about denouncing U.S. policy toward Cuba in the agreement because they are on record as doing so.

State leaders should be careful what they wish for when lobbying for unrestricted exports to Cuba, Kavulich said. A lifting of trade restrictions could erase the current cash-up-front policy and put the United States in the same position as some of Cuba's other trading partners: owed money.

## THE POLITICS OF IT

Despite the risks, pressure continues to build against U.S. policy on Cuba. Critics ranging from the pope to the United Nations have called for lifting the embargo, but the Bush administration has maintained a hard line against doing so.

A measure in Congress last year that would have reduced some enforcement of the trade and travel ban by removing its funding failed after backers couldn't muster enough votes to override an expected veto by Bush. Support for the bill waned considerably after 75 pro-democracy activists were arrested and sentenced to long prison terms in the spring as part of the Cuban government's crackdown on the opposition.

Momentum of efforts to lift the ban will increase after the presidential election, Friedman said. "There's so much pressure from states now interested in trading with Cuba," he said. But Bush is unlikely to do anything before the election that might damage his support in Florida. "The political realities have to do with Florida and the Cuban-Americans there. The last election showed that Florida is now a linchpin state," Friedman said.

South Carolina congressional leaders' views on easing the embargo fall along partisan lines. Republican U.S. Sen. Lindsey Graham is opposed to it, while Democratic U.S. Rep. Jim Clyburn of Columbia and Democratic U.S. Sen. Fritz Hollings are in favor. Republican U.S. Rep. Henry Brown of Hanahan was traveling in Iraq this week, and his office did not want to issue a statement on Cuba without contacting him first.

For now, business and state leaders who see dollar signs 90 miles off the coast of Florida will have to reminisce about the days before the embargo, when U.S. agricultural exports accounted for between 75 percent and 80 percent of Cuba's total imports.

The U.S. economy is losing as much as \$1.24 billion annually in agricultural exports because of the embargo, according to a 2002 study by two Texas A&M University economists.

Cuba weathered the early impacts of the embargo in large part with financial aid from the Soviet Union. When the Soviet system collapsed in 1991, Cuba's economy entered a period of steady decline.

In 1993, Castro legalized the American dollar, obliterating the value of the Cuban peso virtually overnight and establishing a two-class system of wage earners.

Doctors and other government-employed professionals regularly take jobs in Cuba's burgeoning foreign tourism industry, where they often can make considerably more money. The country's tourism industry, which drew 2 million visitors last year, is based on the American dollar.

Americans are banned from traveling directly to Cuba, but there are exceptions for journalists, scientists and others. Maybank's company has a special trade license from the U.S. Treasury Department that allows business trips.

Smith, who traveled to Cuba with the company on a previous visit, said he was surprised to walk into Havana markets and see a variety of U.S. products on the shelves. "You go into a place and see Coca-Cola and Tabasco," he said. "The sad thing is those are coming in through foreign countries. We are just missing out."

The delegation was optimistic Wednesday that could soon change. "If your price is right, we will sign a deal tomorrow," Alvarez said.

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## South Carolina trade delegation in Cuba

Associated Press

CHARLESTON, S.C. - A trade delegation led by Lt. Gov. Andre Bauer is in Cuba this week for talks on getting Cuba to buy South Carolina agricultural products.

Three years ago, the United States loosened its 42-year-old embargo on trading with Cuba to allow shipments of food, agricultural goods and medicine to the island nation of 11 million. Bauer and the delegation arrived Wednesday for four days of talks.

Besides Bauer, Agriculture Commissioner Charles Sharpe, state Rep. Chip Limehouse, R-Charleston, and executives of Charleston-based Maybank Shipping are in Cuba.

They met Wednesday with Pedro Alvarez Borrego, the chairman and chief executive officer of Alimport, Cuba's government-run food import agency.

The state delegation hopes to sign an agreement to sell agricultural goods including cattle, peaches and poultry.

The delegation is "excited about forging new relationships to foster the export of agricultural goods from South Carolina," Bauer said before leaving.

In all, 34 states produce goods for export to Cuba, said John Kavulich, president of the U.S.-Cuba Trade and Economic Council. The New York-based nonprofit group provides research for U.S. businesses wanting to trade with Cuba.

Several states in the Southeast are trading with Cuba. Alabama ships dairy cattle while Georgia sends poultry and Florida exports everything from seafood to fruit.

It was just a matter of time before South Carolina joined in, said College of Charleston political science professor Doug Friedman, who has studied Cuban politics and has traveled there with the college's study-abroad program.

"South Carolina is an agricultural state. Certainly, it sees itself as sort of losing out on a market that is a natural fit," he said. "It would be good for small farmers, which are hurting in this state."