

U.S. Cuba Policy

Our policy toward Cuba is intended to encourage a rapid, peaceful transition to a democratic government characterized by open markets and respect for human rights. The policy seeks to encourage change in Cuba so that it joins the democratic hemisphere, becoming a good neighbor to other nations in the region. President Bush introduced his Initiative for a New Cuba in a May 20 speech. The initiative is based on the President's commitment to reward even incremental moves by Cuba toward greater political and economic openness with improved relations with the U.S. and removal of some of the punitive elements of the policy. It also proposes a number of humanitarian measures.

Our policy has both persuasive tools and dissuasive tools to reach these goals. Persuasive tools include our outreach program, initiated in 1999, which encourages contacts between ordinary Americans and ordinary Cubans on the belief that such contacts will increase the Cubans' understanding of our system of government and could aid them in the development of civil society, which could play a central role in a democratic transition. We also support the development of civil society in Cuba through targeted funding of NGOs. The President's initiative calls for increased support of NGOs as well as a program of scholarships for Cubans not associated with the Cuban government.

Dissuasive tools include the embargo and travel restrictions on U.S. residents. The embargo was codified in the 1996 the Cuban Liberty and Democratic Solidarity Act (Libertad or Helms-Burton Act), although the 2000 agricultural appropriations act removed the embargo on food sales to the government, albeit while prohibiting financing by U.S. persons. That same act codified the travel restrictions.

Sanctions, specifically the embargo and travel restrictions on U.S. residents, are central components of our policy. So long as Cuba is not free the Administration intends to keep our policy elements designed to bring about a democratic transition in place. It does not make sense from an overall policy point of view, nor in particular with respect to dealing with Fidel Castro's regime, to make unilateral concessions.

On human rights, we work to provide assistance (through independent third parties) and aid to dissidents and independent thinkers on the island. We urge at every opportunity freedom for all political prisoners. In the international arena, we strive for recognition of Cuban's poor human rights record and assistance in pushing that country towards freedom and democracy. We have successfully worked to have strong resolutions on Cuba's human rights practices adopted at the UN Commission on Human Rights (CHR). In 2002, Latin American nations for the first time drafted and introduced a CHR resolution critical of Cuba's human rights situation. The resolution was adopted with the support of almost all Latin American nations.

On migration, our policy is to encourage only safe, legal, and orderly migration. The Cubans agreed to accept interdicted Cuban migrants who we find do not have a claim to protection, and not to persecute such returnees. We agreed to document 20,000 Cubans annually for migration to the United States.

Transition

Ever since Castro came to power 42 years ago, the U.S. government has been thinking about, preparing for, and especially seeking to encourage the end of his regime.

The Cuban government argues that a transition is already underway and that the system will not change once Fidel Castro is gone. As Castro still controls the day-to-day functions of the government, often down to the minutest details, we have seen no sign of a transition. Most foreign observers believe the immediate post-Castro government will be dominated by his brother and present ministers, but will, in a period of time, be forced to change by public demands for reform.

Other foreign governments agree with the United States that the key to a peaceful transition is the development of civil society in Cuba. This is easier said than done. The communist regime's tight control on all aspects of Cuban life leaves no room for independent institutions. The Catholic Church, while independent, is limited in its operations and relatively weak in influence. The island has seen a growth in evangelical churches, but they remain loosely organized and for the most part non-political. The dissident community struggles against a powerful police apparatus, with its members being locked away for years for acts as small as criticizing the government. There is small, but growing, groups of independent librarians and journalists. Project Varela, a movement to raise 10,000 signatures to call for a referendum to institute democratic reforms, is a positive sign of citizens attempting to create a civil society.

Human Rights

The government's human rights record remains poor. It continues to violate systematically the fundamental civil and political rights of its citizens. Citizens do not have the right to change their government peacefully. Prisoners have died in jail due to lack of medical care. Members of the security forces and prison officials continue to beat and otherwise abuse detainees and prisoners. The government has failed to prosecute or sanction adequately members of the security forces and prison guards who have committed abuses. Prison conditions remained harsh. The authorities continue routinely to harass, threaten, arbitrarily arrest, detain, imprison, and defame human rights advocates and members of independent professional associations, including journalists, economists, doctors, and lawyers, often with the goal of coercing them into leaving the country.

The government uses internal and external exile against opponents and it routinely offers political prisoners the choice of exile or continued imprisonment. The government denies political dissidents and human rights advocates due process and subjects them to unfair trials. The government infringes on citizens' privacy rights. The government denies citizens the freedoms of speech, press, assembly and association. It limits the distribution of foreign publications and news, reserving them for selected party faithful, and maintains strict censorship of news and information to the public.

The government restricts some religious activities but permits others. Before and after the January 1998 visit of Pope John Paul II, the government permitted some public processions on feast days, and reinstated Christmas as an official holiday; however, it has not responded to the papal appeal that the Church be allowed to play a greater role in society. In 2001, two new priests from Paraguay entered the country. However, the applications of many priests and religious workers remained pending, and some visas were issued for periods of only three to six months.

The government keeps tight restrictions on freedom of movement, including foreign travel. The government is sharply and publicly antagonistic to all criticism of its human rights practices and discourages foreign contacts with human rights activists. Violence against women,

especially domestic violence, and child prostitution are problems. Racial discrimination occurs. The government severely restricts worker rights, including the right to form independent unions. The government prohibits forced and bonded labor by children; however, it requires children to do farm work without compensation during their summer vacation.

Cuba since 9/11

The Cuban government's attitude and behavior after 9/11 has been unrelentingly negative to the objective of the global coalition against terrorism. While Cuba responded with apparently authentic humanitarian concern on the day of the tragedy - offering to land planes and donate blood products - its rhetoric since then has been little different from that of, for example, Iraq. It has blamed the attacks on U.S. policies; suggested that Cuba itself has been the victim of worse "terrorism" (at the hands of Cuban-American exiles); and repeatedly cast doubt that bin Laden and al-Quaeda were behind the attacks. Worse still, Cuba calls the global coalition's war on terrorism a "war for terrorism."

In his November speech to the UN General Assembly, Foreign Minister Perez Roque made the following deeply offensive and patently false remarks:

"The war in Afghanistan must be stopped. The Government of the United States must acknowledge that it has made a mistake ... (it) has targeted children, the civilian population, and the International Red Cross facilities as enemies."

Cuba claims to want to work with us on terrorism matters, but continues to attack the global coalition's efforts to root out terrorism. When asked in the weeks following 9/11 to provide information on al-Quaeda and the international terrorism network, none of the data it provided was timely or useful.

Following our decision to use Guantánamo for detainees, Cuba made no official negative statements on the use and temporarily lessened its overall rhetoric against our anti-terror campaign. This lessening only lasted a couple of months, however, until public attacks against our efforts again rose both in the Cuban press and in public statements by Cuban officials, such as its foreign minister's remarks at the UN Commission in Human Rights. The Assistant Secretary for WHA has been singled out for grossly false personal attacks, a practice we have told the GOC to stop, so far without success.

Tourist Apartheid

Cuban citizens are denied several rights and privileges granted foreigners who visit the island. These include:

- The ability to travel to and from the island at will.
- Access to hotels and resorts on the island.
- Access to special medical clinics and pharmacies.
- Access to the Internet; unrestricted ability to buy and use computers. (Cubans cannot access the Internet nor buy a computer without special government permission.)
- Access to certain dollar stores

Cuba as a State Sponsor of Terrorism

Initial Designation

- Cuba was designated a state sponsor of terrorism in 1982, principally for supporting terrorist groups in Latin America.
 - Cuba was providing support for terrorist organizations, including Puerto Rican nationalists FALN, the FMLN of El Salvador, and the FSLN of Nicaragua.
 - Cuba helped transship Soviet arms to Nicaragua and El Salvador, for use by terrorist organizations, trained anti-American insurgents elsewhere in Latin America, and supported insurgencies or war efforts in Angola and Ethiopia.

Current Status

- Cuba remains on the list for supporting terrorist-list organizations, and for harboring fugitives from U.S. justice, including domestic terrorists.
 - Cuba supports U.S.-designated foreign terrorist organizations, including FARC and ELN.
 - Cuba harbors ETA fugitives.
 - Cuba harbors fugitives from U.S. justice, including cop-killers and domestic terrorists from the FALN - Macheteros.
 - Cuba provides safe haven for international terrorists, including, most recently, evidence that a murderer from the Chilean FPMR was sheltered in Cuba after killing a Chilean senator.

Statutory Requirements for Deletion from the List

- The Cuban government has taken no action -- nor indicated any intention to take any action -- to satisfy the statutory requirements to get off the list.
- By statute, in order to rescind the Secretary's determination that a country should be placed on the Terrorism List, the President must submit a report to Congress in advance certifying that:

- o There has been a fundamental change in the leadership and policies of the listed country;
 - o The government of the country no longer supports international terrorism; and,
 - o The government of that country has provided assurances that it will not support acts of international terrorism in the future.
- Alternatively, the President can rescind the determination by submitting a report to Congress certifying that:
 - o The government of the Terrorism List country has not provided any support for international terrorism during the preceding six months; and,
 - o The government of the Terrorism List country has provided assurances that it will not support acts of international terrorism in the future.

Cuba Doesn't Pass the Test

- It would be impossible to make such a certification with respect to Cuba at this time.
 - o There has been no fundamental change in the leadership or policies of the Cuban government.
 - o The Cuban government supports known terrorist organizations, including the recent evidence of its support for wanted Chilean FPMR murderers, sheltering domestic U.S. terrorists, especially the FALN and Joanne Chesimard.

Additional Considerations

- Notwithstanding its decision not to oppose the placement of unlawful combatant detainees at Guantanamo Naval Base, Cuba's reaction to the global war on terrorism was little different from that of Iraq.
 - o The Cuban government called our response worse than the original attacks, militaristic, and fascist.

Cuban Foreign Minister Perez Roque told the UN General Assembly in November 2001 that we were intentionally targeting Afghan children for death and Red Cross hospitals for destruction.

Cuba: Espionage

- The Castro regime has long targeted the United States for intensive espionage activities. Castro himself told CNN in an interview in 1998, "Yes, we have ' sometimes dispatched Cuban citizens to the United States to infiltrate counter-revolutionary organizations, to inform us about activities that are of great interest to us. I think we have a right to do this."
- Ana Montes, a Defense Intelligence Agency analyst since 1985 at the time of her arrest on September 21, 2001, confessed to spying for Cuba for 16 years. Among other highly damaging actions, she gave the Cuban government the names of four U.S. "covert intelligence officers" working in Cuba and "gathered writings, documents, materials...for unlawful delivery to the government of Cuba."
- Seven Cuban spies, the so-called Wasp Network, were convicted of or confessed to espionage crimes in June and September 2001. The group sought to infiltrate U.S. Southern Command headquarters, and one was convicted for delivering a message to the Cuban government that contributed to the death of four fliers from Brothers to the Rescue who were shot down in 1996 by Cuban MiGs in international airspace.
- An INS official, provided disinformation in 2000 in a sting operation, passed the information to a business associate with ties to Cuban intelligence. As a corollary to this case, two Cuban diplomats were expelled from the United States for espionage activities.
- Over a fifteen-year period from 1983 to 1998, fifteen members of the Cuban mission to the United Nations were expelled for espionage activities, including three who were handlers for the Wasp Network in 1998.
- Cuban spies have also found considerable success penetrating US-based exile groups. A notable example

is that of Juan Pablo Roque, a former MiG-23 pilot who "defected" to the United States in 1992, became a paid source for the FBI, and joined the ranks of the Brothers to the Rescue (BTTR). He "re-defected" back to Cuba just days after the early 1996 BTTR shoot down, denouncing the exile group on Cuban television and accusing it of planning terrorist attacks against Cuba and Castro.

- A similar example involves the case of Jose Rafael Fernandez Brenes, who jumped ship from a Cuban merchant vessel in 1988. From 1988-1991, he helped establish and run the US government-financed TV Marti, whose signal was jammed from its inception in March 1990, due in part to frequency and technical data provided by Fernandez Brenes.

Cuba & Health

Assertion: The revolution brought unequalled health care.

Fact: Cuba was doing well before the revolution and its current health care system has significant problems.

Shortages Abound: Since the loss of Soviet aid, the medical system has clearly deteriorated. Despite licensed access to U.S. medicines since 1992, there are consistent reports of shortages, malfunctioning equipment and the inability of common people to get adequate healthcare. By every report, ordinary patients must bring their own medicines and supplies to government clinics, if they are to have safe, effective treatment. Only the party elite, the military and tourists can count on adequate supplies.

Nutrition: Rationing has been a feature of Cuban life since the early 1960s. The UN Statistical Yearbook for 1960 ranked Cuba third out of 11 Latin America countries in per capita daily caloric consumption. In 1995 Cuba ranked last in per capita daily caloric consumption, even worse than Honduras. More recently, PAHO reports a growing proportion of underweight people with "chronic energy deficiency," with those over 60 suffering most.

Infant Mortality: Cuba's infant mortality rate in 1957 was one of the lowest in Latin America and 13th lowest in the world, ranking ahead of France, Belgium, West Germany, Israel, and Japan. Since then Cuba has maintained its ranking near the top of the pack. Missing from these statistics, however, is Cuba's staggering total abortion rate of an average of 2.33 abortions per woman during her reproductive life, one of the highest rates in the world. By way of comparison, this is more than three times the US rate and ten times Belgium's.

Suicide: Suicide remains a vexing problem. In association with the violence of the revolution, suicides increased to 13.7 per 100,000 in 1957. The level dropped to 8 by 1968 reflecting popular hope for the future. However, by 1982, as hope faded, the rate peaked at 23.2 per 100,000. In more recent reports, it remained around 18 per 100,000, the highest figure for any Latin American country, and still significantly higher than before the revolution.

Trade with Cuba: What Kind of Prospects?

Assertion: Trade with Cuba is a major opportunity for U.S. business.

Fact: Trade with Cuba has minimal and risky prospects. If the United States were to supply 100% of Cuba's imports, it would only amount to 0.6% of total U.S. exports of goods. More realistically, if the U.S. came to supply 25% of Cuba's import needs, it would still only come to 0.16% of U.S. exports of goods. Relative to the entire U.S. economy, a realistic 25% of Cuba's exports comes to .01% of U.S. GDP.

As a market opportunity, Cuba's GDP totals only \$24 billion, about 25% less than Rhode Island's with 11 times as many people and 41 times the space. This reflects a dismal lack of productivity largely due to abysmal public policy choices made by the Castro dictatorship. Worth highlighting are Che Guevara's ban on accounting, the nationalization of essentially all productive property in the country, and the imposition of central planning. Moreover, even when given substantial financial support by the Eastern Bloc and the Soviet Union, the regime wasted its resources on overseas adventures in Angola, Ethiopia, and Central America.

Cuba is rated by Dun and Bradstreet as one of the riskiest economies in the world, with only Angola, Congo, Sierra Leone, Zimbabwe and Iraq being worse deadbeats. Cuba generally runs up its tab to \$150 or \$200 million and then starts to miss payments. Would American companies then come to the Administration for help in getting Havana to pay?

Cuba is already in default on \$8.2 billion of its \$11 billion debt. That figure does not even include the full \$6 billion in principal plus interest owed to U.S. certified claimants nor the value of claims of Cubans who fled the country. Moreover private creditors were approached during February 2002 to restructure \$1 billion of commercial credit, debt that was already as much as 300 days overdue. Is this an indication of a great market opportunity?

This Administration supports a policy endorsed by every President since Eisenhower, the continuation of the embargo.

Is Cuba Critical to U.S. Agriculture?

Assertion: Agricultural sales to Cuba are critical to American agriculture.

Fact: U.S. exports of foods, feeds and beverages to all destinations came to \$50.9 billion in 2000. Cuba's recent purchase of \$35 million of agricultural commodities comes to just 0.07% of U.S. total ag exports. Even if agricultural sales to Cuba were to reach as much as \$400 million, the high end of optimistic public estimates, it would still only amount to 0.8% of the total. This is not an overwhelming market for US agriculture.

Others have asserted that the U.S. can win an even higher proportion of Cuba's \$700 million food import bill in the medium-to-long term. It is clear, however, that unless the political system changes, levels will be far lower. After all, this regime is built on an article-of-faith commitment to an economic nationalism defined by hostility to the U.S. Just where the regime would draw the line is unknown, but there is no reason to expect that it would permit the long-term, across-the-board U.S. marketplace dominance posited by some.

It also seems clear that Cuba's purchase of commodities is a political gesture. After all, it was only on December 19th that Castro stated that Cuba would not buy any more U.S. agricultural commodities until the embargo was lifted. His policy reversal is clearly intended to buck up the coalition which supports the elimination of the embargo.

If Cuba pockets a victory on the embargo and on agricultural credit, it seems reasonable to expect that it will run up the tab and then default as it has to so many others. Why should the U.S. be an exception?

This Administration has spoken clearly; it opposes legislation that would subsidize this dictatorship.

Cuba: Is Commercial Tourism Win-Win?

Assertion: A commercial tourism opening would be win-win. Cuba would earn income; U.S. exporters would gain a market with foreign exchange reserves with which to pay debts.

Fact: There is no reason to expect that U.S. firms would be the primary beneficiaries of a commercial tourism opening. The Castro government has \$11 billion in largely overdue debt; those creditors will have first claim on new money. Moreover this is a government that has made economic nationalism an article of faith for 40+ years. Why should we expect that Cuba would use most of its new income on U.S. goods?

It is also clear that Cuba is following a calculated strategy of buying enough agricultural goods to sustain support for its campaign against the embargo. If only \$35 or \$40 million in purchases can generate current pressures, why should Cuba spend very much more to achieve any objective?

If it were to achieve a victory on tourism and agricultural credit, what would be next? For example, Cuba has maintained for years that the U.S. should "return" sugar quota lost in the initial stages of the embargo. It would argue that if it could only export sugar to the U.S., it could buy more U.S. goods. Do anti-embargo campaigners support giving back quota that went to US domestic producers in order to give Cuba a break?

And what about certified and Cuban-American claims? Certified claims total more than \$6 billion with accrued interest and claims by Cuban Americans could total many times that. While there are reasonably well-defined approaches for certified claims, should the U.S. simply write-off the concerns of 1.2 million American citizens? Do we not have a moral obligation to stand by our fellow citizens?

This Administration is committed to the use of the embargo to encourage a rapid transition to a democratic government characterized by strong support for human rights and an open market economy.

Cuba: Trade Diversion and a Tourism Opening

Assertion: Opening Cuba to U.S. tourists would hurt no one.

Fact: Opening Cuba to US tourism would have a significant effect on U.S. and Caribbean tourist destinations and could even lead to a decrease in U.S. agricultural sales. If the embargo were to be lifted, Cuba anticipates doubling the number of tourists it accepts and therefore increasing its take from tourism by roughly \$1.7 billion. However, this is \$1.7 billion that, for the most part, would have gone to other destinations with open economies, places like Florida, the Gulf Coast, Puerto Rico, the U.S. Virgin Islands, Jamaica, Cancun, and Barbados. Since U.S. firms can compete more effectively in open markets than in hostile ones like Cuba's, an opening of Cuba to U.S. tourists could very well decrease U.S. agricultural sales.

Trade diversion arguably has already taken place with the rapid growth of Cuba as a destination in recent years. From 1993 to 1999, the most recent period with complete data, Cuba went from 8th to 4th place in the region as a tourist destination. It displaced Aruba, the Bahamas, Jamaica and the U.S. Virgin Islands in the rankings and undoubtedly inflicted lower growth on most other competing tourist markets, as well. In all, we estimate that Cuba-related trade diversion cost the rest of the Caribbean as much as \$870 million a year, and this does not even count Florida's loss of Canadian tourist dollars.

Cuba: Would Commercial Tourism Undermine the Regime?

Assertion: Liberalization of tourism to Cuba would undermine the regime by spreading the dollar around.

Fact: Commercial tourism simply props up the dictatorship. Most jobs at resorts are carefully assigned to a privileged dollar elite of Communist Party and ex-military cadres, and to their families; they are not open to ordinary Cubans. Tourism dollars thus prop up the regime by buying the loyalty of cadres.

If U.S. tourists could stay where they liked, and had real contact with average Cubans, it might be different. But Castro maintains extremely tight controls on foreign tourists with Havantur recently even taking over the booking for residences which offer one or two rooms to the public. With this act virtually every tourist booking is now under government control, and most tourists are effectively confined to a few tourist ghettos -- Cuban "Sun Cities," if you will. The Cuban government has not and will not accept a flood of uncontrolled tourists.

Moreover, despite the social inequality bred by the creation of a dollar economy of "haves" and a peso economy of "have-nots," the regime remains in firm control of the levers of power. Its secret police operates quietly and ubiquitously throughout the island. There is no political or economic freedom.